

INVITATION TO TENDER BONDS
(this “Invitation”)
describing an offer (the “Tender Offer”) made by the
CITY OF CLEVELAND, OHIO
(the “City”)

All terms used below with initial capitalization where not required by the rules of grammar and not otherwise defined herein have the meanings given to them in this Invitation.

The City invites Bondholder, as described herein, of all or any portion of its bonds of the series designation with base CUSIP numbers identified below with maturity dates and CUSIP numbers listed on page (ii) hereof (the “**Target Bonds**”) to offer to sell to the City for cash:

Airport System Revenue Bonds, Series 2019A
(Taxable)
(Base CUSIP 186352)

**THIS INVITATION WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME ON
MARCH 31, 2025, UNLESS EARLIER CANCELLED OR EXTENDED AS DESCRIBED
HEREIN.**

Key Dates and Times

*All of these dates and times are subject to change. All times are New York City time.
Notices of changes will be sent in the manner provided for in this Invitation.*

Launch Date.....	March 11, 2025
Pricing Notice.....	March 20, 2025
Tender Expiration Date.....	5:00 p.m., March 31, 2025
Preliminary Notice of Acceptance.....	April 1, 2025
Determination of Purchase Prices.....	Approximately 10:00 a.m., April 2, 2025
Notice of Purchase Prices.....	April 2, 2025
Final Acceptance Date and Final Notice of Acceptance.....	April 2, 2025
Settlement Date (unless earlier terminated or extended).....	April 16, 2025

To make an informed decision as to whether, and how, to offer Target Bonds, beneficial owners of Target Bonds (“**Bondholders**”) must read this Invitation carefully and should consult with their broker-dealer, financial, legal, accounting, tax and/or other professionals in making this decision.

The Dealer Managers are:
Jefferies LLC
Ramirez & Co., Inc.

The Information Agent and Tender Agent is:
Globic Advisors Inc.

The date of this Invitation is March 11, 2025.

TARGET BONDS SUBJECT TO THIS INVITATION

CITY OF CLEVELAND, OHIO

**Airport System Revenue Bonds, Series 2019A
(Taxable)**

CUSIP No. (186352)¹	Maturity Date	Interest Rate (%)	Outstanding Principal Amount	Maximum Principal Amount that May be Accepted for Purchase	Benchmark Treasury Security²	Indicative Fixed Spreads³
SJ0	1/1/2026	2.592	\$27,300,000	\$21,840,000	2-Year	+ 13.0 bps
SK7	1/1/2027	2.692	28,060,000	22,445,000	2-Year	- 20.0 bps
SL5	1/1/2028	2.742	44,395,000	35,515,000	3-Year	- 15.0 bps
SM3	1/1/2029	2.792	45,600,000	36,480,000	5-Year	- 15.0 bps
SN1	1/1/2030	2.832	47,235,000	37,785,000	5-Year	- 10.0 bps
SP6	1/1/2031	2.882	48,630,000	38,900,000	7-Year	- 10.0 bps
SQ4	1/1/2032	2.932	4,990,000	3,990,000	7-Year	- 5.0 bps
SR2	1/1/2033	2.982	5,340,000	4,270,000	10-Year	- 5.0 bps
Total			\$251,550,000	\$201,225,000		

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¹ CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers are being provided solely for the convenience of the owners of the Target Bonds and the City is not responsible for the selection or correctness of the CUSIP numbers printed herein and does not make any representation with respect to such numbers or undertake any responsibility for their accuracy.

² Each Benchmark Treasury Security (as defined herein) will be the most recently auctioned “on-the-run” United States Treasury Security for the maturity indicated as of the date and time that the Purchase Price for the Target Bonds is set, currently expected to be approximately 10:00 a.m. ET on April 2, 2025.

³ Indicative Fixed Spreads (as defined herein) are preliminary and subject to change. The Fixed Spreads for each CUSIP number will appear in the Pricing Notice.

IMPORTANT INFORMATION

This Invitation and the other information with respect to this Invitation are and will be available from Jefferies LLC and Ramirez & Co., Inc., each as a dealer manager (collectively, the “**Dealer Managers**”) and Globic Advisors Inc. (the “**Information Agent and Tender Agent**”) at <https://emma.msrb.org> and www.globic.com/cleveland. Bondholders wishing to tender their Target Bonds for purchase pursuant to this Invitation must follow the procedures described in this Invitation. The City reserves the right to cancel, amend or otherwise modify this Invitation at any time on or prior to the Expiration Date and reserves the right to make a future invitation to tender bonds at prices different than the Offer Purchase Prices described herein and in the Pricing Notice (as defined herein) in its sole discretion. The City will have no obligation to purchase Target Bonds if this Invitation is cancelled or if the City opts not to accept tenders. The City further reserves the right to accept nonconforming tenders of Target Bonds or waive irregularities in any tender of Target Bonds. **The purchase by the City of any Target Bonds pursuant to this Invitation is contingent upon the issuance and sale of the Series 2025A Bonds (as defined herein) in an amount sufficient to fund the Aggregate Purchase Price of tendered Target Bonds accepted for purchase pursuant to the Invitation.** The issuance of the Series 2025A Bonds is subject to market conditions and conditions to be satisfied on or prior to the Settlement Date. The consummation of this Invitation is also subject to certain other conditions, including, without limitation, the Financing Conditions (as defined herein), that are anticipated to occur after the Expiration Date but prior to the Settlement Date.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THIS INVITATION OR PASSED UPON THE FAIRNESS OR MERITS OF THIS INVITATION OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS INVITATION. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Invitation is not being extended to, and Target Bonds tendered in response to this Invitation will not be accepted from or on behalf of, Bondholders in any jurisdiction in which this Invitation or such acceptance thereof would not be in compliance with the laws of such jurisdiction. In any jurisdictions where the securities, “blue sky” or other laws require this Invitation to be made through a licensed or registered broker or dealer, this Invitation shall be deemed to be made on behalf of the City through the Dealer Managers.

None of the City, the Dealer Managers or the Information Agent and Tender Agent is recommending to any Bondholder whether or not to offer its Target Bonds for purchase in connection with this Tender Offer. Each Bondholder must make its own decision and should read this Invitation, including the City’s Preliminary Official Statement relating to its Airport System Revenue Bonds, Series 2025A (Non-AMT) attached as Appendix A, and the form of Pricing Notice attached as Appendix B, in their entirety and consult with its broker dealer, financial, legal, accounting, tax and other advisors in making its own decision.

References to website addresses herein 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 a part of, this Invitation.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this Invitation, and, if given or made, such information or representation may not be relied upon as having been authorized by the City.

The delivery of this Invitation shall not under any circumstances create any implication that any information contained herein is correct as of any time subsequent to the date hereof or that there has been no change in the information set forth herein or in any attachments hereto or materials delivered herewith or in the affairs of the City, since the date hereof. The information contained in this Invitation is as of the date of this Invitation only and is subject to change, completion, or amendment without notice.

This Invitation contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Invitation and other materials referred to or incorporated herein, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect” and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The City does not plan to issue any updates or revisions to those forward-looking statements if or when changes to its expectations, or events, conditions or circumstances on which

such statements are based, occur. This Invitation contains important information which should be read in its entirety before any decision is made with respect to this Invitation.

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**INVITATION TO TENDER BONDS
BY THE
CITY OF CLEVELAND, OHIO**

**to the Bondholders described herein of all or any portion of the maturities
listed on page (ii) herein of the City of Cleveland, Ohio's**

**Airport System Revenue Bonds, Series 2019A
(Taxable)**

INTRODUCTION

General

This Invitation to Tender Bonds, dated March 11, 2025 (as it may be amended or supplemented, including the cover page and all appendices hereto, this “**Invitation**”), describes an offer (the “**Tender Offer**”) by the City of Cleveland, Ohio (the “**City**”), with the assistance of Jefferies LLC and Ramirez & Co. Inc, each as a dealer manager (collectively, the “**Dealer Managers**”), to the beneficial owners (the “**Bondholders**”) of the City’s outstanding bonds of the series and certain maturities listed on page (ii) of this Invitation (collectively, the “**Target Bonds**”) to tender their Target Bonds for cash purchase at the applicable offer purchase prices (each an “**Offer Purchase Price**”) to be determined as described herein based on a yield (each a “**Purchase Yield**”) equal to the applicable fixed spread (each a “**Fixed Spread**”) to be added to the yield on the relevant benchmark United States Treasury Security (the “**Benchmark Treasury Security**”).

In addition accrued interest on purchased Target Bonds (“**Accrued Interest**”) will be paid up to, but not including, the Settlement Date (as defined herein).

The Target Bonds were issued by the City pursuant to an Amended and Restated Trust Indenture, dated as of November 1, 2011, between the City and The Bank of New York Mellon Trust Company, N.A., a national banking association (the “**Trustee**”), as amended and supplemented (collectively, the “**Target Bonds Indenture**”).

Should the City determine to purchase any Target Bonds of a CUSIP, there will be a single Offer Purchase Price for the Target Bonds of such CUSIP that will apply to all such Target Bonds purchased. The Target Bonds, if any, that the City decides to purchase will be purchased on April 16, 2025, unless such date is extended by the City, assuming all conditions to the Invitation have then been satisfied or waived by the City (such date being the “**Settlement Date**”). See “**INTRODUCTION – Consideration of the Tender Offer**” herein.

Source of Funds

The total amount paid to Bondholders to purchase the Target Bonds validly tendered and accepted for purchase pursuant to this Invitation (each a “**Purchase Price**” and collectively, the “**Aggregate Purchase Price**”), as well as Accrued Interest, will be funded from a portion of the net proceeds of the City’s Airport System Revenue Bonds, Series 2025A (Non-AMT) (the “**Series 2025A Bonds**”), as described in the Preliminary Official Statement of the City dated March 11, 2025 (the “**Series 2025A Bonds POS**”), and attached hereto as Appendix A, intended to be issued on the Settlement Date, and other available moneys of the City, if any.

The purchase by the City of any Target Bonds is contingent upon the issuance and sale of the Series 2025A Bonds in an amount sufficient to fund the Aggregate Purchase Price of tendered Target Bonds accepted for purchase pursuant to the Invitation.

The issuance of the Series 2025A Bonds is subject to market conditions and conditions to be satisfied on or prior to the Settlement Date. The Series 2025A Bonds are not being offered pursuant to this Invitation.

City’s Obligation to Purchase Target Bonds

Notwithstanding any other provision of this Invitation, the City has no obligation to accept for purchase any tendered Target Bonds, and its obligation to pay for Target Bonds validly tendered (and not validly withdrawn) and accepted pursuant to this Invitation is subject to the satisfaction of or waiver of the following conditions on or prior to the Settlement Date (collectively, the “Financing Conditions**”):**

(a) the issuance of the Series 2025A Bonds by the City, the proceeds of which, together with other funds contributed by the City, will be sufficient to (i) fund the purchase of all Target Bonds validly tendered and accepted for purchase pursuant to this Invitation and (ii) pay all fees and expenses associated with the issuance of the Series 2025A Bonds and this Invitation; and

(b) the City obtaining satisfactory and sufficient economic benefit as a result of the consummation of this Invitation when taken together with the proposed issuance of the Series 2025A Bonds, all on terms and conditions that are in the City's best interest in its sole discretion; and

(c) the other conditions set forth below in the section entitled "Conditions to Purchase" in this Invitation.

The City reserves the right, subject to applicable law, to determine whether each Financing Condition has been satisfied and to determine whether to amend or waive any of the Financing Conditions to this Invitation, in whole or in part, at any time prior to the Expiration Date (as defined herein) or from time to time.

The City may decide to purchase less than all (or none) of the Target Bonds tendered to the City (see "TERMS OF THIS INVITATION – Determination of Amounts to be Purchased" herein). Target Bonds must be validly tendered for purchase by 5:00 p.m., New York City time, on March 31, 2025 (or such later date as the City may determine, the "Expiration Date"). The City reserves the right to withdraw, extend, amend, waive the terms of or otherwise modify this Invitation at any time on or prior to the Expiration Date. See "TERMS OF THIS INVITATION – Extension, Cancellation and Amendment; Changes to Terms" herein for a description of the right of the City to extend, cancel, amend, waive the terms of or otherwise modify this Invitation.

Any Target Bonds not tendered by Bondholders, or Target Bonds tendered by Bondholders in response to this Invitation but which are not accepted for purchase by the City for any reason (the "Unpurchased Bonds") will continue to be outstanding, and payable and secured, pursuant to the terms of the Target Bonds Indenture. Bondholders of Unpurchased Bonds will continue to bear the risk of ownership of such Unpurchased Bonds, including the risk of redemption pursuant to the terms of such bonds. See "– Unpurchased Bonds" herein. Further, any Target Bonds tendered by Bondholders in response to this Invitation but which are not accepted for purchase by the City for any reason will be returned to the respective Bondholders that tendered such Target Bonds.

TO MAKE AN INFORMED DECISION AS TO WHETHER, AND HOW, TO TENDER TARGET BONDS FOR PURCHASE, BONDHOLDERS MUST READ THIS INVITATION, INCLUDING THE SERIES 2025A BONDS POS IN APPENDIX A HERETO.

Offers by Bondholders

Pursuant to this Invitation, each Bondholder may offer to tender to the City for purchase any or all of its Target Bonds, in a denomination of \$5,000 principal amount (the "Minimum Authorized Denomination") or any integral multiple thereof, with respect to which the Bondholder has a beneficial ownership interest. On or about March 20, 2025, the City expects to publish the pricing notice (the "Pricing Notice") in the form attached hereto as Appendix B, which will set forth the Fixed Spread for each respective CUSIP of the Target Bonds. All offers to tender will be made on the basis of the Fixed Spreads listed in the Pricing Notice. The City expects to determine the Offer Purchase Prices for the Target Bonds, which will be determined based on the Fixed Spreads, on or about 10:00 AM New York City time on April 2, 2025 as described herein.

Pricing Notice

The Pricing Notice in the form attached hereto as Appendix B, will set forth the Fixed Spread for each respective CUSIP of the Target Bonds (which may differ from the "Indicative Fixed Spreads" listed on page (ii) herein) as well as an illustration of the resulting Offer Purchase Prices for the Target Bonds based on market conditions as described therein. The illustrative Offer Purchase Prices shown in the Pricing Notice with respect to the Target Bonds will be subject to change and the actual Offer Purchase Prices for the Target Bonds will be determined on or about 10:00 a.m. New York City time on April 2, 2025 as described herein. The Pricing Notice will be made available via the Information Services (as defined herein).

Consideration of the Tender Offer

Determination of Offer Purchase Prices for Target Bonds

The applicable Fixed Spread for a CUSIP, expressed as an interest rate percentage, will be added to the yield on the indicated Benchmark Treasury Security corresponding thereto (set forth in the Pricing Notice) (the “**Treasury Security Yield**”) to arrive at the Purchase Yield used to calculate the Offer Purchase Price for each maturity and corresponding CUSIP of the Target Bonds. The Treasury Security Yield will equal the bid-side yield of the Benchmark Treasury Security as quoted on the Bloomberg Bond Trader FIT1 series of pages at approximately 10:00 a.m., New York City time, on April 2, 2025.

The Purchase Yields will be used to calculate the Offer Purchase Prices expressed as a dollar amount per \$100 principal amount of the Target Bonds. Such Offer Purchase Prices will be calculated using the market standard bond pricing formula as of the Settlement Date using the relevant Purchase Yield, the coupon of the relevant Target Bond, and the maturity date for each of the Target Bonds.

The City expects to publish a Notice of Purchase Prices on April 2, 2025. The Notice of Purchase Prices will be made available via the Information Services (as defined herein).

The Purchase Price to be received on the Settlement Date by a Bondholder whose Target Bonds were validly tendered and accepted for purchase, in whole or in part, by the City will equal the par amount of such Bondholders’ purchased Target Bonds multiplied by the Offer Purchase Price of such Target Bonds divided by 100. In addition to the Purchase Price of the Target Bonds accepted for purchase by the City, Accrued Interest on such Target Bonds will be paid by the City from proceeds of the Series 2025A Bonds on the Settlement Date.

Brokerage Commissions and Solicitation Fees

Bondholders will not be obligated to pay any brokerage commissions or solicitation fees to the City, the Dealer Managers, or the Information Agent and Tender Agent in connection with this Invitation. However, each Bondholder should check with its broker, bank, account executive or other financial institution that maintains the account in which their Target Bonds are held (their “**Financial Representative**”) to determine whether it will charge any commissions or fees.

Unpurchased Bonds

Any Unpurchased Bonds will continue to be outstanding, and payable and secured, pursuant to the terms of the Target Bonds Indenture. THE CITY RESERVES THE RIGHT TO, AND MAY DECIDE TO, REFUND, DEFEASE, OR, IN THE FUTURE, TO OFFER TO PURCHASE OR EXCHANGE SOME OR ALL OF THE UNPURCHASED BONDS. See “ADDITIONAL CONSIDERATIONS” herein.

The purchase of the Target Bonds by the City of any CUSIP number may have certain potential adverse effects on holders of Target Bonds not purchased pursuant to the Invitation, including the principal amount of the Target Bonds of such CUSIP number available to trade publicly will be reduced, which could adversely affect the liquidity and market value of any Target Bonds of that CUSIP number that remain outstanding.

Dealer Managers, Information Agent and Tender Agent

Jefferies LLC and Ramirez & Co., Inc. are the Dealer Managers for this Invitation. Investors with questions about this Invitation should contact the Dealer Managers or Globic Advisors Inc., which serves as Information Agent and Tender Agent (the “**Information Agent and Tender Agent**”) for this Invitation, at the addresses and telephone numbers set forth on the page preceding Appendix A appended to this Invitation. See “DEALER MANAGERS” and “INFORMATION AGENT AND TENDER AGENT” herein.

TERMS OF THIS INVITATION

Expiration Date

This Invitation will expire at 5:00 p.m., New York City time, on the Expiration Date. Bondholders who are interested in selling their Target Bonds on the Settlement Date must follow the procedures more specifically described herein. Bondholders and their Financial Representatives with questions about this Invitation should contact the Dealer Managers or the Information Agent and Tender Agent.

In the sole discretion of the City, the City may extend the Expiration Date, the Preliminary Acceptance Date, the Final Acceptance Date (each as defined herein) or the Settlement Date, or cancel, amend or otherwise modify or waive any conditions of this Invitation. See “– Extension, Cancellation and Amendment; Changes to Terms” herein.

Tenders Only Through the City’s DTC ATOP Account

The Target Bonds are all held in book-entry-only form through the facilities of The Depository Trust Company (“DTC”) through banks, brokers and other institutions that are participants in DTC. The Information Agent and Tender Agent and DTC have confirmed that the Tender Offer is eligible for submission of tenders for purchase through DTC’s Automated Tender Offer Program (known as the “ATOP” system). **Bondholders of Target Bonds who want to tender Target Bonds for purchase pursuant to this Invitation must do so through a DTC participant in accordance with the relevant DTC procedures for the ATOP system. The City will not accept any tenders that are not made through the ATOP system.**

Bondholders who are not DTC participants can only tender Target Bonds for purchase pursuant to this Invitation by making arrangements with and instructing the bank or brokerage firm through which they hold their Target Bonds (sometimes referred to herein as a “custodial intermediary”) to tender their Target Bonds on their behalf through the ATOP system. To ensure a Bondholder’s Target Bonds are tendered through the ATOP system by 5:00 p.m., New York City time, on the Expiration Date, Bondholders must provide instructions to their custodial intermediary with sufficient time for such custodial intermediary to tender the Target Bonds in accordance with DTC procedures through the ATOP system by this deadline. Bondholders wishing to tender Target Bonds should contact their custodial intermediary for information on when such custodial intermediary needs the Bondholder’s instructions in order to tender the Bondholder’s Target Bonds through the ATOP system by 5:00 p.m., New York City time, on the Expiration Date.

In order to ensure that each Bondholder receives proper consideration, a Bondholder’s DTC participant should input such Bondholder’s tender instructions separately into the DTC ATOP account.

The City, the Dealer Managers, and the Information Agent and Tender Agent are not responsible for making or transmitting any offer to sell Target Bonds or for the transfer of any tendered Target bonds through the ATOP system or for any mistakes, errors or omissions in the making or transmission of any offer or transfer.

Bondholders will not be obligated to pay any brokerage commissions or solicitation fees to the City, the Dealer Managers or the Information Agent and Tender Agent in connection with the Tender Offer. However, Bondholders should check with their broker, account executive or other financial institution which maintains the account in which their Target Bonds are held to determine if it will charge any commission or fees.

Information to Bondholders

The City may give information about this Invitation to the market and Bondholders by delivery of the information to: (a) the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system (“EMMA”), (b) DTC and (c) the website of the Information Agent and Tender Agent at www.globic.com/cleveland (collectively, the “**Information Services**”). Delivery by the City of information to the Information Services will be deemed to constitute delivery of such information to each Bondholder.

The City, the Dealer Managers, and the Information Agent and Tender Agent have no obligation to ensure that a Bondholder actually receives any information provided by the City in this manner. Bondholders who would like to receive information furnished by the City to the Information Services must make appropriate arrangements with their Financial Representatives, or the Information Agent and Tender Agent.

Authorized Denominations

A Bondholder may tender Target Bonds for purchase of a particular CUSIP number that it owns in an amount of its choosing, but only in a principal amount equal to the minimum denomination of \$5,000 (the “**Authorized Denomination**”) or any multiple of \$5,000 in excess thereof.

Provisions Applicable to All Tenders

General. A Bondholder may only tender Target Bonds it owns. By tendering Target Bonds pursuant to this Invitation, a Bondholder will be deemed to have represented to, and agreed with, the City as set forth under “–

Representations by Tendering Bondholders to the City” herein. All tenders shall survive the death or incapacity of the tendering Bondholder.

Need for Advice. A Bondholder should ask its Financial Representative or financial advisor for help in determining: (a) whether to tender Target Bonds of a particular CUSIP number for purchase, and (b) the principal amount of Target Bonds of such CUSIP number to be tendered, in each case in response to this Invitation. A Bondholder also should inquire as to whether its Financial Representative or financial advisor will charge a fee for submitting tenders if the City purchases the Bondholder’s tendered Target Bonds. The City, the Dealer Managers, and the Information Agent and Tender Agent will not charge any Bondholder for tendering Target Bonds.

Need for Specificity of Tender. A tender cannot exceed the par amount of Target Bonds owned by the Bondholder and must include the following information: (1) the CUSIP number(s) of the Target Bond(s) being tendered, and (2) the principal amount of each CUSIP number being tendered (such principal amount must be stated in Authorized Denominations and if not so stated, for tenders of less than all of the holder’s position in the Target Bonds, such principal amount will be reduced to the greatest integral multiple of \$5,000 equal to at least the applicable minimum Authorized Denomination). Any Bondholder located outside of the United States should check with its broker to determine if there are any additional minimal increments, alternative settlement timing or other limitations.

“All or none” offers are not permitted.

No alternative, conditional or contingent tenders will be accepted. Bondholders who tender less than all of the Target Bonds that they hold must continue to hold their remaining Target Bonds in Authorized Denominations.

ALL TENDERS MUST BE MADE THROUGH THE DTC ATOP ACCOUNT. THE CITY WILL NOT ACCEPT ANY TENDERS THAT ARE NOT MADE THROUGH THE DTC ATOP ACCOUNT. LETTERS OF TRANSMITTAL ARE NOT BEING USED IN CONNECTION WITH THIS INVITATION. See “– Transmission of Offers by Financial Institutions; DTC ATOP Procedures” herein.

Representations by Tendering Bondholders to the City. By tendering Target Bonds for purchase pursuant to this Invitation, each tendering Bondholder will be deemed to have represented to and agreed with the City and the Dealer Managers that:

(a) the Bondholder has received this Invitation (including the Series 2025A Bonds POS attached hereto as Appendix A) and the Pricing Notice and has had the opportunity to review this Invitation (including the Series 2025A Bonds POS attached hereto as Appendix A) and the Pricing Notice prior to making its decision to tender Target Bonds, and agrees if the purchase of any tendered Target Bonds is consummated, the purchase of such Target Bonds shall be on the terms and conditions set forth in this Invitation;

(b) the Bondholder has full power and authority to tender, sell, assign and transfer the tendered Target Bonds; and on the Settlement Date, the City will acquire good, marketable and unencumbered title thereto, free and clear of all liens, charges, encumbrances, conditional sales agreements or other obligations and not subject to any adverse claims, subject to payment to the Bondholder of the Purchase Price for such Target Bonds plus Accrued Interest;

(c) the Bondholder has made an independent decision to tender its Target Bonds for purchase pursuant to this Invitation, the appropriateness of the terms hereof, and whether the offer is appropriate for the Bondholder;

(d) such decisions are based upon the Bondholder’s own judgment and upon advice from such advisors with whom the Bondholder has consulted;

(e) the Bondholder is not relying on any communication from the City, the Dealer Managers or the Information Agent and Tender Agent as investment advice or as a recommendation to tender the Bondholder’s Target Bonds, it being understood that the information from the City, the Dealer Managers and the Information Agent and Tender Agent related to the terms and conditions of this Invitation made pursuant to this Invitation shall not be considered investment advice or a recommendation to tender Target Bonds; and

(f) the Bondholder is capable of assessing the merits of and understanding (on its own and/or through independent professional advice), and does understand, agree and accept, the terms and conditions of this Invitation.

Transmission of Offers by Financial Institutions; DTC ATOP Procedures

Tenders of Target Bonds pursuant to this Invitation may only be made through DTC’s ATOP system. Bondholders that are not DTC participants must make their offers through their custodial intermediary. A DTC

participant must tender the Target Bonds offered by the Bondholder pursuant to this Invitation on behalf of the Bondholder for whom it is acting, by book entry through the ATOP system. In so doing, such custodial intermediary and the Bondholder on whose behalf the custodial intermediary is acting, agree to be bound by DTC's rules for the ATOP system. In accordance with ATOP procedures, DTC will then verify receipt of the tender offer and send an Agent's Message (as described below) to the Information Agent and Tender Agent.

The term "Agent's Message" means a message transmitted by DTC to, and received by, the Information Agent and Tender Agent forming a part of the book entry confirmation which states that DTC has received an express acknowledgement from the DTC participant tendering Target Bonds for purchase that are the subject of such book entry confirmation, that includes: (i) the CUSIP number(s) and the par amount of the Target Bonds that have been validly tendered by such DTC participant on behalf of the Bondholder pursuant to this Invitation, and (ii) that the Bondholder agrees to be bound by the terms of this Invitation, including the representations, warranties, agreements and affirmations deemed made by it as set forth above. By causing DTC to transfer Target Bonds into the ATOP system, a financial institution warrants to the City that it has full authority, and has received from the Bondholder(s) of such Target Bonds all direction necessary, to tender and sell such Target Bonds as set forth in this Invitation.

Agent's Messages must be transmitted to and received by the Information Agent and Tender Agent by not later than 5:00 p.m., New York City time, on the Expiration Date (as such date may have been changed as provided in this Invitation). Target Bonds will not be deemed to have been tendered for cash purchase pursuant to this Invitation until an Agent's Message with respect thereto is received by the Information Agent and Tender Agent.

Each DTC participant is advised to submit each beneficial owner's instruction individually into DTC's ATOP system to ensure proper settlement.

The City, the Dealer Managers, and the Information Agent and Tender Agent are not responsible for making or transmitting any tender of Target Bonds or for the transfer of any tendered Target Bonds through the ATOP system or for any mistakes, errors, or omissions in the making or transmission of any offer or transfer.

THE CITY, THE DEALER MANAGERS, AND THE INFORMATION AGENT AND TENDER AGENT ARE NOT RESPONSIBLE FOR THE TRANSFER OF ANY TENDERED BONDS TO THE CITY ATOP ACCOUNT OR FOR ANY MISTAKES, ERRORS OR OMISSIONS IN THE TRANSFER OF ANY TENDERED TARGET BONDS.

Determinations as to Form and Validity of Offers; Right of Waiver and Rejection

All questions as to the validity (including the time of receipt of Agent's Messages by the Information Agent and Tender Agent), form, eligibility, and acceptance of any tender of Target Bonds will be determined by the City in its sole discretion and will be final, conclusive, and binding.

The City reserves the right to waive any irregularities or defects in any offer in response to this Invitation. The City, the Dealer Managers and the Information Agent and Tender Agent are not obligated to give notice to the Bondholders of any defects or irregularities in tenders of Target Bonds, and they will have no liability for failing to give such notice.

Amendments and Withdrawals of Tenders Prior to Expiration Date

A Bondholder may amend its offer to tender for purchase in respect of the amount being tendered by causing an amended offer to be received at the DTC ATOP account prior to 5:00 p.m., New York City time, on the Expiration Date (as such date may have been changed from time to time as provided in this Invitation).

An offer to tender for purchase may be withdrawn by a Bondholder in response to this Invitation by causing a withdrawal notice to be received at the DTC ATOP account prior to 5:00 p.m., New York City time, on the Expiration Date (as such date may have been changed from time to time as provided in this Invitation).

Any amendment or withdrawal must be submitted in substantially the same manner as an offer in response to this Invitation. **All amendments or withdrawal notices must be made through the DTC ATOP account. The City will not accept any amendments or withdrawals that are not made through the DTC ATOP account.** Bondholders who are not DTC participants can only amend or withdraw their offer to tender in response to this Invitation by making arrangements with and instructing their Financial Representative to submit the Bondholder's amended offer or the Bondholder's notice of withdrawal through the DTC ATOP account.

Bondholders who have tendered for purchase their Target Bonds will not receive any information from the City, the Dealer Managers or the Information Agent and Tender Agent concerning offers by other Bondholders. Offering Bondholders will not be afforded an opportunity to amend their offers after 5:00 p.m. on the Expiration Date. An amended or withdrawn offer must specify the applicable CUSIP number, and with respect to amended offers, the principal amount previously offered and the new amount being offered. All questions as to the validity (including the time of receipt) of an amendment or withdrawal will be determined by the City in its sole discretion and will be final, conclusive and binding.

ALL TENDERS OF TARGET BONDS SHALL BE IRREVOCABLE AT 5:00 P.M. ON THE EXPIRATION DATE (as such date may have been changed from time to time as provided in this Invitation).

Preliminary Notice of Acceptance

On April 1, 2025, unless such time or date is extended by the City (the “**Preliminary Acceptance Date**”), the City will determine the preliminary principal amount (if any) of the Target Bonds of a CUSIP that it will purchase, based on satisfaction of the Financing Conditions. Notice of the preliminary principal amount of the Target Bonds (if any) for each CUSIP that the City will initially agree to purchase (the “**Preliminary Notice of Acceptance**”) will be provided to the Information Services on the Preliminary Acceptance Date.

Determination of Amounts to be Purchased; Acceptance of Offers; Final Notice of Acceptance

The Tender Offer is part of a financing plan of the City as described in the Series 2025A Bonds POS which includes the purchase of up to all of the Target Bonds as identified on page (ii) herein and the refinancing of other City indebtedness. However, depending upon the results of the Tender Offer, the economic or other benefits projected to result from the issuance of the Series 2025A Bonds, and the satisfaction or waiver by the City of the Financing Conditions, the City in its sole discretion may purchase a lesser principal amount of Target Bonds. The City, in its sole discretion will select which, if any, Target Bonds validly tendered of a particular maturity and corresponding CUSIP are purchased based on its determination of the economic benefit from such purchase and the issuance of the Series 2025A Bonds.

Should the City decide to only purchase a portion of the Target Bonds being tendered for purchase of a certain CUSIP, the City will accept such Target Bonds tendered for purchase on a pro rata basis. The principal amount of each individual offer will be adjusted, pro rata, based upon a proration factor for each such CUSIP (each a “Proration Factor”). In such event, should the principal amount of any individual offer, when adjusted by the Proration Factor, result in an amount that is not a multiple of \$5,000, the principal amount of such offer will be rounded down to the nearest multiple of \$5,000. If as a result of such adjustment, the principal amount of a Bondholder’s unaccepted Target Bonds is less than the Minimum Authorized Denomination of \$5,000, the City will reject such Bondholder’s offer in whole. The City will determine the Proration Factor that permits it to accept the amount of Target Bonds it has determined to purchase.

On April 2, 2025, unless such date is extended by the City (the “**Final Acceptance Date**”), the City will make a final determination of the principal amount of Target Bonds of each CUSIP that it wishes to purchase from among those Target Bonds of such CUSIP that were initially accepted for purchase pursuant to the Preliminary Notice of Acceptance. Notice of the final total principal amounts of all Target Bonds of each CUSIP to be purchased (the “**Notice of Final Acceptance**”) will be provided to the Information Services on the Final Acceptance Date. The City shall be under no obligation to purchase any Target Bonds initially accepted; the City will determine in its sole discretion if it will purchase any Target Bonds. The City may also determine to purchase less than all of the Target Bonds that were initially accepted for purchase.

All Target Bonds that were offered but were not accepted for purchase will be released from the City’s DTC ATOP account in accordance with DTC’s ATOP procedures. The City, the Dealer Managers, and the Information Agent and Tender Agent are not responsible or liable for the operation of the ATOP system by DTC to properly credit such released Target Bonds to the applicable account of the DTC participant or Financial Representative or by such DTC participant or Financial Representative for the account of the Bondholder.

The purchase by the City of any Target Bonds is contingent upon the issuance and sale of the Series 2025A Bonds in an amount sufficient to fund the Aggregate Purchase Price of all tendered Target Bonds accepted for purchase pursuant to the Invitation. The issuance of the Series 2025A Bonds is subject to market conditions and conditions to be satisfied on or prior to the Settlement Date.

The City will have no obligation to accept tendered Target Bonds for purchase, or to purchase Target Bonds, if this Invitation is canceled. See “– Extension, Cancellation and Amendment; Changes to Terms” herein.

Settlement Date; Purchase of Target Bonds

Subject to satisfaction or waiver by the City of all conditions to the City’s obligation to purchase Target Bonds tendered and accepted for purchase, as described herein, including, but without limitation, the Financing Conditions, on the Settlement Date, the City will purchase and pay for all Target Bonds tendered and accepted for purchase, at the applicable Purchase Prices, and will pay Accrued Interest, and the tendering Bondholders will sell such Target Bonds to the City for such consideration.

The City may, in its sole discretion, change the Settlement Date by giving notice to the Information Services prior to the change.

If the conditions to the City’s obligation to purchase the Target Bonds tendered and accepted for purchase pursuant to this Invitation, as described herein, are satisfied, the City will pay the Aggregate Purchase Price and Accrued Interest in immediately available funds on the Settlement Date by deposit of such amount with DTC. The City expects that, in accordance with DTC’s standard procedures, DTC will transmit amounts sufficient to purchase the tendered Target Bonds at the Offer Purchase Price thereof and pay Accrued Interest in immediately available funds to its participant financial institutions that hold such tendered Target Bonds for delivery to the Bondholders. None of the City, the Dealer Managers or the Information Agent and Tender Agent has any responsibility or liability for the distribution of such amounts by DTC or its participant financial institutions to Bondholders.

Promptly following such deliveries and payments, the City will instruct the Trustee for the Target Bonds purchased to cause such Target Bonds to be cancelled and retired.

Conditions to Purchase

The consummation of the purchase of the Target Bonds pursuant to this Invitation is conditioned upon the satisfaction of the Financing Conditions and other conditions described in this Invitation. Furthermore, the City will not be required to purchase any Target Bonds, and will incur no liability as a result, if, before payment for Target Bonds on the Settlement Date:

- a. The City does not, for any reason, have sufficient funds on the Settlement Date from the proceeds of the Series 2025A Bonds to pay the Purchase Prices of tendered Target Bonds accepted for purchase pursuant to the Invitation and pay all fees and expenses associated with the Series 2025A Bonds and this Invitation;
- b. Litigation or another proceeding is pending or threatened that the City reasonably believes may, directly or indirectly, have an adverse impact on this Invitation or the expected benefits of this Invitation to the City or the Bondholders;
- c. A war, national emergency, banking moratorium, suspension of payments by banks, a general suspension of trading by the New York Stock Exchange or a limitation of prices on the New York Stock Exchange exists and the City reasonably believes this fact makes it inadvisable to proceed with the purchase of Target Bonds;
- d. A material change in the business or affairs of the City has occurred which the City reasonably believes makes it inadvisable to proceed with the purchase of Target Bonds;
- e. A material change in the net economic benefit of the transaction contemplated by this Invitation and the Series 2025A Bonds POS has occurred due to a material change in market conditions which the City reasonably believes makes it inadvisable to proceed with the purchase of Target Bonds; or
- f. There shall have occurred a material disruption in securities settlement, payment or clearance services.

These conditions are for the sole benefit of the City. They may be asserted by the City, prior to the time of payment for Target Bonds on the Settlement Date, regardless of the circumstances giving rise to any of these conditions or may be waived by the City in whole or in part at any time and from time to time in its sole discretion and may be exercised independently for each maturity date and CUSIP number of the Target Bonds. The failure by the City at any time to exercise any of these rights will not be deemed a waiver of any of these rights, and the waiver of these rights with respect to particular facts and other circumstances will not be deemed a waiver of these rights with respect to any other facts and circumstances. Each of these rights will be deemed an ongoing right of the City which may be asserted at any time and from time to time. Any

determination by the City concerning the events described in this Section will be final and binding upon all parties. If, prior to the time of payment for any Target Bonds any of the events described happens, the City will have the absolute right to cancel its obligations to purchase Target Bonds without any liability to any Bondholder or any other person.

Extension, Cancellation and Amendment; Changes to Terms

The City has the right to extend this Invitation by notice given to the Information Services at any time but no later than the first Business Day following the previously scheduled Expiration Date, or any prior extension thereof. Notice of an extension of the Expiration Date will be effective when such notice is given.

The City also has the right to extend the Preliminary Acceptance Date, the Final Acceptance Date or Settlement Date by notice given to the Information Services at any time but no later than the first Business Day following the previously scheduled Preliminary Acceptance Date, Final Acceptance Date or Settlement Date, as applicable, or any prior extension thereof. Notice of an extension of the Preliminary Acceptance Date, Final Acceptance Date or Settlement Date will be effective when such notice is given.

The City also reserves the right to amend, waive the terms of or otherwise modify this Invitation at any time on or prior to the Expiration Date, by giving notice to the Information Services of such amendment, waiver or other modification. The amendment, waiver or modification will be effective at the time specified in such notice.

The City also has the right, at any time prior to the Final Acceptance Date, to cancel this Invitation for any reason in the City's sole discretion by giving notice to the Information Services of such cancellation. The cancellation will be effective at the time specified in such notice. The City will have no obligation to purchase Target Bonds if cancellation of this Invitation occurs.

The City will also have no obligation to purchase Target Bonds offered for tender.

If the City extends the Expiration Date, or amends, otherwise modifies or waives any of the terms or conditions of this Invitation in any respect, the City may (but is not required to) disseminate additional Invitation materials and extend this Invitation to the extent required to allow, in the City's judgment, reasonable time for dissemination to Bondholders and for Bondholders to respond.

No extension or amendment or other modification or waiver of the terms or conditions of this Invitation will change the City's right to decline to purchase Target Bonds without liability on the conditions stated herein or give rise to any liability of the City or the Information Agent and Tender Agent to any Bondholder or nominee.

THIS INVITATION IS NOT BEING EXTENDED TO, AND TARGET BONDS TENDERED IN RESPONSE TO THIS INVITATION WILL NOT BE ACCEPTED FROM OR ON BEHALF OF, HOLDERS IN ANY JURISDICTION IN WHICH THIS INVITATION OR SUCH OFFER OR ACCEPTANCE THEREOF WOULD NOT BE IN COMPLIANCE WITH THE LAWS OF SUCH JURISDICTION.

ADDITIONAL CONSIDERATIONS

None of the City, the Dealer Managers or the Information Agent and Tender Agent makes any recommendation that any Bondholder tender or refrain from tendering for purchase all or any portion of the Target Bonds. Each Bondholder must make its decision and should read this Invitation and consult with its broker, account executive, financial advisor, attorney or other appropriate professional in making such decision.

In deciding whether to participate in this Invitation, each Bondholder should consider carefully, in addition to the other information contained in this Invitation, the following:

- Bondholders of Unpurchased Bonds will continue to hold such Unpurchased Bonds and such Unpurchased Bonds will remain outstanding. See "INTRODUCTION – Unpurchased Bonds" herein.
- Even if the City does not purchase any tendered Target Bonds, the City shall have the right to refund now or in the future (on an advance or current basis) some or all of the Unpurchased Bonds through the issuance of other taxable or tax-exempt obligations of the City, to defease, or, in the future, to offer to purchase or exchange some or all of the Unpurchased Bonds, upon such terms and at such prices as it

may determine. Any future acquisition of Target Bonds may be on the same terms or on terms that are more or less favorable to Bondholders than the terms described in this Invitation. The decision to make future purchases or exchanges by the City and the terms of such future transactions will depend on various factors existing at that time. There can be no assurance as to which of these alternatives, if any, the City will ultimately choose to pursue in the future.

- The purchase by the City of Target Bonds of any CUSIP number may have certain potential adverse effects on holders of Target Bonds with such CUSIP not purchased pursuant to this Invitation, including, but not limited to, the principal amount of the Target Bonds of such CUSIP number available to trade publicly may be reduced, which could adversely affect the liquidity and market value of any Unpurchased Bonds of that CUSIP number that remain outstanding.
- The Target Bonds are not listed on any national or regional securities exchange. To the extent that the Target Bonds are traded, their prices may fluctuate greatly depending on the trading volume and the balance between buy and sell orders. Bondholders may be able to effect a sale of the Target Bonds at a price higher than the Purchase Prices established pursuant to the Invitation.
- The ratings of the Target Bonds by each applicable rating agency reflect only the views of such organization and any desired explanation of the significance of such ratings and any outlooks or other statements given by such rating agency with respect thereto should be obtained from such rating agency. There is no assurance that the current ratings assigned to the Target Bonds will continue for any given period of time or that any of such ratings will not be revised upward or downward, suspended or withdrawn entirely by any rating agency. Any such upward or downward revision, suspension or withdrawal of such ratings may have an effect on the availability of a market for or the market price of the Target Bonds. Each Bondholder should review such ratings and consult with its financial representatives concerning them.
- The purpose of this Tender Offer is to provide the City with the opportunity to purchase a portion of the Target Bonds. The final decision to purchase Target Bonds, and which Target Bonds will be accepted for purchase by the City will, in part, be based upon market conditions and other factors outside of the control of the City.

SUMMARY OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following is a general summary of the U.S. federal income tax consequences for Bondholders that respond to this Invitation and have their tender(s) accepted by the City. The discussion is based on the Internal Revenue Code of 1986, as amended (the “Code”), the Treasury Regulations promulgated thereunder, and relevant rulings and decisions now in effect, all of which are subject to change or differing interpretations. No assurances can be given that future changes in U.S. federal income tax laws will not alter the discussion contained herein. The discussion below does not purport to deal with U.S. federal income tax consequences applicable to all categories of investors. Further, this summary does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular investor in the Target Bonds in light of the investor’s particular circumstances or to certain types of investors subject to special treatment under U.S. federal income tax laws (including individuals who are neither citizens nor residents of the United States; foreign corporations, trusts and estates, in each case, as defined for U.S. federal income tax purposes; insurance companies; tax-exempt organizations; financial institutions; brokers-dealers; partnerships and other entities classified as partnerships for U.S. federal income tax purposes; and persons who have hedged the risk of owning the Target Bonds). Bondholders should note that no rulings have been or will be sought from the Internal Revenue Service (the “IRS”), and no assurance can be given that the IRS will not take contrary positions with respect to any of the U.S. federal income tax consequences discussed below. This U.S. federal income tax discussion is included for general information only and should be construed neither as a tax opinion nor tax advice by the City or any of its advisors or agents to the Bondholders. Bondholders, therefore, should not rely upon such discussion.

The discussion does not deal with special classes of beneficial owners of the Target Bonds, including but not limited to dealers or traders in securities, investors that elect mark-to-market accounting, banks, financial institutions, insurance companies, retirement plans or other tax-deferred or tax-advantaged accounts, tax-exempt organizations, partnerships or other pass-through entities (or entities treated as such for U.S. federal income tax purposes), U.S. expatriates, persons holding their Target Bonds as a part of a hedging, integration, conversion or constructive sale

transaction or a straddle, Bondholders that are “United States persons,” as defined in section 7701(a)(30) of the Code (“**U.S. Holders**”) and are subject to the alternative minimum tax, U.S. Holders that have a functional currency other than the U.S. Dollar, and persons who are not U.S. Holders (all of such Bondholders should consult their tax advisors).

If a partnership or other flow-through entity holds the Target Bonds, the tax treatment of a partner in the partnership or beneficial owner of the flow-through entity generally will depend upon the status of the partner or beneficial owner and the activities of the partnership or flow-through entity. A partner of a partnership or a beneficial owner of a flow-through entity holding Target Bonds should consult its tax advisor regarding the U.S. federal income tax consequences of this Invitation.

Non-tendering Bondholders will not be subject to any U.S. federal income tax consequences in connection with this Invitation.

BONDHOLDERS SHOULD CONSULT THEIR TAX ADVISORS IN DETERMINING THE U.S. FEDERAL, STATE, LOCAL, FOREIGN AND ANY OTHER TAX CONSEQUENCES TO THEM FROM THE DISPOSITION OF THEIR TARGET BONDS PURSUANT TO THIS INVITATION.

The City’s purchase of a Target Bond for cash in accordance with this Invitation will be a taxable event for U.S. federal income tax purposes. A Bondholder who sells Target Bonds pursuant to this Invitation generally will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the (i) the amount of money received by the Bondholder, exclusive of any amount paid for accrued interest, and (ii) the Bondholder’s adjusted U.S. federal income tax basis in the Target Bonds.

Any gain or loss arising in connection with a taxable sale by a Bondholder pursuant to this Invitation may be capital gain or loss (either long-term or short-term, depending on the Bondholder’s holding period for the Target Bonds) or may be ordinary income or loss, depending on the particular circumstances of the Bondholder. Non-corporate holders may be eligible for reduced rates of U.S. federal income tax on long-term capital gains. The deductibility of capital losses is subject to various limitations.

Under section 3406 of the Code, a tendering Bondholder who is a “United States person,” as defined in section 7701(a)(30) of Code, may, under certain circumstances, be subject to U.S. federal backup withholding. Backup withholding applies if such tendering Bondholder: (i) fails to furnish such Bondholder’s Social Security number or other taxpayer identification number (“**TIN**”); (ii) furnishes an incorrect TIN; (iii) fails to report property interest, dividends or other “reportable payments” as defined in the Code; or (iv) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such Bondholder is not subject to backup withholding. Bondholders should consult their tax advisors regarding whether backup withholding applies to them and, if backup withholding applies, regarding qualification for an exemption from backup withholding and the procedures for obtaining such exemption. Backup withholding is not an additional tax. Any amounts deducted and withheld should generally be allowed as a credit against the Bondholder’s U.S. federal income tax liability.

DEALER MANAGERS

The City has retained Jefferies LLC (“**Jefferies**”) and Ramirez & Co., Inc. (“**Ramirez**”) to act on its behalf as Dealer Managers for this Invitation. The City has agreed to pay to Jefferies and Ramirez a customary fee for their services and to reimburse Jefferies and Ramirez for their reasonable expenses relating to this Invitation. References in this Invitation to the Dealer Managers are collectively to Jefferies and Ramirez only in their capacity as the dealer managers. The compensation of Jefferies and Ramirez is based upon the amount of Target Bonds purchased by the City.

The Dealer Managers may contact Bondholders regarding this Invitation and may request brokers, dealers, custodian banks, depositories, trust companies and other nominees to forward this Invitation to beneficial owners of the Target Bonds.

Each of Jefferies and Ramirez, including their affiliates, are a full-service financial institution engaged in various activities, which may include securities 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. Jefferies and Ramirez and their affiliates have, from time to time,

performed, and may in the future perform, a variety of these services for the City, for which they received and or will receive customary fees and expenses. In the ordinary course of their various business activities, each of Jefferies and Ramirez and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own accounts and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities of Jefferies and Ramirez and/or their affiliates may involve securities and instruments of the City, including but not limited to Target Bonds, whether or not tendered for purchase pursuant to this Invitation.

In addition to their role as Dealer Managers in connection with this Tender Offer, Jefferies is acting as senior manager and Ramirez is acting as co-senior manager for the issuance of the Series 2025A Bonds, anticipated to be issued by the City as described in the Series 2025A Bonds POS attached as Appendix A and, as such, they will receive compensation in connection with that transaction as well.

Jefferies and Ramirez are not acting as a financial or municipal advisor to the City in connection with this Invitation.

INFORMATION AGENT AND TENDER AGENT

The City has retained Globic Advisors Inc. to serve as Information Agent and Tender Agent for this Invitation. The City has agreed to pay the Information Agent and Tender Agent customary fees for its services and to reimburse the Information Agent and Tender Agent for its reasonable expenses relating to this Invitation.

MISCELLANEOUS; CONTACT INFORMATION

No one has been authorized by the City, the Dealer Managers or the Information Agent and Tender Agent to recommend to any Bondholders whether to tender Target Bonds in response to this Invitation or the amount of Target Bonds to tender, and none of the City, the Dealer Managers or the Information Agent and Tender Agent makes any recommendation that any Bondholder tender (or refrain from tendering) all or any portion of such Bondholder's Target Bonds. No one has been authorized by the City, the Dealer Managers or the Information Agent and Tender Agent to give any information or to make any representation in connection with this Invitation other than those contained in this Invitation. Any recommendation, information, and representations given or made cannot be relied upon as having been authorized by the City, the Dealer Managers or the Information Agent and Tender Agent. Bondholders must make these decisions and should read this Invitation and consult with their broker, account executive, financial advisor, attorney or other appropriate professional in so doing.

The Information Agent and Tender Agent for this Invitation is

GLOBIC ADVISORS INC.

Attention: Robert Stevens

Tel: (212) 227-9622

E-mail: rstevens@globic.com

Document Website: www.globic.com/cleveland

The Dealer Managers for this Invitation are

JEFFERIES LLC

Contact your Jefferies LLC Representative or the Municipal Syndicate Desk

Tel: (800) 567-8567

E-mail: muni_underwriting@jefferies.com

RAMIREZ & CO., INC.

Contact your Ramirez & Co., Inc. Representative or the Municipal Syndicate Desk

Tel: (212) 248-3870

Email: munisyndicate@ramirezco.com

Dated: March 11, 2025

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APPENDIX A

PRELIMINARY OFFICIAL STATEMENT

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PRELIMINARY OFFICIAL STATEMENT DATED MARCH 11, 2025

NEW ISSUE – BOOK-ENTRY ONLY

Ratings: See “RATINGS”

**Fitch: A-
Moody’s: A2
S&P: A**

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law, (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2025A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and (ii) interest on, and any profit made on the sale, exchange or other disposition of, the Series 2025A Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. Interest on the Series 2025A Bonds may be subject to certain federal taxes imposed only on certain corporations. For a more complete discussion of the tax aspects, see “TAX MATTERS” herein.



\$125,525,000*
CITY OF CLEVELAND, OHIO
Airport System Revenue Bonds
Series 2025A (Non-AMT)

Dated: Date of Delivery

Due: January 1, as shown on inside cover

The Airport System Revenue Bonds, Series 2025A (Non-AMT) (the “Series 2025A Bonds”) are special obligations of the City of Cleveland, Ohio (the “City”) issued under the Indenture (as defined herein) between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”).

The Series 2025A Bonds will be issued to (i) currently refund all or a portion of the City’s outstanding Airport System Revenue Bonds, Series 2016A (Non-AMT) (the “Series 2016A Refunded Bonds”), (ii) purchase and cancel certain of the City’s outstanding Airport System Revenue Bonds, Series 2019A (Taxable) (the “Purchased Target Bonds”) pursuant to the Tender Offer described herein, (iii) fund any necessary deposit to any other funds under the Indenture and (iv) pay the costs of issuance of the Series 2025A Bonds and purchasing and canceling the Purchased Target Bonds. See “PLAN OF FINANCE” herein.

The Series 2025A Bonds are payable on a parity with other series of Outstanding Revenue Bonds and any Additional Revenue Bonds issued under the Indenture and are secured by a lien on the Airport Revenues and the Special Funds established under the Indenture, all as more fully described herein. See “SECURITY FOR THE SERIES 2025A BONDS” herein.

Interest on the Series 2025A Bonds is payable each January 1 and July 1 (each, an “Interest Payment Date”), beginning July 1, 2025, to the bondholders of record at the close of business on the 15th day next preceding each Interest Payment Date. The Series 2025A Bonds are subject to redemption prior to maturity as described herein. See “THE SERIES 2025A BONDS – Redemption Provisions” herein.

The Series 2025A Bonds will be initially issued as fully registered bonds under a book-entry system, and will be registered initially in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). Purchases of book-entry interests in the Series 2025A Bonds will be made in denominations of \$5,000 and integral multiples thereof. DTC, or its nominee, will receive all payments with respect to the Series 2025A Bonds from the Trustee. DTC is required by its rules and procedures to remit such payments to participants in DTC for subsequent disbursement to the owners of book-entry interests. Owners of book-entry interests in the Series 2025A Bonds will not receive physical delivery of bond certificates. See “APPENDIX E – BOOK-ENTRY ONLY SYSTEM” hereto.

The Series 2025A Bonds will be special obligations of the City. Payment of Bond service charges on the Series 2025A Bonds will be secured solely by the Airport Revenues and money on deposit in the Special Funds as provided in the Indenture. The Series 2025A Bonds are not general obligations or a pledge of the faith, credit or taxing power of the City, the State of Ohio or any political subdivision thereof. No holder of any Series 2025A Bonds shall have the right to compel the exercise of the City’s taxing power or to compel the City to pay Bond service charges on the Series 2025A Bonds from any money of the City other than the Airport Revenues and Special Funds. See “SECURITY FOR THE SERIES 2025A BONDS – Special Obligations.”

The Series 2025A Bonds are offered when, as and if issued by the City and accepted by the Underwriters, subject to the opinions on certain legal matters relating to their issuance by Squire Patton Boggs (US) LLP, Bond Counsel. Certain legal matters will be passed upon for the City by Mark D. Griffin, its Chief Legal Officer and Director of Law, and Dinsmore & Shohl LLP, as disclosure counsel to the City. Certain legal matters will be passed upon for the Underwriters by Miller, Canfield, Paddock and Stone, P.L.C. It is expected that delivery of the Series 2025A Bonds in definitive form will be made to DTC on or about April ____, 2025.

This cover page contains certain information for quick reference only. It is not a summary of this Official Statement. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision, paying particular attention to the matters discussed in “CERTAIN INVESTMENT CONSIDERATIONS.”

JEFFERIES

RAMIREZ & CO., INC.

BofA Securities

Morgan Stanley

Raymond James

Stern Brothers

Truist Securities

The date of this Official Statement is _____, 2025, and the information speaks only as of that date.

* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment in a final Official Statement. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the bonds offered hereby, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of that jurisdiction.

\$125,525,000*
City of Cleveland, Ohio
Airport System Revenue Bonds
Series 2025A (Non-AMT)

MATURITY SCHEDULE*

Dated: Date of Delivery

Due: January 1, as shown below

SERIAL BONDS

<u>Maturity Date</u> <u>(January 1)</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP No.†</u>
2026	\$12,095,000				
2027	16,440,000				
2028	21,830,000				
2029	23,090,000				
2030	24,185,000				
2031	25,525,000				
2032	1,120,000				
2033	1,240,000				

* Preliminary; subject to change.

† CUSIP (Committee on Uniform Security Identification Procedures) is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed are being provided solely for the convenience of the holders only at the time of issuance of the Series 2025A Bonds, and none of the City, the Underwriters or the Trustee is responsible for the selection or use of these CUSIP numbers nor makes any representation with respect to such numbers or undertake any responsibility for their accuracy now on the Series 2025A Bonds or the inside cover page hereof 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 2025A Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity 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 2025A Bonds.

**CITY OF CLEVELAND, OHIO
AIRPORT SYSTEM**

MAYOR

Justin M. Bibb

CITY COUNCIL

Blaine A. Griffin, President
Kerry McCormack, Chair, Transportation &
Mobility Committee

DEPARTMENT OF PORT CONTROL

Director of Port Control

Bryant Francis

Assistant Director, Finance & Procurement

Christine Gilmartin

DEPARTMENT OF FINANCE

Director of Finance and Chief Financial Officer

Paul Barrett

Assistant Secretary, Sinking Fund Commission

Elizabeth C. Hruby

DEPARTMENT OF LAW

Chief Legal Officer and Director of Law

Mark D. Griffin

TRUSTEE

The Bank of New York Mellon Trust Company, N.A.

BOND COUNSEL

Squire Patton Boggs (US) LLP

Cleveland, Ohio

DISCLOSURE COUNSEL

Dinsmore & Shohl LLP

Cleveland, Ohio

CO-MUNICIPAL ADVISORS

Government Capital Management LLC
Cleveland, Ohio

Phoenix Capital Partners, LLP
Philadelphia, Pennsylvania

AIRPORT CONSULTANT

Peregrine Advisors, LLC

INDEPENDENT AUDITOR

Keith Faber, Auditor of State

REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Series 2025A Bonds identified on the cover hereof. No person has been authorized by the City, other than the Director of Finance of the City, or the Underwriters to give any information or to make any representation, other than as contained in this Official Statement. Any other information or representation should not be relied upon as having been given or authorized by the City or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Series 2025A Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

This Official Statement includes the front cover page and all appendices hereto. The information in this Official Statement is provided by the City in connection with the original offering of the Series 2025A Bonds. Reliance should not be placed on any other information publicly provided, in any format including electronic, by the City for other purposes, including general information provided to the public or to portions of the public. The information and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement nor any sale made under it shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the City since the date hereof.

Any statements made in this Official Statement that involve matters of opinion or estimates, whether expressly stated to be such, are made as such and not as representations of fact or certainty, and no representation is made that any of those statements have been or will be realized. This Official Statement contains statements relating to future results that are “forward-looking statements,” within the meaning of Section 27A of the Securities Act of 1933 as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Words such as “plan,” “estimate,” “project,” “budget,” “anticipate,” “expect,” “intend,” “believe” and similar terms are intended to identify forward-looking statements. The achievement of results or other expectations expressed or implied by such forward-looking statements involves known and unknown risks, uncertainties and other factors that are difficult to predict, may be beyond the City’s control and could cause actual results, performance or achievements to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. The City undertakes no obligation, and does not plan, to issue any updates or revisions to such forward-looking statements.

Information in this Official Statement that has been derived by the City from its official records and other sources is believed by the City to be accurate and reliable. Information other than that obtained from official records of the City has not been independently confirmed or verified by the City.

UPON ISSUANCE, THE SERIES 2025A BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS, AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR OTHER GOVERNMENTAL ENTITY OR AGENCY, EXCEPT THE CITY, WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT OR APPROVED THE SERIES 2025A BONDS FOR SALE.

The Bank of New York Mellon Trust Company, N.A., by acceptance of its duties as trustee and bond registrar under the Indenture with the City, has not reviewed this Official Statement and has made no representations as to the information contained herein, including but not limited to, any representations as to financial feasibility or related activities.

The Ohio Municipal Advisory Council (“OMAC”) has requested that this paragraph be included in this Official Statement. Certain information contained in the Official Statement is attributed to OMAC. OMAC compiles information from official and other sources. OMAC believes the information it compiles is accurate and reliable, but OMAC does not independently confirm or verify the information and does not guaranty its accuracy. OMAC has not reviewed this Official Statement to confirm that the information attributed to it is information provided by OMAC or for any other purpose.

Cross references to some third-party websites are provided herein for informational purposes only. The City does not make any representation as to the accuracy of the information appearing on any such third-party websites. The City does not undertake any obligation to maintain or update any such third-party websites or the information available therefrom. Such information is not incorporated herein by reference.

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 to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE SERIES 2025A BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS AFTER SUCH SERIES 2025A BONDS ARE RELEASED FOR SALE, AND SUCH SERIES 2025A BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS.

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BOND ISSUE SUMMARY

The information contained in this Bond Issue Summary is qualified in its entirety by the entire Official Statement, which should be reviewed in its entirety by potential investors.

Issuer:	City of Cleveland, Ohio
Issue:	\$125,525,000* City of Cleveland, Ohio Airport System Revenue Bonds, Series 2025A (Non-AMT)
Dated Date:	Date of Issuance
Interest Payment Dates:	January 1 and July 1 of each year, beginning July 1, 2025.
Principal Payment Dates:	January 1 of the years indicated on the inside front cover.
Optional Redemption*:	The Series 2025A Bonds are subject to redemption prior to their stated maturity dates at the option of the City, in whole or in part, on any date at a make-whole price described herein.
Denominations:	The Series 2025A Bonds will be issued initially as fully registered bonds in denominations of \$5,000 or any integral multiple thereof.
Purpose:	Provide funds to the City's Department of Port Control to (i) currently refund all or a portion of the City's outstanding Airport System Revenue Bonds, Series 2016A (Non-AMT), (ii) purchase and cancel the Purchased Target Bonds pursuant to the Tender Offer described herein, (iii) fund any necessary deposit to any other funds under the Indenture and (iv) pay the costs of issuance of the Series 2025A Bonds and purchasing and canceling the Purchased Target Bonds.
Airport System:	The City's Department of Port Control operates Cleveland Hopkins International Airport and Burke Lakefront Airport, which together comprise the City's Airport System.
Security:	The Series 2025A Bonds are special obligations of the City. Payment of the principal of and interest on the Series 2025A Bonds will be payable solely from the Airport Revenues and the money on deposit in the Special Funds, as set forth in the Indenture. The Series 2025A Bonds do not constitute a pledge of the full faith and credit of the City.
Parity Bonds:	The Series 2025A Bonds are issued and secured under the Indenture and are payable on a parity with other series of Outstanding Revenue Bonds and any Additional Revenue Bonds issued under the Indenture.
Rate Covenants:	As described herein under "SECURITY FOR THE SERIES 2025A BONDS – Rate Covenants."

* Preliminary; subject to change.

Bond Service Reserve Requirement: As described herein under “SECURITY FOR THE SERIES 2025A BONDS – Bond Service Reserve Fund.”

Additional Bonds Test: As described herein under “SECURITY FOR THE SERIES 2025A BONDS – Additional Revenue Bonds and Additional Bonds Test.”

Credit Ratings: “A-” by Fitch Ratings; “A2” by Moody’s Investors Service; and “A” by S&P Global Ratings.

Tax Matters: In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law, (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2025A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and (ii) interest on, and any profit made on the sale, exchange or other disposition of, the Series 2025A Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. Interest on the Series 2025A Bonds may be subject to certain federal taxes imposed only on certain corporations.

Legal Opinion: Squire Patton Boggs (US) LLP, Cleveland, Ohio

Trustee: The Bank of New York Mellon Trust Company, N.A.

Municipal Advisors: Government Capital Management, LLC, Cleveland, Ohio and Phoenix Capital Partners, LLP, Philadelphia, Pennsylvania

Book-entry Only System: The Series 2025A Bonds will be initially issued as fully registered bonds, issuable under a book-entry only system, initially registered in the name of The Depository Trust Company (“DTC”) or its nominee. There will be no distribution of the Series 2025A Bonds to the ultimate purchasers. The Series 2025A Bonds in certificated form as such will not be transferable or exchangeable, except for transfer to another nominee of DTC or as otherwise described in this Official Statement. The principal of and interest on the Series 2025A Bonds will be payable by wire transfer made to DTC.

Delivery and Payment: It is expected that delivery of the Series 2025A Bonds in definitive form will be made through DTC on or about April ___, 2025. The Series 2025A Bonds will be released to the Underwriters against payment in federal funds.

City Official: Questions concerning the Official Statement should be directed to Elizabeth C. Hruby, Assistant Secretary, Sinking Fund Commission, Department of Finance, 601 Lakeside Avenue, Cleveland, Ohio 44114. Telephone (216) 664-3663.

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OFFICIAL STATEMENT

Relating to

\$125,525,000*
City of Cleveland, Ohio
Airport System Revenue Bonds
Series 2025A (Non-AMT)

INTRODUCTION

The City of Cleveland, Ohio (the “City”) is furnishing this Official Statement to provide certain information in connection with the issuance and sale by the City of its \$125,525,000* Airport System Revenue Bonds, Series 2025A (Non-AMT) (the “Series 2025A Bonds”). The Series 2025A Bonds, the several series of Outstanding Revenue Bonds previously issued and outstanding under the Trust Indenture, as defined below, and any Additional Revenue Bonds hereafter issued under the Trust Indenture are referred to collectively as the “Revenue Bonds.” All terms, unless otherwise defined herein, shall have the meanings given to them in “APPENDIX B – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE USE AGREEMENTS AND THE TRUST INDENTURE AND CERTAIN PROVISIONS RELATED TO SUBORDINATED INDEBTEDNESS IN THE TWENTY-FIFTH SUPPLEMENTAL INDENTURE.”

All financial and other information presented in this Official Statement relating to the City has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts of Airport Revenues and other sources, is intended to show recent historical information, and is not intended to indicate future or continuing trends in such revenues or the financial position or other affairs of the City. No representation is made that past experience, as shown by that financial and other information, will necessarily continue or be repeated in the future. See also “REGARDING THIS OFFICIAL STATEMENT.”

This Official Statement should be considered in its entirety, and no one subject discussed should be considered less important than any other by reason of its location in the text. Reference should be made to laws, reports or documents referred to in this Official Statement for more complete information regarding their contents.

References to provisions of Ohio law, whether codified in the Ohio Revised Code (the “Revised Code”) or uncodified, or of the Ohio Constitution, are references to current provisions. Those provisions may be amended, repealed or supplemented from time to time.

This Official Statement and continuing disclosure documents of the City are intended to be made available through the Electronic Municipal Market Access (“EMMA”) website of the Municipal Securities Rulemaking Board (“MSRB”). The City has deemed this Preliminary Official Statement to be “final” for the purposes of paragraph (b)(1) of SEC Rule 15c2-12 (the “Rule”), except for certain information contained on the cover page, inside cover page and herein, which has been omitted in accordance with the Rule and will be supplied with the final Official Statement.

Prior to issuance and delivery of the Series 2025A Bonds, copies of the Indenture may be obtained at the office of the City’s Department of Finance, 601 Lakeside Avenue, Cleveland, Ohio 44114; thereafter, copies will be available for inspection at the designated corporate trust office of the Trustee.

* Preliminary; subject to change.

THE ISSUER

The City is a municipal corporation duly organized and validly existing under the Charter of the City (the “Charter”) and the Constitution and laws of the State of Ohio (the “State”). For certain information regarding the City, see “APPENDIX A – CERTAIN INFORMATION REGARDING THE CITY OF CLEVELAND” hereto.

The City owns, and the City’s Department of Port Control operates, Cleveland Hopkins International Airport (the “Airport”) and Burke Lakefront Airport (“Burke”), which together comprise the City’s Airport System (the “Airport System”). The Airport is the primary commercial service airport for northeastern Ohio. For information relating to the Airport System, see “THE AIRPORT SYSTEM” herein.

THE SERIES 2025A BONDS

Authorization

The Series 2025A Bonds are issued under authority of the Ohio Constitution and the laws of the State, the Charter, Ordinance No. 1261-2022, passed by the Council of the City (“Council”) on December 9, 2022 (the “Authorizing Legislation”) and the Certificate of Award executed by the Director of Finance of the City pursuant to that Ordinance.

Purpose

The City is issuing the Series 2025A Bonds to provide funds to the City’s Department of Port Control to (i) currently refund all or a portion of the City’s outstanding Airport System Revenue Bonds, Series 2016A (Non-AMT) (the “Series 2016A Refunded Bonds”), (ii) purchase and cancel certain of the City’s outstanding Airport System Revenue Bonds, Series 2019A (Taxable) (the “Purchased Target Bonds”) pursuant to the Tender Offer described herein, (iii) fund any necessary deposit to any other funds under the Indenture and (iv) pay the costs of issuance of the Series 2025A Bonds and purchasing and canceling the Purchased Target Bonds. For information concerning the refunding of the Series 2016A Refunded Bonds and the purchase and cancellation of the Purchased Target Bonds, see “PLAN OF FINANCE” herein.

General Terms

The Series 2025A Bonds are issued under and secured by the Amended and Restated Trust Indenture (Seventeenth Supplemental Trust Indenture dated as of November 1, 2011) that became effective January 31, 2012 (referred to herein as the “Trust Indenture”), as it has been heretofore supplemented and as it is further supplemented by the Twenty-Sixth Supplemental Trust Indenture dated _____, 2025 to provide for the issuance of the Series 2025A Bonds (the “Twenty-Sixth Supplemental Indenture,” together with the Trust Indenture as it has been heretofore supplemented, the “Indenture”), each between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”).

The Series 2025A Bonds will be issued under the Indenture in the aggregate principal amount set forth on the cover page hereof. The Series 2025A Bonds will be dated their date of delivery (the “Date of Issuance”), will bear interest from that date as described herein, payable semi-annually on January 1 and July 1 of each year (each, an “Interest Payment Date”), commencing July 1, 2025, and will mature January 1 in the years and in the principal amounts set forth on the inside cover page of this Official Statement. The Series 2025A Bonds are subject to optional redemption prior to maturity. See “— Redemption Provisions” below.

Interest on the Series 2025A Bonds will be calculated on the basis of a 360-day year consisting of 12 30-day months. The Series 2025A Bonds will be issued in denominations of \$5,000 and integral multiples thereof (“Authorized Denominations”).

Redemption Provisions

Make-Whole Optional Redemption of Series 2025A Bonds.* The Series 2025A Bonds are subject to redemption prior to their stated maturity dates at the option of the City, in whole or in part, on any Business Day (the “Make-Whole Call Date”), at a make-whole price (the “Make-Whole Redemption Price”) equal to the greater of:

(1) one hundred percent (100%) of the Amortized Value (as defined below) of the Series 2025A Bonds to be redeemed; or

(2) the sum of the present value of the remaining scheduled payments of principal and interest on the Series 2025A Bonds to be redeemed from and including the Make-Whole Call Date to the maturity date of such Series 2025A Bonds, not including any portion of those payments of interest accrued and unpaid as of the Make-Whole Call Date, discounted to the Make-Whole Call Date on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at a discount rate equal to the greater of (a) the Applicable Tax-Exempt Bond Rate (as defined below) minus 15* basis points; or (b) zero basis points;

plus, in each case, accrued interest on such Series 2025A Bonds to the Make-Whole Call Date.

“Amortized Value” means the product of the principal amount of the Series 2025A Bonds to be redeemed and the price of such Series 2025A Bonds expressed as a percentage, calculated based on the industry standard method of calculating bond prices, with a delivery date equal to the Make-Whole Call Date, a maturity date equal to the maturity date of such Series 2025A Bonds and a yield equal to the yield of such Series 2025A Bonds as shown on the inside cover page of this Official Statement.

“Applicable Tax-Exempt Bond Rate” means the “Interpolated AAA Yields” rate for the maturity date of each Series 2025A Bonds to be redeemed, as published by the Municipal Market Data (“MMD”) at least five calendar days, but not more than 60 calendar days, prior to the Make-Whole Call Date of the Series 2025A Bonds to be redeemed, or if no such rate is established for the applicable maturity date, the “Interpolated AAA Yields” rate for the published maturities closest to the applicable maturity date.

“Calculation Agent” means any Person, including the Trustee, a verification agent, investment banking firm or Municipal Advisor, appointed by the City, to serve as calculation agent with respect to the Series 2025A Bonds.

Should the MMD no longer publish the “Interpolated AAA Yields” rate, then the Applicable Tax-Exempt Bond Rate will equal the “BVAL Muni AAA Monthly Callable Yields” rate for the maturity date (made available by Bloomberg at the close of each business day). In the further event that Bloomberg no longer publishes the “BVAL Muni AAA Monthly Callable Yields” rate, the Applicable Tax-Exempt Bond Rate will be determined by the Calculation Agent, based upon the rate per annum equal to the semiannual equivalent yield to maturity for those tax-exempt general obligation bonds rated in the highest rating category by Moody’s and S&P, each as defined herein, with a maturity date equal to the maturity date of such Series 2025A Bonds having characteristics (other than the ratings) most comparable to those of such

* Preliminary; subject to change.

Series 2025A Bonds in the judgment of the Calculation Agent. The Calculation Agent's determination of the Applicable Tax-Exempt Bond Rate shall be final and binding in the absence of manifest error.

The Make-Whole Redemption Price will be determined by a Calculation Agent (which Calculation Agent shall be retained by the City at the expense of the City) in order to calculate such Make-Whole Redemption Price. The Trustee and the City may conclusively rely on such Calculation Agent's determination of such Make-Whole Redemption Price and will bear no liability for such reliance.

Partial Redemption; Selection of Series 2025A Bonds to be Redeemed. If less than all of the Series 2025A Bonds are called for redemption prior to maturity, the Series 2025A Bonds to be called for prior redemption will be designated to the Trustee by the City. The principal amount to be redeemed is required to be an Authorized Denomination. If the Series 2025A Bonds are in book-entry only form and a securities depository is the sole registered owner of the Series 2025A Bonds, any redemption of less than all of the Series 2025A Bonds of the same maturity and interest rate will be performed in accordance with the depository's procedures then in effect.

If it is determined that one or more, but not all of the \$5,000 units of principal amount represented by a Series 2025A Bond are to be called for redemption, then upon notice of redemption of a \$5,000 unit or units the Holder of that Series 2025A Bond will surrender the Series 2025A Bond to the Trustee (a) for payment of the redemption price of the \$5,000 unit or units called for redemption (including without limitation, the interest accrued to the date fixed for redemption), and (b) for issuance, without charge to the Holder thereof, of a new Series 2025A Bond or Series 2025A Bonds of any Authorized Denomination in an aggregate principal amount equal to the unmatured and unredeemed portion of, and bearing interest at the same rate and maturing on the same date as, the Series 2025A Bond surrendered.

Notice and Effect of Call for Redemption. Official notice of any such redemption will be given by the Trustee on behalf of the City by mailing a copy of an official redemption notice by first class mail not more than 45 days and not fewer than 20 calendar days prior to the redemption date to each Registered Owner of the Series 2025A Bonds to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such Registered Owner to the Trustee. Notice of redemption will also be given by the Trustee, on behalf of the City, to the MSRB through EMMA pursuant to the Rule. Any notice of optional redemption of any Series 2025A Bonds may specify that the redemption is contingent upon the deposit of money with the Trustee in an amount sufficient to pay the redemption price of all the Series 2025A Bonds or portions of Series 2025A Bonds that are to be redeemed on that date.

If unconditional notice of redemption of Series 2025A Bonds has been given, or if conditional notice of optional redemption has been given as described above and money sufficient to pay the redemption price on the redemption date has been deposited with the Trustee, the Series 2025A Bonds or portions thereof to be redeemed will, on the redemption date, become due and payable at the redemption price, and from and after such date (unless the City shall default in the payment of the redemption price) such Series 2025A Bonds or portions of thereof to be redeemed shall cease to bear interest. Upon surrender of such Series 2025A Bonds for redemption, such Series 2025A Bonds will be paid by the Trustee at the redemption price. Failure to give any notice to any Owner, or any defect therein, shall not affect the validity of any proceedings for the redemption of any other Series 2025A Bonds. Any notice mailed shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any Owner receives the notice.

For so long as DTC is effecting book-entry transfers of the Series 2025A Bonds, the Trustee will provide the redemption notice described above to DTC. It is expected that DTC will, in turn, notify its participants, and that the participants, in turn, will notify or cause to be notified the Beneficial Owners of the Series 2025A Bonds to be redeemed. The City and the Trustee will have no responsibility or liability

in connection with any failure on the part of DTC or a participant, or failure on the part of a nominee of a Beneficial Owner of a Series 2025A Bond, to notify the Beneficial Owner of the Series 2025A Bond so affected, and such failure shall not affect the validity of the redemption of such Series 2025A Bonds. See “APPENDIX E – BOOK-ENTRY ONLY SYSTEM.”

Purchase in Lieu of Redemption

By their acceptance of the Series 2025A Bonds, the Holders irrevocably grant to the City the option to purchase any Series 2025A Bond that is redeemable by optional redemption on any date on which the Series 2025A Bond is so redeemable at a purchase price no less than the redemption price to be paid to Holders upon optional redemption. The City may exercise such option by written request delivered to the Trustee within the time period specified in the Indenture, as described above. In the case of the purchase of less than all of the Series 2025A Bonds, the particular Series 2025A Bonds to be purchased will be selected by the City and described in a written notice to the Trustee.

Book-Entry Only System

The Series 2025A Bonds initially will be issued in a book-entry system, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), as registered owner of the Series 2025A Bonds, and held in the custody of DTC, pursuant to DTC’s book-entry-only system. Purchasers of beneficial interests in the Series 2025A Bonds will be made in book-entry form, without certificates. If the book-entry system is discontinued for the Series 2025A Bonds, the City will take the actions necessary to provide for the issuance of Bond certificates to the Owners of such Series 2025A Bonds.

So long as the Series 2025A Bonds are held by DTC or its nominee, Cede & Co., in book-entry only form, the Trustee will recognize and treat DTC or its nominee, Cede & Co., as the Holder of the Series 2025A Bonds for all purposes under the Twenty-Sixth Supplemental Indenture, provided that the Trustee will recognize Beneficial Owners for purposes of the purchase of Book-Entry Interests. (See “APPENDIX E – BOOK-ENTRY ONLY SYSTEM”).

Transfer and Exchange of Series 2025A Bonds; Persons Treated as Owners

The person in whose name any Series 2025A Bond is registered (the “Bondholder,” “Holder,” “Owner” or “Registered Owner”) in the books kept and maintained by the Trustee as Registrar (the “Registrar”) for registration and transfer of Bonds (the “Register”) will be deemed and regarded as the absolute owner thereof for all purposes of the Indenture, and payment of or on account of the principal of and interest on the Series 2025A Bonds will be made only to or upon the order of the Registered Owner thereof or his or her legal representative. All such payments will be valid and effective to satisfy and discharge the liability upon that Series 2025A Bond to the extent of the sum or sums so paid.

So long as the Series 2025A Bonds are held in book-entry form, transfers of the Series 2025A Bonds by Beneficial Owners may be made only as described in “APPENDIX E – BOOK-ENTRY ONLY SYSTEM.” At any other time, any Series 2025A Bonds may be transferred or exchanged only upon the books kept for the registration and transfer of Series 2025A Bonds as provided in the Indenture.

Revision of Book-Entry System; Replacement Bonds

The Indenture provides for issuance of fully registered Series 2025A Bonds (“Replacement Bonds”) directly to owners of Series 2025A Bonds other than DTC or its nominee only in the event that DTC determines not to continue to act as securities depository for the Series 2025A Bonds.

Upon occurrence of this event, the City may in its discretion attempt to have established a securities depository book-entry relationship with another securities depository. If the City does not do so, or is unable to do so, and after the Trustee has made provisions for notification of the owners of book-entry interests in the Series 2025A Bonds by appropriate notice to DTC, the City and the Trustee will authenticate and deliver Replacement Bonds for the Series 2025A Bonds, in fully registered form, in Authorized Denominations. If the elimination of a securities depository book-entry system for the Series 2025A Bonds is not the result of City action or inaction, the delivery of Replacement Bonds will be at the expense (including printing costs) of any persons requesting issuance of Replacement Bonds.

Replacement Bonds will be exchangeable for fully registered Series 2025A Bonds of any denomination or denominations authorized by the Indenture in the aggregate principal amount not exceeding the unmatured and unredeemed principal amount of such Series 2025A Bonds and bearing interest at the same rate and maturing on the same date. Replacement Bonds will be transferable at the designated office of the Registrar or any Authentication Agent, without charge (except any tax, fee, or other governmental charge required to be paid). Exchange or transfer of then redeemable Replacement Bonds is not required to be made during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of the Replacement Bonds and ending at the close of business on the day of the mailing or to transfer or exchange any Replacement Bonds selected for redemption, in whole or in part. See “APPENDIX E – BOOK-ENTRY ONLY SYSTEM.”

PLAN OF FINANCE

Refunding of the Series 2016A Refunded Bonds

Pursuant to a conditional notice, the City expects to cause all or a portion of the outstanding principal amount of the Series 2016A Refunded Bonds to be called for redemption on the Date of Issuance of the Series 2025A Bonds (the date of such redemption, the “Series 2016A Redemption Date”) at a redemption price equal to 100% of the principal amount redeemed plus interest accrued to the Series 2016A Redemption Date (the “Redemption Price”). Certain proceeds of the Series 2025A Bonds will be deposited with the Trustee on the Date of Issuance and, together with other amounts available to the City, will be used to pay the Redemption Price of the Series 2016A Refunded Bonds. Upon such redemption, the lien of the Trust Indenture will be released with respect to the Series 2016A Refunded Bonds. The Series 2016A Refunded Bonds are listed in “APPENDIX G – Series 2016A Refunded Bonds” attached hereto.

Tender Offer

On March 11, 2025, the City released an Invitation to Tender Bonds (the “Invitation”), inviting owners of certain of the City’s outstanding Airport System Revenue Bonds, Series 2019A (Taxable) identified in the Invitation (the “Target Bonds”) to tender Target Bonds for purchase, on the terms and conditions set forth in the Invitation (the “Tender Offer”). The purpose of the Tender Offer is to give the City the opportunity to retire all or a portion of the Target Bonds on the date of issuance of the Series 2025A Bonds (the “Settlement Date”).

Subject to the terms and conditions of the Invitation, on the Settlement Date, the City will purchase for cash the Target Bonds validly tendered for purchase and accepted thereby (collectively, the “Purchased Target Bonds”). A tender purchase fund (the “Series 2025A Tender Purchase Fund”) will be established under the control of the Trustee pursuant to the Twenty-Sixth Supplemental Indenture. The City expects to pay for any such Purchased Target Bonds, together with the costs related thereto, from the deposit of a portion of the proceeds of the Series 2025A Bonds into such Series 2025A Tender Purchase Fund, in an amount sufficient, together with any other money available therefor, to purchase and cancel any Purchased Target Bonds on the date of issuance of the Series 2025A Bonds, in accordance with the terms of the

Invitation. Any Purchased Target Bonds will be canceled on the date of delivery of the Series 2025A Bonds and will no longer be Outstanding. Any Target Bonds not so purchased will remain Outstanding.

The ability of the City to fund the purchase of any such Purchased Target Bonds is based on the issuance of Series 2025A Bonds in an amount sufficient to purchase the Purchased Target Bonds. No assurances can be given that any owners of Target Bonds will accept the Tender Offer for any portion thereof and the City is not obligated to accept any tendered Target Bonds for purchase. There are no assurances that the Invitation will result in the purchase of any of the Target Bonds.

The City may conduct additional tender and/or exchange offers in the future and reserves the right to purchase, defease or redeem any of the Target Bonds not selected for purchase pursuant to the Tender Offer, or not identified as Target Bonds in the Invitation, in accordance with the terms of such Outstanding Bonds. The Tendered Bonds that are accepted by the City pursuant to the Tender Offer, as more particularly described in the Invitation, will be listed in “APPENDIX H – Purchased Target Bonds” attached hereto.

Jefferies LLC and Ramirez & Co., Inc., each an underwriter of the Series 2025A Bonds, will each act as a Dealer Manager in connection with the Tender Offer. Each Dealer Manager will be paid a customary fee and will be reimbursed for any expenses incurred as a Dealer Manager relating to the Tender Offer, with such payment and reimbursement being contingent upon (i) the issuance of the Series 2025A Bonds and (ii) the tender and acceptance purchase of all or any portion of the Target Bonds identified in the Invitation.

The foregoing general description is provided for informational purposes only and is not intended to summarize the terms of the Invitation or to solicit offers to tender the Target Bonds. The Invitation provides the terms and conditions of the Tender Offer. The Invitation is available at <https://emma.msrb.org> under the CUSIP numbers for the Target Bonds and from the Dealer Manager and Globic Advisors at <https://globic.com/cleveland>.

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SOURCES AND USES OF FUNDS

The following table sets forth the sources and uses of funds in connection with the Series 2025A Bonds:

Sources of Funds

Principal Amount of Series 2025A Bonds
[Net/Original] Issue [Premium/Discount]
[Transfer from other funds]

Total Sources

Uses of Funds

Deposit to Series 2016A Redemption Account
Deposit to the Tender Purchase Fund
[Deposit to Bond Service Reserve Fund]
Deposit to the Issuance Expense Fund⁽¹⁾

Total Uses

⁽¹⁾ Costs of issuance of the Series 2025A Bonds include Underwriters' discount, costs of legal, printing, advisory, Dealer Manager fees and rating agency fees and other miscellaneous fees and expenses.

POTENTIAL FOR BOND INSURANCE

The City is evaluating proposals for the purchase of municipal bond insurance for all or a portion of the Series 2025A Bonds, but has not, as of the date hereof, accepted a commitment for such bond insurance. The City will evaluate any commitment that is issued and determine, at the time of the sale of the Series 2025A Bonds, whether it is cost-effective and otherwise in the best interests of the City to insure all or a portion of the Series 2025A Bonds.

If bond insurance is provided for all or a portion of the Series 2025A Bonds, the bond insurer will be accorded certain rights under the Indenture with respect to such insured Series 2025A Bonds, including the rights with respect to the granting of certain consents and approvals and the exercise of certain remedies under the Indenture, and the right to direct certain actions of the Trustee in the event of the occurrence of an event of default under the Indenture. Any right or remedy afforded to the bond insurer would be subject to waiver, modification, or amendment by such bond insurer in its sole discretion and without notice to or consent by the Trustee, the holders of any Series 2025A Bonds, or any other person. Such bond insurer will be deemed the sole holder of the insured Series 2025A Bonds insured by the policy for purposes of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of such Series 2025A Bonds are entitled to take pursuant to the Indenture. If the City accepts a commitment to insure all or a portion of the Series 2025A Bonds, information regarding the bond insurer, the bond insurance policy and any ratings assigned to the insured Series 2025A Bonds based on the issuance of the municipal bond insurance policy by the bond insurer will be included in the final Official Statement for the Series 2025A Bonds.

SECURITY FOR THE SERIES 2025A BONDS

Special Obligations

The Series 2025A Bonds are special obligations of the City and do not constitute general obligations or a pledge of the faith, credit or taxing power of the City, the State or any political subdivision thereof. The Series 2025A Bonds are payable on a parity with the Outstanding Revenue Bonds and any Additional Revenue Bonds that may be issued under the Trust Indenture, and are secured by a pledge of and lien on the Airport Revenues and the Special Funds as provided in the Indenture. Holders of the Series 2025A Bonds do not have the right to compel taxation in any form or to compel the City to pay Bond service charges on the Series 2025A Bonds from any money of the City other than Airport Revenues and the Special Funds. Neither the land nor improvements comprising the Airport System nor any other property of the City, other than Airport Revenues and money in the Special Funds, has been pledged to secure the payment of the Series 2025A Bonds.

Pledge of Airport Revenues

In the Trust Indenture, the City has pledged and granted to the Trustee a first lien on the Airport Revenues and the money in the Special Funds as security for the payment of the Bond service charges on all Revenue Bonds issued and outstanding under the Trust Indenture. "Airport Revenues" means generally all rentals, charges, landing fees, use charges and parking and concession revenues received by the City in connection with the City's operation of the Airport System. In accordance with the flow of funds set forth in the Trust Indenture, Airport Revenues are to be used to pay Bond service charges on Revenue Bonds prior to the payment of Operating Expenses. See "– Allocation of Airport Revenues to Special Funds" set forth below. Among the Special Funds established by the Trust Indenture is the Bond Service Reserve Fund that is to be used for the payment of the maturing principal of and interest on the Revenue Bonds secured thereby (including the Series 2025A Bonds) when money in the Bond Service Fund and certain other Special Funds are insufficient therefor. See "– Bond Service Reserve Fund" below.

"Passenger Facility Charges" (or "PFCs") are per-passenger charges collected by the City pursuant to the PFC Act (described herein) that are not included in Airport Revenues; however, a portion of PFC revenue collected is being used by the City for the payment of Bond service charges on certain Revenue Bonds. For a discussion of PFCs, see "THE AIRPORT SYSTEM – Sources of Funding for Five-Year CIP Projects and TMDP Enabling Projects – *Passenger Facility Charges*."

Rate Covenants

Revenue Bond Rate Covenant. In the Trust Indenture, the City covenants to prescribe and to charge such rates, fees and charges for the use of the Airport System to produce in each Fiscal Year, Airport Revenues, together with Other Available Funds, less Operating Expenses, at least equal to 125% of the amount maturing and becoming due in such Fiscal Year for the payment of principal of and interest on all Outstanding Revenue Bonds (the "Revenue Bond Rate Covenant"). (An alternative coverage ratio applies if there is General Obligation Debt outstanding for the Airport System. Currently there is none outstanding.) See "APPENDIX B – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE USE AGREEMENTS AND THE TRUST INDENTURE AND CERTAIN PROVISIONS RELATED TO SUBORDINATED INDEBTEDNESS IN THE TWENTY-FIFTH SUPPLEMENTAL INDENTURE" for definitions of Airport Revenues, Other Available Funds and Operating Expenses and for a description of the assumptions to be made for computing Bond service charges with respect to Revenue Bonds that bear interest at variable rates.

Subordinated Indebtedness Rate Covenant. In the Twenty-Fifth Supplemental Trust Indenture, the City covenants that it will at all times prescribe and charge such rates, fees and charges for the use of the Airport System, its services and supplies so as to produce in each Fiscal Year, Airport Revenues, together with Other Available Funds, less Operating Expenses, at least equal to 100% of the amount maturing and becoming due in such Fiscal Year for the payment of principal of and interest on all outstanding Revenue Bonds, General Obligation Debt and Subordinated Indebtedness (the “Subordinated Indebtedness Rate Covenant”). See “APPENDIX B – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE USE AGREEMENTS AND THE TRUST INDENTURE AND CERTAIN PROVISIONS RELATED TO SUBORDINATED INDEBTEDNESS IN THE TWENTY-FIFTH SUPPLEMENTAL INDENTURE” for definitions of Airport Revenues, Other Available Funds, Operating Expenses and General Obligation Debt and for a description of the assumptions to be made for computing Subordinate Debt Service Charges for the purposes of the Subordinated Indebtedness Rate Covenant.

Airport Use Agreements

The City enters into use and lease agreements (the “Use Agreements”) that govern the use of the Airport by airlines that are parties to such agreements (the “Scheduled Airlines,” also commonly referred to as the “Signatory Airlines”). Each of the Use Agreements between the City and the Signatory Airlines is in substantially the same form.

Pursuant to Ordinance No. 1162-16, passed by City Council on October 24, 2016, the City entered into Use Agreements with the Scheduled Airlines effective January 1, 2017. The current Use Agreements expire on December 31, 2025. The City anticipates new Use Agreements to be in place with the Scheduled Airlines by January 1, 2026, with provisions substantially similar to those in the current Use Agreements. (See “CERTAIN INVESTMENT CONSIDERATIONS – Expiration and Possible Termination of Use Agreements” herein.)

Seven passenger airlines, American Airlines, Delta Air Lines, Frontier Airlines, JetBlue Airways, Spirit Airlines, Southwest Airlines and United Airlines, and two all-cargo carriers, FedEx and UPS, serving the Airport are party to the Use Agreements. The seven passenger Scheduled Airlines represented 97.4% of total enplaned passengers at the Airport in Fiscal Year 2024. Airlines serving the Airport that are not Scheduled Airlines pay the same rates and charges as the Scheduled Airlines, but with a 25% administrative fee added to their payments.

The Use Agreements establish procedures for the periodic review and adjustment of the terminal building space rental rates and landing fees paid by the Scheduled Airlines, as well as other airlines serving the Airport who are not party to the Use Agreements. The Airport operates under a “cost-center residual cost” formula for setting initial terminal building rental fee rates, and an “Airport System residual cost” formula for calculating landing fees. Terminal building rental rates and landing fee rates are adjusted annually to produce Airport Revenues sufficient to meet the Rate Covenants, as discussed in the previous section. The Use Agreements use similar rental rates across all of the concourse-related leased premises. The use of similar rental rates negates any favorable rental rate levels from air carriers operating in different concourse areas of the terminal building. All leased premises represented in the Use Agreements are on a preferential use basis that allows the City to accommodate any air carrier requiring space (either new entry or expanded) on existing leased premises of the Scheduled Airlines. In order to achieve access and balanced utilization of Airport gate/holdroom facilities, the City can consider multiple factors, including but not limited to, the average number of flight arrivals and departures per gate position.

The City frequently evaluates Airport Revenue requirements during each Fiscal Year and historically has taken action in a timely manner to adjust rates and charges accordingly to meet the Revenue Bond Rate Covenant. Pursuant to the Use Agreements, if at any time during the Fiscal Year Airport

Revenues are insufficient to cover the costs of operating the Airport System, the City may, upon providing 90 days' notice to the Scheduled Airlines, increase landing fees. In recent years, the City has also adjusted (both increased and decreased) certain non-airline revenue credits (the "Passenger Credit") to the Scheduled Airlines based on actual operating performance during the Fiscal Year. Given the airport-residual nature of the Airport's rate-making methodology, actual revenues and operating expenses are subject to a year-end reconciliation that may result in a credit to/deficit due from the Scheduled Airlines.

The Use Agreements also establish voting rights of the Scheduled Airlines (so-called "Majority In Interest" or "MII" provisions) for the funding of certain capital projects at the Airport. The Scheduled Airlines may elect to not approve capital improvements that will be funded through rentals, fees and charges and that will require the commitment by the City for the purchase or construction of (i) a single item at a cost of \$500,000 or more, or (ii) items that in the aggregate cost in excess of \$2,000,000. If such capital improvements are not approved, the City may still budget the cost of such capital improvements for the next Fiscal Year under certain circumstances (e.g., to comply with a rule, regulation or order of any federal or state agency). The Use Agreements define approval thresholds required to be obtained from the Scheduled Airlines for Majority In Interest consideration. Majority In Interest approval for projects is defined either as: (i) 50% or more in number of all the Scheduled Airlines, which percentage has, on the date in question, more than 50% of the aggregate by Maximum Landing Weight of Aircraft Arrivals of all Scheduled Airlines at the Airport during the latest twelve-month period for which such figures are available as to all Scheduled Airlines; or, alternatively, (ii) 40% or more in number of all Scheduled Airlines, which percentage has, on the date in question, more than 55% of the aggregate by Maximum Landing Weight of Aircraft Arrivals of all Scheduled Airlines at the Airport during the latest twelve-month period for which such figures are available as to all Scheduled Airlines.

For more information on the terms of the Use Agreements, see "THE AIRPORT SYSTEM," "AIRPORT FINANCIAL INFORMATION – Principal Sources of Revenues" and "AVIATION SECTOR" herein and "APPENDIX B – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE USE AGREEMENTS AND THE TRUST INDENTURE AND CERTAIN PROVISIONS RELATED TO SUBORDINATED INDEBTEDNESS IN THE TWENTY-FIFTH SUPPLEMENTAL INDENTURE" hereto.

Special Facility Leases

In addition to its Use Agreement, United Airlines is also a party to two long-term operating leases associated with certain terminal-related facilities at the Airport, including portions of Concourse C and Concourse D. Continental Airlines ("Continental") entered into the 1989 Special Facilities Lease and 1997 Special Facilities Lease (together, the "Original Special Facilities Leases") with the City as part of the development of those Continental-specific facilities funded by several series of Special Revenue Bonds. The Original Special Facilities Leases provide for full cost recovery (associated operating expenses and debt service requirements) of the areas operated under such leases by United Airlines. The Special Revenue Bonds are not part of the City's outstanding Airport System Revenue Bonds and, therefore, are excluded from Rate Covenant, Additional Bonds Test and other provisions of the Indenture. See "SECURITY FOR THE SERIES 2025A BONDS – Special Revenue Bonds."

As a result of United Airlines' decreased operation at the Airport, United Airlines consolidated its operations at the Airport on Concourse C in June 2014. As a result, the City and United Airlines amended and restated the Original Special Facilities Leases (the "Amended Special Facilities Leases") pertaining to United Airlines' operations on Concourse C, the continued payment of debt service requirements on both Outstanding Revenue Bonds and Special Revenue Bonds related to Concourse D and the payment by United Airlines of direct operating and maintenance costs related to Concourse D. All Special Revenue Bonds related to Concourse C have been redeemed and are no longer outstanding; and the last debt service payment

by United Airlines with respect to the Outstanding Revenue Bonds related to Concourse D is due January 1, 2027 (*i.e.*, collected with 2026 rates and charges). Further, there is currently one series of outstanding Special Revenue Bonds related to Concourse D and the last debt service payment by United Airlines with respect to such Special Revenue Bonds is due September 15, 2027. The Amended Special Facilities Leases became effective on January 1, 2016 and expire on May 31, 2029, or earlier, should the premises be relet under substantially similar economic terms and agreed to by the City.

United Airlines' leased premises on Concourse C include more than 93,000 square feet of gate/holdroom space, offices, the United Airlines club lounge, and baggage handling areas. Those areas contained within Concourse C are used to reflect United Airlines' leased premises for purposes of calculating annual rates and charges at the Airport. Biannually, on January 1 of odd-numbered years, United Airlines may seek permission from the City to return up to 15% of its leased premises in Concourse C. The City is under no obligation to permit United Airlines to return any of the leased premises prior to the expiration date of the Amended Special Facilities Leases; and to date, United Airlines has not returned any portion of its leased premises.

Allocation of Airport Revenues to Special Funds

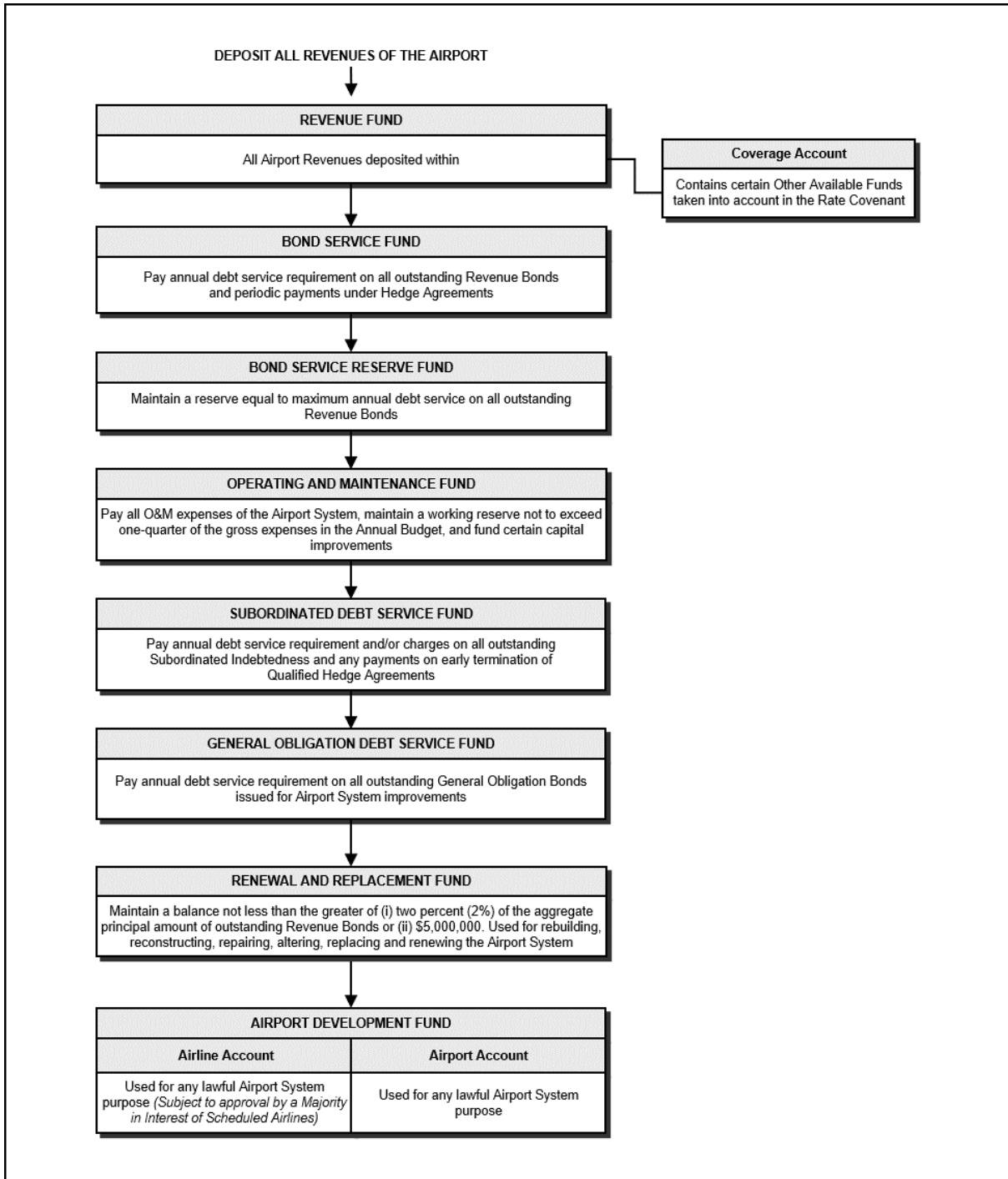
Under the Trust Indenture, all Airport Revenues are to be paid directly to the Trustee and deposited by the Trustee in the Revenue Fund, one of the Special Funds created by the Trust Indenture and held by the Trustee. Beginning on the first day of each month, the Trustee transfers Airport Revenues in the Revenue Fund to the other Special Funds as follows (see also "Figure 1. Flow of Funds," below):

- *First*, to the Bond Service Fund to (i) provide for the payment of Bond service charges on Outstanding Revenue Bonds and (ii) to pay periodic, interest-equivalent payments under (but not any amounts owed for early termination of) Hedge Agreements. (The City has no Hedge Agreements in place with respect to its Revenue Bonds.)
- *Second*, to the Bond Service Reserve Fund to maintain a reserve for debt service equal to the maximum annual Bond service charges to be paid on all Outstanding Revenue Bonds secured by the Bond Service Reserve Fund in any Fiscal Year.
- *Third*, to the Operating and Maintenance Fund to pay all Operating Expenses of the Airport System, maintain a working capital reserve and fund certain capital improvements.
- *Fourth*, to the Subordinated Debt Service Fund to provide for the payment of Bond service charges on any Subordinated Indebtedness and any amount owed on early termination of a Qualified Hedge Agreement. (The City has no Qualified Hedge Agreements in place with respect to its Revenue Bonds.)
- *Fifth*, to the General Obligation Debt Service Fund to provide for the payment of Bond service charges on any General Obligation Debt outstanding with respect to the Airport System. (The City currently has no General Obligation Debt outstanding with respect to the Airport System.)
- *Sixth*, to the Renewal and Replacement Fund to maintain a reserve equal to the greater of (i) 2.00% of the aggregate principal amount of Outstanding Revenue Bonds, or (ii) \$5,000,000. Money in the Renewal and Replacement Fund may be used at the City's discretion to pay for the costs of rebuilding, reconstructing, repairing, altering, replacing and renewing the Airport System.
- *Seventh*, to the Airport Development Fund, after making the deposits provided in the funds above, to the Airport Account and the Airline Account therein, the amount determined annually in

accordance with the Use Agreements. Pursuant to the current Use Agreements, an annual amount not to exceed \$12,000,000 shall be deposited in the Airport Account of the Airport Development Fund in equal monthly installments. Money in the Airport Development Fund may be used for any Airport System purpose. Money in the Airport Account may be used at the discretion of the City. Money in the Airline Account may be used, upon MII approval, for certain capital improvements within the Airport System.

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Figure 1. Flow of Funds



Revenue Fund and Coverage Account

The Trust Indenture establishes the Revenue Fund, maintained by the Trustee. All Airport Revenues are deposited in the Revenue Fund and disbursed by the Trustee as provided in the Indenture. Within the Revenue Fund is the Coverage Account. In the event that the amount in the Coverage Account is considered to be Other Available Funds for purposes of the calculation of the landing fee payable by the

Signatory Airlines under the Use Agreements in any Additional Term, the City will not reduce the amount on deposit in the Coverage Account below the amount needed to cause the Coverage Account to contain on June 30 and December 31 of that Additional Term the amount of Other Available Funds taken into account in making that landing fee calculation, unless sufficient moneys are otherwise available in the Revenue Fund to make the deposits required by the Indenture. Otherwise, the City shall not be restricted in using the moneys in the Coverage Account for any lawful purpose of the Airport System. At the written request of the City, amounts in the Coverage Account in excess of twenty-five per cent (25%) of maximum debt service payable on Revenue Bonds in any Fiscal Year will be transferred by the Trustee to the City for deposit in the Airport Development Fund. See, “ – Airport Development Fund” below and “APPENDIX B – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE USE AGREEMENTS AND THE TRUST INDENTURE AND CERTAIN PROVISIONS RELATED TO SUBORDINATED INDEBTEDNESS IN THE TWENTY-FIFTH SUPPLEMENTAL INDENTURE” for the definitions of Additional Term and Other Available Funds.

Bond Service Reserve Fund

The Trust Indenture requires that the balance in the Bond Service Reserve Fund equal the Required Bond Service Reserve. Under the Trust Indenture, the Required Bond Service Reserve is defined as an amount equal to the maximum annual Bond service charges on all Revenue Bonds secured by the Bond Service Reserve Fund. As of the date of this Official Statement, the Required Bond Service Reserve is \$65,029,887, which is fully funded. Although the Trust Indenture permits the City to use credit instruments for funding the Bond Service Reserve Fund, currently it is funded solely with cash and investments.

All series of Outstanding Revenue Bonds are, and the Twenty-Sixth Supplemental Indenture provides that the Series 2025A Bonds will be, secured by the Bond Service Reserve Fund. Money in the Bond Service Reserve Fund shall be used only for the purpose of payment when due of principal or interest on the Revenue Bonds secured thereby when the money in the Bond Service Fund and the other Special Funds are insufficient therefor. Amounts withdrawn from the Bond Service Reserve Fund must be restored from the first receipts of Airport Revenues available after the required deposits have been made to the Bond Service Fund as provided in the Trust Indenture.

The Trust Indenture permits any supplemental indenture providing for the issuance of any series of Additional Revenue Bonds to provide that such series of Revenue Bonds be secured by a separate reserve fund or, alternatively, if the City maintains a rating on Outstanding Revenue Bonds determined without regard to the issuance of credit enhancement (an underlying rating), that no reserve fund be established for that particular series of Revenue Bonds. Any Additional Revenue Bonds secured by a separate reserve fund or not secured by a reserve fund will not have a lien on the Bond Service Reserve Fund, and Bond service charges on such Additional Revenue Bonds will not be included in computing the Required Bond Service Reserve. Subject to certain restrictions and conditions set forth therein, the Trust Indenture also permits the City to satisfy the Required Bond Service Reserve in whole or in part with the deposit of a surety bond, insurance policy, letter of credit or other instrument, in lieu of a cash deposit. For additional information relating to the Bond Service Reserve Fund, see “APPENDIX B – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE USE AGREEMENTS AND THE TRUST INDENTURE AND CERTAIN PROVISIONS RELATED TO SUBORDINATED INDEBTEDNESS IN THE TWENTY-FIFTH SUPPLEMENTAL INDENTURE.”

Renewal and Replacement Fund

The Trust Indenture requires the City to maintain a balance in the Renewal and Replacement Fund in an amount not less than the greater of (i) 2% of the aggregate principal amount of Outstanding Revenue Bonds or (ii) \$5.0 million (the “Renewal and Replacement Fund Requirement”). In the event that the

balance in the Renewal and Replacement Fund falls below the required amount, monthly deposits are to be made to that Fund to restore the balance to the required amount within 60 months.

Based on the existing Outstanding Revenue Bonds, prior to the issuance of the Series 2025A Bonds, the Renewal and Replacement Fund Requirement is \$7.6 million; and as of January 31, 2025, the Renewal and Replacement Fund had a balance of \$25.9 million.

Airport Development Fund

The Airport Development Fund was created in 2006 in connection with the Use Agreements with the Signatory Airlines. The Airport Development Fund contains two accounts, the Airport Account and the Airline Account. As of January 31, 2025 there was a balance of \$44.3 million in the Airport Account and a balance of \$7.5 million in the Airline Account.

Annual deposits are to be made to the Airport Account of the Airport Development Fund in an amount not to exceed \$12 million in equal monthly installments from the balance remaining in the Operating and Maintenance Fund after all other deposits have been made pursuant to the Trust Indenture and the Use Agreements.

Money in the Airport Account may be spent by the City at its discretion for any Airport System purpose. Money in the Airline Account may be spent by the City at the direction of an MII approval of the Signatory Airlines for any Airport System purpose. However, no prior consent is required for the transfer of money from either the Airport Account or the Airline Account to another Special Fund.

Subject to certain provisions of the Use Agreements, the Signatory Airlines and the City may agree, in connection with the preparation of the Annual Reports for any Additional Term, that amounts on deposit in the Airline Account and/or the Airport Account of the Airport Development Fund will be made available as Other Available Funds in the calculation of the landing fee for that Additional Term to aid in the reduction of airline rates and charges. Amounts to be made available as Other Available Funds are transferred to the Coverage Account of the Revenue Fund established in the Indenture. In the event that the amount in the Coverage Account of the Revenue Fund exceeds 25% of the maximum annual Bond service charges on all outstanding Revenue Bonds occurring in any subsequent Fiscal Year, the amount in excess of that 25% shall be transferred to the Airport Development Fund, unless the City and the Signatory Airlines otherwise agree in connection with the preparation of the Annual Reports. Any money to be so transferred from the Coverage Account of the Revenue Fund to the Airport Development Fund will be transferred to the Airport Account and the Airline Account in amounts proportionate to any transfers made to the Coverage Account from the Accounts of the Airport Development Fund.

Additional Revenue Bonds and Additional Bonds Test

Upon compliance with certain conditions set forth in the Trust Indenture and subject to MII approval under the Use Agreements, the City may issue additional series of Revenue Bonds payable on a parity with the Series 2025A Bonds and the Outstanding Revenue Bonds with respect to Airport Revenues and the money in the Special Funds (the “Additional Revenue Bonds”). See “APPENDIX B – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE USE AGREEMENTS AND THE TRUST INDENTURE AND CERTAIN PROVISIONS RELATED TO SUBORDINATED INDEBTEDNESS IN THE TWENTY-FIFTH SUPPLEMENTAL INDENTURE – Additional Bonds Test.” The Outstanding Revenue Bonds are described in “AIRPORT FINANCIAL INFORMATION – Outstanding Revenue Bonds.” The City may issue Additional Revenue Bonds only for the purpose of providing funds to (i) make additional enlargements, replacements, extensions and improvements to the Airport System, or for any other proper Airport System purpose for which Revenue Bonds may be legally

issued, or (ii) refund, for any lawful purpose, any Outstanding Revenue Bonds or other obligations issued to fund improvements to the Airport System.

The Use Agreements require that the City submit to the Signatory Airlines for review the proposed capital improvements that are to be funded through rentals, fees and charges to be imposed on the Signatory Airlines. If the proposed capital improvements receive MII approval within a period of ten days, the cost of the improvements (including Bond service charges on Additional Revenue Bonds) may be included in airline rentals, fees and charges.

Except as described below, prior to issuing any Additional Revenue Bonds, the Trustee must receive from the City, among other things, a written report of an Airport Consultant (as defined in the Trust Indenture) to the effect that the projected Airport Revenues, together with Other Available Funds, during each of the five complete Fiscal Years immediately following the issuance of the Additional Revenue Bonds, less the projected Operating Expenses during each of such Fiscal Years, are at least equal to 125% of the Bond service charges on all outstanding Revenue Bonds, including the Additional Revenue Bonds proposed to be issued, due during each of such Fiscal Years, less, in each case, such Bond service charges on any Revenue Bonds which are to be redeemed or retired with the proceeds of such Additional Revenue Bonds. An alternative coverage ratio applies if there is General Obligation Debt of the City outstanding for Airport System purposes. The City currently has no outstanding General Obligation Debt for Airport System purposes. See “APPENDIX B – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE USE AGREEMENTS AND THE TRUST INDENTURE AND CERTAIN PROVISIONS RELATED TO SUBORDINATED INDEBTEDNESS IN THE TWENTY-FIFTH SUPPLEMENTAL INDENTURE – Additional Bonds Test.”

A written report of the Airport Consultant is not required in connection with Additional Revenue Bonds when:

(i) the Director of Finance of the City certifies to the Trustee that the Airport Revenues, together with Other Available Funds, less Operating Expenses, for 12 of the past 18 months immediately preceding the proposed issuance of Additional Revenue Bonds or for the most recent Fiscal Year for which audited financial statements are available, are at least equal to 125% of Bond service charges on all Outstanding Revenue Bonds, including the Additional Revenue Bonds proposed to be issued, in each of the three complete Fiscal Years immediately following the issuance of the Additional Revenue Bonds; or

(ii) the Additional Revenue Bonds are issued to refund Outstanding Revenue Bonds and the Director of Finance certifies to the Trustee that (1) the refunding will result in aggregate net present value debt service savings to the City, or (2) in each bond year that Bond service charges were payable on the refunded Revenue Bonds, the Bond service charges on the refunding Revenue Bonds are not greater than the Bond service charges on the refunded Revenue Bonds, or (3) the maximum annual Bond service charges on all Revenue Bonds to be Outstanding after the issuance of the refunding Revenue Bonds are not greater than the maximum annual Bond service charges on all Revenue Bonds Outstanding prior to the issuance of the refunding Revenue Bonds; or

(iii) the Additional Revenue Bonds are issued for the completion of a capital improvement project for which a series of Revenue Bonds has been issued, provided the principal amount of the Additional Revenue Bonds issued for that purpose does not exceed 10% of the total cost of such project.

Prior to the issuance of the Series 2025A Bonds, the refunding of the Series 2016A Refunded Bonds and the purchase and cancellation of the Purchased Target Bonds, there is \$378,260,000 aggregate principal

amount of Outstanding Revenue Bonds that are issued pursuant to the Trust Indenture and are secured by the Airport Revenues and the money in the Special Funds. See “AIRPORT FINANCIAL INFORMATION – Outstanding Revenue Bonds.”

Subordinated Indebtedness

Under the Trust Indenture and the Use Agreements, the City also may issue or incur Subordinated Indebtedness for financing any capital improvement to the Airport System. Subordinated Indebtedness is secured by, and is payable from, Airport Revenues on a basis subordinate to the payment of Bond service charges on Revenue Bonds, the replenishment of the Bond Service Reserve Fund and the payment of Operating Expenses of the Airport System.

As of March 1, 2025, the City has \$2.9 million of Subordinated Indebtedness outstanding as a result of draws on the Subordinate Line of Credit. See “THE AIRPORT SYSTEM – Sources of Funding for Five-Year CIP Projects and TMDP Enabling Projects” and “AIRPORT FINANCIAL INFORMATION – Subordinated Line of Credit” herein.

Prior to issuing any additional Subordinated Indebtedness, the Trustee must receive from the City, among other things, a certificate of the Director of Finance demonstrating compliance with the Additional Subordinated Indebtedness Test. See “APPENDIX B – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE USE AGREEMENTS AND THE TRUST INDENTURE AND CERTAIN PROVISIONS RELATED TO SUBORDINATED INDEBTEDNESS IN THE TWENTY-FIFTH SUPPLEMENTAL INDENTURE – SUMMARY OF CERTAIN PROVISIONS RELATED TO THE INCURRENCE OF SUBORDINATED INDEBTEDNESS PURSUANT TO THE TERMS OF THE TWENTY-FIFTH SUPPLEMENTAL TRUST INDENTURE – Additional Subordinated Indebtedness Test” hereto.

Special Revenue Bonds

Under certain circumstances, the City may issue at one or more times Special Revenue Bonds for the purpose of financing Special Facilities of the Airport System. The Trust Indenture provides that Special Revenue Bonds will not be payable from or secured by Airport Revenues or the money in Special Funds and will not be issued under or secured by the Trust Indenture. There is currently one series of outstanding Special Revenue Bonds issued by the City with respect to the Concourse D Special Facilities under lease to United Airlines. The last debt service payment by United Airlines with respect to the Special Revenue Bonds is due September 15, 2027. See “SECURITY FOR THE SERIES 2025A BONDS – Special Facility Leases.”

Remedies

For a discussion of the remedies of the Holders of the Series 2025A Bonds and the Trustee upon the occurrence of an Event of Default under the Trust Indenture, including the rights of financial institutions providing credit and liquidity support for Revenue Bonds to act in place of the holders of those Revenue Bonds, see the discussion under “APPENDIX B – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE USE AGREEMENTS AND THE TRUST INDENTURE AND CERTAIN PROVISIONS RELATED TO SUBORDINATED INDEBTEDNESS IN THE TWENTY-FIFTH SUPPLEMENTAL INDENTURE – Events of Default” and “– Remedies.” The Trust Indenture provides that holders of Revenue Bonds and the Trustee will have the right to accelerate the entire outstanding principal amount of Revenue Bonds upon the occurrence of certain Events of Default, subject to the consent of each Bond Insurer with respect to the acceleration of any Outstanding Revenue Bonds it has insured.

For a more detailed discussion of the terms of the Trust Indenture, see “APPENDIX B – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE USE AGREEMENTS AND THE TRUST INDENTURE AND CERTAIN PROVISIONS RELATED TO SUBORDINATED INDEBTEDNESS IN THE TWENTY-FIFTH SUPPLEMENTAL INDENTURE.”

THE AIRPORT SYSTEM

General

The Airport System is comprised of the Airport and Burke. The Airport is the primary commercial service airport for northeastern Ohio. The Airport is located approximately ten miles southwest of the City’s downtown, and encompasses approximately 2,045 acres of land, with three air carrier runways, a large terminal complex and various cargo maintenance facilities. The Airport is served by public transportation via light rail service provided by the Greater Cleveland Regional Transit Authority (the “RTA”). Burke is adjacent to the City’s downtown, on 480 acres of land, with two parallel runways and a terminal.

The Airport. According to statistics compiled by Airports Council International – North America (“ACI-NA”), the Airport was the 45th busiest airport in terms of total passengers for U.S. airports in 2023. The Airport had approximately 5.09 million enplaned passengers in 2024 and 4.93 million enplaned passengers in 2023, representing a three percent increase in enplanements for 2024; and in January 2025, total passengers increased 1.4% compared to January 2024. The Airport has historically served a significant origin-destination market with origin-destination (“O&D”) passengers typically accounting for more than 95% of annual enplaned passengers (revenue and non-revenue, domestic and international) since 2015. The 5.09 million enplaned passengers in 2024 was the highest enplanement count at the Airport since 2008.

United Airlines (previously Continental Airlines prior to the merger of the two airlines in November 2011) used the Airport as one of its major domestic hubs until February 2014, when United Airlines began to dehub operations at the Airport by dramatically reducing nonstop departures and destinations, which primarily affected connecting traffic. In 2024, United Airlines and its regional affiliates (collectively, “United Airlines”), in particular, GoJet, Mesa, Skywest and Republic, which operate under the brand name United Express, represented 25.0% of the total enplaned passengers at the Airport. (By comparison, United Airlines accounted for 67.4% of total enplaned passengers at the Airport in 2013.)

The existing substantial O&D passenger base, together with United Airlines’ dehubbing operations at the Airport and subsequent entry of new air carriers and expanded air service of incumbent air carriers, have contributed to record O&D passenger levels at the Airport. The diversification of air carriers and air service offered at the Airport has enhanced route competition, lowered average air fares, and stimulated O&D passenger traffic. New entrant air carriers that also became new Signatory Airlines (*i.e.*, Frontier Airlines, Spirit Airlines, and JetBlue Airlines), as well as expanded service from existing air carriers (American Airlines, Delta Air Lines and Southwest Airlines), contribute to the Airport’s role as a primary O&D-based airport. In 2024, a record 5.06 million enplaned O&D passengers represented 99.5% of total enplaned passengers at the Airport, up from 74.9% in 2013, which was the last full year of United Airlines’ hubbing operation at the Airport. In March 2024, Frontier Airlines launched a new crew base at the Airport that is anticipated to employ up to 110 pilots, 250 flight attendants and 50 aircraft maintenance personnel. Since 2019, Frontier Airlines has increased its number of gates from one to four and in 2024, represented 20.7% of the total enplaned passengers at the Airport.

Burke. Burke is a federally certified commercial and general aviation reliever airport located on 480 acres adjacent to the City’s downtown. Burke is a full-service aeronautical facility offering two parallel runways, the longest of which is 6,200 feet in length. In 2024, approximately 48,600 operations (landings and takeoffs) were performed at Burke, the majority of which were performed by air taxi operators serving the City’s downtown business activities and the remainder of which were performed almost entirely by corporate and private general aviation aircraft (including flight training operations). In 2017, Burke completed the Congressionally mandated Runway 6L/24R Safety Area Improvements Project. This project lengthened the runway and brought pertinent runway-taxiway intersections to current Federal Aviation Administration (“FAA”) standards. The project also installed an Engineered Materials Arresting System (“EMAS”) on the west end as the runway was lengthened to the east. Operations at Burke represented approximately \$1.8 million in landing fees, terminal and ground rentals and other use charges for the Airport System in 2024.

In September 2024, the City released two studies that it commissioned to provide the City with analysis about its options for Burke. One study focused on procedures that would be required to close Burke and the related legal, operational and financial implications of any such closure. The other study focused on the potential fiscal and economic impacts of redevelopment of Burke’s site. As of the date of this Official Statement, the City has made no decisions to close Burke.

Airport Facilities

The Airport has three runways, including two parallel runways (6L/24R, and 6R/24L) in the northeast-southwest primary wind direction and a crosswind runway (10/28) with an east-west orientation. The Airport commissioned Phase I of Runway 6L/24R in December 2002 at a length of 6,800 feet. Runway 6L/24R was further extended to 9,000 feet and was commissioned as a CAT III runway in November 2004. Runway 6R-24L was extended to approximately 10,000 feet in length and commissioned on December 5, 2008 as part of a project to “uncouple,” or disconnect, the runway from its intersection with east–west Runway 10-28 (6,015 feet in length). A fourth runway, 6C/24C, was permanently closed in 2007 as part of a safety enhancement program. Runway ends 6R, 24L, 24R and 28 are equipped with Instrument Landing System (“ILS”) navigational aids that allow for precision approaches during inclement weather conditions. The Airport completed installation of EMAS at the 10 and 28 ends of Runway 10-28 as part of a project to relocate the runway 330 feet to the east. In 2022, the North Airfield improvement project was completed. These improvements provide geometric upgrades to current FAA standards and eliminate direct aircraft access into the runway environment to enhance safety. The project included replacing Taxiway A and removing several taxiways, which allows for easier underground utility installation and improved safety on the airfield by having fewer paved areas.

The Airport’s passenger terminal facilities consist of approximately 1 million square feet in a main terminal building with four attached concourses. Currently three of the concourses are active - Concourses A, B and C, which support 46 aircraft gates. The Airport opened Concourse D (170,000 square feet) in 1999 to serve at that time the expanding regional jet operation of Continental Express. United Airlines announced in April 2014 that it would no longer operate a hub at the Airport and vacated Concourse D and consolidated its operations at the Airport on Concourse C. However, United Airlines continues to pay all costs, including the debt service on all of the Special Revenue Bonds and certain Outstanding Revenue Bonds associated with Concourse D, as evidenced in the Amended and Restated Special Facilities Leases for Concourses C and D (effective January 1, 2016; see, “SECURITY FOR THE SERIES 2025A BONDS – Special Facilities Leases” herein). Pursuant to the Use Agreements, the leased premises of the Airport are leased on a preferential basis to each of the Signatory Airlines (*i.e.*, the Airlines that have signed a Use Agreement; specifically, American Airlines, Delta Air Lines, Frontier Airlines, JetBlue Airways, Spirit Airlines, Southwest Airlines, United Airlines, UPS and FedEx). As of February 2025, the Signatory Airlines, collectively, leased 33 gates at the Airport, with United Airlines representing the largest leased-

premises holder with 12 gates. Each Signatory Airline has priority of use with respect to its leased premises, but may be required by the Airport to share the use of such leased premises on a case by case basis. In addition, 13 gates remain common use gates under the control of the Airport.

The Airport's public automobile parking facilities currently consists of 6,765 parking spaces, with approximately 4,100 spaces in the on-site Smart Parking Garage (which utilizes sensors to signal parking space availability), 2,100 spaces located on-site in various surface lots, and 600 spaces located in an offsite, economy surface lot. An estimated 7,800 off-site parking spaces exist at varying distances from the Airport's perimeter that are owned and operated by private, unrelated operators. On January 1, 2025, the Airport implemented rate increases across all parking locations except the offsite economy surface lot. Historically, public-parking revenue represents the largest single, non-airline revenue service at the Airport. In 2024, the Airport collected \$47.9 million in revenues from public and employee parking operations.

Airport services also include a consolidated rental car facility that is located offsite, though adjacent to the Airport perimeter. Completed in 1998, the rental car facility is owned by the Airport with certain premises leased to the car rental companies, which currently include Alamo, Avis, Budget, Dollar Thrifty, Enterprise, Hertz and National. The rental car facility is accessed by passenger shuttles operating from the Ground Transportation Center area of the terminal complex. Agreements in place with the rental car companies include provisions for the rental for certain facility premises, revenue sharing on rental transactions and assessed transportation fees for recovery of costs associated with the passenger shuttles. In July 2023, the Airport implemented a Customer Facility Charge ("CFC") to fund costs associated with the planning, development and operation of a new consolidated rental car facility to be located on-site, adjacent to the terminal complex. The CFC is assessed at \$6.00 per rental day transaction basis. The Airport received \$13.9 million in revenues from rental car companies operating from the rental car facility in 2024.

Transportation network companies ("TNCs"), such as Uber Technologies Inc. and Lyft, Inc., provide transportation services to and from the Airport. TNC vehicles pay a \$4.00 trip fee for each pick-up and drop-off at the Airport. In 2024, the Airport collected \$5.2 million in rideshare and per-trip related fees from TNC operators.

In December 2024, the Airport amended its concessions and lease agreement with Fraport Cleveland, LLC ("Fraport"), to extend the term of the agreement for an additional year until December 31, 2025. The agreement contains minimum annual guarantees payable to the City at levels comparable to the total amount of annual revenue received under the prior concessions and lease agreements. In addition to the minimum annual guarantee provisions, the agreement with Fraport also includes certain revenue sharing elements that benefit the Airport. The concessions development program currently includes more than 55,000 square feet of concession space in the terminal complex. The concessions program includes local, regional and nationally branded concepts. All in-terminal concessions are presently open and operating and current offerings include a variety of concepts, such as Chick-fil-A, Shake Shack, The Pub, Bar Symon, Great Lakes Brewery Restaurant, Tumi, Sunglass Hut, Rock & Roll Hall of Fame & Museum Store and numerous other restaurants and retail brands. In 2024, the Airport collected \$7.0 million in revenues from concession operations managed by Fraport.

Capital Improvement Program

The City maintains an ongoing Capital Improvement Program for the Airport System with a rolling five-year horizon to ensure the continued availability of existing facilities and infrastructure (the "Five-Year CIP"). Pursuant to the Five-Year CIP, Airport management has identified and scheduled capital improvement projects from 2025 to 2029 that aggregate to \$274.3 million (the "Five-Year CIP Projects").

The City has also embarked on the evaluation, planning and implementation of a large scale capital development program (the “Terminal Modernization Development Program”) that will replace ageing facilities intended to position the Airport to meet forecast passenger demand. In addition to the Five-Year CIP Projects, Airport management has identified and scheduled \$99.5 million of capital improvement projects that it will undertake from 2025 to 2029 that are associated with commencement of the Terminal Modernization Development Program (the “TMDP Enabling Projects”). See “ – Terminal Modernization Development Program” below for a discussion of the scope and scale of the entire Terminal Modernization Development Program and details of the TMDP Enabling Projects.

The following is a summary and description of the Five-Year CIP Projects, which aggregate to an estimated cost of \$274.3 million:

Landside Projects:

Membrane RTA Wall & Tunnel. This project includes the rehabilitation of wall surfaces, replacement of tunnel ceiling and waterproofing the pedestrian access to the tunnel tramway of the RTA station located at the Airport. Estimated cost: \$6.4 million.

Passenger Loading Bridge Replacement Phases I & II. Acquisition and installation of 25 new passenger loading bridges equipped with preconditioned air and ground power units. The project includes engineering design, site prep and the removal of existing loading bridges. Estimated cost: \$32.5 million.

New Surface Parking Lot Concourse D & Walkway. By early 2026, a new, 1,500 space surface parking lot will be constructed on the east side of Concourse D to accommodate increased public parking demand at the Airport. The lot will be connected to the existing terminal building via the construction of a covered walkway along an existing commercial vehicle roadway. Estimated cost: \$22.5 million.

Orange Lot Parking Expansion (Old Sheraton site). The Sheraton hotel located on Airport property was demolished in 2024 (see “ – Terminal Modernization Development Program – TMDP Enabling Projects - TMDP Demolition” below) and the site will be redeveloped to add approximately 450 surface spaces to the existing Orange Lot for public parking. Estimated cost: \$5.0 million.

Central Security Checkpoint Expansion. The central TSA checkpoint will be expanded from two to four lanes to increase security processing times and reduce queuing lines that overflow into ticketing areas. Estimated cost: \$3.0 million.

Badging & Access Control Systems. This project includes the implementation of a new badging system for the Airport. Estimated cost: \$1.8 million.

Access Roadways Safety & Security. New crash gates and parkway guard rails will be installed along Airport perimeter roadways. Estimated cost: \$0.9 million.

Airfield Projects:

Taxiway Victor (EAR) (Design & Construction). This project includes the design and construction of a 371 foot extension of Taxiway V south to connect to hangar facilities currently under development. Estimated cost: \$2.0 million.

Runway 6R-24L Reconstruction (Design). This project incorporates current FAA standards into the design for the planned rehabilitation portions of Runway 6R-24L, which is approximately 10,000 feet long and 150 feet wide. Estimated cost: \$7.1 million.

Runway 6R-24L FAA NAVAID Inventory & Airspace. This project identifies and re-calibrates all airfield equipment, including NAVAIDS and utilities, in both the pre- and post-rehabilitation of Runway 6R-24L. Estimated cost: \$0.2 million.

Runway 6L-24R Reconstruction (Design). This project will evaluate and design improvements related to the full-depth reconstruction of Runway 6L-24R to meet current FAA design criteria, including shoulder width and lighting. Estimated cost: \$1.5 million.

Taxiway Gulf 1 Reconstruction (Design & Stabilization). This project provides the design and initial soil stabilization efforts along Taxiway G-1 and Gulf. Estimated cost: \$1.0 million.

Runway 6R-24L Reconstruction (Phase I & II). This project includes the reconstruction and replacement of up to 8,000 linear feet of Runway 6R-24L to bring runway payment and shoulder width in line with current FAA design standards. Estimated cost: \$103.1 million.

Taxiway Lima Relocation (Environmental). This project prepares the environmental planning associated with reconstruction of a portion of Taxiway Lima. Estimated cost: \$0.3 million.

Taxiway Lima Relocation (Design). The design of a portion of Taxiway Lima which will be relocated to allow for a new taxi route for southbound arrivals on Runway 24L. Estimated cost: \$3.0 million.

Taxiway Gulf 1 Reconstruction (Construction). The project will address the stormwater management soil erosion control at the central detention basin (“CDB”), along with the pavement separation along Taxiway G-1 and Gulf. In addition, it will ensure Runway 6L 24 R’s Runway Safety Area remains within FAA design criteria by eradicating the erosion at the CDB. Estimated cost: \$4.0 million.

Runway 6L-24R Reconstruction & Taxiway Papa. Replacement of a portion of Taxiway Papa due to the reconstruction of Runway 6L-24R. Estimated cost: \$5.0 million.

Other Projects:

Wildlife Fence Replacement. This project includes the design and replacement of the approximately 51,000 linear foot wildlife fence at the Airport. The existing fence is more than 30 years old and this project will bring the wildlife fence into compliance with current FAA design standards. Estimated cost: \$28.6 million.

Abrams Creek Stormwater Access Improvements. Approximately 75% of the Airport’s airfield stormwater flows into the Abram Creek outfall area and this project addresses the improvements needed to the outfall structures to stabilize erosion and surrounding ground areas. Estimated cost: \$1.6 million.

Deicing Operations Facility. A new deicing facilities building will be constructed to accommodate the deicing operations (equipment and storage) at the Airport. Estimated cost: \$15.0 million.

GSE Maintenance Facility. A new building will be constructed to accommodate the needs of multiple ground service providers for the maintenance and storage of ground service equipment. Estimated cost: \$15.0 million.

Airline Fueler Facility. A new building to house airline fueler vehicles will be constructed at Taxiway Hilo and Cargo Road providing accessible storage for mobile fueling operations. Estimated cost: \$15.0 million.

See, “ – Sources of Funding for Five-Year CIP Projects and TMDP Enabling Projects” below for additional detail.

Terminal Modernization Development Program

Background. In April 2021, the City completed a multi-year, masterplan process to forecast future passenger activity demand, facility requirements and capital improvement options for the Airport. The masterplan options recommended both renovations to existing facilities as well as the construction of new facilities to replace aging infrastructure and to expand the Airport’s capacity to accommodate future demand activity.

Prepared by consulting firm RS&H, the masterplan study included forecast passenger and operations activity at the Airport through 2039. As outlined in the study, the Airport’s existing runway system was deemed sufficient to handle forecast operations and flight activity. As such, the future development requirements were focused on landside-related improvements. The existing terminal complex consists of a two-level passenger terminal, which was completed in 1978, and four concourses, three of which are currently in use with 46 active gates: Concourse A (last rebuilt in 1979), Concourse B (last rebuilt in 1983) and Concourse C (opened in 1969 and renovated in 1992).

From the masterplan, the City generated scope recommendations for a preferred future development concept, the Terminal Modernization Development Program (the “TMDP”), to address existing terminal complex and landside deficiencies. These alternatives included improvements to expand the existing check-in ticketing area to allow for increased queuing, kiosk and self-bag check processes; consolidate and expand a centralized Security Screening Checkpoint (“SSCP”) to allow for future passenger growth; and enhance and expand the current Baggage Handling system (“BHS”). Under the preferred development concept, a new terminal headhouse would be constructed that would connect to both new and renovated concourses to expand the number of gates and passenger holdroom areas. Additional landside improvements included the expansion of on-Airport, public parking capacity via a new garage structure and surface lot areas, a new terminal loop roadway system to access the new headhouse and the construction of a new consolidated, rental car facility located adjacent to the new headhouse.

The City and Signatory Airlines are engaged in a Program Definition Stage building upon the work completed during the masterplan study and advancing the planning for the TMDP in terms of facility requirements, scope, schedule and cost estimates. In October 2023, the City retained the services of Paslay Group to serve as Executive Program Manager (“EPM”) for the TMDP. The EPM and their subconsultants, together with the Signatory Airlines, are providing various technical and subject matter expertise to support the City’s personnel in the development, management and implementation of the TMDP.

TMDP Elements, Cost Estimates and Schedule. The TMDP is a landside-focused, large scale capital development program that will transform the Airport’s passenger facilities and customer experience, while creating operational efficiencies. As passenger activity at the Airport has increased, the existing terminal layout has been a constraint on the O&D operation of the Airport, on occasion, most noticeably in the areas of passenger ticketing, security screening and BHS activities. Major components of the TMDP proposed by the City include 1) a new terminal headhouse, 2) both new and renovated existing concourses, 3) a new 6,000 space public parking garage structure and surface lot area, 4) new ground transportation center, 5) relocated RTA station, 6) new ground access roadway system and 7) various new support facilities.

In February 2024, the Signatory Airlines provided MII approval for an initial \$175 million in enabling projects that will provide for further planning, design and program management services for the TMDP and for the construction of various airside support facilities, demolition of existing buildings,

expansion of SSCP areas within the existing terminal and the construction of a new 1,500 space public parking surface lot by the existing Concourse D. The expenses of these enabling projects, which include certain of the Five-Year CIP Projects and all of the TMDP Enabling Projects, have been, and will be, funded by the Subordinated Line of Credit. See “ – Sources of Funding for Five-Year CIP Projects and TMDP Enabling Projects” below and “AIRPORT FINANCIAL INFORMATION – Subordinated Line of Credit” herein.

Working with the City, the EPM team is preparing initial cost estimates and design documents for the TMDP. Initial level designs are anticipated to be completed by May 2025. Preliminary cost estimates for the entire TMDP range from \$1.6 to \$2.0 billion. Further refinement of project cost estimates and program schedule will be made after initial design documents are completed. Given the size and scope of the TMDP, the City expects the entire program to require up to ten years to complete and that approximately a majority of the cost of the TMDP would be financed with the proceeds of Additional Revenue Bonds issued pursuant to the Indenture.

TMDP Enabling Projects. The following is a summary and description of the TMDP Enabling Projects, which aggregate to an estimated total cost of \$99.5 million:

Design & Engineering Services. This project allows for the engagement of professional design, architectural and engineering services to support City staff in the implementation of the TMDP. Estimated cost: \$50.0 million.

Environmental Compliance/NEPA. This project includes the services to support initial National Environmental Policy Act (“NEPA”) compliance activities and assessments necessary for planned TMDP projects. Services include inspections, site assessments, mitigation activities, and preparation of NEPA compliance documents such as Categorical Exclusions, Environmental Assessments and Impact Analyses. Estimated cost: \$4.5 million.

Executive Program Management Services. This project procures Program Management Consultant services to support the City with expertise in Executive Program Management, Design Program Management, Project Controls and Process Management, Construction Management and Operational Readiness to assist in the planning, design, construction and operational transition of the TMDP. Estimated cost: \$6.0 million.

Program Definition/Advanced Planning. This project procures planning, architectural, engineering and estimating services necessary to make planning adjustments in response to updated Design Day Flight Schedule and to develop a Basis of Design (“BOD”) document (approximately equivalent to a 15% Schematic Design Effort) that defines phasing, facilities and building requirements and design intent to be carried forward by the individual TMDP project design teams. Estimated cost: \$5.0 million.

Program Management Services. This project includes Program Management and Construction Management services to augment the Executive Program Management team and provide focused program management support and oversight for the execution of the various planned TMDP projects. Estimated cost: \$30.0 million.

TMDP Demolition. This project includes the demolition of seven buildings to allow for new facilities at the Airport, including expanded parking lots and support buildings (see “ – Five Year CIP Projects – Airfield Projects – Other Projects” above). Estimated cost: \$4.0 million.

See, “ – Sources of Funding for Five-Year CIP Projects and TMDP Enabling Projects” below for additional detail.

Sources of Funding for Five-Year CIP Projects and TMDP Enabling Projects

Funding sources for the Five-Year CIP Projects and the TMDP Enabling Projects are anticipated to include funds drawn under the Subordinated Line of Credit, federal grants-in-aid, Passenger Facility Charges and other Airport discretionary funds. The following table summarizes the anticipated sources and uses of funding for the Five-Year CIP Projects and TMDP Enabling Projects.

Capital Improvement Program (in \$000s)		Sources of Funding				
		Project Cost	Line of Credit	Federal Grants	PFCs	Airport Funds
Five-Year CIP Projects						
Landside						
1	Membrane RTA Wall & Tunnel (Construction)	\$ 6,373	\$ -	\$ 5,063	\$ 1,311	\$ -
2	Passenger Loading Bridge Replacement Phase I	\$ 17,000	\$ -	\$ -	\$ 17,000	\$ -
3	Passenger Loading Bridge Replacement Phase II	\$ 15,500	\$ -	\$ -	\$ 15,500	\$ -
4	New Surface Parking Lot Concourse D & Walkway	\$ 22,500	\$ 22,500	\$ -	\$ -	\$ -
5	Orange Lot Parking Expansion (Old Sheraton site)	\$ 5,000	\$ 5,000	\$ -	\$ -	\$ -
6	Central Security Checkpoint Expansion	\$ 3,000	\$ 3,000	\$ -	\$ -	\$ -
7	Badging & Access Control Systems	\$ 1,752	\$ -	\$ -	\$ -	\$ 1,752
8	Access Roadways Safety & Security	\$ 860	\$ -	\$ -	\$ -	\$ 860
Airfield						
1	Taxiway Victor (EAR) (Design & Construction)	\$ 2,020	\$ -	\$ 421	\$ 1,599	\$ -
2	Runway 6R-24L Reconstruction (Design)	\$ 7,064	\$ -	\$ 5,298	\$ 1,766	\$ -
3	6R-24L FAA NAVAID Inventory & Airspace	\$ 150	\$ -	\$ 113	\$ -	\$ 38
4	Runway 6L-24R Reconstruction (Design)	\$ 1,500	\$ -	\$ 1,125	\$ -	\$ 375
5	Taxiway Gulf 1 Reconstruction (Design & Stabilization)	\$ 1,000	\$ -	\$ 750	\$ -	\$ 250
6	Runway 6R-24L: Reconstruction (Phase I)	\$ 51,555	\$ -	\$ 18,666	\$ -	\$ 32,889
7	Taxiway Lima Relocation (Environmental)	\$ 300	\$ -	\$ 225	\$ -	\$ 75
8	Runway 6R-24L: Reconstruction (Phase II)	\$ 51,555	\$ -	\$ 18,666	\$ -	\$ 32,889
9	Taxiway Lima (Design)	\$ 3,012	\$ -	\$ 2,259	\$ -	\$ 753
10	Taxiway Gulf 1 Reconstruction (Construction)	\$ 4,000	\$ -	\$ 3,000	\$ -	\$ 1,000
11	Runway 6L-24R Reconstruction & Taxiway Papa	\$ 5,000	\$ -	\$ 3,750	\$ -	\$ 1,250
Other						
1	Wildlife Fence Replacement (Design & Construction)	\$ 28,559	\$ -	\$ 19,000	\$ 6,048	\$ 3,511
2	Abrams Creek Stormwater Access Improvements (D&C)	\$ 1,627	\$ -	\$ -	\$ 1,627	\$ -
3	Deicing Operation Facility	\$ 15,000	\$ 15,000	\$ -	\$ -	\$ -
4	GSE Maintenance Facility	\$ 15,000	\$ 15,000	\$ -	\$ -	\$ -
5	Airline Fueler Facility	\$ 15,000	\$ 15,000	\$ -	\$ -	\$ -
Total Five-Year CIP Projects		\$ 274,327	\$ 75,500	\$ 78,335	\$ 44,851	\$ 75,641
TMDP Enabling Projects						
1	Design & Engineering Services	\$ 50,000	\$ 50,000	\$ -	\$ -	\$ -
2	Environmental Compliance/NEPA	\$ 4,511	\$ 4,511	\$ -	\$ -	\$ -
3	Executive Program Management Services	\$ 6,000	\$ 6,000	\$ -	\$ -	\$ -
4	Program Definition/Advanced Planning	\$ 5,000	\$ 5,000	\$ -	\$ -	\$ -
5	Program Management Services	\$ 30,000	\$ 30,000	\$ -	\$ -	\$ -
6	TMDP Demolition	\$ 3,989	\$ 3,989	\$ -	\$ -	\$ -
Total TMDP Enabling Projects		\$ 99,500	\$ 99,500	\$ -	\$ -	\$ -
TOTAL CAPITAL IMPROVEMENT PROGRAM		\$ 373,827	\$ 175,000	\$ 78,335	\$ 44,851	\$ 75,641

Source: City of Cleveland, Department of Port Control records

Subordinated Line of Credit. The City expects to draw all of the \$175 million available under the Subordinated Line of Credit within the term of the facility (see “AIRPORT FINANCIAL INFORMATION – Subordinated Line of Credit” herein). The City expects, but can make no assurance, that it will issue Additional Revenue Bonds for the repayment of the outstanding balance of the Subordinated Line of Credit by its stated maturity date in June 2027. The City received MII approval in February 2024 from the Signatory Airlines for establishing the Subordinated Line of Credit and repaying any outstanding amounts drawn with the proceeds of Additional Revenue Bonds issued under the Indenture.

Federal Grants. The City anticipates receiving \$78.3 million in federal grants-in-aid, through a combination of awards provided by the Airport Improvement Program (“AIP”) and Bipartisan Infrastructure Law (“BIL”), to fund a portion of certain Five-Year CIP Projects at the Airport. The City received \$4.6 million and \$2.9 million in federal grants from the BIL Airports Terminal Program (“ATP”) and AIP, respectively, to fund a portion of the costs of certain Five-Year CIP Projects. The City has received \$44.4 million of an estimated \$55 million in BIL Airport Improvement Grants (“AIG”), a portion of which (\$35.3 million) will be applied to the Five Year CIP Projects. In addition, the City anticipates award of approximately \$17.0 million in federal grants-in-aid in 2025 and 2026 through grant requests to fund a portion of the Five-Year CIP Projects. A further \$18.5 million in federal grants-in-aid are anticipated by the City in later years to fund a portion of eligible CIP projects. See, “CERTAIN INVESTMENT CONSIDERATIONS – Availability of Funding for Future Airport Development Plans – *Federal Funding; FAA Reauthorization*” herein.

Passenger Facility Charges. Under federal law, the FAA may authorize a public agency that controls an airport to impose a PFC of up to \$4.50 for each qualifying enplaned passenger at such airport to be used to finance eligible airport-related projects. The City currently imposes a \$4.50 PFC at the Airport, with total “impose and use” (described herein) collection authority of \$619.4 million. As of December 31, 2024, the Airport had received a total of \$605.7 million in PFC revenues. The remaining balance of collection authority is anticipated to extend through 2025, with annual PFC revenues allocated to pay a portion of eligible project costs of and/or debt service associated with already approved PFC projects. The City is currently preparing a new PFC application to submit to the FAA that will increase the PFC collection authority and extend the charge effective date. Of the \$44.9 million of PFCs allocated to the Five-Year CIP Projects, \$17 million has already been approved by the FAA under an impose and use authority for the Airport (PFC Application 24-13-C-00-CLE approved November 2023).

The amount of actual PFC revenues will vary depending on actual levels of passenger enplanements at the Airport and therefore there is no assurance of the timing or amount of PFC revenues that will be available. The FAA may terminate its approval of the City’s imposition of a PFC if the FAA determines that the City is in violation of the Aviation Safety and Capacity Expansion Act of 1990 and its reauthorization in 2000 (the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century) (together, the “PFC Act”) or the regulations promulgated thereunder or certain provisions of the Airport Noise and Capacity Act (the “Noise Act”). However, both the PFC Act and the Noise Act provide procedural safeguards to ensure that the City’s ability to impose a PFC will not be summarily terminated. See, “CERTAIN INVESTMENT CONSIDERATIONS – Availability of Funding for Future Airport Development Plans – *Passenger Facility Charges*” herein.

The following table provides the annual collections of PFCs, from 2019 through 2024.

PFC Revenue Collected⁽¹⁾
(dollars in thousands)

<u>Year</u>	<u>PFC Revenue</u>
2019	\$20,198
2020	9,677
2021	14,330
2022	17,800
2023	20,060
2024	20,901

⁽¹⁾ PFC revenue collected is PFC remittances from the airlines and interest earnings.
Source: City of Cleveland, Department of Port Control records

Airport Discretionary Funds. In accordance with the Use Agreements, the City annually receives discretionary funds from airline rates and charges that are deposited in the Airport Development Fund. See “SECURITY FOR THE SERIES 2025A BONDS – Airport Development Fund.” The City anticipates using \$75.6 million of Airport Development Fund receipts and other discretionary funds to provide local matches to certain federal grants-in-aid and fund certain of the Five-Year CIP Projects.

Regulatory Matters

The City has sought a modification to the National Pollutant Discharge Elimination System (“NPDES”) permit from the Ohio Environmental Protection Agency (“OEPA”), which will address new effluent limits on deicing chemicals. The OEPA has also notified the City that Burke is no longer eligible for a general NPDES permit. The City applied for an individual permit that specifically addresses the needs of Burke. The application for the NPDES permit was approved, and the City has received a permit, effective from January 1, 2025. Under this new permit, treatment parameters and threshold criteria are being further evaluated to be used for the design of treatment assessment. A conceptual/treatment design study will be completed to assist in determining the scope and size of the treatment plant.

Management of the Airport System

Section 76-8 of the City’s Charter provides that the Director of Port Control is in charge of administration and control of, among other facilities, the municipally owned airport facilities of the City. The City’s Department of Port Control, through the Divisions of the Airport and Burke (the “Divisions”), operates the two airports comprising the Airport System. The Divisions employ approximately 400 individuals in administration, airfield and building maintenance, vehicle maintenance, and aircraft rescue and firefighting. There have been no strikes or work stoppages by employees of the Divisions in recent years. The City believes its relations with these employees are excellent.

Following are brief biographical sketches of the Department of Port Control executive management team:

Bryant L. Francis, C.M. was named Director of Port Control in April 2023 and is responsible for the management and operations of the Airport System. In this capacity, Mr. Francis provides leadership and oversight to both the Airport and Burke, as well as the Division of Harbors, including the City’s North Coast Harbor. Mr. Francis has more than 28 years of experience in the aviation industry, including seven years as the Director of Aviation for the Port of Oakland in California and previous director roles at Long Beach Airport in California and the Shreveport Airport Authority in Louisiana. He is also active in numerous aviation-related professional groups, including the American Association of Airport Executives, Airports Council International – North America, and the Airport Minority Advisory Council.

Christine Gilmartin serves as Assistant Director, Finance & Procurement for the City’s Department of Port Control and is responsible for managing all financial and procurement related aspects of the Airport System. Ms. Gilmartin first joined the Department of Port Control in November 2010, and previously served as Comptroller. Ms. Gilmartin is responsible for planning, organizing, directing, monitoring and evaluating the financial and accounting work of Airport System staff. Prior to her employment with the City, Ms. Gilmartin served with the Auditor of the State of Ohio where her responsibilities included leading the audit team from the planning of the audit to the issuing of financial statements. Ms. Gilmartin received her Bachelor of Science in Business Administration from Youngstown State University. She is a Certified Fraud Examiner and a member of the Association of Government Accountants.

Dennis Kramer serves as Assistant Director, Airport Development for the City's Department of Port Control and is responsible for all aspects of airport strategy, planning, engineering and construction, environmental compliance and sustainability for the Airport System. Mr. Kramer joined the Department of Port Control in February 2020, bringing many years of engineering and construction experience in infrastructure-related industries. Prior to joining the City, Mr. Kramer was employed in the planning & engineering industry for two different private sector general contractors as a professional engineer working on highway/bridge, airport, and other heavy industrial type projects. Mr. Kramer earned a B.S. in civil engineering from the University of Toledo and an M.B.A. from Cleveland State University, and is a licensed professional engineer in the state of Ohio.

Scott C. Carr, A.A.E. serves as Assistant Director, Business Development & Revenue for the City's Department of Port Control and is responsible for all aspects of commercial operations, including air service development, concessions, commercial development and properties, ground transportation and airport compliance and inclusion for the Airport System. Mr. Carr joined the Department of Port Control in February 2025, bringing more than 26 years of experience in airport management and strong credentials in air service development, commercial property management and revenue, governmental affairs, operations, community and public relations and marketing. Prior to joining the City, Mr. Carr was the Airport Assistant General Manager at Hartsfield-Jackson Atlanta International Airport, Vice President of Commercial Business & Communications at the Greenville-Spartanburg Airport District and Deputy Airport Director – Administration & Properties at the Portland International Jetport in Maine. Mr. Carr began his professional career in 1999 at Titusville-Cocoa Airport Authority, where he held various positions before being named Executive Director. He has also served as the Airport Director at the Amarillo International Airport in Texas. Mr. Carr has served on several local and national boards and most recently was appointed to the Bowling Green State University – Aviation Industry Advisory Board. Mr. Carr holds a master's degree in Public Administration and a graduate certificate in Urban & Regional Planning from the University of Central Florida. His bachelor's degree in Aviation Management & Operations is from Bowling Green State University in Ohio. Mr. Carr is an accredited member of the American Association of Airport Executives. In addition, he is an aviation enthusiast and has been a private pilot for 32 years.

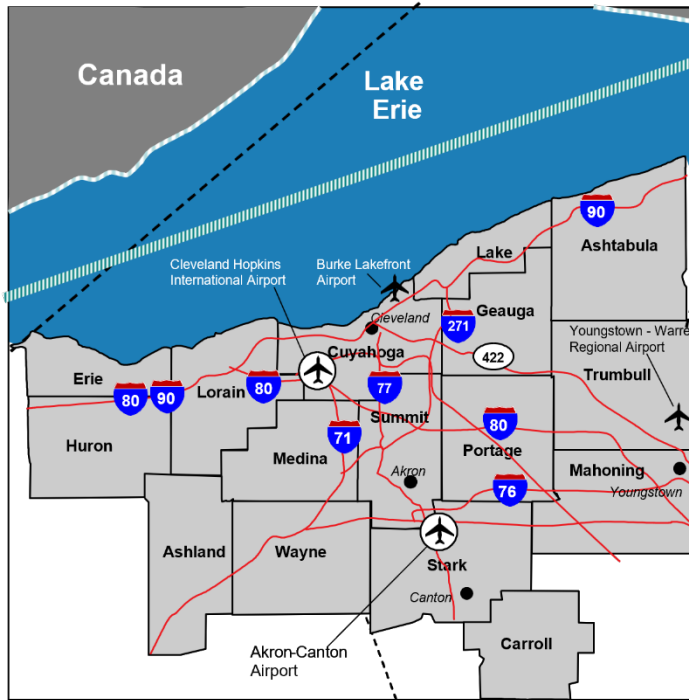
The Airport Service Region

The City and the Airport System are located in Cuyahoga County, the largest county in terms of population in the State of Ohio. The air trade area for the Airport is comprised of the following 16 counties in Ohio: Ashland, Ashtabula, Carroll, Cuyahoga, Erie, Geauga, Huron, Lake, Lorain, Mahoning, Medina, Portage, Stark, Summit, Trumbull and Wayne. Together, these 16 counties comprise the "Airport Service Region." This area is depicted by the map on the following page. While most of the Airport's passengers originate from the Airport Service Region, the Airport does draw passengers from other regions, including northwestern Ohio and western Pennsylvania. The population of the Airport Service Region is approximately 4.0 million. The Cleveland Combined Statistical Area includes the following ten counties: Ashtabula, Carroll, Cuyahoga, Geauga, Lake, Lorain, Medina, Portage, Stark and Summit and is the 17th largest metropolitan area (as defined by the U.S. Census Bureau) in the United States. The other commercial air service airport located in the Airport Service Region is Akron-Canton Airport.

THE AIRPORT SERVICE REGION

Road miles from Cleveland to:	
Akron	39
Canton	58
Columbus	142
Detroit	174
Pittsburgh	137
Toledo	119
Youngstown	76

Less than 1 hour flight time from Cleveland:	
Toronto	45 minutes
Chicago	55 minutes
New York	55 minutes
Washington, DC	55 minutes



	County Boundary
	State/International Boundary
	Air Carrier Airport
	Commuter Airport/ General Aviation/Other



Airport Passenger Activity

In 2024, enplaned passengers at the Airport increased by 3.0% from 2023 and represented the highest enplaned passenger activity for the ten most recent years.

The following table shows the total number of enplaned passengers, aircraft departures, and aircraft landed weight at the Airport for the ten most recent years.

Summary of Recent Historical Airport Activity

Year	Enplaned Passengers		Aircraft Departures		Aircraft Landed Weight	
	Number	Percent Change	Number	Percent Change	1,000 lb. ⁽¹⁾ Unit	Percent Change
2015	4,046,634	6.6%	58,887	-9.9%	5,118,972	7.2%
2016	4,205,739	3.9%	59,327	0.7%	5,117,105	0.0%
2017	4,562,740	8.5%	61,196	3.2%	5,455,096	6.6%
2018	4,836,580	6.0%	63,239	3.3%	5,686,461	4.2%
2019	5,023,316	3.9%	63,500	0.4%	5,928,580	4.3%
2020	2,059,668	-59.0%	35,571	-44.0%	3,514,736	-40.7%
2021	3,646,410	77.0%	37,228	4.7%	4,609,992	31.2%
2022	4,348,607	19.3%	41,151	10.5%	5,222,496	13.3%
2023	4,939,279	13.6%	45,841	11.4%	5,949,755	13.9%
2024	5,087,949	3.0%	45,708	-0.3%	5,950,811	0.0%

⁽¹⁾ Includes the sum of all commercial air carrier, commuter and all-cargo operations.

Source: City of Cleveland, Department of Port Control records

The table below presents total enplanements at the Airport by month between January 2019 and December 2024.

Monthly Enplanement Comparison at the Airport

Month	Monthly Enplanements						2020 vs	2021 vs	2022 vs	2023 vs	2024 vs
	2019	2020	2021	2022	2023	2024	2019	2020	2021	2022	2023
Jan	335,111	353,249	151,130	258,711	318,224	337,429	5.4%	-57.2%	71.2%	23.0%	6.0%
Feb	331,618	358,967	163,479	290,700	320,059	351,077	8.3%	-54.5%	77.8%	10.1%	9.7%
March	433,039	198,916	247,961	399,288	406,208	439,226	-54.1%	24.7%	61.0%	1.7%	8.1%
April	403,203	14,336	258,617	366,574	383,427	411,226	-96.4%	1704.0%	41.7%	4.6%	7.3%
May	454,375	44,668	310,450	395,721	424,873	469,825	-90.2%	595.0%	27.5%	7.4%	10.6%
June	481,395	105,524	362,144	397,075	463,580	493,623	-78.1%	243.2%	9.7%	16.8%	6.5%
July	483,636	159,745	403,882	395,061	475,309	493,040	-67.0%	152.8%	-2.2%	20.3%	3.7%
Aug	455,068	156,148	355,261	372,299	438,347	449,482	-65.7%	127.5%	4.8%	17.7%	2.5%
Sept	408,059	149,236	326,061	375,992	421,522	423,322	-63.4%	118.5%	15.3%	12.1%	0.4%
Oct	438,228	181,260	361,790	397,388	460,698	423,655	-58.6%	99.6%	9.8%	15.9%	-8.0%
Nov	384,587	162,878	356,009	363,441	418,001	380,220	-57.7%	118.6%	2.1%	15.0%	-9.0%
Dec	414,997	174,741	349,626	336,355	409,031	415,824	-57.9%	100.1%	-3.8%	21.6%	1.7%
Totals	5,023,316	2,059,668	3,646,410	4,348,605	4,939,279	5,087,949	-59.0%	77.0%	19.3%	13.6%	3.0%

Source: City of Cleveland, Department of Port Control records

The following table shows total domestic originating enplanements and total domestic connecting enplanements at the Airport from 2015 through 2024.

Historical Domestic Originating and Connecting Enplanements

<u>Year</u>	<u>Originating Enplanements⁽¹⁾</u>	<u>Percent of Total</u>	<u>Connecting Enplanements⁽¹⁾</u>	<u>Percent of Total</u>
2015	3,936,272	97.3%	110,362	2.7%
2016	4,129,946	98.2%	75,793	1.8%
2017	4,517,768	99.0%	44,972	1.0%
2018	4,782,689	98.9%	53,891	1.1%
2019	4,999,623	99.5%	23,693	0.5%
2020	2,050,202	99.5%	9,466	0.5%
2021	3,646,226	99.9%	184	0.0%
2022	4,340,006	99.8%	8,601	0.2%
2023	4,930,030	99.8%	9,249	0.2%
2024	5,062,509	99.5%	25,440	0.5%

⁽¹⁾ Figures include non-revenue passenger enplanements.

Source: City of Cleveland, Department of Port Control records

In 2024, domestic originating passengers accounted for 99.5% of total domestic enplaned passengers, and domestic connecting passengers accounted for 0.5% of total domestic enplaned passengers at the Airport. Domestic origination enplanements increased 2.7% in 2024 compared to 2023.

Airlines and Market Shares

As of February 2025, the Airport was served on a scheduled passenger air service basis by eight major and national carriers, 13 regional and commuter airlines, and two foreign flag airlines. In addition, various air charter operators provide seasonal, non-scheduled passenger air service. According to the Department of Port Control, domestic enplanements accounted for 97.6% of all passengers enplaned at the Airport in 2024.

The following table sets forth the airlines serving the Airport and their market shares based on enplaned passengers for the years indicated. For comparison purposes, the table reflects historical market shares based on airlines operating at the Airport as of December 2024. Several airlines serving the Airport utilize affiliate partners to provide commuter and regional air service. The associated market shares for these providers are represented by the corresponding major airline in which the service is marketed and provided. For 2024, United Airlines and Frontier Airlines represented the two largest airline market shares accounting for 25.0% and 20.7%, respectively, of total enplanements at the Airport. Enplanement levels are also increasingly being served by larger, mainline type of aircraft equipment. For calendar year 2024, 82.4% of domestic enplanements were served via mainline air carriers compared to 74.8% in 2019.

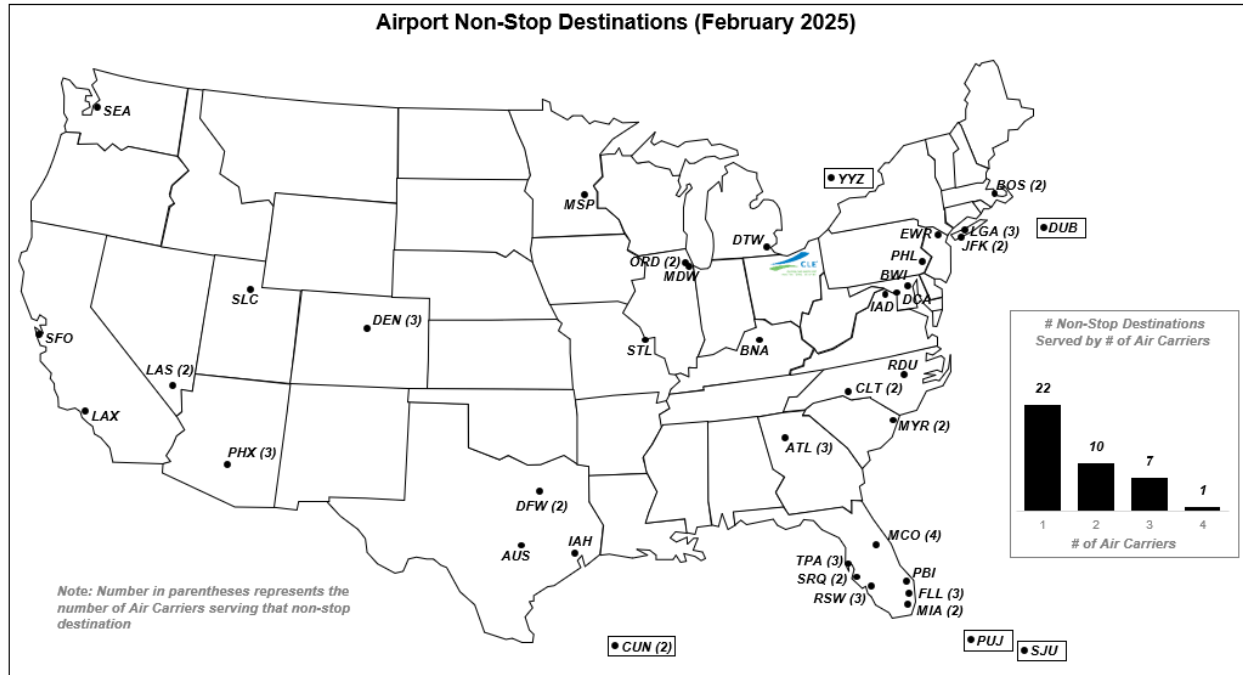
Airlines and Market Shares

	2019		2020		2021		2022		2023		2024	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<u>Domestic Service</u>												
<u>Major and National</u>												
Alaska Airlines	-	-	-	-	-	-	30,723	0.7%	67,930	1.4%	64,561	1.3%
Allegiant Air	97,291	1.9%	55,318	2.7%	79,877	2.2%	336	0.0%	476	0.0%	4,521	0.1%
American Airlines	333,928	6.6%	150,150	7.3%	285,087	7.8%	455,919	10.5%	636,910	12.9%	655,272	12.9%
Delta Air Lines	452,609	9.0%	149,319	7.2%	306,656	8.4%	346,607	8.0%	374,379	7.6%	450,957	8.9%
Frontier Airlines	586,445	11.7%	334,330	16.2%	507,206	13.9%	569,238	13.1%	786,965	15.9%	998,750	19.6%
JetBlue Airways	140,573	2.8%	42,188	2.0%	70,004	1.9%	79,743	1.8%	77,433	1.6%	69,213	1.4%
Southwest Airlines	791,616	15.8%	290,378	14.1%	503,959	13.8%	516,121	11.9%	603,020	12.2%	645,825	12.7%
Spirit Airlines	458,940	9.1%	298,411	14.5%	480,734	13.2%	500,618	11.5%	440,768	8.9%	160,864	3.2%
United Airlines	897,023	17.9%	297,204	14.4%	687,471	18.9%	1,017,125	23.4%	1,125,811	22.8%	1,142,331	22.5%
Subtotal	3,758,425	74.8%	1,617,298	78.5%	2,920,994	80.1%	3,516,430	80.9%	4,113,692	83.3%	4,192,294	82.4%
<u>Regional Affiliates</u>												
American Airlines	416,025	8.3%	172,953	8.4%	314,733	8.6%	312,783	7.2%	263,459	5.3%	312,597	6.1%
Delta Air Lines	385,736	7.7%	129,891	6.3%	240,357	6.6%	320,057	7.4%	358,434	7.3%	334,226	6.6%
United Airlines	373,633	7.4%	123,679	6.0%	136,557	3.7%	117,279	2.7%	93,836	1.9%	116,752	2.3%
Subtotal	1,175,394	23.4%	426,523	20.7%	1,057,944	19.0%	750,119	17.2%	715,729	14.5%	763,575	15.0%
Charter Airlines	4,124	0.1%	1,899	0.1%	3,603	0.1%	5,652	0.1%	4,623	0.1%	11,077	0.2%
Total Domestic	4,937,943	98.3%	2,045,720	99.3%	3,616,244	99.2%	4,272,201	98.2%	4,834,044	97.9%	4,966,946	97.6%
<u>International Service</u>												
Aer Lingus	-	-	-	-	-	-	-	-	18,310	0.4%	26,043	0.4%
Air Canada	42,951	0.9%	5,226	0.3%	4,485	0.1%	19,136	0.4%	21,223	0.4%	28,266	0.4%
Frontier Airlines	35,851	0.7%	8,722	0.4%	12,924	0.4%	42,206	1.0%	54,434	1.1%	53,238	1.1%
Spirit Airlines	-	-	-	-	4,829	0.1%	2,552	0.1%	-	-	-	-
United Airlines	4,605	0.1%	-	-	6,893	0.2%	11,289	0.3%	11,268	0.2%	13,456	0.2%
Charter Airlines	1,966	0.0%	-	-	1,035	0.0%	1,223	0.0%	-	-	-	-
Total International	85,373	1.7%	13,948	0.7%	30,166	0.8%	76,406	1.8%	105,235	2.1%	121,003	2.4%
Total Enplaned Passengers	5,023,316	100%	2,059,668	100%	3,646,410	100%	4,348,607	100%	4,939,279	100%	5,087,949	100%

Source: City of Cleveland, Department of Port Control records

Air Service/Non-Stop Destinations

As of February 2025, scheduled air service to 40 non-stop destinations (35 domestic and five international) was offered by passenger air carriers serving the Airport (see map below). Of the 40 non-stop destinations, 22 were served by one passenger air carrier; 10 were served by two passenger air carriers; seven were served by three passenger air carriers; and, one (Orlando) was served by four passenger air carriers.



AIRPORT FINANCIAL INFORMATION

Principal Sources of Revenues

The principal sources of Airport Revenues are non-airline revenues, terminal complex space rentals paid by the Signatory Airlines and landing fees paid by the Signatory Airlines pursuant to the Use Agreements with the City. Non-airline revenues (consisting primarily of parking, rental cars and terminal retail) accounted for 63.8% of Airport Revenues in 2023 and 63.3% in 2022. Revenues from parking and rental cars comprised the largest part of the non-airline revenues. Terminal complex space rentals and landing fees paid by Signatory Airlines under the Use Agreement accounted for 30.3% and 30.9% of Airport Revenues in 2023 and 2022, respectively.

The following table summarizes the principal sources of Airport Revenues for 2022 and 2023. This information has been compiled from the audited financial statements of the Department of Port Control:

Sources of Airport Revenues

(dollars in thousands)

Sources of Revenues ⁽¹⁾	2022	Percent of Total	2023	Percent of Total
<i>Cleveland Hopkins International</i>				
Signatory Airline Revenues				
Terminal Complex Space Rent	\$37,159	30.9%	\$42,089	30.3%
Landing Fees	*	--	**	--
Other	2,612	2.2%	2,595	1.9%
Total Signatory Airline Revenues	\$39,771	33.1%	\$44,684	32.2%
Non-Signatory Landing fees	558	0.5%	957	0.7%
Non-Airline Revenues	76,097	63.3%	88,493	63.8%
Interest Income	2,349	2.0%	3,243	2.3%
Subtotal-Cleveland Hopkins	\$118,775	98.8%	\$137,377	99.0%
<i>Burke Lakefront</i>	\$ 1,461	1.2%	\$ 1,423	1.0%
Total Revenues	\$120,236	100.0%	\$138,800	100.0%

* The City collected \$13,459,000 landing fee revenue that was offset by a \$26,933,000 reduction to the Scheduled Airlines. See Note K in the audited financial statements for more information.

** The City collected \$16,891,000 landing fee revenue that was offset by a \$24,293,000 reduction to the Scheduled Airlines. See Note K in the audited financial statements for more information.

Source: City of Cleveland, Department of Port Control records

Historical Data for the Airport System

The financial statements of the governmental activities, the business-type activities, and each major fund of the City's Department of Port Control, Divisions of Cleveland Hopkins International and Burke Lakefront Airports, for the year ending December 31, 2023, have been audited by the Auditor of State of the State of Ohio. A complete copy may be obtained from the Director of Finance at the City of Cleveland City Hall, 601 Lakeside Avenue, Cleveland, Ohio 44114. The audited financial statements of the City's Department of Port Control, Divisions of Cleveland Hopkins International and Burke Lakefront Airports for the year ending December 31, 2023, are contained in the City's 2023 Annual Comprehensive Financial Report which was filed with the MSRB and is available on EMMA at <https://emma.msrb.org/> and are included by specific reference thereto into this Official Statement. The financial statements are also included in the audit reports of the Auditor of State, located at www.ohioauditor.gov. The audited financial statements are public records, no consent to their inclusion is required, and no bringdown procedures have been undertaken by the Auditor of State since their date. The City continues to maintain an internal audit function and an active external audit committee.

Operating Results

The following table describes the operating results for the Airport System for the years 2019 through 2023. This information has been compiled from the audited financial statements for those years.

Operating Results					
(dollars in thousands)					
	2019	2020	2021	2022	2023
<u>Statement of Net Revenues in accordance with the Indenture:</u>					
Airport Revenues	\$148,421	\$103,088	\$111,108	\$117,887	\$135,556
Airport Expenses	(90,143)	(80,634)	(49,568)	(71,488)	(83,364)
Net Revenues	<u>\$ 58,278</u>	<u>\$ 22,454</u>	<u>\$ 61,540</u>	<u>\$ 46,399</u>	<u>\$ 52,192</u>
<u>Statement of Income (GAAP):</u>					
Total Operating Revenue	\$ 148,421	\$ 103,088	\$ 111,108	\$ 117,887	\$135,556
Total Operating Expense	(145,874)	(141,300)	(110,723)	(128,018)	(137,678)
Operating Income	2,547	(38,212)	385	(10,131)	(2,122)
Non-operating Revenues	13,342	47,446	27,239	18,542	31,681
Net Income	<u>\$ 15,889</u>	<u>\$ 9,234</u>	<u>\$ 27,624</u>	<u>\$ 8,411</u>	<u>\$ 29,559</u>

Note: Numbers may not sum due to rounding.

Reconciliation of Operating Results

The following is a reconciliation of the operating results shown above, which were prepared in accordance with generally accepted accounting principles ("GAAP"), with those prepared with reference to the Indenture and the Use Agreements.

Reconciliation of Operating Results					
(dollars in thousands)					
	2019	2020	2021	2022	2023
<u>Reconciliation:</u>					
Net Income (GAAP)	\$ 15,889	\$ 9,234	\$ 27,624	\$ 8,411	\$29,559
<u>Add Back:</u>					
Depreciation	\$ 55,731	\$ 60,666	\$ 61,155	\$ 56,530	\$54,314
Interest Expense	24,901	(20,325)	(19,167)	(17,343)	(15,841)
<u>Deduct:</u>					
PFC/CFC Revenue ⁽¹⁾	\$(20,121)	\$ (8,230)	\$(15,337)	\$(17,535)	\$(24,260)
Other Interest Income	7,727	1,901	1,403	5,463	16,919
Other Adjustments/ Contributed Capital	(25,849)	(20,792)	5,862	10,873	(8,499)
Net Revenues⁽²⁾	<u>\$ 58,278</u>	<u>\$ 22,454</u>	<u>\$ 61,540</u>	<u>\$ 46,399</u>	<u>\$ 52,192</u>

⁽¹⁾ In July 2023, the City began to collect Customer Facility Charge ("CFC") revenues, which for purposes of this reconciliation are aggregated with PFC revenues.

⁽²⁾ Numbers may not sum due to rounding.

Source: City of Cleveland, Department of Port Control records

Bond Service Coverage Calculation

Pursuant to the Revenue Bond Rate Covenant, Airport Revenues, together with Other Available Funds, less Operating Expenses, must be at least equal to 125% of the amount maturing and becoming due in such Fiscal Year for the payment of principal and interest on all Outstanding Revenue Bonds. See “SECURITY FOR THE SERIES 2025A BONDS – Rate Covenants.” The following table describes the operating results of the Airport System for the years 2019 through 2023 and the Bond service charge coverage calculation for those years, calculated in accordance with the Revenue Bond Rate Covenant.

Bond Service Coverage Calculation

(dollars in thousands)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Airport Revenues:					
Airline Revenues (Hopkins)	\$74,234	\$63,246	\$49,954	\$39,771	\$44,683
Non-Airline Revenues (Hopkins)	72,678	38,960	59,649	76,655	89,450
Total Airport Revenues (Burke)	1,509	882	1,505	1,461	1,423
Federal COVID-19 Grant Resources	0	38,225	18,025	16,427	477
Net Interest Income	1,703	562	76	2,349	3,243
Total Airport Revenues	\$150,124	\$141,875	\$129,209	\$136,663	\$139,276
Operating Expenses	\$81,118	\$75,896	\$70,096	\$81,326	\$85,023
Net Operating Income	\$69,006	\$65,979	\$59,113	\$55,337	\$54,253
Plus: Other Available Funds For Debt Service					
Passenger Facility Charges ⁽¹⁾	\$18,000	\$ 8,800	\$13,500	\$16,800	\$19,200
AIP Grants (LOI)	2,126	2,935	2,496	69	546
Coverage Account Balance	18,961	19,052	19,057	19,289	24,238
Net Revenues Available For Debt Service	\$108,093	\$96,766	\$94,166	\$91,495	\$98,237
Bond Service Charges ⁽²⁾	\$64,848	\$66,589	\$65,744	\$62,615	\$62,819
Bond Service Charge Coverage	1.67	1.45	1.43	1.46	1.56

⁽¹⁾ Represents PFC revenues allocated by the City to pay eligible Bond service charges.

⁽²⁾ Includes debt service payable on July 1 in the current year and on January 1 in the succeeding year, which corresponds with the amounts deposited by the Airport System in the calendar year.

Source: City of Cleveland and City of Cleveland Department of Port Control records

Mid-Year Financial Reporting

The City, in each Fiscal Year, reports GAAP-basis Airport System financial results as of June 30. The reporting is done on an unaudited basis. The reporting as of June 30 for the years 2022, 2023 and 2024 is shown below.

Mid-Year Financial Reporting

(dollars in thousands)

	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2024</u>
Operating Revenue			
Net Landing Fees	\$15,504	\$ 8,364	\$ 7,712
Terminal and Concourse Rentals	36,284	38,806	36,649
Concessions	19,813	33,298	38,387
Utility Sales/Other	3,667	2,453	3,001
Total Operating Revenue	\$75,268	\$82,921	\$85,749
Operating Expenses			
Operations	\$32,517	\$34,917	\$53,522
Maintenance	1,600	1,221	2,383
Depreciation and Amortization	30,333	28,265	26,989
Total Operating Expenses	\$64,450	\$64,403	\$82,894
Non-Operating Revenue/Expense			
Passenger Facility Charge Revenue	\$ 7,460	\$ 8,223	\$ 18,301
Non-Operating Expenses	3,284	4,090	(9,913)
Loss on disposal of capital assets	-	100	-
Interest Income	73	7,144	8,318
Interest Expense	(10,584)	(8,529)	(7,465)
Amortization of Bond Issuance Expense, Discounts, and Loss on Refunding	1,001	609	334
Total Non-Operating Revenue/Expense	\$ 1,234	\$11,637	\$ 9,575
Capital and Other Contributions	9,869	296	8,148
Increase (Decrease) in Net Assets	\$21,921	\$30,449	\$20,576

Note: Totals may not sum due to rounding.

Source: City of Cleveland and City of Cleveland Department of Port Control records

Outstanding Revenue Bonds

Prior to the issuance of the Series 2025A Bonds, the refunding of the Series 2016A Refunded Bonds and the purchase and cancellation of the Purchased Target Bonds, \$378,260,000 aggregate principal amount of Outstanding Revenue Bonds are issued pursuant to the Trust Indenture and secured by the Airport Revenues and the money in the Special Funds, consisting of:

Series of Airport System Revenue Bonds	Aggregate Principal Amount Outstanding
Series 2007B	\$ 670,000
Series 2016A	65,800,000
Series 2018A	33,875,000
Series 2018B	21,745,000
Series 2019A	251,550,000
Series 2019B	4,620,000
Total	\$378,260,000

(collectively, the “Outstanding Revenue Bonds”). All of the Outstanding Revenue Bonds are, and upon their issuance the Series 2025A Bonds will be, secured equally and ratably by Airport Revenues and the money in the Special Funds, including the Bond Service Reserve Fund.

Subordinated Line of Credit

In June 2024, the City entered into a revolving credit agreement (the “Subordinated Line of Credit”) with PNC Bank, National Association (the “Bank”) pursuant to which the City may draw up to \$175 million to pay costs of capital improvements to the Airport System, the acquisition of any interests in real estate necessary therefor and related preliminary expenses. Amounts drawn on the Subordinated Line of Credit bear interest at a taxable or tax-exempt rate depending on the City’s use of the drawn funds; interest on amounts drawn is payable monthly, and all amounts outstanding are due and payable in full on June 24, 2027, unless the Subordinated Line of Credit is terminated earlier pursuant to its terms by the City or the Bank. The City’s payment obligations for amounts drawn under the Subordinated Line of Credit constitute Subordinated Indebtedness under the Indenture and are payable from the Subordinated Debt Service Fund and secured by Subordinate Notes issued under the Trust Indenture. See “SECURITY FOR THE SERIES 2025A BONDS – Subordinated Indebtedness” herein.

As of March 1, 2025, the City has drawn an aggregate principal amount of \$2.9 million under the Subordinated Line of Credit. See “THE AIRPORT SYSTEM – Sources of Funding for Five-Year CIP Projects and TMDP Enabling Projects” and “ – Terminal Modernization Development Program” for a discussion of the expected use of funds drawn under the Subordinated Line of Credit. The City expects, but can make no assurance, that it will refinance some or all of the amounts drawn under the Subordinated Line of Credit with Additional Revenue Bonds issued pursuant to the Indenture.

Hedge Agreements

There are currently no Hedge Agreements or Qualified Hedge Agreements in place with respect to the Outstanding Revenue Bonds.

Federal Aid Related to COVID-19

The U.S. Congress passed legislation on three separate occasions to provide economic and financial assistance in response to the effects of the COVID-19 pandemic (the “COVID-19 Pandemic”).

The Coronavirus Aid, Relief, and Economic Security (“CARES”) Act (H.R. 748, Public Law 116-136) was signed into law on March 27, 2020 and included \$10 billion in funds for eligible U.S. airports. The City was awarded and received \$46.3 million in CARES grant funds for the Airport, all of which was used for reimbursement of Operating Expenses and/or Bond service charges on Outstanding Revenue Bonds.

The Coronavirus Response and Relief Supplemental Appropriation Act (“CRRSAA”) (Public Law 116-260) was signed into law on December 27, 2020 and included approximately \$2 billion in funds for eligible U.S. airports and airport concessionaires through the Airport Coronavirus Response Grant Program (“ACRGP”). The City was awarded and received \$9.7 million in ACRGP grant funds for the Airport, all of which was used for reimbursement of Operating Expenses and/or Bond service charges on Outstanding Revenue Bonds for the Airport. In addition, the City was awarded and received \$0.1 million in ACRGP grant funds for Burke, all of which was used for reimbursement of Operating Expenses at Burke. The ACRGP also included direct grant funds for eligible U.S. airports to provide relief from rent and minimum annual guarantee obligations to eligible airport concessionaires. The City was awarded and received \$1.0 million in ACRGP concession rent relief funds which were allocated accordingly among eligible concessionaires at the Airport.

The American Rescue Plan Act (“ARPA”) (H.R. 1319, Public Law 117-2) was signed into law on March 11, 2021 and included \$8 billion in funds for eligible U.S. airports and airport concessionaires. The City was awarded and received \$32.6 million in ARPA grant funds for the Airport, all of which was used for reimbursement of Operating Expenses and/or Bond service charges on Outstanding Revenue Bonds for the Airport. In addition, the City was awarded and received \$0.1 million in ARPA grant funds for Burke, all of which was used for reimbursement of Operating Expenses at Burke. ARPA also included direct grant funds for eligible U.S. airports to provide relief from rent and minimum annual guarantee obligations to eligible airport concessionaires. The City was awarded and received \$4.2 million in ARPA concession rent relief funds which were allocated accordingly among eligible concessionaires at the Airport.

As of December 31, 2024, all COVID-19 relief funds awarded under the three acts for use by the Airport System have been drawn down by the City.

Signatory Airline Cost Per Enplaned Passenger

The Signatory Airline cost per enplaned passenger (*i.e.*, Signatory Airline terminal space rental and landing fee payments divided by Signatory Airline enplanements) for 2019 through 2024 at the Airport is provided below:

<u>2019</u>	<u>2020⁽¹⁾</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024⁽²⁾</u>
\$13.65	\$28.67	\$18.58	\$11.73	\$9.30	\$10.67

⁽¹⁾ Originally budgeted at \$12.34.

⁽²⁾ Estimated

Source: City of Cleveland, Department of Port Control records

Liquidity

As of December 31, 2023, the days cash and investments from available Special Funds and other accounts were equivalent to 836 days of operation and maintenance expenses of the Airport System, compared to 854 days as of December 31, 2022.

Debt Service Requirements*

The following table sets forth the debt service requirements on the Outstanding Revenue Bonds, prior to the issuance of the Series 2025A Bonds, the refunding of the Series 2016A Refunded Bonds and the purchase and cancellation of the Purchased Target Bonds, that will accrue in each period set forth below. Differences in totals may occur due to rounding.

Twelve Month Period Ending January 1	Debt Service on Outstanding Revenue Bonds⁽¹⁾	Principal of Series 2025A Bonds	Interest on Series 2025A Bonds	Total Debt Service on Series 2025A Bonds	Total Debt Service
2026	\$ 62,451,037				
2027	62,436,671				
2028	64,503,045				
2029	64,660,734				
2030	64,857,582				
2031	65,029,887				
2032	6,968,371				
2033	7,172,064				
2034	3,392,825				
2035	3,392,050				
2036	3,393,375				
2037	3,390,125				
2038	3,392,375				
2039	3,389,625				
2040	3,392,750				
2041	3,391,875				
2042	3,391,875				
2043	3,392,688				
2044	3,389,000				
2045	3,391,250				
2046	3,391,750				
2047	3,390,250				
2048	3,391,500				
Total	\$448,952,704				

⁽¹⁾ This column does not reflect any effect or potential savings related to the refunding of the Series 2016A Refunded Bonds or the purchase and cancellation of any Purchased Target Bonds and will be updated as needed after the pricing of the Series 2025A Bonds and the identification of the Purchased Target Bonds, if any. This column does not include any amounts payable on the Subordinated Line of Credit, which amounts are payable from Airport Revenues on a basis subordinate to the Bond service charges on the Revenue Bonds.

* Preliminary; subject to change.

AVIATION SECTOR

Airline Information

Certain airlines operating at the Airport (or their respective parent corporations), including certain of the Signatory Airlines, are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended, and file reports and other information with the Securities and Exchange Commission (the “SEC”). Certain information, including financial information, as of a particular date is disclosed in certain reports and statements filed with the SEC. Such reports and statements can be inspected in the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549, and copies of those reports and statements can be obtained from the Public Reference Section of the SEC at the above address at prescribed rates. The SEC also maintains a web site at <http://www.sec.gov> containing reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. In addition, each airline operating at the Airport is required to file periodic reports of financial and operating statistics with the U.S. Department of Transportation (the “DOT”). Those reports can be inspected at the Office of Airline Information, Bureau of Transportation Statistics, Department of Transportation, 1200 New Jersey Avenue, S.E., Washington, D.C. 20590, and copies of those reports can be obtained from the DOT at prescribed rates. These DOT reports are also available at the DOT, Bureau of Transportation Statistics website at <https://www.bts.dot.gov>. Airlines owned by foreign governments, or foreign corporations operating airlines (unless such foreign airlines have American Depository Receipts registered on a national exchange), are not required to file information with the SEC. Airlines owned by foreign governments, or foreign corporations operating airlines, file limited information only with the DOT. For more information about the airline industry, see “CERTAIN INVESTMENT CONSIDERATIONS” herein.

The City has no responsibility for the completeness or accuracy of information available from the DOT or SEC, including but not limited to, updates of information on the SEC’s or DOT’s websites or links to other internet sites accessed through such sites.

CERTAIN INVESTMENT CONSIDERATIONS

The Series 2025A Bonds may not be suitable for all investors. Prospective purchasers of the Series 2025A Bonds should give careful consideration to the information set forth in this Official Statement, including, in particular, the matters referred to in the following summary.

The following discussion is not meant to be an exhaustive list of the factors affecting the Airport System and the air transportation industry and other considerations which may impact the payment of or security for the Series 2025A 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 2025A Bonds.

General

The Airport Revenues are affected substantially by the economic health of the air transportation industry and the airlines serving the Airport. Certain factors that may materially affect the Airport service region, the Airport and the airlines include, but are not limited to (i) the population growth and the economic health of the region and the nation, (ii) national and international economic conditions and currency fluctuations, (iii) the financial health and viability of the airline industry, (iv) alternative modes of travel and transportation substitutes, (v) aviation security and safety concerns, (vi) the availability and cost of

aviation fuel and other necessary supplies, (vii) changes in demand for air travel, (viii) bankruptcy and insolvency laws, (ix) air carrier service and route networks, (x) the cost and availability of employees, (xi) labor relations within the airline industry, (xii) fixed costs and capital requirements, (xiii) service and cost competition, (xiv) the capacity of the Airport and of competing airports, (xv) the cost and availability of financing, including federal funding, (xvi) the capacity of the national air traffic control system, (xvii) the effects of climate change, (xviii) environmental risks and regulations, noise abatement concerns and regulations, (xix) national and international disasters and hostilities, (xx) public health concerns, (xxi) cybersecurity incidents, (xxii) regulation by the federal government, (xxiii) evolving federal restrictions on travel to the United States from certain countries and (xxiv) safety concerns arising from international conflicts, the possibility of terrorist or other attacks and other risks (including the impact of such attacks on other airports that have flights to or from the Airport, as well as the possibility of the closure of those airports for a period of time).

Special Obligations

THE SERIES 2025A BONDS ARE SPECIAL OBLIGATIONS OF THE CITY AND DO NOT CONSTITUTE GENERAL OBLIGATIONS OR A PLEDGE OF THE FAITH, CREDIT OR TAXING POWER OF THE CITY, THE STATE OF OHIO OR ANY POLITICAL SUBDIVISION THEREOF. THE SERIES 2025A BONDS ARE PAYABLE ON A PARITY WITH THE OUTSTANDING REVENUE BONDS AND ANY ADDITIONAL REVENUE BONDS THAT MAY BE ISSUED UNDER THE INDENTURE, AND ARE SECURED BY A PLEDGE OF AND LIEN ON THE AIRPORT REVENUES AND THE SPECIAL FUNDS AS PROVIDED IN THE INDENTURE. HOLDERS OF THE SERIES 2025A BONDS DO NOT HAVE THE RIGHT TO COMPEL TAXATION IN ANY FORM OR TO COMPEL THE CITY TO PAY BOND SERVICE CHARGES ON THE SERIES 2025A BONDS FROM ANY MONEY OF THE CITY OTHER THAN AIRPORT REVENUES AND THE SPECIAL FUNDS. NEITHER THE LAND NOR IMPROVEMENTS COMPRISING THE AIRPORT SYSTEM NOR ANY OTHER PROPERTY OF THE CITY, OTHER THAN AIRPORT REVENUES AND THE SPECIAL FUNDS, HAS BEEN PLEDGED TO SECURE THE PAYMENT OF THE SERIES 2025A BONDS.

Economic Considerations

The financial performance of the air transportation industry generally correlates with the state of the national economy and the global economy. With the globalization of business and the increased importance of international trade and tourism, the U.S. economy and, by extension, passenger traffic at U.S. airports, have become more closely tied to worldwide economic, political, and social conditions. As a result, international economics, trade balances, currency exchange rates, political relationships, global pandemics and hostilities all influence passenger traffic at major U.S. airports. The COVID-19 Pandemic altered the behavior of businesses and people in a manner that exhibited negative impacts on global and local economies. In addition, stock markets in the U.S. and globally have seen significant fluctuations that have been attributed to public health concerns and economic policy undertaken by the U.S. and international institutions. Future increases in passenger traffic will depend largely on the ability of the U.S. to sustain growth in economic output and income. There can be no assurances that prolonged weak economic conditions, including those relating to pandemics or other public health concerns, or other national and international fiscal concerns will not have an adverse effect on the air transportation industry.

Factors Affecting the Airline Industry

Air Transportation Industry Factors. The airline industry has historically been highly cyclical and has been characterized by intense competition, high operating and capital costs, and varying demand. Passenger and cargo volumes are highly sensitive to general and localized economic trends, and passenger traffic varies substantially with seasonal travel patterns. After an exceptional period of volatility in the

2000s, the outlook for U.S. carrier profitability had been positive, with the U.S. airline industry posting nine consecutive years of profitability from 2010 to 2019. However, the COVID-19 Pandemic adversely affected airlines and the travel industry disproportionately relative to other sectors of the economy. Consequently, U.S. carriers have exercised significant capacity discipline in recent years by eliminating unprofitable routes and redundant services, reducing service at smaller hubs and in less profitable markets, beginning to grow operations strategically, often serving key hubs, and focusing on the use of right-sized aircraft to serve markets. In addition, an increase in fees for ancillary services, such as checked baggage, flight reservation and cancellation, early boarding, seat selection and food service has also helped to increase revenues. Further, Federal grants played a large role in mitigating, to some extent, the impact of the COVID-19 Pandemic on the airlines. After major U.S. airlines returned to profitable operations, there is cautious optimism that the U.S. airline industry may have moved to a cycle of consistent profitability, but the profitability of the airline industry, nonetheless, may still fluctuate dramatically from quarter to quarter and from year to year. See “AIRPORT FINANCIAL INFORMATION – Federal Aid Related to COVID-19” herein.

Further, because of the discretionary nature of business and personal travel spending, airline passenger traffic and revenues are heavily influenced by a variety of factors, including (i) the strength of the U.S. economy and other regional and world economies, (ii) the cost and availability of labor, fuel, aircraft and insurance, (iii) international trade, (iv) currency values, (v) competitive or partnership considerations, including the effects of airline ticket pricing, (vi) traffic and airport capacity constraints, (vii) governmental regulation, including security regulations and taxes imposed on airlines and passengers, evolving federal restrictions on travel to the United States from certain countries, and maintenance and environmental requirements, (viii) passenger demand for air travel, including the availability of business travel substitutes such as teleconferencing, videoconferencing and web-casting, (ix) strikes and other union activities, (x) disruptions caused by airline accidents, criminal incidents, acts of war or terrorism, outbreaks of disease and weather and natural disasters, and (xi) disruptions caused by government policies. If airlines are unable to charge fares sufficiently high enough to cover operating costs and interest expense, they will experience financial difficulty, which could adversely affect Airport Revenues and the willingness of the airlines to approve additional capital development projects.

Airline Consolidation. In response to competitive pressures and other factors, the U.S. airline industry has consolidated through mergers and acquisitions, significantly reducing the number of major airlines operating in the United States. For example, several airlines merged or consolidated, including: US Airways and American Airlines; Delta and Northwest; Republic Airways Holdings, Inc., Midwest Airlines and Frontier Airlines; United and Continental; Southwest Airlines and AirTran Airways, and most recently in 2024, Alaska Air Group and Hawaiian Airlines. In addition, many of the larger U.S. airlines are members of alliances with foreign-flag airlines to provide members with many of the same advantages as merged airlines. It is possible the airlines serving the Airport could further consolidate operations through acquisition, merger or alliances. These alliances include marketing, code share sales strategies and scheduling arrangements to facilitate the transfer of passengers between airlines. See also “ – *Effect of Airline and Concessionaire Bankruptcies*” below.

Airline consolidation has affected airline service patterns at the Airport, including the decrease in the number of nonstop departures and connecting air service as a result of United Airlines dehubbing of the Airport in 2014. Further airline consolidation remains possible. Depending on which airlines serving the Airport merge or join alliances, if any, the result may be fewer flights or decreases in gate utilization by one or more airlines, which could result in a reduction in enplaned passengers. Such a reduction in enplaned passengers could result in reduced Airport Revenues, reduced PFC collections and/or increased costs for the other airlines serving the Airport. The City cannot predict what impact, if any, such consolidations will have on airline traffic at the Airport.

Aviation Security and Safety Concerns. Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of potential international hostilities and terrorist attacks, may influence passenger travel behavior and air travel demand. Travel behavior may be affected by anxieties about the safety of flying and by the inconveniences and delays associated with more stringent security screening procedures, both of which may give rise to the avoidance of air travel generally and the switching from air to surface travel modes.

For example, safety concerns in the aftermath of the terrorist attacks on September 11, 2001, were largely responsible for the steep decline in airline travel nationwide in 2002. Since 2001, government agencies, airlines and airport operators have upgraded security measures to guard against future terrorist incidents and maintain confidence in the safety of airline travel. These measures include strengthened aircraft cockpit doors, changed flight crew procedures, increased presence of armed federal air marshals, federalization of airport security functions under the Transportation Security Administration (the “TSA”), more effective dissemination of information about threats, more intensive screening of passengers, baggage and cargo, and deployment of new screening technologies.

Following the fatal crashes of two Boeing 737 MAX aircraft that are suspected to have been caused by the malfunction of the aircraft’s automated flight control system, all Boeing 737 MAX aircraft were grounded in March 2019. On November 18, 2020, the FAA issued an order formally rescinding the grounding of the Boeing 737 MAX aircraft, clearing the way for its return to service. On December 29, 2020, the Boeing 737 MAX aircraft returned to providing passenger service in the United States. On April 9, 2021, Boeing warned airlines of a new possible electrical insulation fault in the recent production of some Boeing 737 MAX planes. The top three Boeing 737 MAX operators (Southwest Airlines, American Airlines and United Airlines) removed a total of 63 jets from service following the notice from Boeing. At the FAA’s request, Boeing supplied analysis and documentation showing that numerous Boeing 737 MAX subsystems would not be affected by electrical grounding issues.

The FAA reviewed Boeing’s analysis and approved the service bulletins sent to airlines on May 13, 2021. In early January 2024, the FAA ordered the temporary grounding of Boeing 737-9 MAX aircraft operated by U.S. airlines or in U.S. territory following an incident on Alaska Airlines during which a door plug malfunctioned. On January 24, 2024, the FAA approved an inspection and maintenance process that each Boeing 737-9 MAX aircraft must undergo before being eligible to return to service. In March 2024, the FAA halted production expansion of the Boeing 737 MAX and continued its increased onsite presence at Boeing's facility and Spirit AeroSystems' facility. There can be no assurance that similar issues with aircraft utilized by the airlines at the Airport will not occur or that such issues, if they occur, would not have a material adverse effect on the airline industry.

Boeing has had a production slowdown as a result of the issues described above. Southwest and United Airlines are the carriers most exposed to Boeing's production issues. According to Flight Plan, Boeing delivered 258 aircraft through August 2024, compared to 344 aircraft for the same period in 2023. Part of that reduction is likely attributable to increased quality checks and audits by regulators following the Alaska Airlines incident. Also, Boeing reported in July 2024 that it expects to return to an official production rate of 38 aircraft per month by the end of 2024.

Cost of Aviation Fuel. Airline profitability is significantly affected by the price of aviation fuel. According to Airlines for America, fuel is the second largest single cost component for most airline operations, and therefore an important and uncertain determinant of an air carrier’s operating economics. Fuel prices continue to be susceptible to, among other factors: political unrest in various parts of the world (particularly in the oil-producing nations in the Middle East and North Africa); Organization of Petroleum Exporting Countries policy; the rapid growth of economies such as China and India and resulting demand for oil-based fuels; the levels of inventory carried by industries; the amounts of reserves maintained by

governments; the amount and availability of new sources of oil (e.g., U.S. fracking operations); disruptions to production and refining facilities and delivery systems; currency fluctuations; and weather.

The cost of aviation fuel has fluctuated in the past in response to changes in demand and supply of oil worldwide. Historically, significant fluctuations and prolonged increases in the cost of aviation fuel have adversely affected air transportation industry profitability, causing airlines to reduce capacity, fleet and personnel; to invest in new, more fuel-efficient aircraft and equipment; and to increase airfares and institute fuel, checked baggage, and other extra surcharges, all of which may reduce demand for air travel.

Many airlines engage in or have engaged in fuel hedging – purchasing fuel in advance at a fixed price through derivative contracts – to help manage the risk of future increases in fuel costs. However, there can be no assurance that any fuel hedging contract can provide any particular level of protection from volatile fuel prices. One carrier has even purchased its own refinery in order to better manage its fuel costs.

Effect of Airline and Concessionaire Bankruptcies. A number of airlines and concessionaires (i.e., rental car companies) that served or are currently serving the Airport have filed for bankruptcy protection in the past and may do so in the future. Most recently, on November 18, 2024, Spirit Airlines filed for chapter 11 bankruptcy protection in connection with a restructuring support agreement with Spirit Airlines’ bondholders. In its press release announcing the bankruptcy filing, Spirit Airlines stated that it expects to continue operating its business in the normal course throughout this prearranged chapter 11 process. In February 2025, Spirit Airlines rejected a merger offer from Frontier Airlines, choosing instead to continue with its bankruptcy restructuring. In 2024, Spirit Airlines enplaned 160,864 passengers, accounting for 3.2% of total enplaned passengers at the Airport in 2024.

Historically, bankruptcies of airlines operating at the Airport have resulted in transitory reductions of service levels, even in cases where such airlines continued to operate in bankruptcy. Future bankruptcies, liquidations or major restructurings of other airlines and/or concessionaires may occur. While it is not possible to predict the full impact on the Airport of the Spirit Airlines bankruptcy or any future bankruptcies, liquidations or major restructurings of airlines and concessionaires, if an airline or concessionaire has significant operations at the Airport, its bankruptcy, liquidation or a major restructuring, could have a material adverse effect on revenues of the City, operations at the Airport, the costs to other airlines or concessionaires to operate at the Airport (as certain costs allocated to any such airline or concessionaire may be passed on to the remaining airlines or concessionaires there can be no assurance that such other airlines or concessionaires would be financially able to absorb the additional costs) and may result in delays or reductions in payments on the Revenue Bonds (including the Series 2025A Bonds).

Other possible effects of a bankruptcy of an airline or concessionaire include, but may not be limited to, delays or reductions in revenues received by the Airport and potentially in delays or reductions in payments on the Series 2025A Bonds. Regardless of any specific adverse determinations in an airline or concessionaire bankruptcy proceeding, the fact of an airline bankruptcy proceeding could have an adverse effect on the liquidity and value of the Series 2025A Bonds. The Airport System has not incurred any material losses from recent airline bankruptcies.

The City makes no representation with respect to the continued viability of any of the carriers or concessionaires serving the Airport, airline service patterns, or the impact of any airline failures on Airport Revenues. The City cannot predict how any such bankruptcy filing or court action could impact the Airport’s operations or financial condition. See “CERTAIN INVESTMENT CONSIDERATIONS – Effect of Signatory Airline Bankruptcy on the Use Agreement” herein for a discussion on the specific effect of a Signatory Airline Bankruptcy on the City’s Use Agreement.

Industry Workforce Shortages. Pilot shortage is an industry-wide issue, and especially so for smaller regional airlines. There are several causes for the pilot shortage that affect all airlines. Congress changed duty time rules in 2010 to mitigate pilot fatigue, which required airlines to increase pilot staff. Beginning in 2013, first officers flying for commercial airlines were required to have at least 1,500 hours of flight time, instead of the 250 hours previously required. Other factors include an aging pilot workforce and fewer new pilots coming out of the military. Further, as passenger demand increases, the major air carriers are anticipated to need additional pilots, and are generally able to hire pilots away from regional airlines. As a result, small regional airlines have a particularly difficult time hiring qualified new pilots, despite increased incentives. The shortage of pilots available to regional airlines may result in reduced service to some smaller U.S. markets. Production delays by airplane manufacturers have indirectly mitigated these effects by effectively constraining the number of aircraft available to be piloted.

The operational reliability of the national air traffic control system has also been affected by a shortage of air traffic controllers to guide aircraft between and around airports. These labor shortages are ongoing and could have an adverse impact on the airline system generally and on Airport Revenues and the financial condition of the Airport.

In addition to the pilot and air traffic controller shortages, over the next decade there could be a shortage of qualified mechanics to maintain the airlines' fleet of planes. This potential shortage is a result of an aging pool of mechanics, a large portion of which are expected to retire in the next decade, and a lack of younger people joining the ranks of the mechanics. A shortage of mechanics could raise the cost of maintenance, require airlines to maintain more spare planes and/or result in increased flight cancellations and delays.

Aircraft Supply Chain Constraints. Supply chain constraints causing shortages of aircraft engines, avionics, and other essential components are affecting the ability of aircraft manufacturers, including Airbus and Boeing, to produce larger, more fuel-efficient aircraft in the numbers being sought by airlines even while there is industry-wide domestic overcapacity. Such constraints are causing and may continue to cause a reduction in the number of active aircraft in fleets able to operate service, however, due to the variety and complexity of airline operation, these constraints may affect individual airlines and/or the Airport with different magnitudes.

Reliance on Technology. Airport System operations and the City are highly dependent on technological solutions to create an efficient, effective and safe environment for air and cargo movement. However, increased reliance on technological solutions also increases the exposure to cybersecurity threats other adverse cyber or software-related incidents that could disrupt operations, not only at the Airport, but also throughout the entire air transport industry. These technologies and systems include, but are not limited to, computerized airline reservation systems, flight operations systems, financial planning, management and accounting systems, telecommunications systems, websites, maintenance systems and check-in kiosks. Any disruption to these computer and technology systems could significantly impair an airline's ability to operate its business efficiently and could have material adverse effects on cash flows, financial condition and results of operations. See "CERTAIN INVESTMENT CONSIDERATIONS – Cybersecurity" herein.

Structural Changes in the Travel Market. Many factors have combined to alter consumer travel patterns. The threat of terrorism against the United States remains high. The federal government's mandated security measures resulted in security taxes and fees and longer passenger processing and wait times at airports. Both add to the costs of air travel and make air travel less attractive to consumers relative to ground transportation, especially to short-haul destinations. In addition, the availability of fully transparent price information on the internet now allows quick and easy comparison shopping, which has changed consumer purchasing habits. This has made pricing and marketing even more competitive in the U.S. airline industry. Finally, smaller corporate travel budgets, combined with the higher time costs of

travel, have made business customers more amenable to communications substitutes such as teleconferencing, videoconferencing and web-based meetings.

Unmanned Aerial Vehicles. With the proliferation of inexpensive, commercially available, unmanned aerial vehicles (“UAVs”), or drones, the threat that unauthorized and unsafe UAV operations near airports could adversely affect the safety or security of U.S. airports and arriving or departing aircraft has increased significantly in recent years. Recent incursions of airport airspace by UAVs have disrupted airport operations by causing flights to be halted or diverted. An unauthorized UAV incursion at the Airport could result in the temporary delay or cancellation of flights to or from the Airport as well as harm the Airport's brand, reputation and its relationships with the Airport's customers, airlines and government partners. Although UAVs are regulated by the FAA, there can be no assurance that unauthorized UAV activity will not adversely affect Airport's operations.

Airlines Serving the Airport

The Airport derives a substantial portion of its operating revenues from landing, facility rental and concession fees. The financial strength and stability of the airlines using the Airport, together with numerous other factors, influence the level of aviation activity and revenues at the Airport. In addition, individual airline decisions regarding level of service, particularly aircraft size such as use of regional jets, can affect total enplanements.

Except for United Airlines, no airline operating at the Airport under a lease, use agreement or other agreement, has made any agreement regarding the continuing disclosure of information for the benefit of the holders and beneficial owners of any series of Outstanding Revenue Bonds. See “CONTINUING DISCLOSURE – United Airlines.” However, certain of the major domestic airlines (or their respective parent corporations), including United Airlines, are subject to the information reporting requirements of the Exchange Act, and thus must file reports and other information with the SEC. See “AVIATION SECTOR – Airline Information.”

Aviation Security Requirements and Related Costs and Restrictions

The Airport is currently in compliance with all federally-mandated security requirements. The City cannot predict the effect of any future government-required security measures on passenger activity at the Airport. Nor can the City predict how the government will staff security screening functions or the effect on passenger activity of government decisions regarding its staffing levels.

Enplanements at the Airport, collections of PFCs and the receipt of Airport Revenues were negatively affected by security restrictions on the Airport and the financial condition of the air transportation industry following the terrorist attacks of September 11, 2001. The City, like many airport operators, experienced increased operating costs due to compliance with federally-mandated and other security and operating changes. The City cannot predict the likelihood of future incidents similar to the terrorist attacks of September 11, 2001, the possibility of increased security restrictions or the likelihood of future air transportation disruptions or the impact on the Airport or the airlines from such incidents or disruptions.

Availability of Funding for Future Airport Development Plans

Passenger Facility Charges. Under the PFC Act, the FAA may authorize a public agency to impose a PFC of up to \$4.50 on each eligible passenger of an air carrier enplaned at any commercial service airport controlled by the public agency, subject to certain limitations. PFCs are available to airports to finance certain projects that (i) preserve or enhance capacity, safety or security of the national air

transportation system, (ii) reduce noise resulting from an airport, or (iii) furnish opportunities for enhanced competition among air carriers. Under certain circumstances, the FAA grants approval to commence collection of PFCs (“impose only” approval) before approval to spend the PFCs on approved projects (“use” approval) is granted. Approval to both collect and spend PFCs is referred to as an “impose and use” approval.

The City currently imposes a \$4.50 PFC at the Airport. The City’s annual PFC revenues (including remittances from air carriers and any interest earnings) for 2020 through 2024 were \$9.7 million, \$14.3 million, \$17.8 million, \$20.1 million and \$20.9 million, respectively. PFC revenues are not included in Airport Revenues, but are being used by the City to fund certain of the Five-Year CIP Projects and for the payment of a portion of Bond service charges on certain Outstanding Revenue Bonds. See “SECURITY FOR THE SERIES 2025A BONDS – Pledge of Airport Revenues” and “THE AIRPORT SYSTEM – Sources of Funding for Five-Year CIP Projects and TMDP Enabling Projects – *Passenger Facility Charges*” for a discussion relating to the City’s PFC revenues.

No assurance can be given that PFCs will actually be received in the amount or at the time contemplated by the City. The amount of actual PFC revenues will vary depending on actual levels of qualified passenger enplanements at the Airport. In addition, the FAA may terminate the City’s ability to impose PFCs, subject to informal and formal procedural safeguards, if the City’s PFC revenues are not being used for approved projects in accordance with the FAA’s approval, the PFC Act or the regulations promulgated thereunder or the City otherwise violates the PFC Act or regulations. The City’s ability to impose a PFC may also be terminated if the City violates certain provisions of the Airport Noise and Capacity Act of 1990 and its implementing regulations. Furthermore, no assurance can be given that the City’s authority to impose a PFC will not be terminated by the FAA, or that the PFC program will not be modified or restricted by Congress or the FAA so as to reduce PFC revenues available to the City.

Federal Funding; FAA Reauthorization. Federal legislation affects the grant funding that the Airport receives from the FAA, the Airport’s PFC collections, and the operational requirements imposed on the Airport. On May 15, 2024, Congress passed a five-year reauthorization bill for the FAA, the FAA Reauthorization Act of 2024, which was signed into law on May 16, 2024. The FAA Reauthorization Act of 2024, among other things, authorizes the FAA’s programs for five federal fiscal years, and provides additional funding for the Airport Improvement Program (“AIP”). The Airport and Airway Improvement Act of 1982 created the AIP, which is administered by the FAA and funded by the Airport and Airway Trust Fund, which is financed by federal aviation user taxes. The AIP provides federal capital grants to support airport infrastructure, including entitlement grants (determined by formulas based on passenger, cargo, and general aviation activity levels) and discretionary grants (allocated on the basis of specific set-asides and the national priority ranking system). FAA AIP expenditures are subject to congressional appropriation and no assurance can be given that the FAA will receive spending authority. Additionally, the AIP expenditures could be affected by the automatic across-the-board spending cuts, known as sequestration, described below. See also “ – Regulations and other Restrictions Affecting the Airport” below.

As described herein under “THE AIRPORT SYSTEM – Sources of Funding for Five-Year CIP Projects and TMDP Enabling Projects,” the City expects to undertake projects in its Five-Year CIP Program that may be financed in part by AIP grants and other government grants. The City is unable to predict the level of available AIP funding it may receive or whether any AIP funding will be received at the time contemplated by the City. If there is a reduction in the amount of AIP grants awarded or disbursed to the City, such reduction could (i) increase by a corresponding amount the capital expenditures that the City would need to fund from other sources (including Operating Revenues and proceeds of Additional Revenue Bonds), (ii) result in adjustments to capital plans, including the Five-Year CIP and the TMDP, or (iii) extend the timing for completion of certain projects.

Federal funding received by the City could also be adversely affected by the implementation of sequestration, a budgetary feature first introduced in the Budget Control Act of 2011. Sequestration refers to automatic spending cuts that occur through the withdrawal of funding for certain government programs. Sequestration could adversely affect FAA and TSA budgets and operations and the availability of certain federal grant funds typically received annually by the City, which may cause the FAA or TSA to implement furloughs of its employees and freeze hiring, and may result in flight delays and cancellations.

From time to time, Congress has failed to provide a funding plan for the U.S. government for a succeeding federal fiscal year, and the federal government has “shut down.” During a federal government shutdown, thousands of federal workers would be furloughed without pay and many government services and functions would be disrupted. While most airport security agents, customs officials and air traffic controllers are essential employees and would continue working during a shutdown, a shutdown could adversely impact the travel industry by, among other things, reducing air travel demand and reducing government-related business travel. Depending on the length of the shutdown, travelers may experience additional delays in passport and visa processing.

Competition from Other Airports

The Akron-Canton Airport (“Akron”) located approximately 60 miles away from the Airport provides competition for the Airport Service Region’s O&D passenger base. See “THE AIRPORT SYSTEM – The Airport Service Region.” Historically, a portion of the Airport Service Region’s O&D passengers utilized Akron for air carrier service, primarily offered by low fare air carrier AirTran Airways (acquired by Southwest Airlines in May 2011). Frontier Airlines terminated air service at Akron in 2012 and began offering seasonal service to Cancun and Punta Cana at the Airport in 2013. Since then, Frontier Airlines became a Signatory Airline at the Airport and substantially increased air service, accounting for 20.7% of total enplaned passengers at the Airport in 2024. Southwest Airlines terminated air service at Akron in June 2017. Allegiant Air ceased scheduled operations at the Airport in early 2024 and offers limited air service at Akron. Akron enplaned 343,817 and 380,722 passengers in calendar years 2023 and 2024, respectively—representing increases of 27.9% and 10.7%, respectively, when compared to each prior year. (In 2019, Akron enplaned 407,346 passengers.) The Airport’s O&D passenger market share for the Airport Service Region was 93.0% in 2024, consistent with historical passenger market shares since 2019.

Capacity and Reliability of National Air Traffic Control and Airport Systems

Demands on the nation’s air traffic control system continue to cause aircraft delays and restrictions, both on the number of aircraft movements in certain air traffic routes and on the number of landings and takeoffs at certain airports. (See “– Factors Affecting the Airline Industry - *Industry Workforce Shortages*” above.) These restrictions affect airline schedules and passenger traffic nationwide. In addition, increasing demands on the national air traffic control and airport systems, and the need to periodically maintain, replace or upgrade aging systems, could cause increased delays and restrictions in the future.

Climate Change

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

The Fourth National Climate Assessment, published by the U.S. Global Change Research Program in November 2018 (“NCA4”), finds that more frequent and intense extreme weather and climate-related events, as well as changes in average climate conditions, are expected to continue to damage infrastructure,

ecosystems and social systems over the next 25 to 100 years. NCA4 states that rising temperatures, sea level rise, and changes in extreme events are expected to increasingly disrupt and damage critical infrastructure and property and regional economies and industries that depend on natural resources and favorable climate conditions. Disruptions could include more frequent and longer-lasting power outages, fuel shortages and service disruptions. NCA4 states that the continued increase in the frequency and extent of high-tide flooding due to sea level rise threatens coastal public infrastructure. NCA4 also states that expected increases in the severity and frequency of heavy precipitation events will affect inland infrastructure, including access to roads, the viability of bridges and the safety of pipelines. NCA4 finds that coastal airports are vulnerable to effects of sea level rise, with flooding potentially exacerbated by storm surges and high tides.

Projections of the effects of global climate change on the northeastern Ohio region, the Airport, airline users of the Airport, and Airport operations are complex and depend on many factors that are outside the City's control. Climate change may affect Airport operations directly, as discussed above, or indirectly, such as by disrupting operations at other airports that have ripple effects in the air transportation system. The various scientific studies that forecast climate change and its adverse effects are based on assumptions contained in such studies, but actual events may vary materially from those assumptions. Also, the scientific understanding of climate change and its effects continues to evolve. The City cannot predict the timing or precise magnitude of adverse economic effects, including, without limitation, material adverse effects on the business operations or financial condition of the City and the local economy during the term of the Series 2025A Bonds. While the effects of climate change may be mitigated by the City's past and future investment in adaptation strategies, the City cannot give any assurance about the net effects of those strategies and whether the City will be required to take additional adaptive mitigation measures. If necessary, such additional measures could require significant capital resources.

Environmental Regulations

The U.S. Environmental Protection Agency (the "EPA") is responsible for regulating air quality and water quality. The City is not aware of any releases of pollutants or contaminants at the Airport, but is monitoring nuisance biofilm growth and pursuing the development of treatment facilities pursuant to the NPDES permit with the OEPA. There could be other such releases not known to the City as of the date of this Official Statement and as described below. The potential exists for additional federal regulation or remediation or federal or state legislation from time to time that may require capital expenditures or changes in operations at the Airport or could otherwise have an adverse impact on the City.

The FAA requires airports to provide aircraft rescue and firefighting services using aqueous film forming foam ("AFFF") that contains PFAS (per- and polyfluoroalkyl) compounds. While current formulations use different PFAS compounds, AFFF used at airports in the past contained Perfluorooctanoic Acid ("PFOA") and Perfluorooctane Sulfonate ("PFOS"), two substances that have been widely used in numerous commercial products and which are currently being reviewed by the EPA for designation as hazardous substances and for regulation under other EPA programs. The City believes that it is in compliance in all respects with all current regulations governing the use of PFAS, including with regard to regional firefighting training conducted at the Airport.

COVID-19 Pandemic and Other Public Health Concerns

Public health and safety concerns have affected air travel demand from time to time, as evidenced by the COVID-19 Pandemic. The COVID-19 Pandemic had a material adverse effect on passenger traffic and Airport's operations and financial performance. Future outbreaks or pandemics may lead to a decrease in air travel demand, which in turn could cause a decrease in passenger activity at the Airport and a corresponding decline in revenues.

In addition, the Airport's operations and finances could be significantly affected in the future by health and safety concerns relating to a resurgence in COVID-19 or other viruses, which could result in permanent changes in air travel behavior and patterns as a result of residents' and businesses' telecommuting experiences during the outbreak, particularly a possible permanent decline in business travel.

The City cannot predict the extent and duration of changes in air traffic volume as a result of a resurgence of the COVID-19 Pandemic or other viruses and their associated economic impacts. Prospective investors should assume that the restrictions and limitations relating to the COVID-19 Pandemic, and the resulting upheaval to the air travel industry and the national and global economies, may be repeated in the future and that recovery may be prolonged, adversely affecting Airport Revenues. Future outbreaks, pandemics or other events outside the City's control may further reduce demand for travel, which in turn could cause a decrease in passenger activity at the Airport and declines in Airport Revenues.

See, "AIRPORT FINANCIAL INFORMATION – Federal Aid Related to COVID-19" herein.

Systems Technology and Cybersecurity

The City and the Department of Port Control, like many other large public and private entities, relies on a large and complex technology environment to conduct operations and face multiple cybersecurity threats, including, but not limited to, hacking, phishing, viruses, malware and other attacks on computing and other digital networks and systems (collectively, "Systems Technology"). As a recipient and provider of personal, private or sensitive information, the City or the Department of Port Control is the target of cybersecurity incidents that can result in adverse consequences to the Airport System and its Systems Technology, requiring a response action to mitigate the consequences. Cybersecurity incidents could result from unintentional events or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the City's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage.

2019 Cybersecurity Incident. In 2019, the Department of Port Control's Systems Technology was infected by malware and various hacking attempts (the "2019 Cyber-incident") that took down flight information and information boards through the Airport. The 2019 Cyber-incident did not affect flight schedules or security operations at the Airport and the City did not pay any ransom in connection with the 2019 Cyber-incident.

2024 Cybersecurity Incident. On June 8, 2024, certain of the City's Systems Technology were infected by ransomware (the "2024 Cyber-incident"). The City's Information Technology department promptly detected and verified the 2024 Cyber-incident and severed the City's Systems Technology from the internet to stop further infection or data exfiltration and began executing standard incident response protocols to mitigate further disruption. The City's Information Technology department and Mayor's Office immediately began working with state and federal agencies to address the 2024 Cyber-incident. While certain servers were immediately verified as affected, all of the City's core operational Systems Technology were confirmed to be unaffected (e.g., employee timekeeping and payroll, municipal court dockets, e-mail). Immediately following the 2024 Cyber-incident, City Hall was closed for citizen services and accessible only to certain essential employees. Two and a half business days following the 2024 Cyber-incident, City Hall re-opened to all employees, but remained closed for citizen services. The City re-opened City Hall for citizen services 12 days after the 2024 Cyber-incident on June 20, 2024. While the City incurred unexpected expenses responding to the 2024 Cyber-incident, the City has not paid any ransom.

The Department of Port Control's Systems Technology was unaffected by the 2024 Cyber-incident. The Department of Port Control's offices are located in separate buildings and utilize several separate and

independent Systems Technology, remained open for citizen services and all Department of Port Control billing and collection systems remained operational and unaffected.

While neither the City nor the Department of Port Control can give any assurance about the ultimate financial or operational impact of the 2024 Cyber-incident on the City, the Department of Port Control does not expect the 2024 Cyber-incident to adversely impact its ongoing operations or its ability to generate and collect funds sufficient to pay debt service on the Series 2025A Bonds.

Cybersecurity. To mitigate the risk of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the City and the Department of Port Control invest in multiple forms of cybersecurity and operational safeguards including:

- Investing to maintain a modern and secure cyber infrastructure and follow current best practices to ensure secure, robust and resilient infrastructure.
- Partnering and working with multiple private and governmental organizations to audit, monitor, upgrade and protect cyber and physical infrastructure; such as CISA (US Cybersecurity & Infrastructure Security Agency), FERC (Federal Energy Regulatory Commission), NERC (North American Electric Reliability Corporation), SOC2 (Cybersecurity compliance framework developed by AICPA (American Institute of Certified Public Accountants) and PCI SSC (Payment Card Industry Security Standards Council)) audits.
- Applying cybersecurity best practices from multiple business sectors (*e.g.*, banking, utilities, gaming, etc.) to the whole organization.
- Utilizing multi-factor authentication, network isolation, hybrid environments (cloud, on premise, multiple technologies) along with having staff and systems dedicated to monitoring network activity, password hygiene and user activity.
- Blocking access/traffic from high-risk locations outside of the United States.
- Implementing a hard segregation via firewalls of the Department of Port Control Systems Technology from the rest of its Systems Technology infrastructure, to further insulate operational Systems Technology from the potential probes of threat actors.

While the City's and the Department of Port Control's cybersecurity and operational safeguards are periodically tested, no assurances can be given by the City or the Department of Port Control that such measures will adequately protect against future cybersecurity threats and attacks, and any breach could damage the City's and/or the Department of Port Control's Systems Technology and cause material disruption to the Department of Port Control finances or operations. The costs of remedying any such damage or protecting against future attacks could be substantial. Furthermore, cybersecurity breaches could expose the City and the Department of Port Control to material litigation and other legal risks, which could cause the Department of Port Control to incur material costs.

Effect of Signatory Airline Bankruptcy on the Use Agreement

In the event of bankruptcy proceedings involving one or more of the Signatory Airlines, the debtor airline or its bankruptcy trustee must determine within a time period determined by the court whether to assume or reject the applicable Use Agreement. In the event of assumption, the debtor airline is required to cure any prior defaults and to provide adequate assurance of future performance under the relevant document. Rejection of the Use Agreement by any Signatory Airline gives rise to an unsecured claim of

the City for damages, the amount of which may be limited by the U.S. Bankruptcy Code. The amounts unpaid as a result of a rejection of the Use Agreement by a Signatory Airline in bankruptcy can be passed on to the remaining Signatory Airlines under the Use Agreement. If the bankruptcy of one or more Signatory Airlines were to occur, however, there can be no assurance that the remaining Signatory Airlines would be able, individually or collectively, to meet their obligations under the Use Agreement. See “SECURITY FOR THE SERIES 2025A BONDS – Airport Use Agreements,” and APPENDIX B – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE USE AGREEMENTS AND THE TRUST INDENTURE AND CERTAIN PROVISIONS RELATED TO SUBORDINATED INDEBTEDNESS IN THE TWENTY-FIFTH SUPPLEMENTAL INDENTURE.”

In addition, the bankruptcy of a Signatory Airline may affect the amount and timing of receipt by the Airport of PFCs collected by that airline. Pursuant to the PFC Act, the FAA has approved the Airport’s applications to require airlines to collect and remit to the Airport a \$4.50 PFC for each enplaning revenue passenger at the Airport.

The PFC Act provides that PFCs collected by the airlines constitute a trust fund held for the beneficial interest of the eligible agency (*i.e.*, the Airport) imposing the PFCs, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds on financial statements. Airlines are permitted to commingle PFC collections with other revenues. Airlines that have filed for Chapter 7 or 11 bankruptcy protection, however, are required to segregate PFC collections in a separate account for the benefit of the airport and cannot grant a third party any security or other interest in PFC collections. The airlines are entitled to retain interest earned on PFC collections until such PFC collections are remitted. PFCs collected by those airlines are required by the bankruptcy court to be placed in accounts separate from other airline revenue accounts and be paid to airports monthly in accordance with the PFC regulations. However, the Airport cannot predict whether an airline that files for bankruptcy protection will properly account for the PFCs it has collected at the Airport or whether the bankruptcy estate will have sufficient money to pay the Airport in full for the PFCs owed by such airline. The Airport has recovered all of its PFC revenues from each of the airlines that filed for Chapter 11 bankruptcy protection in the past. PFC revenues are not pledged to the repayment of the Series 2025A Bonds. See “CERTAIN INVESTMENT CONSIDERATIONS – Factors Affecting the Airline Industry – *Effect of Airline and Concessionaire Bankruptcies*” herein for a discussion of Spirit Airlines’ bankruptcy filing on November 18, 2024.

Expiration and Possible Termination of Use Agreements

Pursuant to the Use Agreements, the City and each Signatory Airline agree to pay rentals, fees and charges for the Airport in an amount that is sufficient to generate revenues in an amount to allow the City to satisfy its covenants to Bondholders. The current Use Agreements expire on December 31, 2025 and the majority of the Bond service charges on the Series 2025A Bonds are payable after such date. Following any expiration of the Use Agreements, the City may agree, in its sole discretion, to permit a Signatory Airline to continue a tenancy at the Airport on a month-to-month basis. The City or the Signatory Airline may terminate that month-to-month tenancy upon 30 days’ prior written notice to the other. During such tenancy, the Signatory Airline will pay to the City the same rates of rental and landing fees as were in effect at the expiration of the term of the Use Agreement, as subsequently adjusted as provided in the Use Agreement, unless different rates are agreed upon. The Signatory Airline will be bound by all of the additional provisions of the Use Agreement insofar as they may be pertinent. The City has covenanted in the Trust Indenture to prescribe and charge such rates, fees and charges for the use of the Airport System so as to produce Airport Revenues in compliance with the Rate Covenants, but the City can make no assurance that any Use Agreement will be extended beyond its current expiration date.

Technological Innovations in Ground Transportation

Transportation Network Companies. One significant source of non-airline revenues is revenue generated from ground transportation activity, including use of on-Airport parking facilities; trip fees paid by taxis, limousines and TNCs; and rental car transactions by Airport passengers. The popularity of TNCs has increased because of the increasing number of cities where TNCs operate, the convenience of requesting a ride through a mobile application, the ability to pay for this service without providing cash or other payment to the hired driver, and competitive pricing. The City expects that TNCs and their use by passengers will continue to evolve, and the City cannot provide any assurance as to the amount of revenues received from TNCs or the impact the increasing use of TNCs may have over time on revenues from parking, other ground transportation services or rental cars.

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

Regulations and Other Restrictions Affecting the Airport

The operations of the Airport and its ability to generate revenues are affected by a variety of legislative, legal, contractual, statutory, regulatory and practical restrictions, including restrictions in the FAA Reauthorization Act of 2024, provisions of the Use Agreements, the PFC Act and extensive federal legislation and regulations applicable to all airports. The transition to President Trump's administration may have unpredictable impacts on any or all of the aforementioned federal acts, legislation and regulations and executive actions taken by the prior administration. The Trump administration may rescind previously issued executive orders or additional, conflicting executive orders may be issued, or other changes may occur. It is not possible to predict whether future restrictions or limitations on the Airport's operation will be imposed, whether future legislation or regulation will affect anticipated federal funding or PFC collection, whether additional requirements will be funded by the federal government or require funding by the City, or whether such restrictions, legislation or regulations would adversely affect Airline Revenues.

Geopolitical Considerations

The U.S. economy and aviation sector in particular are exposed to risks from geopolitical conflicts. The Russia-Ukraine war, the Israel-Hamas war and heightened conflicts elsewhere in the Middle East have affected the global economy and commercial aviation. The impacts of the Russia-Ukraine war, which began in February 2022, include but are not limited to (i) increased food, commodity and fuel prices and increased strain on global supply chains; (ii) economic sanctions against certain Russian individuals, institutions, companies and commodities including oil and natural gas; (iii) closure of affected airspace necessitating changes to airline routes and the suspension of service to some areas; and (iv) increased risk of cyber-attacks from Russia against U.S. government agencies, financial institutions and infrastructure.

Since the beginning of the Israel-Hamas war in October 2023, violence and conflict in the Middle East have resulted in periodic disruptions of travel to that region. Oil prices have fluctuated due to the Israel-Hamas war and heightened regional tensions and conflicts in the Middle East, including disruptions

to shipping lanes in the Red Sea and the Persian Gulf, as well as high demand for oil and other geopolitical factors. These conditions have had, and may continue to have, adverse effects on the cost of air travel, airline industry profitability and service patterns. The geopolitical security situation in the Middle East and elsewhere is highly volatile, and conditions may deteriorate without warning.

Force Majeure Events

Events of force majeure, such as extreme weather events and other natural occurrences such as fires and explosions, spills of hazardous substances, strikes and lockouts, government-imposed shutdowns or mandatory suspension of services, sabotage, or wars, blockades or riots could adversely affect the Airport's ability to generate revenues. There is no assurance that such events will not occur while the Series 2025A Bonds are outstanding. Although the City has attempted to mitigate the risk of loss from many of these occurrences by purchasing commercial property and casualty insurance, no assurance can be given that such insurance will be available in sufficient amounts at a reasonable cost or available at all or that insurers will pay claims in a timely manner, or at all.

Changes in Federal Tax Law

The Series 2025A Bonds may be subject to changes in federal tax law. See "TAX MATTERS – Risk of Future Legislative Changes and/or Court Decisions."

Forward-Looking Statements

The statements contained in this Official Statement, including the Appendices, and in any other information provided by the City and other parties to this transaction described herein that are not purely historical are forward-looking statements. Such forward-looking statements can be identified, in some cases, by terminology such as "may," "will," "should," "expects," "projects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "illustrate," "example," and "continue," or the singular, plural, negative or other derivations of these or other comparable terms. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to such parties on the date hereof, and the City assumes no obligation to update any such forward-looking statements. The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including, but not limited to, risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in various important factors. Other such risks and uncertainties include, among others, changes in regional, domestic and international political, social and economic conditions, federal, state and local statutory and regulatory initiatives, the financial condition of individual airlines and carriers and the airline industry generally, changes in the tourism industry, international, federal, state and local regulations regarding air travel, the COVID-19 Pandemic or other viruses, the outbreak of any other disease or public health threat, other future global health concerns, and other events or circumstances beyond the control of the City. Accordingly, actual results may vary from the projections, forecasts and estimates contained in this Official Statement, including the Appendices, and such variations may be material, which could affect the ability of the City to fulfill some or all of the obligations under the Series 2025A Bonds.

Enforceability of Remedies

The rights of the owners of the Revenue Bonds, including the Series 2025A Bonds, and the enforceability of the City's obligation to make payments on the Revenue Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights under existing law or under laws enacted in the future and may also be subject to the exercise of judicial discretion

under certain circumstances. The opinion of Bond Counsel to be delivered at the time of the initial issuance of the Series 2025A Bonds as to the enforceability of the City's obligations will be qualified as to bankruptcy and similar events and as to the application of equitable principles and the exercise of judicial discretion in appropriate cases and to common law and statutes affecting the enforceability of contractual obligations generally and to principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the City.

LEGAL MATTERS

Certain legal matters incident to the issuance of the Series 2025A Bonds with regard to the tax status of the interest on the Series 2025A Bonds (see "TAX MATTERS") are subject to the opinions of Squire Patton Boggs (US) LLP, Bond Counsel to the City. The signed legal opinions of Bond Counsel, substantially in the form attached hereto as APPENDIX C, dated and premised on law in effect on the date of issuance of the Series 2025A Bonds, will be delivered on the date of issuance of the Series 2025A Bonds. The text of the opinion to be delivered may vary from the text as set forth in APPENDIX C if necessary to reflect facts and law on the dates of delivery. The opinion will speak only as of its date, and subsequent distribution of such opinion by recirculation of this Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referred to in the opinion subsequent to its date.

The opinions of Bond Counsel and any other legal opinions and letters of counsel to be delivered concurrently with the delivery of the Series 2025A Bonds express the professional judgment of the attorneys rendering the opinions or advice regarding the legal issues and other matters expressly addressed therein. By rendering a legal opinion or advice, the giver of such opinion or advice does not become an insurer or guarantor of the result indicated by that opinion, or the transaction on which the opinion or advice 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.

In addition to rendering its legal opinions, Bond Counsel will assist in the preparation of and advise the City concerning documents for the bond transcript.

Certain legal matters will be passed upon for the City by Mark D. Griffin, its Chief Legal Officer and Director of Law, and Dinsmore & Shohl LLP, as disclosure counsel to the City. Certain legal matters will be passed upon for the Underwriters by Miller, Canfield, Paddock and Stone, P.L.C.

The City has also retained the legal services of Squire Patton Boggs (US) LLP from time to time as special counsel in connection with matters that do not relate to City financings. Each of Squire Patton Boggs (US) LLP and Dinsmore & Shohl LLP also serves as bond counsel for one or more of the political subdivisions that the City territorially overlaps and has served as counsel to certain of the Underwriters in connection with matters that do not relate to the Series 2025A Bonds.

LITIGATION

To the knowledge of the appropriate officials of the City, no litigation or administrative action or proceeding is pending or threatened (a) restraining or enjoining, or seeking to restrain or enjoin (i) the issuance and delivery of the Series 2025A Bonds, (ii) the execution and delivery of the Twenty-Sixth Supplemental Indenture, or (iii) the collection or pledge of the Airport Revenues or the money in the Special Funds to pay Bond service charges on the Series 2025A Bonds, or (b) contesting or questioning (i) the proceedings and authority under which the Series 2025A Bonds have been authorized and are to be issued, sold, executed or delivered or under which the Indenture, including the Twenty-Sixth Supplemental Indenture, has been executed and delivered, (ii) the validity of the Series 2025A Bonds or the Indenture,

including the Twenty-Sixth Supplemental Indenture, or (iii) the powers of authority of the City with respect thereto or with respect to the fixing and collecting of rates and charges for the Airport System, or (c) challenging the City's right to own or operate the Airport System. The City will deliver a certificate to that effect to the Underwriters at the time of original delivery of the Series 2025A Bonds to the Underwriters.

The City is a party to various legal proceedings seeking damages or injunctive or other relief generally incidental to its operations. These proceedings are not directly related to the Series 2025A Bonds or the security for the Series 2025A Bonds. The ultimate disposition of these proceedings is not now determinable. It is the opinion of the City's Director of Law, based on his present understanding and knowledge of these proceedings, that the disposition of these proceedings, individually or in the aggregate, will not result in liabilities in an amount which, in the opinion of the City's Director of Finance, will have a material adverse effect on the Series 2025A Bonds, the security for the Series 2025A Bonds or the current operations of the Airport System.

TAX MATTERS

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on the Series 2025A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; and (ii) interest on, and any profit made on the sale, exchange or other disposition of, the Series 2025A Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2025A Bonds.

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the City contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Series 2025A Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the City's representations and certifications or the continuing compliance with the City's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Series 2025A Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service (the "IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the City may cause loss of such status and result in the interest on the Series 2025A Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2025A Bonds. The City has covenanted to take the actions required of it for the interest on the Series 2025A Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Series 2025A Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters

coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2025A Bonds or the market value of the Series 2025A Bonds.

Interest on the Series 2025A Bonds may be subject: (1) to a federal branch profits tax imposed on certain foreign corporations doing business in the United States; (2) to a federal tax imposed on excess net passive income of certain S corporations; and (3) to the alternative minimum tax imposed under Section 55(b) of the Code on "applicable corporations" (within the meaning of Section 59(k) of the Code). Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Series 2025A Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Series 2025A Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel's engagement with respect to the Series 2025A Bonds ends with the issuance of the Series 2025A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the owners of the Series 2025A Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series 2025A Bonds, under current IRS procedures, the IRS will treat the City as the taxpayer and the beneficial owners of the Series 2025A Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Series 2025A Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Series 2025A Bonds.

Prospective purchasers of the Series 2025A Bonds upon their original issuance at prices other than the respective prices indicated on the inside cover of this Official Statement, and prospective purchasers of the Series 2025A Bonds at other than their original issuance, should consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Series 2025A Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2025A Bonds will not have an adverse effect on the tax status of interest or other income on the Series 2025A Bonds or the market value or marketability of the Series 2025A Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Series 2025A Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, federal tax legislation that was enacted on December 22, 2017 reduced corporate tax rates, modified individual tax rates, eliminated many deductions, repealed the corporate alternative minimum tax that was in effect at that time, and eliminated the tax-exempt advance refunding of tax-exempt bonds and tax-advantaged bonds, among other things. Additionally, investors in the Series 2025A Bonds should be aware that future legislative actions might increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Series 2025A Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Series 2025A Bonds may be affected and the ability of holders to sell their Series 2025A Bonds in the secondary market may be reduced.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Original Issue Discount and Original Issue Premium

Certain of the Series 2025A Bonds (“Discount Bonds”) may be offered and sold to the public at an original issue discount (“OID”). OID is the excess of the stated redemption price at maturity (the principal amount) over the “issue price” of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner’s gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Series 2025A Bonds, and (ii) is added to the owner’s tax basis for purposes of determining gain or loss on the maturity, redemption, sale or other disposition of that Discount Bond. A purchaser of a Discount Bond in the initial public offering at the issue price (described above) for that Discount Bond who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Series 2025A Bonds (“Premium Bonds”) may be offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner’s gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner’s tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Discount and Premium Bonds should consult their own tax advisors as to the determination for federal income tax purposes of the existence of OID or bond premium, the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium Bonds, other federal

tax consequences in respect of OID and bond premium, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

CONTINUING DISCLOSURE

The City has agreed, for the benefit of the holders and beneficial owners from time to time of the Series 2025A Bonds, in accordance with SEC Rule 15c2-12 (the “Rule”), to provide or cause to be provided to the MSRB such annual financial information and operating data, audited financial statements and notices of the occurrence of certain events in such manner as may be required for purposes of paragraph (b)(5)(i) of the Rule (the “Continuing Disclosure Certificate”). See “APPENDIX D – FORMS OF CONTINUING DISCLOSURE AGREEMENTS.” The performance by the City of the Continuing Disclosure Certificate will be subject to the annual appropriation by the City of any funds that may be necessary to perform it. The Continuing Disclosure Certificate will remain in effect only for such period that the Series 2025A Bonds are outstanding in accordance with their terms, and the City remains an Obligated Person with respect to the Series 2025A Bonds within the meaning of the Rule. Any breach by the City of its obligations under the Continuing Disclosure Certificate will not constitute an Event of Default under the Indenture.

The City regularly enters into disclosure undertakings under the Rule in connection with its bond offerings. The City has reviewed the current requirements of the Rule and has procedures to ensure full compliance with the Rule. The following descriptions of non-compliance by the City with continuing disclosure undertakings should not be construed as an acknowledgment that any such instance was material; nevertheless, the City notes the following instances of non-compliance in the last five years, including (i) a failure to include Airport System financial results as of June 30 in its Annual Report, (ii) the incurrence of certain indebtedness, (iii) event notices relating to certain changes to ratings assigned to the insurers of insured bonds or to the underlying ratings were not filed or not filed on a timely basis and (iv) certain annual reports filed by the City were not properly matched with all required CUSIP numbers.

In addition, the City has notified United Airlines about the necessity of posting on EMMA the availability of its annual reports pursuant to United’s continuing disclosure agreements as an obligated person that were entered into with the trustee of the City’s airport revenue bonds. The foregoing description of instances of noncompliance by the City with continuing disclosure undertakings should not be construed as an acknowledgment that any such instance was material. The City has reviewed the current requirements of the Rule and adopted procedures to ensure full compliance with the Rule.

United Airlines

United Airlines will enter into an agreement with the Trustee in which United Airlines will agree to provide or cause to be provided to the MSRB (a) such reports as United Airlines files with the SEC on Form 10-K or a successor form and, in the event that United Airlines no longer is required to file such reports on Form 10-K or a successor form, United Airlines’ audited financial statements prepared in accordance with generally accepted accounting principles and such related financial and operating data disclosure as is made available to United Airlines’ public shareholders generally or, in the event that United Airlines no longer is required to file such reports on Form 10-K or a successor form and no longer has any public shareholders, information concerning United Airlines’ business and properties, selected financial data and management’s discussion and analysis, together with United Airlines’ audited financial statements prepared in accordance with generally accepted accounting principles, comparable to the information contained in such report on Form 10-K (the “Airline Financial Information”) and (b) notice of the following events: (i) failure to provide or cause to be provided the Airline Financial Information on or prior to the filing date (ii) any change in the fiscal year of United Airlines, (iii) any change in the accounting principles applied in the preparation of the Airline Financial Information and (iv) termination of the agreement.

FINANCIAL MATTERS

The financial statements of the governmental activities, the business-type activities, and each major fund of the City's Department of Port Control, Divisions of Cleveland Hopkins International and Burke Lakefront Airports for the year ending December 31, 2023, (the "Financial Statements") have been audited as part of the City of Cleveland's audit by the Auditor of State. The Financial Statements are located at <https://emma.msrb.org/> and are attached hereto as APPENDIX F. As the Financial Statements are public records, no consent is required for their inclusion and no bring-down procedures have been undertaken by the auditor since their date. The City continues to maintain an internal audit function and an active external audit committee.

MUNICIPAL ADVISORS

The City has retained Government Capital Management LLC and Phoenix Capital Partners, LLP (the "Municipal Advisors") in connection with the issuance of the Series 2025A Bonds. The Municipal Advisors are not obligated to undertake, and have not undertaken to make, an independent verification or to assume the responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. Government Capital Management LLC and Phoenix Capital Partners, LLP are independent municipal advisory firms and are not engaged in the business of underwriting, trading or distributing municipal or other public securities.

UNDERWRITING

Jefferies LLC, as Representative, has agreed, subject to certain conditions, to purchase the Series 2025A Bonds from the City at an aggregate purchase price of \$ _____ (the principal amount of the Series 2025A Bonds (\$ _____), [plus] [less] \$ _____ of [net] original issue [premium] [discount], less \$ _____ of Underwriters' discount). The Bond Purchase Agreement between the Representative and the City, with respect to the Series 2025A Bonds, provides that the Underwriters will purchase all of the Series 2025A Bonds if any are purchased and that the purchase is subject to certain conditions.

The Underwriters are purchasing the Series 2025A Bonds for purposes of resale. The Underwriters have furnished the information in this Official Statement pertaining to the public offering prices of the Series 2025A Bonds and have participated in the preparation of portions of this Official Statement. The public offering prices of the Series 2025A Bonds may be changed from time to time by the Underwriters, and the Underwriters may offer and sell the Series 2025A Bonds to certain dealers (including dealers depositing into investment trusts) and others at prices lower than the public offering prices shown on the inside cover hereof.

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. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the City and to persons and entities with relationships with the City, for which they received or will receive customary fees and expenses.

BofA Securities, Inc., an underwriter of the Series 2025A Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement,

BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2025A Bonds.

Morgan Stanley & Co. LLC, an underwriter of the Series 2025A Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2025A Bonds.

Truist Securities, Inc. has entered into an agreement (the “Truist Distribution Agreement”) with Truist Investment Services, Inc. (“TIS”) for the retail distribution of certain municipal securities offerings, including the Series 2025A Bonds. Pursuant to the Truist Distribution Agreement, Truist Securities will share a portion of its underwriting compensation, as applicable, with respect to the Series 2025A Bonds with TIS. Each of Truist Securities and TIS is a subsidiary of Truist Financial Corporation.

Truist Securities is the trade name for the corporate and investment banking services of Truist Financial Corporation and its subsidiaries. Securities and strategic advisory services are provided by Truist Securities, Inc., member FINRA and SIPC. Lending, financial risk management, and treasury management and payment services are offered by Truist Bank. Deposit products are offered by Truist Bank, Member FDIC. In its normal course of business Truist Bank may currently, or in the future, provide credit, treasury management, or other commercial banking services to the City.

Jefferies LLC and Ramirez & Co., Inc. are also acting as Dealer Managers in connection with the Tender Offer. See “PLAN OF FINANCE – Tender Offer” herein.

THE TRUSTEE

The Trustee, The Bank of New York Mellon Trust Company, N.A., is a national banking association organized and existing under and by virtue of the laws of the United States of America and duly authorized to exercise corporate trust powers under the laws of the State of Ohio.

RATINGS

Fitch Ratings (“Fitch”), Moody’s Investors Service, Inc. (“Moody’s”) and S&P Global Ratings (“S&P”), a division of S&P Global Inc., have assigned long-term ratings of “A-” (positive outlook), “A2” (stable outlook) and “A” (stable outlook), respectively, to the Series 2025A Bonds. No application has been made to any other rating agency for the purpose of obtaining an additional rating on the Series 2025A Bonds.

A rating reflects only the views of the rating agency, and any explanations of the meaning or significance of those ratings may only be obtained from the respective rating agencies. The City furnished to the rating agencies certain information and materials, some of which may not have been included in this Official Statement, relating to the Series 2025A Bonds and the City. Generally, rating agencies base their ratings on such information and materials on their own investigation, studies and assumptions. There is no assurance that those ratings when assigned will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of the rating agencies, if, in their judgment, circumstances so warrant. Any downward revision or withdrawal of those ratings may have an adverse effect on the market price of the Series 2025A Bonds. The City expects to furnish the rating services with information and materials that may be requested. The City, however, assumes no obligation to furnish requested information and materials and may issue debt for which a rating is not requested. Failure to

furnish requested information and materials or the issuance of debt for which a rating is not requested may result in the suspension or withdrawal of a rating of the Series 2025A Bonds. The City and the Underwriters have undertaken no responsibility either to bring to the attention of the holders of the Series 2025A Bonds any proposed change in or withdrawal of the ratings or to oppose any revision or withdrawal. A rating is not a recommendation to buy, sell or hold securities.

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CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion, forecasts or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of such statements have been or will be realized. Information in this Official Statement has been derived by the City from official and other sources and is believed by the City to be accurate and reliable. Information other than that obtained from official records of the City has not been independently confirmed or verified by the City and its accuracy is not guaranteed.

The summaries and descriptions of provisions of the Authorizing Legislation, Indenture and all references to other materials not purporting to be quoted in full are qualified in their entirety by reference to the complete provisions of the documents and other materials summarized or described.

The agreement of the City with the owners of the Series 2025A Bonds is fully set forth in the Indenture. Neither this Official Statement nor any statement that may have been or that may be made orally or in writing is to be construed as, or as part of, a contract with the original purchasers or subsequent holders of the Series 2025A Bonds.

This Official Statement has been prepared and delivered by the City and executed for and on behalf of the City by its Director of Finance and Director of Port Control.

CITY OF CLEVELAND, OHIO

By: _____
Director of Finance

By: _____
Director of Port Control

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APPENDIX A

CERTAIN INFORMATION REGARDING THE CITY OF CLEVELAND

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**APPENDIX A
INFORMATION REGARDING THE CITY**

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GENERAL INFORMATION

The City of Cleveland, Ohio (the “City”) is a municipal corporation and political subdivision of the State of Ohio (the “State”). It is located in northeastern Ohio on the southern shore of Lake Erie and is the county seat of Cuyahoga County (the “County”). The City was incorporated as a village in 1814 and became a city in 1836.

Higher Education

Within the County are numerous public and private two-year and four-year colleges and universities, including, among others, Case Western Reserve University, John Carroll University, Cleveland State University, Cuyahoga Community College, Baldwin Wallace University, Ursuline College, the Cleveland Institute of Music and the Cleveland Institute of Art.

Financial Services

The City is a regional financial center and is the headquarters for the Federal Reserve Bank of Cleveland, serving the Fourth Federal Reserve District including Ohio, the western portion of Pennsylvania and eastern Kentucky and West Virginia.

Health Care

There are over 20 hospitals, including acute care and private psychiatric hospitals, in the County. The Cleveland Clinic Health System, University Hospitals Health System and The MetroHealth System are all headquartered in the City.

Transportation

The City is a major regional center for economic and commercial activity and is served by diverse transportation facilities.

Highway Transportation. The City has immediate access to six U.S. highways and seven interstate highways. The Ohio Department of Transportation (“ODOT”) is currently undertaking the Cleveland Innerbelt Modernization Plan (the “Innerbelt Plan”) that is focused on improving safety, reducing congestion and traffic delays, and modernizing interstate travel along I-71, I-77 and I-90 through downtown Cleveland. Over \$600 million was invested to complete the first two phases. The third phase of the Innerbelt Plan consists of improvements to I-90 eastbound and westbound in the Central Interchange area of the City and the replacement of two bridges over I-90. The estimated construction cost for the third phase is \$250 million and construction is expected to span approximately 2025 to 2030.

In the summer of 2022, ODOT completed construction of the Opportunity Corridor, a three-mile boulevard in the areas between I-490/I-77 and the City’s University Circle neighborhood. The Opportunity Corridor encompasses nearly 1,000 acres on the City’s southeast side and is anchored by University Circle and the Cleveland Clinic’s main campus. The project was led by ODOT and the City and included the Federal Highway Administration, the Ohio Turnpike and Infrastructure Commission, the County, the Northeast Ohio Area Coordinating Agency, and the RTA as funding partners. In addition to transportation benefits, it is anticipated that the Opportunity Corridor will bring new economic development and new jobs to the community. The Opportunity Corridor supports an economic development plan of the City and Greater Cleveland Partnership for the area through enhanced mobility, direct access to freeways and the University Circle area, new frontage for potential development, improved visibility, and improved multi-modal access. Approximately \$257 million was invested in the Opportunity Corridor and related improvements.

Airports. See “THE AIRPORT SYSTEM” in the forepart of this Official Statement.

Lake and River Transit. The Port of Cleveland (the “Port”) is an interlake and international shipping center located downtown on the shores of Lake Erie and the Cuyahoga River. The Port primarily handles steel and bulk commodities and is a heavy lift port which is favorable for such items as automobile manufacturing equipment, presses and raw and finished steel and factory components. There are approximately 22,000 jobs supported by the maritime

activities of the Port, with \$1.8 billion in total personal income and local consumption. The Port averages 13 million tons of cargo per year.

Railroads. Norfolk Southern and CSX chose the City as their gateway to the Northeast and Midwest after the respective railroads restructured the rail systems following the acquisition of Conrail.

Mass Transit. The City is also served by the Greater Cleveland Regional Transit Authority (the “RTA”). The RTA owns and operates a public mass transit system, providing transportation to a 457 square mile service area which includes 59 municipalities, one of which is the City.

Utilities

The City is well-served with adequate and reliable water and energy resources. The principal source of water in the City is Lake Erie, the fourth largest of the Great Lakes and the 13th largest lake in the world by surface area. The principal provider of potable water in the County is the City’s Division of Water. The two principal providers of electric energy in the City are Cleveland Public Power, a municipal utility operated by the City, and The Cleveland Electric Illuminating Company, a wholly-owned electric utility operating as a subsidiary of FirstEnergy Corp. Sewer services in the City are provided by the Northeast Ohio Regional Sewer District, which owns and operates the sewage treatment plants, and the City’s Division of Water Pollution Control, which owns and maintains the sewer lines within the City. The principal suppliers of natural gas in the County are Enbridge Inc., Columbia Gas Company of Ohio, Inc. and Shell Energy Services Co.

Recreation and Entertainment

Cultural Institutions. The City is noted for its many cultural institutions, including the internationally acclaimed Cleveland Orchestra and the Cleveland Museum of Art. Theaters and entertainment centers include Playhouse Square (a theater district in the City that includes a complex of eleven theaters and performance venues, currently with seating for over 10,000), Public Auditorium, Karamu House and Severance Hall. Other cultural institutions include the Cleveland Play House, Great Lakes Theater, Cleveland Public Theater, Apollo’s Fire (the Cleveland Baroque Orchestra), Ohio Contemporary Ballet (f/k/a Verb Ballet), Dance Cleveland, and the Cleveland International Film Festival.

In September 2023, Playhouse Square completed the second phase of its development and restoration project which includes new theater marquees, signage for the performing arts center’s resident companies and technology upgrades for elements installed during the original phase of the transformation of Playhouse Square in 2014.

The Rock and Roll Hall of Fame and Museum (the “Rock Hall”), a 150,000 square foot facility located at North Coast Harbor, opened in 1995 and has attracted approximately 13 million visitors to date. In October 2023, the Rock Hall broke ground on the \$135 million 50,000 square foot expansion that will include a new entry lobby and public space, an acoustically-designed and sub-divisible performance area, a classroom and a 1,350-person event venue.

The Great Lakes Center for Science and Technology (the “Science Center”), located on North Coast Harbor next to the Rock Hall, opened in July 1996. With more than 400 hands-on exhibits and a six-story Omnimax theater, the Science Center gives visitors the chance to explore science, environment and technology and their relationships to the Great Lakes.

Other museums in the City include Museum of Contemporary Art Cleveland, Cleveland Botanical Gardens, Cleveland Museum of Natural History, Dunham Tavern Museum and the Cleveland History Center. In June 2021, the Cleveland Museum of Natural History broke ground on its new \$46.7 million visitors center as part of its decade-long \$150 million multi-phase projection of renovation and construction. In fall 2017, the Cleveland Children’s Museum reopened in the historic Stager-Beckwith mansion in the Midtown neighborhood after a \$10.3 million renovation, giving the museum four times the space as its former location.

Other recreational facilities in the City include portions of the regional, 24,000-acre Metropolitan Park System, Cleveland Metroparks Zoo, Wade Park, Rockefeller Park, Cultural Gardens, Lakefront State Park and, outside the City, the Cuyahoga Valley National Park.

Sports. Professional sports are available to area residents at various facilities located in the City’s downtown. Huntington Bank Field (f/k/a Cleveland Browns Stadium), which opened in August 1999, is an open-air National Football League (“NFL”) stadium located on the lakefront in downtown Cleveland and is home to the Cleveland Browns. The facility’s seating capacity is approximately 68,000 seats. In addition to NFL football, the facility is suitable for major league soccer, international soccer and open-air concerts.

The Gateway Sports Complex, located in the central business district of the City, includes Progressive Field (home of Major League Baseball’s (“MLB”) Cleveland Guardians), Rocket Arena (home of the National Basketball Association’s (“NBA”) Cleveland Cavaliers and the American Hockey League’s (“AHL”) Cleveland Monsters), and two parking garages. The Gateway common areas consist of approximately 13 acres and include Gateway Square, an area for outdoor entertainment and activities.

Progressive Field, which opened in April 1994, is an open air, natural turf baseball stadium with a current seating capacity for approximately 36,000 people. In January 2023, the Cleveland Guardians announced a multiphase renovation project to upgrade Progressive Field over two years. Dubbed “Progressive Field Reimagined,” the first phase of the renovation project, which includes a new upper deck experience and the addition of the East 9th Street building was completed prior to the start of the 2024 season. The second phase of the project, which includes improvements to the Dugout Club, Terrace Club, administrative offices, clubhouses and service level, is expected to be completed prior to the start of the 2025 season. Funding for the project will be supported, in part, by the new \$435 million lease agreement that was agreed upon between the City, the County, the State of Ohio, the Gateway Economic Development Corporation of Greater Cleveland and the Cleveland Guardians. The estimated total cost of the project is expected to be \$202.5 million, with \$135 million supported by the new lease agreement and \$67.5 million coming from the Cleveland Guardians.

Rocket Arena, which opened in October 1994, is a multi-functional, indoor facility for sporting and entertainment events and seats approximately 20,000 people. A \$185 million renovation of Rocket Arena was completed in September 2019.

The City hosted the 2016 Republican National Convention, the 2019 MLB All-Star Game, the 2021 NFL draft, the NBA's 2022 All-Star Game, the 2024 Mid-American Conference Men's Basketball tournament, the 2024 NCAA Division I Women's Basketball Final Four, the 2024 Pan-American Masters Games, the 2015, 2018, 2021 and 2024 Rock and Roll Hall of Fame Induction Ceremonies, and the 2024 American Society of Association Executives Annual Meeting and Exposition. The City has been selected to host the first and second rounds of the 2025 NCAA Division I Men's Basketball tournament and the NCAA Division I Wrestling Championships in 2026.

Hotels

Several hotel projects are underway in the City, including the renovation of historic and existing buildings and new construction. The City's iconic downtown Renaissance Hotel has undergone a complete renovation which includes revamped guestrooms, bathrooms and a new lobby, and reopened as the "Hotel Cleveland" in 2024. The historic Baker Building (circa 1919) has been converted into a 97-room boutique property known as the "Fidelity Hotel," with financing assistance provided by the Cleveland-Cuyahoga County Port Authority. Additionally, Erieview Tower, built in 1964, is expected to be renovated to become Ohio's first W Hotel (the upscale brand by Marriott), supported in part by tax credit financing from the State.

Economic Development

The City focuses its economic development strategies on identified clusters of regional strength, including health care, health technology, paints and coatings, manufacturing, information technology, aerospace, and banking and finance. Retention efforts include two visitation programs: the Cleveland Industrial Retention Initiative for all manufacturers, distribution and related supply chain businesses; and a specific downtown stakeholders' visitation program through Downtown Cleveland, Inc. (a development organization focused on strengthening and building the downtown area of the City). Economic development highlights citywide include the Sherwin Williams global headquarters high rise building in the core of downtown which is near completion, the Cleveland Clinic's new Global Center on Pathogen Research, part of the \$500 million Cleveland Innovation District, the City's execution of a Master Development Agreement and incentive package with Bedrock which clears the way for a \$3.2 billion transformation of the Cuyahoga River riverfront in downtown and the creation of additional Tax Increment Financing ("TIF") districts in the City to help fund critical infrastructure related to the riverfront development.

CITY GOVERNMENT AND ADMINISTRATIVE MATTERS

Government

The City operates under and is governed by the Charter, which was first adopted by the voters in 1913 and has been and may be further amended by the voters from time to time. The City is also subject to certain general State laws that are applicable to all cities in the State. In addition, under Article XVIII, Section 3 of the Ohio Constitution, the City may exercise all powers

of local self-government and may exercise police powers to the extent not in conflict with applicable general State laws. The Charter provides for a mayor-council form of government.

Legislative authority is currently vested in a 17-member City Council (“City Council”). All Council members are elected from wards. The terms of Council members and the Mayor are four years. The current terms of the Mayor and Council members expire on January 5, 2026. The Council fixes compensation of City officials and employees and enacts ordinances and resolutions relating to City services, tax levies, appropriating and borrowing money, licensing and regulating businesses and trades, and other municipal functions. The presiding officer is the President of Council, who is elected by the Council members. Blaine A. Griffin was elected as President of Council for the term beginning January 3, 2022. The Clerk of Council is appointed by Council.

Pursuant to Section 25-1 of the City Charter, City Council is required to redivide the City into wards based on the City’s population based on the 2020 U.S. Census. As a result of this requirement, City Council has adopted a division plan that reduces the number of wards to 15 for the next regular municipal election in November 2025.

The City’s chief executive and administrative officer is the Mayor who is elected by the voters for a four-year term. The Mayor may veto any legislation passed by Council. A veto may be overridden by a two-thirds vote of all members of the Council. On November 2, 2021, Justin M. Bibb was elected Mayor of the City for a term beginning January 3, 2022. Prior to assuming office as Mayor, Mr. Bibb worked in government, business and the nonprofit sector as an executive and nonprofit leader, most recently as Chief Strategy Officer at Urbanova, a startup focused on improving cities.

The Charter establishes certain administrative departments and Council may establish divisions thereof or additional departments. The Mayor appoints all of the directors of the City’s departments.

Employees

As of February 1, 2025, the City had approximately 6,572 full-time employees, 590 part-time employees, and 274 seasonal employees. Thirty-one (31) bargaining units represent approximately 5,046 employees (the “Bargaining Units”).

Chapter 4117 of the Revised Code (the “Collective Bargaining Law”) establishes procedures for, and regulates, public employer-employee collective bargaining and labor relations for the City and other state and local governmental units in Ohio. The larger units, together with the approximate number of employees represented by those units, include the American Federation of State, County and Municipal Employees, Local 100 (960); Cleveland Police Patrolmen’s Association (1,000); the International Association of Firefighters (746); Municipal Foreman and Laborers Union, Local 860 formerly 1099 (470); Teamsters Local 507 (377); C.A.R.E./ILA, Local 1975 (268); and the Fraternal Order of Police (223). There have been no significant labor disputes or work stoppages within the City in the last 35 years.

The City has collective bargaining agreements with each of the Bargaining Units, all of which formally expire on March 31, 2025. Until a new contract is approved, the previous agreement remains operational; and once a new contract is approved and entered into, any changes

in pay under the new agreement are retroactive to the expiration of the prior agreement. The City has negotiated and entered into new agreements with all but two of the Bargaining Units, and these new agreements will expire on March 31, 2025. Negotiations with the remaining Bargaining Units are ongoing. Negotiations on new contracts to begin April 1, 2025 have started. Non-union employees may receive the same wage increases as those negotiated with the various unions.

City Council by ordinance establishes schedules of salaries, wages and other benefits for City employees. Generally, the terms of these ordinances have been the product of negotiations with representatives of the employees or bargaining units, and increases in economic benefits have normally been provided on an annual basis.

Police and Fire Overtime

The City compensates the members of the City's police and fire departments at a rate of one and one-half times the regular rate of pay for overtime and holidays worked. It has been the City's practice that, for each one hour unit of overtime or holiday time worked, those employees receive one hour of pay at their regular rate and, at the discretion of the employee, one-half hour of pay at the regular rate or a credit of one-half hour of compensatory time for which they will be paid, to the extent that time is not used as vacation time, at their then current rate of pay upon termination of employment because of death, retirement, resignation, layoff or dismissal. A collective bargaining agreement between the City and the Cleveland Police Patrolmen's Association provides that employees may request payment of all or part of their compensatory time in money, and that if the requests exceed the total budgeted amount, the requests will be paid on a pro rata basis. Similar agreements have been reached with the Association of Cleveland Firefighters and the Fraternal Order of Police. The total estimated amount of the City's liability for accumulated compensatory time as of December 31, 2024 was \$48.2 million, and that amount is unfunded. That amount was calculated based on the employees' then existing regular rate of pay. The rate of pay used to determine any cash payments made upon retirement or other termination or upon the request of the employee will be the rate of pay in effect at the time of such determination. The City has budgeted \$7.2 million for payment in 2025 of accrued overtime and other separation benefits anticipated to be payable in connection with retirements. The City has budgeted \$800,000 in 2025 for deferred overtime payments requested by employees.

Pension Obligations

Present and retired employees of the City are covered under two statewide public employee retirement (including disability retirement) systems. The Ohio Police and Fire Pension Fund ("OP&FPF") is applicable to uniformed members of the police and fire departments. All other City employees are covered by the Ohio Public Employees Retirement System ("OPERS").

As of February 1, 2025, approximately 5,381 City employees are covered by OPERS. Employees covered by OPERS contribute at a statutory rate of 10.0% of earnable salary or compensation, and the City contributes 14.0% (actuarially established for OPERS) of the same base. The City's contribution to OPERS for the year ending December 31, 2024 was approximately \$45.8 million.

OP&FPF covers approximately 1,969 City full-time police and fire department employees. Police and fire employees contribute at a statutory rate of 12.25%. The City currently contributes 19.5% for police personnel and 24.0% for fire personnel. The City's contribution to OP&FPF for the year ending December 31, 2024 was approximately \$41.0 million.

The City's current employer contributions to OPERS and OP&FPF have been treated as current expenses and are included in the City's operating expenditures, except to the extent that they are paid from the proceeds of a Police and Fire Pension levy collected by the City.

OPERS and OP&FPF are two of five statewide public employee retirement systems created by and operating pursuant to Ohio law, all of which currently have unfunded actuarial accrued liabilities. The General Assembly has the power to amend the format of those systems and could revise rates or methods of contributions to be made by the City and its employees to OPERS and/or OP&FPF and could also revise benefits or benefit levels. In 2012, the General Assembly passed five separate pension reform bills intended to assist each of the five retirement systems in addressing its unfunded actuarial accrued liabilities.

With the implementation of GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*," GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*," and GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*," as of December 31, 2023, the City had the net pension liability and the net other postemployment benefits ("OPEB") liability reported and explained in the Notes to the FY 2023 Audited Basic Financial Statements. Financial and other information for OPERS and OP&FPF can also be found on the respective website for each retirement system including its Annual Comprehensive Financial Report.

Federal law requires City employees hired after March 31, 1986 to participate in the federal Medicare program, which requires matching employer and employee contributions, each being 1.45% of the wage base. Otherwise, City employees who are covered by a State retirement system are not currently covered under the federal Social Security Act. OPERS and OP&FPF are not now subject to the funding and vesting requirements of the federal Employee Retirement Income Security Act of 1974.

Climate Initiatives

On March 12, 2024, Mayor Bibb announced that the City was selected by Bloomberg Philanthropies as one of 25 cities in the country to join *Bloomberg American Sustainable Cities*, a three-year initiative designed to leverage federal funding to build low-carbon, resilient and economically thriving communities. Building on its effort to confront the overlapping crises of climate change and racial wealth inequity, the Bloomberg Philanthropies will provide support to selected cities to pursue solutions in the buildings and transportation sectors through partnerships with PolicyLink, the Bloomberg Center for Public Innovation at Johns Hopkins University and the Natural Resources Defense Council.

By participating in *Bloomberg American Sustainable Cities*, the City will receive a Bloomberg Philanthropies-funded innovation team with up to three dedicated staff with expertise

in data analysis, insight development, human-centered design, systems thinking and project management to bolster the City's capacity in driving progress on climate mitigation and promoting equitable outcomes. The City will also receive multi-year, in-depth, customized policy and technical assistance in collaboration with community-based organizations to mobilize public, private and philanthropic investments.

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ECONOMIC AND DEMOGRAPHIC DATA

Population

The City is located in the Cleveland-Elyria Metropolitan Statistical Area (the “MSA”), which consists of Cuyahoga, Geauga, Lake, Lorain and Medina counties.¹ In 2020, the year in which the most recent Decennial Census was conducted, the MSA had a population of 2,088,251, ranking it the 34th largest metropolitan area in the United States. In 2022, the MSA had an estimated population of 2,079,759.

The following table provides population data from the U.S. Census Bureau for the City, the County, the MSA (including prior delineations) and the State for each decade from 1980 to 2020 and the most recent year available.

<u>Year</u>	<u>City</u>	<u>County</u>	<u>PMSA/MSA</u>	<u>State</u>
1980	573,822	1,498,400	2,277,949 ^(a)	10,797,604
1990	505,616	1,412,140	2,201,069 ^(a)	10,847,115
2000	478,403	1,393,978	2,250,738 ^(a)	11,353,140
2010	396,815	1,280,122	2,077,240 ^(b)	11,536,504
2020 ^(c)	372,624	1,264,817	2,088,251 ^(b)	11,799,448
2022 ^(d)	370,365	1,256,620	2,079,759 ^(b)	11,774,683
2023 ^(e)	367,523	1,249,418	N/A	11,780,046

Source: U.S. Census Bureau

^(a) Indicates population for the PMSA, compiled based on U.S. Census data provided by OMAC (Population Reports for each county), accessed on September 25, 2024.

^(b) Indicates population for the MSA.

^(c) U.S. Census Bureau, 2020 Decennial Census. *DP1 – Profile of General Population and Housing Characteristics*, accessed on July 29, 2023. Please note that the U.S. Census Bureau, American Community Survey (ACS). *DP05 – ACS Demographic and Housing Estimates, 2020: ACS 5-Year Estimates Data Profiles*, accessed on August 24, 2023, determined the City’s 2020 population to be 383,331.

^(d) U.S. Census Bureau, American Community Survey (ACS). *DP05 – ACS Demographic and Housing Estimates, 2022: ACS 5-Year Estimates Data Profiles*, accessed on September 25, 2024.

^(e) U.S. Census Bureau, American Community Survey (ACS). *DP05 – ACS Demographic and Housing Estimates, 2023: ACS 5-Year Estimates Data Profiles*, accessed on February 10, 2025.

¹ The current delineation of the MSA was set forth in OMB Bulletin No. 20-01, March 6, 2020. The City was previously included in the Cleveland-Lorain-Elyria Primary Metropolitan Statistical Area (“PMSA”), which consisted of the counties of Ashtabula, Cuyahoga, Geauga, Lake, Lorain and Medina and the Cleveland-Akron Consolidated Metropolitan Statistical Area (“CMSA”), which consisted of eight northeast Ohio counties. The U.S. Census Bureau ceased using the PMSA and CMSA distinctions in 2003.

Employment

The following tables provide historical employment data for the City, the County and the MSA, including a comparison of historical unemployment rates with the State and the United States. The data is not seasonally adjusted.

Historical Employment Data

<u>Year</u>	<u>Employed</u>			<u>Unemployed</u>		
	<u>City</u>	<u>County</u>	<u>MSA</u>	<u>City</u>	<u>County</u>	<u>MSA</u>
2020	137,457	536,505	918,139	21,693	62,788	98,245
2021	143,061	558,382	955,561	12,603	37,053	57,457
2022	146,474	571,700	978,146	9,080	28,731	47,368
2023	149,179	582,260	996,209	7,370	23,293	38,038
December 2024 [†]	149,900	585,200	1,001,000	6,700	21,100	34,900

Source: Ohio Department of Job & Family Services. *Ohio Labor Market Information: Local Area Unemployment Statistics (LAUS) Data Search*, as accessed on February 10, 2025.

[†]Preliminary

Historical Unemployment Rates

<u>Year</u>	<u>City</u>	<u>County</u>	<u>MSA</u>	<u>Ohio</u>	<u>U.S.</u>
2020	13.6%	10.5%	9.7%	8.2%	8.1%
2021	8.1	6.2	5.7	5.1	5.3
2022	5.8	4.8	4.6	4.0	3.6
2023	4.7	3.8	3.7	3.5	3.6
December 2024 [†]	4.3	3.5	3.4	4.2	3.8

Source: Ohio Department of Job & Family Services. *Ohio Labor Market Information: Local Area Unemployment Statistics (LAUS) Data Search*, as accessed on February 10, 2025.

[†]Preliminary (all categories except U.S.)

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The following table indicates the distribution of selected employee classifications in the MSA for the past five years and the most recent month for which such data is available:

Distribution of Employees by Sector
(Amounts in 000s)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Dec. 2024*</u>
Goods Producing Industries (Private)						
Mining, Logging, Construction	38.9	36.6	37.9	39.5	40.2	39.1
Primary Metal Manufacturing	6.9	6.2	6.1	6.2	6.2	6.0
Fabricated Metal Products	27.5	25.0	24.6	25.1	25.7	25.1
Transportation Equipment	13.4	12.4	11.8	12.2	13.0	12.9
Other	75.6	71.2	72.0	74.4	74.3	73.1
Total Goods Producing Industries (Private)	162.3	151.4	152.4	157.4	159.4	156.2
Service Providing Industries						
<i>Private</i>						
Wholesale Trade	52.7	49.8	51.0	54.0	54.4	55.2
Retail Trade	98.3	93.2	95.2	95.6	94.6	96.3
Transportation, Warehousing & Public Utilities	34.6	35.9	37.8	38.4	38.8	41.2
Financial Activities	66.8	66.0	70.2	72.8	72.8	69.2
Health Care & Social Assistance	169.5	162.8	161.8	163.4	169.4	178.7
Other	358.2	317.6	330.0	337.2	339.7	342.4
<i>Total Service Providing Industries (Private)</i>	<i>780.1</i>	<i>725.3</i>	<i>746.0</i>	<i>761.4</i>	<i>769.7</i>	<i>783.0</i>
<i>Government</i>						
Federal Government	19.5	19.8	19.4	19.4	20.3	20.5
State Government	7.4	7.0	6.8	6.9	7.0	7.6
Local Government	111.7	104.9	103.4	104.3	106.0	108.1
<i>Total Government</i>	<i>138.6</i>	<i>131.8</i>	<i>129.5</i>	<i>130.6</i>	<i>133.2</i>	<i>136.2</i>
Total Service Providing Industries	918.7	857.2	875.5	892.1	902.9	919.2
Grand Total	1,081.0	1,008.6	1,027.9	1,049.5	1,062.3	1,075.4
Goods Producing Percentage	15.01%	15.01%	14.83%	15.00%	15.00%	14.52%
Service Providing Percentage	84.99%	84.99%	85.17%	85.00%	85.00%	85.48%

Source: U.S. Bureau of Labor Statistics report generated via a data search under *State and Metro Area Employment, Hours, and Earnings*, accessed on February 12, 2025. This data is not seasonally adjusted. Amounts have been rounded.

*Preliminary

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The following table indicates the per capita personal income for the County, the MSA, the State and the United States for the last five years for which data is available.

Per Capita Personal Income

<u>Year</u>	<u>County</u>	<u>MSA</u>	<u>Ohio</u>	<u>U.S.</u>
2019	\$54,313	\$54,078	\$49,395	\$55,560
2020	57,219	56,929	52,842	59,125
2021	62,649	62,011	57,340	64,419
2022	64,743	63,830	58,391	66,061
2023	68,360	67,451	61,495	69,415

Source: U.S. Bureau of Economic Analysis data as provided by the Federal Reserve Bank of St. Louis (fred.stlouisfed.org), accessed on February 10, 2025. Data for the City is not provided by this source.

The income per household in the City and the County is estimated to be distributed as set forth in the following table:

Income per Household

<u>Income</u>	<u>City</u>		<u>County</u>	
	<u># Households</u>	<u>% Households</u>	<u># Households</u>	<u>% Households</u>
Less than \$10,000	21,348	12.7%	38,683	7.0%
\$10,000 to \$14,999	15,913	9.4	28,785	5.2
\$15,000 to \$24,999	21,265	12.6	46,409	8.4
\$25,000 to \$34,999	18,038	10.7	46,060	8.3
\$35,000 to \$49,999	23,993	14.2	65,543	11.8
\$50,000 to \$74,999	26,935	16.0	94,581	17.1
\$75,000 to \$99,999	15,459	9.2	66,285	12.0
\$100,000 to \$149,999	14,959	8.9	78,866	14.2
\$150,000 or more	10,742	6.4	88,961	16.0

Source: U.S. Census Bureau, American Community Survey, 5-Year Estimates (2019-2023), Table S2503 as accessed on February 10, 2025 (number of households) and Table S1901 as accessed on February 10, 2025 (percentages).
NOTE: Income amounts are provided in 2023 inflation-adjusted dollars.

The U.S. Census Bureau estimates that 30.8% of the people in the City and 16.2% of the people in the County have incomes that fall below the poverty level.

Source: U.S. Census Bureau, American Community Survey, 5-Year Estimates (2019-2023), Table S1701 as accessed on February 10, 2025.

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Corporate Headquarters

Listed below are 12 corporations among the *Fortune 1000* largest corporations of 2024 (ranked by worldwide revenues) that have headquarters in the County.

Corporations Located in the County **Among Fortune’s Top 1,000 Largest U.S. Corporations** *(Ranked by Revenues)*

<u>Rank</u>	<u>Company</u>	<u>Principal Industry</u>
62	Progressive Corporation	Insurance: Property, Casualty (Stock)
176	The Sherwin Williams Company [†]	Manufacturing: Chemicals
185	Cleveland Cliffs, Inc. [†]	Manufacturing: Metals (Primary and Fabricated Products)
216	Parker Hannifin Corp	Manufacturing: Industrial Machinery and Equipment
386	KeyCorp [†]	Finance: Depository
537	TransDigm Group, Inc. [†]	Manufacturing: Aerospace and/or Defense
696	Applied Industrial Technologies Inc. [†]	Wholesale: Diversified
722	Lincoln Electric Holdings	Manufacturing: Industrial Machinery and Equipment
733	Hyster-Yale Materials Handling	Manufacturing: Industrial Machinery and Equipment
773	Medical Mutual of Ohio	Insurance: Life, Health (Mutual)
951	MasterBrand	Manufacturing: Building Materials, Glass
972	Nordson	Manufacturing: Industrial Machinery and Equipment

Source: Information from the 2024 *Fortune 1000* list.

[†] Headquarters located in the City.

Home Values, Housing Units and Home Sales

Home Values and Housing Units. The following table provides information regarding median home values and the number of occupied housing units in the City, County, MSA, State and U.S.

	<u>City</u>	<u>County</u>	<u>MSA^(a)</u>	<u>State</u>	<u>U.S.</u>
Median Value of Owner-Occupied Housing Units ^(b)	\$ 94,100	\$183,200	\$189,800	\$ 199,200	\$ 303,400
Number of Occupied Housing Units (2023) ^(c)	168,652	554,173	883,673	4,829,571	127,482,865
Number of Occupied Housing Units (2019) ^(c)	170,549	540,965	857,453	4,676,358	120,756,048
Percent change from 2019 to 2023	(1.11%)	2.44%	3.06%	3.28%	5.57%

Source: U.S. Census Bureau

^(a) All MSA data is from 2022 as the American Community Survey (2018-2022) is the most recent year available.

^(b) American Community Survey, Table B25077 – *Median Value, 5-Year Estimates Subject Tables (2019-2023)*, as accessed on March 5, 2025.

^(c) American Community Survey, Table S2504 – *Physical Housing Characteristics for Occupied Housing Units, 5-Year Estimates Subject Tables (2019-2023) and (2015-2019)*, as accessed on March 5, 2025.

In recent years, as part of the City’s community development initiatives, the City has provided financial assistance to nonprofit and for-profit developers to stimulate new housing construction in the City and made additional efforts to address increased foreclosures.

Housing Sales. Listed below are sale price summary statistics for the City and the County, respectively.

Housing Sales Statistics 2020-2024

<u>Year</u>	City		County	
	<u>Number of Sales</u>	<u>Average Sales Price</u>	<u>Number of Sales</u>	<u>Average Sales Price</u>
2020	6,468	\$ 89,100	23,891	\$166,600
2021	8,173	144,100	28,563	199,500
2022	7,483	121,900	24,402	207,900
2023	6,762	118,700	20,712	209,400
2024	6,927	144,500	20,537	228,800

Source: The County

Building Permits

The following table provides historical data regarding building permits filed with the County for construction and demolition in the City by property classification and the value (not the actual construction or demolition cost) of those building permits, as determined by the County:

Building Permits

	<u>2020</u>		<u>2021</u>		<u>2022</u>		<u>2023</u>		<u>2024*</u>	
	<u># of Permits</u>	<u>Value</u>	<u># of Permits</u>	<u>Value</u>	<u># of Permits</u>	<u>Value</u>	<u># of Permits</u>	<u>Value</u>	<u># of Permits</u>	<u>Value</u>
Commercial	874	\$53,636	793	\$70,606	742	\$82,874	657	\$96,306	476	\$125,762
Industrial	104	637	79	3,180	64	1,469	42	1,921	35	1,936
Exempt	472	3,798	536	0	511	548	709	442	135	0
Agricultural	3	12	1	5	0	0	1	2	0	0
Residential	<u>3,623</u>	<u>32,507</u>	<u>3,392</u>	<u>22,795</u>	<u>3,710</u>	<u>27,321</u>	<u>3,665</u>	<u>26,110</u>	<u>1,273</u>	<u>30,892</u>
Total	<u>5,076</u>	<u>\$90,590</u>	<u>4,861</u>	<u>\$96,586</u>	<u>5,027</u>	<u>\$112,212</u>	<u>5,074</u>	<u>\$124,781</u>	<u>1,919</u>	<u>\$158,590</u>

* Preliminary.

Source: The County

Note: 000's omitted with respect to the market value amounts.

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APPENDIX B

**DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE USE AGREEMENTS
AND THE TRUST INDENTURE AND CERTAIN PROVISIONS RELATED TO
SUBORDINATED INDEBTEDNESS IN THE TWENTY-FIFTH SUPPLEMENTAL
INDENTURE**

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APPENDIX B

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE USE AGREEMENTS AND THE TRUST INDENTURE AND CERTAIN PROVISIONS RELATED TO SUBORDINATED INDEBTEDNESS IN THE TWENTY-FIFTH SUPPLEMENTAL INDENTURE

The following is a summary of certain of the terms and provisions of the Use Agreements (defined below) and the Amended and Restated Trust Indenture (Seventeenth Supplemental Trust Indenture dated as of November 1, 2011) effective as of January 31, 2012 (the “Trust Indenture”) and certain provisions related to the incurrence of Subordinated Indebtedness pursuant to the terms of the Twenty-Fifth Supplemental Trust Indenture dated as of June 27, 2024 (the “Twenty-Fifth Supplemental Indenture”). The following summary does not purport to be a complete description of the Use Agreements, the Trust Indenture or the Twenty-Fifth Supplemental Indenture and is subject in all respects to the provisions of, and is qualified in its entirety by reference to, the Use Agreements, the Trust Indenture and the Twenty-Fifth Supplemental Indenture. The following summary supplements the information set forth elsewhere in this Official Statement and should be read in conjunction therewith. Capitalized terms used herein and not otherwise defined herein have the meaning given to such terms in the Official Statement or in the Trust Indenture.

DEFINITIONS

“**Additional Revenue Bonds**” means any Revenue Bonds authorized pursuant to and issued under the Trust Indenture on a parity with the outstanding Revenue Bonds, but will not include Special Revenue Bonds.

“**Additional Term**” means each of the extended terms of the Use Agreement including the extension from the original expiration date of December 31, 2021 to December 31, 2023 and the extension from December 31, 2023 to December 31, 2025, pursuant to the terms of the Use Agreements.

“**Aircraft Arrivals**” means any aircraft arrival at the Airport. Aircraft Arrivals shall be determined by the City's Passive Secondary Surveillance Radar ("PASSUR") or other such systems that accurately verify aircraft arrivals at the Airport, with Airline able to audit said systems or verify landings through said system upon Airline's reasonable request for such audit or verification. A flight that returns to the Airport because of mechanical, meteorological, or other precautionary reasons, without landing at another airport, shall not be considered or included in an Aircraft Arrival.

“**Airport Consultant**” means a firm which specializes in the practice of advising the management of airports concerning the details of operation and financing of airports, including consultation and advice with respect to leases and agreements with airline companies and concessionaires of all types and character, and also including advice and consultation generally concerning the use and operation of airports, and which firm, by reason of its knowledge and experience, has acquired a reputation as a national airport consultant. Airport Consultants may include firms rendering professional services as engineers or accountants in addition to their occupation as airport consultants and may include any firm regularly employed by the Issuer as an airport consultant to the Issuer.

“Airport Revenues” means (a) all rentals, charges, landing fees, use charges and concession revenues now or hereafter received by or on behalf of the City in its proprietary capacity as the owner of the Airport System in connection with the operation, improvement and enlargement of the Airport System, or any part thereof; (b) subject to the provisions of the Trust Indenture, all income or revenues resulting from the investment of any of the Special Funds; and (c) all gifts, grants, reimbursements or payments received from governmental units or public agencies for the benefit of the Airport System which are (i) not restricted in application to a special purpose and (ii) otherwise lawfully available for the payment of charges with respect to the Revenue Bonds. Airport Revenues will not include (I) any passenger facility charge or tax which may be authorized by the United States Congress (unless the City otherwise elects), (II) any revenue or income from any Special Facilities to the extent such revenue or income is pledged to pay principal, interest or any other charges for Special Revenue Bonds or other obligations issued in anticipation thereof, or to the extent such revenue or income is for the use of the City in reimbursement of costs incurred by it in the construction or provision of Special Facilities or (III) any money or investments in the Rebate Fund, including any income from investment of money in the Rebate Fund.

“Airport System” means Cleveland Hopkins International Airport and Burke Lakefront Airport.

“Airport System Expense” means the amount determined pursuant to the Use Agreements for purposes of computing the landing fee and certain other payments and deposits.

“Annual Budget” means the annual budget of the Airport System prepared by the City for the succeeding Fiscal Year.

“Annual Reports” means the reports prepared by the City’s Director of Port Control pursuant to the Use Agreements.

“Assumed Amortization Period” means the period of time specified in paragraph (a) or paragraph (b) below, as selected by the Fiscal Officer:

(a) Five years; or

(b) The period of time, exceeding five years, set forth in a written opinion delivered to the City, of an investment banker selected by the City and experienced in underwriting indebtedness of the character of the Revenue Bonds, as being not longer than the maximum period of time over which indebtedness having comparable terms and security issued or incurred by similar issuers of comparable credit standing would, if then being offered, be marketable on reasonable and customary terms.

“Assumed Interest Rate” means the rate per annum (determined as of the last day of the calendar month next preceding the month in which the determination of the Assumed Interest Rate is being made except for the initial determination for Balloon Bonds of any series which will occur on the date of issuance of such series) set forth in an opinion delivered to the City of an investment banker selected by the City and experienced in underwriting indebtedness of the character of the Revenue Bonds, as being not lower than the lowest rate of interest at which indebtedness having comparable terms, security and federal tax status amortized on a level debt service basis over a

period of time equal to the Assumed Amortization Period, and issued or incurred by similar issuers of comparable credit standing would, if being offered as of the date of such opinion, be marketable on reasonable and customary terms; provided that such rate will be neither (a) lower than the lower of (i) the rate specified in the Fixed Rate Index, as in effect on the date of such opinion, or (ii) the rate on fixed rate Revenue Bonds of the City having comparable terms (except for interest rate), security and federal tax status as the Balloon Bonds and issued on or not more than 30 days prior to the date of such opinion, nor (b) higher than the highest rate permitted by law at which such Revenue Bonds could be sold on that day.

“Balloon Bonds” means any Revenue Bonds, or notes issued in anticipation thereof, including any Variable Rate Bonds, if (a) 25% or more of the principal payments of which are due in a single year, excluding any such principal payments that are subject to mandatory sinking fund requirements in a prior year, or (b) 25% or more of the principal of which may, at the option of the holder or holders thereof, or will, upon the occurrence of events specified in the Bond proceedings providing for those Revenue Bonds or notes, be redeemed or tendered at one time.

“Bond Insurer” means, with respect to a series of Revenue Bonds, any issuer of a municipal bond insurance policy insuring the payment of the principal of and interest on the Revenue Bonds of that series.

“Completion Date” means, for each Project or component thereof, the cost of which is to be paid in whole or in part from the proceeds of a series of Revenue Bonds, the date on which such Project, or component thereof, is substantially completed and placed in service, as evidenced pursuant to Section 6.03 of the Trust Indenture.

“Credit Provider” means, with respect to a series of Revenue Bonds, the provider of any Credit Support Instrument for the payment of Bond service charges for that series of Revenue Bonds specified in the applicable Supplemental Indenture.

“Credit Support Instrument” means letters of credit, lines of credit, stand-by, contingent, or firm securities purchase agreements, insurance, surety arrangements, guarantees, and other arrangements that provide for direct or contingent payment of Bond service charges on Revenue Bonds, debt charges on Subordinated Indebtedness or General Obligation Debt or amounts owed under Hedge Agreements, or for security in the event of nonpayment of those Bond service charges, debt charges or other amounts, or upon certain conditions occurring under put or similar arrangements, or for otherwise supporting the credit or liquidity of Revenue Bonds, Subordinated Indebtedness, General Obligation Debt or Hedge Agreements, and includes credit, reimbursement, marketing, remarketing, indexing, carrying, and subrogation agreements, and other agreements and arrangements for payment and reimbursement of the person providing the credit support.

“Defeasance Obligations” means Government Obligations and Government Certificates.

“Eligible Investments” means and includes any of the following, if and to the extent the same are at the time legal for the investment of the City’s money:

- (a) Government Obligations and Government Certificates;
- (b) Obligations issued or guaranteed by any of the following:

- (i) Federal Home Loan Bank System,
- (ii) Export-Import Bank of the United States,
- (iii) Federal Financing Bank,
- (iv) Government National Mortgage Association,
- (v) Farmers Home Administration,
- (vi) Federal Home Loan Mortgage Company,
- (vii) Federal Housing Administration,
- (viii) Private Export Funding Corp.,
- (ix) Federal National Mortgage Association,
- (x) Federal Farm Credit Bank, and
- (xi) Resolution Trust Corporation,

or any indebtedness issued or guaranteed by any instrumentality or agency of the United States;

(c) Pre-refunded municipal obligations rated in the highest rating category by at least two Rating Agencies and meeting the following conditions:

(i) (A) such obligations are not to be redeemed prior to maturity or the Trustee has been given irrevocable instructions concerning their call for redemption, and (B) the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

(ii) such obligations are secured by Government Obligations or Government Certificates that may be applied only to interest, principal, and premium payments on such obligations;

(iii) the principal of and interest on such Government Obligations or Government Certificates (plus any cash in the escrow fund with respect to such pre-refunded obligations) are sufficient to meet the liabilities of the obligations;

(iv) the Government Obligations or Government Certificates serving as security for the obligations are held by an escrow agent or trustee; and

(v) such Government Obligations or Government Certificates are not available to satisfy any other claims, including those against the trustee or escrow agent;

(d) Direct and general long-term obligations of any state of the United States of America or the District of Columbia (a “state”), to the payment of which the full faith and credit of such state is pledged and that are rated in either of the two highest rating categories by at least two Rating Agencies;

(e) Direct and general short-term obligations of any state, to the payment of which the full faith and credit of such state is pledged and that are rated in the highest rating category by at least two Rating Agencies;

(f) Interest-bearing demand or time deposits with, or interests in money market portfolios rated AAA-m by S&P issued by state banks or trust companies or national banking associations that are members of the Federal Deposit Insurance Corporation (“FDIC”). Such

deposits or interests must be (i) continuously and fully insured by FDIC, (ii) if they have a maturity of one year or less, with or issued by banks that are rated in one of the two highest short-term rating categories by at least two Rating Agencies, (iii) if they have a maturity longer than one year, with or issued by banks that are rated in one of the two highest rating categories by at least two Rating Agencies, or (iv) fully secured by Government Obligations or Government Certificates. Such Government Obligations or Government Certificates must have a market value at all times at least equal to the principal amount of the deposits or interests. The Government Obligations or Government Certificates must be held by a third party (who will not be the provider of the collateral), or by any Federal Reserve Bank or depository, as custodian for the institution issuing the deposits or interests. Such third party will have a perfected first lien in the Government Obligations or Government Certificates serving as collateral, and such collateral is to be free from all other third party liens;

(g) Eurodollar time deposits issued by a bank with a deposit rating in one of the two highest short-term credit rating categories by at least two Rating Agencies;

(h) Repurchase agreements, (i) the maturities of which are 30 days or less or (ii) the maturities of which are longer than 30 days and not longer than one year, provided the collateral subject to such agreements is marked to market daily, and in either case is entered into with financial institutions such as banks or trust companies organized under state law or national banking associations, insurance companies, or government bond dealers reporting to, trading with, and recognized as a primary dealer by, the Federal Reserve Bank of New York and a member of the Security Investors Protection Corporation (“SIPC”), or with a dealer or parent holding company that is rated investment grade (“A” or better) by at least two Rating Agencies. The repurchase agreement will be in respect of Government Obligations or Government Certificates or obligations described in paragraph (b) of this definition. The repurchase agreement securities and, to the extent necessary, Government Obligations and Government Certificates or obligations described in paragraph (b), exclusive of accrued interest, will be maintained in an amount equal to at least 103% of the amount invested in the repurchase agreements. In addition, the provisions of the repurchase agreement will meet the following additional criteria:

(i) the third party (who will not be the provider of the collateral) has possession of the repurchase agreement securities and the Government Obligations or Government Certificates;

(ii) failure to maintain the requisite collateral levels will require the third party having possession of the securities to liquidate the securities immediately; and

(iii) the third party having possession of the securities has a perfected, first priority security interest in the securities;

(i) Public housing bonds issued by public agencies. Such bonds must be: (i) fully secured by a pledge of annual contributions under a contract with the United States of America; (ii) temporary notes, preliminary loan notes, or project notes secured by a requisition or payment agreement with the United States of America; or (iii) obligations of a State, public agency or municipality rated in the highest credit rating category by at least two Rating Agencies;

(j) Money market accounts of any state or federal bank, or bank whose holding parent company is rated in one of the two highest short-term or long-term rating categories by at least two Rating Agencies;

(k) Investment agreements, the issuer or guarantor of which is rated in one of the two highest rating categories by at least two Rating Agencies; and

(l) Any debt or fixed income security, the issuer of which is rated in the highest rating category by at least two Rating Agencies.

Ratings of Eligible Investments referred to herein will be determined at the time of purchase of such Eligible Investments and without regard to ratings subcategories. As used in this definition of Eligible Investments, unless provided otherwise in a Supplemental Indenture, “Rating Agency” means Fitch, Moody’s or S&P.

“Fiscal Officer” means the Director of Finance of the City.

“Fiscal Year” means the twelve-month period commencing on January 1 of any year and expiring on December 31 of such year.

“Fitch” means Fitch Ratings, and its successors and assigns, or, if such firm will be dissolved or liquidated or will no longer perform the functions of a securities rating service, Fitch means any other nationally recognized securities rating service designated by the City.

“Fixed Rate Index” means (a) if the outstanding Revenue Bonds (without regard to any credit enhancement) are rated not lower than A3 by Moody’s or A by S&P, the yields for Aaa insured bonds as provided by Municipal Market Data or any successor thereto and published or made available in *The Bond Buyer* or similar publication, or, if Municipal Market Data ceases to provide that index, then such other publicly available and comparable index selected by the City and acceptable to the Rating Agencies, and (b) if the outstanding Revenue Bonds (without regard to any credit enhancement) are rated lower than the aforesaid ratings by either Rating Agency, the Revenue Bond Index or successor index published in *The Bond Buyer*, or, if *The Bond Buyer* ceases to publish such an index, then such other publicly available and comparable index selected by the City and not disapproved by the Trustee after reasonable notice from the City.

“General Obligation Debt” means the general obligation notes and bonds issued by the City in connection with the financing of improvements and additions to the Airport System. Currently there is no outstanding General Obligation Debt.

“Governing Body” means the Council of the City.

“Government Certificates” means (in the case of Government Obligations) evidences of ownership of proportionate interests in future interest or principal payments of Government Obligations, including depository receipts thereof. Investments in such proportionate interest must be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying Government Obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying Government Obligations; and (c) the underlying Government Obligations are held in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claim

of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated.

“Government Obligations” means direct and general obligations of, or obligations the timely payment of principal and interest on which are unconditionally guaranteed by, the United States of America.

“Hedge Agreement” means an interest rate swap, swap option, rate cap, rate collar and other arrangements undertaken with respect to Revenue Bonds or Subordinated Indebtedness to reduce costs of borrowing or optimize relative amounts of fixed and variable rate obligations or reduce the risk of variations in debt service costs, including without limitation, arrangements by which different interest costs or receipts at, between or among fixed or variable interest rates, or at different fixed or variable interest rates or maturities are exchanged in respect of Revenue Bonds or Subordinated Indebtedness.

“Majority In Interest” means either: (i) fifty percent (50%) or more in number of all the Scheduled Airlines, which percentage has, on the date in question, more than fifty percent (50%) of the aggregate by Maximum Landing Weight of Aircraft Arrivals of all Scheduled Airlines at the Airport during the latest twelve-month period for which such figures are available as to all Scheduled Airlines; or (ii) forty percent (40%) or more in number of all Scheduled Airlines, which percentage has, on the date in question, more than fifty-five percent (55%) of the aggregate by Maximum Landing Weight of Aircraft Arrivals of all Scheduled Airlines at the Airport during the latest twelve-month period for which such figures are available as to all Scheduled Airlines.

“Maximum Landing Weight” means the maximum weight, in 1,000 pound units, at which each aircraft operated by Airline or the Signatory Airlines is authorized to land at the Airport, as specified in Airline’s flight manual approved by the Federal Aviation Administration governing that type of aircraft, and as may be accurately verified by the City.

“Moody’s” means Moody’s Investors Service, Inc., a corporation existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation will no longer perform the functions of a securities rating agency, “Moody’s” will mean any other nationally recognized rating agency designated by the City.

“Operating Expenses” means all costs and expenses for the operation, maintenance, repair and administration of the Airport System in order to maintain, repair and operate the Airport System in a reasonable and prudent manner, and including items normally included as essential expenses in the operating budget of a municipally owned facility comparable to the Airport System, and including without limiting the generality of the foregoing: (a) insurance premiums; (b) the City’s administrative expenses allocable to the Airport System (including, without limitation, engineering, architectural, legal, consultants, and accounting fees and expenses); (c) the City’s Airport System employees’ compensation (including, without limitation, costs of worker’s compensation insurance and all employee fringe benefits applicable to such employees from time to time); (d) any taxes or assessments, whether general or special, which are lawfully imposed on the Airport System or on the revenue or income derived from the operation thereof; (e) charges for electricity, water, telephone and other public or private utility services; (f) fees and expenses of the Trustee and Paying Agents; (g) fees and expenses of independent engineers, architects, consultants, accountants and attorneys retained by the City in connection with the Trust Indenture;

(h) fees and expenses of any remarketing agent for Revenue Bonds and fees and expenses of any Credit Facility Provider for Revenue Bonds; and (i) other reasonable current expenses, which will include repayment to the City for any moneys voluntarily advanced from its general funds to the Airport System, and all as calculated and determined in accordance with generally accepted accounting practices. Operating Expenses will not include: (i) any such expenses (including payment of principal, interest and redemption premium, if any, on Special Revenue Bonds paid or incurred by the City in connection with a Special Facility) to the extent such expenses are not properly includable in the City's Annual Budget; (ii) Bond service charges; (iii) debt service on General Obligation Debt; (iv) any charges for depreciation or obsolescence, or reserves therefor, amortization of intangibles or other bookkeeping entries of a similar nature; (v) any other expenses for which or to the extent to which the City has been reimbursed from or through any source whatsoever (including the Renewal and Replacement Fund, the Airport Improvement Fund, or any similar funds or accounts), and the amount so received or credited, or to be received or credited, is not included or includable as Airport Revenues; (vi) expenditures for capital improvements to the Airport System; (vii) losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties of the Airport System; and (viii) to the extent any Use Agreements restrict the expenses associated with Burke Lakefront Airport that may be considered in the rates and charges to be paid by the Signatory Airlines, all maintenance, operating and administrative expenses attributable to the operation of Burke Lakefront Airport and all debt service on General Obligation Bonds issued by the City in connection with improvements at Burke Lakefront Airport, to the extent that such expenses and debt service exceed the Burke Deficit as defined in the Use Agreements and as adjusted pursuant to Section 8.05(b)(vi) thereof.

“Original Indenture” means the Trust Indenture, dated as of November 1, 1976, between the City and the Trustee, as amended by the First Supplemental Trust Indenture dated as of April 1, 1990, the Second Supplemental Trust Indenture dated as of August 1, 1994, the Third Supplemental Trust Indenture dated as of November 1, 1997, the Fifth Supplemental Trust Indenture dated as of October 15, 2003, and the Sixth Supplemental Trust Indenture dated as of January 1, 2006, each between the City and the Trustee, which Original Indenture was amended and restated by the Amended and Restated Trust Indenture (Seventeenth Supplemental Trust Indenture dated as of November 1, 2011) effective January 31, 2012.

“Other Available Funds” means any moneys transferred to the Revenue Fund by the City from any other Special Fund, including without limitation, moneys transferred to the Revenue Fund from the Airport Development Fund, and any moneys not otherwise constituting Airport Revenues and deposited in, or transferred to, the Revenue Fund or the Bond Service Fund, including without limitation passenger facility charges; provided that such moneys have not been taken into account in the calculation of the amount of Bond service charges on outstanding Revenue Bonds with the effect of reducing those Bond service charges.

“Outstanding Bonds”, “Outstanding Revenue Bonds” or “Revenue Bonds outstanding”, “Outstanding” or “outstanding” means all Revenue Bonds which have been authenticated and delivered or are then being delivered, by the Trustee, as of any date, under the Trust Indenture except: (i) Revenue Bonds surrendered for exchange or transfer or cancelled because of payment or redemption at or prior to such date; (ii) Revenue Bonds for the payment, redemption or purchase for cancellation of which sufficient moneys have been deposited prior to such date with the Trustee (whether upon or prior to the maturity or redemption date of any such

Revenue Bonds), or which are deemed to have been paid and discharged pursuant to the provisions of the Indenture; provided that if such Revenue Bonds are to be redeemed prior to the maturity thereof, notice of such redemption will have been given or arrangements satisfactory to the Trustee will have been made therefor, or waiver of such notice satisfactory in form to the Trustee will have been filed with the Trustee, and provided further that if such Revenue Bonds are to be purchased for cancellation, a firm offer for sale stating the price has been received and accepted; and (iii) lost, stolen, mutilated or destroyed Revenue Bonds in lieu of which others have been authenticated (or payment, when due, of which is made without replacement) under the Trust Indenture.

“Paying Agent” means the Trustee and any other commercial bank or trust institution organized under the laws of any State of the United States of America or any national banking association designated by any applicable supplemental indenture as paying agent for the Revenue Bonds at which the principal of and redemption premium, if any, and interest on such Bonds will be payable.

“Qualified Hedge Agreement” means a Hedge Agreement provided that: (a) the City’s obligations to the Hedge Counterparty in respect of periodic, interest-equivalent payments are insured by a policy of insurance or financial guarantee issued by a monoline insurance company with a claims paying ability rating at the time of issuance from S&P or Fitch of AAA or a financial strength rating from Moody’s of Aaa or an equivalent rating determined by another nationally recognized ratings service, or (b) the Hedge Counterparty does not have any right to terminate the Hedge Agreement, or to require collateral to be posted by the City, upon the downgrade of the City’s credit rating by S&P or Moody’s or Fitch or other nationally recognized ratings service, or (c) the Hedge Agreement permits the City to elect to satisfy any payment owed to the Hedge Counterparty upon early termination in annual installments over a period of not less than five years.

“Rating Agency” means, with respect to any series of Revenue Bonds, Moody’s, S&P, or Fitch, or any other nationally recognized credit rating agency or agencies specified as such in the applicable Supplemental Indenture.

“Renewal and Replacement Fund Requirement” means, an amount not less than the greater of (i) 2% of the aggregate principal amount of Airport Revenue Bonds Outstanding, from time to time, or (ii) \$5,000,000.

“Required Bond Service Reserve” means as of any date of calculation an amount equal to the highest annual Bond service charges to be paid on the Revenue Bonds in any Fiscal Year.

“Revenue Bonds” or **“Bonds”** means the Revenue Bonds issued and outstanding from time to time under the Trust Indenture.

“Revenue Bond Anticipation Notes” means any notes issued in anticipation of the issuance of a series of Additional Revenue Bonds.

“Series Bond Legislation” means, with respect to any series of Revenue Bonds, the ordinance passed by the Governing Body authorizing the issuance of such series of Revenue Bonds.

“Series Bond Proceedings” means, with respect to any series of Revenue Bonds, the Series Bond Legislation for such series of Revenue Bonds, any resolution of award or Series Certificate of Award applicable to such series of Revenue Bonds and the Supplemental Indenture authorizing the issuance of such Revenue Bonds.

“Series Certificate of Award” means, with respect to any series of Revenue Bonds, a certificate executed on behalf of the City by the Director of Finance, setting forth and determining, pursuant to the applicable Series Bond Legislation and subject to any limitations, restrictions, and requirements as may be specified therein, such terms, conditions, and other details of such series of Revenue Bonds (including, without limitation, the original purchasers thereof) as are authorized to be set forth and determined therein by such Series Bond Legislation.

“Signatory Airline (or Scheduled Airline)” means any Air Carrier that has entered into an agreement with the City substantially similar to the Use Agreements and either (a) commits to lease from the City one or more preferential gates and holdroom space located in the Terminal Complex and either (i) four or more ticketing counters positions in the ticketing lobby and Airport Ticketing Office space, or (ii) at least 1,000 square feet of combined ticketing or office space in the ticketing lobby or Ramp Area; or (b) in the case of an all-cargo Air Carrier commits to concurrently sign a lease for a cargo building or other premises containing at least 5,000 square feet, if that space is available. If that minimum amount of square footage is not available for lease to an all-cargo Air Carrier, the City's Director of Port Control may grant Signatory Airline status to an all-cargo Air Carrier leasing a lesser amount of space until such time as additional space becomes available.

“Special Facility or Facilities” means any hangar, maintenance buildings, or any other facility, improvement, or structure to be acquired or constructed on the Airport System, the cost of construction, acquisition, maintenance and operation of which are financed by Special Revenue Bonds and user charges.

“Special Funds” under the Trust Indenture means collectively the Revenue Fund, the Construction Fund, the Bond Service Fund, the Bond Service Reserve Fund, the Operating and Maintenance Fund, the Subordinated Debt Service Fund, the General Obligation Debt Service Fund, the Renewal and Replacement Fund, the Airport Development Fund (and the Airport Account and the Airline Account therein), and any other funds or accounts permitted by, established under, or identified in the Trust Indenture, except the Rebate Fund.

“Special Revenue Bonds” means revenue bonds or obligations authorized and issued by the City for the purpose of acquiring, constructing or improving a Special Facility to be leased to, or contracted for operation by, any person or entity, including the City, with the income therefrom to be used for the payment of sums adequate to pay all principal, interest, redemption premiums, if any, and reserves, if any, as required in the legislation authorizing such Special Revenue Bonds and all operating expenses incurred in the operation of the Special Facility. Special Revenue Bonds are not issued under or secured by the Trust Indenture.

“S&P” means S&P Global Ratings, a division of S&P Global, Inc., a corporation existing under the laws of the state of New York, its successors and assigns, and, if such corporation will

no longer perform the functions of a securities rating agency, “S&P” will mean any other nationally recognized rating agency designated by the City.

“Subordinated Indebtedness” means any obligation or evidence of indebtedness incurred by the City in accordance with the Trust Indenture, the debt service charges on which are payable and secured on a basis subordinate to the Bond service charges on Revenue Bonds. In determining the interest payable with respect to any Subordinated Indebtedness, there will be included any amounts owed by the City to a provider of a Credit Support Instrument for that Subordinated Indebtedness and to a counterparty under any Hedge Agreement relating to that Subordinated Indebtedness in respect of periodic, interest equivalent payments but not any amounts owed in respect of early termination of any Hedge Agreement.

“Subordinate Debt Service Charges” means for each Fiscal Year that any Subordinated Indebtedness is outstanding, the aggregate amount of all debt service charges due on such outstanding Subordinated Indebtedness. For purposes of calculating Subordinate Debt Service Charges for purposes of the Additional Subordinated Indebtedness Test and the Subordinated Indebtedness Rate Covenant, the following components of debt service shall be computed as follows:

(i) in determining the amount of principal to be funded in each Fiscal Year, payment shall (unless a different clause of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made on Subordinated Indebtedness in accordance with any amortization schedule established by the applicable Supplemental Indenture setting forth the terms of such Subordinated Indebtedness;

(ii) with respect to Subordinate Program Obligations, the principal and interest thereon shall be calculated as if the entire authorized maximum principal amount of such Subordinate Program Obligations were to be amortized over a term of 30 years commencing in the year in which such program is established and with substantially level annual debt service payments;

(iii) if any Subordinated Indebtedness which is then proposed to be issued constitutes variable rate indebtedness or Subordinate Program Obligations, the interest rate on such Subordinated Indebtedness shall be that rate determined either (i) by the City’s municipal advisor to be a reasonable market rate for fixed rate indebtedness of a corresponding term and security issued under the Trust Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such indebtedness bears interest which is or is not excluded from gross income for federal income tax purposes, or (ii) the rate quoted in The Bond Buyer 25 Revenue Bond Index for the last week of the month preceding the date of calculation as published by The Bond Buyer, or if that index is no longer published, another similar index designated by City, taking into consideration whether such Subordinated Indebtedness bear interest which is or is not excluded from gross income for federal income tax purposes.

“Subordinate Program Obligations” means a financing program for Subordinated Indebtedness identified in a Supplemental Indenture, including but not limited to a bond anticipation note, commercial paper program, revolving loan program, line of credit, (a) which is

authorized and the terms thereof approved by legislation passed by the Governing Body and the items required under Additional Subordinated Indebtedness Test described below have been filed with the Trustee, (b) wherein the City has authorized the issuance, from time to time, of notes, commercial paper or other indebtedness in an authorized amount, and (c) the authorized amount of which has met the conditions set forth in Additional Subordinated Indebtedness Test and the Subordinated Indebtedness Rate Covenant described below and the outstanding amount of which may vary from time to time, but not exceed the authorized amount.

“Trust Indenture” means the Amended and Restated Trust Indenture (Seventeenth Supplemental Trust Indenture dated as of November 1, 2011) between the City and the Trustee that amended and restated the Original Indenture, effective January 31, 2012.

“Variable Rate Bond” means any Revenue Bond that does not bear interest throughout its term at a fixed rate, but that does bear interest at a rate that, during part or the entirety of the term of such Revenue Bond, varies from time to time based upon a formula or other method of determination set forth in the applicable Supplemental Indenture, subject to a maximum rate of interest set forth therein. Once the rate of interest on any Revenue Bond that had been a Variable Rate Bond becomes fixed for the balance of the period until its maturity that Revenue Bond will cease to be a Variable Rate Bond. A Revenue Bond will not be deemed a Variable Rate Bond solely on the basis that the rate of interest thereon may be adjusted if such interest becomes includable in gross income for purposes of federal income taxation.

SUMMARY OF CERTAIN PROVISIONS OF THE USE AGREEMENTS

Each of the Use Agreements between the City and the Signatory Airlines is in substantially the same form. The Use Agreements consist of the Agreement and Lease, effective as of the later of January 1, 2017 or the date it was signed by the Signatory Airline. Each Use Agreement generally provides that the Signatory Airline will pay rentals for space occupied at the Airport and will pay landing fees in consideration for the rights to use the Airport granted under the Use Agreement. The Use Agreements enable the City to adjust the landing fees and rentals of the Signatory Airlines to provide Airport Revenues sufficient to meet the financial requirements of the Airport System, including debt service.

Term

The current Use Agreements terminate at midnight on December 31, 2025. The original term of the Use Agreements expired on December 31, 2021 but was extended twice with two-year options to extend based upon mutual acceptance of the City and Signatory Airlines.

Calculation of Signatory Airline Payments

The Use Agreements require the City to prepare and submit to the Signatory Airlines, at least 90 days prior to each Fiscal Year, Annual Reports setting forth (a) the proposed Annual Budget (as defined in the Use Agreements) for the Airport System for the next Fiscal Year, reflecting all estimated Airport System maintenance, operating and administrative expenses and certain capital improvements; (b) a schedule of all debt service to accrue in such Fiscal Year in connection with Revenue Bonds, any Subordinated Indebtedness, any General Obligation Debt, any Credit Support Instrument and any Hedge Agreement; (c) a statement of estimated Airport

Revenues for such Fiscal Year from parties other than the Signatory Airlines; (d) a schedule of the capital improvements proposed for the succeeding term which are subject to Majority In Interest review; and (e) the City's calculation of rentals and landing fees for such Fiscal Year.

The Use Agreements, while permitting the Signatory Airlines to raise objections to the Annual Reports, authorize the City to adopt the Annual Budget substantially in accordance with the proposed Annual Reports, as it may have been revised as a result of the City's giving due consideration to Signatory Airline's suggestions, comments or requests. A Majority In Interest of the Signatory Airlines, however, may disapprove capital improvements which will be funded through rentals, fees and charges and which will require the commitment by the City for the purchase or construction of (a) a single item at a cost of \$500,000 or more, or (b) items which in the aggregate cost in excess of \$2,000,000. If such capital improvements are not approved, the City may still budget the cost of such capital improvements for the next Fiscal Year under certain circumstances unless the Signatory Airlines file an action for declaratory judgment in a court of competent jurisdiction contesting either the justification for the proposed capital improvements based on factors set forth in the Use Agreements or the reasonableness of the City's method of financing the costs of such improvements. If, after diligent prosecution by the Signatory Airlines of such action, it is dismissed by Signatory Airlines or a ruling thereon is ultimately made in favor of the City, the City may then proceed with the capital improvements at issue.

The Use Agreements authorize the City to adjust rentals and landing fees annually to reflect budgeted Airport Revenues, debt service coverage, and Airport System Expense (including debt service and capital improvements) included in the Annual Report for the Fiscal Year. In addition, if at any time during a Fiscal Year, Airport Revenues are insufficient to pay, when due, all items included in the Annual Reports for such Fiscal Year or to pay any other expense or cost incidental or necessary to, or arising out of, the operation of the Airport System, the City may at any time during such Fiscal Year, upon 90 days' notice to the Signatory Airlines, increase landing fees to such amount as is sufficient to assure the City that all such items, costs and expenses will be paid in full solely from Airport Revenues. The Use Agreements also permit the landing fees to be adjusted if any of the quarterly statements for a Fiscal Year vary by more than 10% from the projected landing fees for such quarter. Finally, if the audited financial statements for any Fiscal Year indicate that Airport Revenues did not equal Airport System Expenses, the difference will be charged to the Signatory Airlines over the remaining billing periods of the then current Fiscal Year. In the event that the landing fees produce Airport Revenues in excess of Airport System Expenses and a rebate is to be made to any Signatory Airlines, the City will reduce landing fees paid by general aviation users so that the resulting reduction in landing fees charged to general aviation users will equal any rebate paid to the Signatory Airlines.

Landing fees may not be payable by the Signatory Airlines in any period during which the Airport is closed or none of the Signatory Airlines are landing aircraft and, if such period is an extended one, Airport Revenues could be adversely affected.

Incentive Compensation

As an incentive to the City to provide efficient management of the Airport System, the Use Agreements provide that deposits will be made to the Airport Account of the Airport Development Fund (the City's discretionary account) in an amount not to exceed \$12,000,000 in equal monthly

installments from the balance remaining in the Operating and Maintenance Fund after all other deposits have been made pursuant to the Use Agreement.

Damage or Destruction

The Use Agreements generally require that, prior to payment and discharge of all Revenue Bonds (or provision for their payment having been made), the Signatory Airlines must continue to pay rentals and landing fees without abatement or reduction if the leased premises are damaged or partially or totally destroyed by a casualty. The portion of the leased premises that was damaged or destroyed will generally be repaired from insurance proceeds, after payment of any expenses of obtaining or recovering them, as well as any additional moneys necessary therefor. To the extent such proceeds are insufficient to pay the costs of repair, each Signatory Airline is required to pay the costs of repairing the premises leased by such Signatory Airline. In addition, the City and the Signatory Airlines may determine to issue Additional Revenue Bonds to pay such costs. If Revenue Bonds are outstanding, any excess insurance proceeds will be paid into the Revenue Fund.

Condemnation

The Use Agreements generally require that, prior to payment and discharge of all Revenue Bonds (or provision for their payment having been made), the Signatory Airlines must continue to pay rentals and landing fees without abatement or reduction if title to or temporary use of the Airport System or any part of the Airport System is taken under the exercise of eminent domain. The proceeds of any condemnation award will be used to restore the remaining facilities of the Airport System to substantially the same prior condition or to acquire additional land or improvements. Any remaining net proceeds of a condemnation award will be used to redeem Revenue Bonds if any Revenue Bonds are then subject to redemption.

Events of Default and Remedies

Events of default under the Use Agreements include:

- (a) the failure of the Signatory Airline to pay rentals, landing fees or other payments within ten days after written demand for such payment;
- (b) the failure of the Signatory Airline to observe and perform any other covenant, condition or agreement on its part to be observed or performed and to remedy same, or commence action which will promptly remedy same which action is thereafter diligently pursued, within 30 days after written notice is given by the City to the Signatory Airline;
- (c) any execution or attachment will be issued against the Signatory Airline in connection with its operations at the Airport System and will not be discharged within 90 days after levy or seizure thereunder or the leased premises will be occupied by someone other than the Signatory Airline;
- (d) the City will determine that the Signatory Airline has deserted or vacated the leased premises;

(e) the Signatory Airline will violate any provision of any insurance policy referred to in the Use Agreement resulting in such policy becoming void or unenforceable and the Signatory Airline will not cure the violation or the inadequate insurance within ten days after written notice; or the Signatory Airline will in any way fail to perform and satisfy the requirements of any insurance policy referred to in the Use Agreement and the Signatory Airline will fail to conform to such requirements within thirty days after written notice; and

(f) the occurrence of certain events of bankruptcy.

Unless governmental restrictions or any other cause beyond its control have prevented the defaulting Signatory Airline from curing any event of default (other than a non-payment default), or the Signatory Airline is contesting or protesting such default, the City may, in addition to other remedies, reenter the leased premises and terminate the Use Agreement. The defaulting Signatory Airline is thereupon required to pay all amounts then owing to the City, and the City may relet the leased premises. The defaulting Signatory Airline is also required to pay to the City each month, as liquidated damages, an amount equal to the difference between amounts received from subsequent users of the leased premises and the monthly rentals, fees and charges which would have been payable had the Signatory Airline maintained the same average monthly level of operations at the Airport as the Signatory Airline maintained during the calendar year preceding the default.

Assignment and Subletting

The Signatory Airline may not assign or sublet the leased premises without the prior approval of the City, but no such approval is required for the assignment of the Use Agreement to an Affiliate (as defined in the Use Agreement), subject to certain requirements, or to any corporation with which the Signatory Airline may merge or consolidate or which may succeed to the Signatory Airline's business.

Signatory Airline's Right to Terminate

After either the payment in full of the Revenue Bonds or the aggregation of moneys in certain funds sufficient to pay and redeem the Revenue Bonds then outstanding, a Signatory Airline may terminate its Use Agreement. A Signatory Airline may also terminate its Use Agreement if, as a result of any legislative action of the United States or any action or non-action of any federal or other governmental agency, such Signatory Airline will cease to have the necessary authority to transport persons, property and mail at the Airport; however, no Signatory Airline will have the right to terminate the Use Agreement under such circumstances, unless such governmental action or non-action was not requested by the Signatory Airline, the Signatory Airline made all reasonable efforts to prevent it, and it was not part of legislative action affecting any other Signatory Airline.

Expiration of the Use Agreements

The City may agree, in its sole discretion, to permit a Signatory Airline to continue a tenancy at the Airport on a month-to-month basis. The City or the Signatory Airline may terminate that month-to-month tenancy upon 30 days' prior written notice to the other. During such tenancy,

the Signatory Airline will pay to the City the same rates of rental and landing fees as were in effect at the expiration of the term of the Use Agreement, as subsequently adjusted as provided in the Use Agreement, unless different rates are agreed upon. The Signatory Airline will be bound by all of the additional provisions of the Use Agreement insofar as they may be pertinent.

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE

Pledge of Airport Revenues

Revenue Bonds issued under the Trust Indenture are secured by a pledge and assignment of the Airport Revenues and the Special Funds. For a description of the Special Funds, see “SECURITY FOR THE SERIES 2025A BONDS – Allocation of Airport Revenues to Special Funds, – Bond Service Reserve Fund, – Renewal and Replacement Fund, and – Airport Development Fund”. Neither Revenue Bonds nor the Trust Indenture constitute general obligation debt of the City, and the general resources of the City will not be required to be used, nor the full faith and credit of the City be pledged, for the performance of any duty thereunder, and the holders of Revenue Bonds will have no right to have excises or taxes levied by the City Council or any taxing authority of the State of Ohio or any political subdivision for the payment of debt service on the Revenue Bonds.

The City has assigned to the Trustee all its rights and interests in and to the Use Agreements for the benefit of the Holders of the Revenue Bonds. The City covenants in the Trust Indenture to instruct the Signatory Airlines and all other users of the Airport System, including concessionaires and other aircraft operators, to pay directly to the Trustee all amounts due to the City as the owner and operator of the Airport System.

The City will hold all amounts received by it from the Trustee pursuant to the Trust Indenture in trust and such moneys will be held separate and apart from, and will not be commingled with, the general funds or any other funds of the City. The City will restrict the use and application of such amounts in the manner set forth in the Trust Indenture. The amounts held by the City are pledged to the payment of Bond service charges on the Revenue Bonds, subject to the condition that such amounts will be appropriated, transferred, expended or used for the purposes of the Airport System as provided in the Trust Indenture.

Additional Bonds Test

Additional Revenue Bonds may be issued by the City if there will have been received by the Trustee, among other things, a written report of the Airport Consultant that the projected Airport Revenues together with Other Available Funds, during each of the five complete Fiscal Years immediately following the issuance of the Additional Revenue Bonds, less the projected Operating Expenses during each of such Fiscal Years, are at least equal to 125% of the Bond service charges on all outstanding Revenue Bonds, including the Additional Revenue Bonds proposed to be issued, due during each of those five Fiscal Years, less, in each case, such Bond service charges on any Revenue Bonds that are to be redeemed or retired with the proceeds of such Additional Revenue Bonds. An alternative coverage ratio applies if there is General Obligation Debt of the City Outstanding for Airport System purposes. Currently, there is none.

A written report of the Airport Consultant is not required upon the issuance of Additional Revenue Bonds (1) when Airport Revenues, together with Other Available Funds, less Operating Expenses, for 12 of the past 18 months immediately preceding the proposed issuance of Additional Revenue Bonds or for the most recent Fiscal Year for which audited financial statements are available, are at least equal to 125% of Bond service charges on all Outstanding Revenue Bonds, including the Additional Revenue Bonds proposed to be issued, in each of the three complete Fiscal Years immediately following the issuance of the Additional Revenue Bonds, evidenced by a written certificate of the Director of Finance of the City delivered to the Trustee, (2) to refund Revenue Bonds when either the refunding will result in aggregate net present value debt service savings or in each bond year that Bond service charges were payable on the refunded Revenue Bonds, the Bond service charges on the refunding Revenue Bonds are not greater than the Bond service charges on the refunded Revenue Bonds or the maximum annual Bond service charges on all Revenue Bonds to be Outstanding after the issuance of such Additional Revenue Bonds will not be greater than the maximum annual Bond service charges on all Revenue Bonds Outstanding prior to the issuance of such Additional Revenue Bonds, evidenced by a written certificate of the Director of Finance of the City delivered to the Trustee, or (3) to provide additional funds for the completion of a capital improvement project for which a series of Revenue Bonds has been issued, provided the principal amount of the Additional Revenue Bonds does not exceed 10% of the total cost of such project.

Computation of Bond Service Charges

The City may exclude from the calculation of Bond service charges on Outstanding Revenue Bonds due in any Fiscal Year under any provision of the Trust Indenture, principal and/or interest on Revenue Bonds for which sufficient moneys have been irrevocably deposited with the Trustee prior to the date of calculation, including, without limitation, Capitalized Interest Payments, passenger facility charges or other moneys not otherwise constituting Airport Revenues deposited in the Bond Fund, amounts deposited with the Trustee to defease Outstanding Revenue Bonds and Net Proceeds of insurance or condemnation awards deposited in the Bond Fund.

For purposes of determining whether Additional Revenue Bonds may be issued in compliance with the Additional Bonds Test, the debt service coverage ratio calculation will exclude from the aggregate amount of Bond service charges amounts to be paid from revenues that are not then included in the pledged Airport Revenues if the City has contractually agreed (in the case of Outstanding Revenue Bonds) or will contractually agree (in the case of Additional Revenue Bonds) to make deposits from those revenues into the Bond Service Fund under a payment schedule specified in the applicable Supplemental Indenture and those revenues have not been counted as Other Available Funds in the debt service coverage calculation.

For purposes of determining whether Additional Revenue Bonds issued for the purpose of refunding Revenue Bonds may be issued in compliance with the Additional Bonds Test, the Bond service charges for such Additional Revenue Bonds will be used in lieu of Bond service charges for the Revenue Bonds being refunded.

Any series of Additional Revenue Bonds may be issued as Variable Rate Bonds. The Supplemental Indenture applicable to any series of Variable Rate Bonds will specify the method and procedure by which the rate of interest to be borne thereby will be determined and may provide

for the right of the holders thereof to tender such Variable Rate Bonds for purchase by the City at the times, on the terms, and subject to the conditions set forth therein.

In the event that all or any portion of any series of Additional Revenue Bonds have been issued as or are proposed to be issued as Variable Rate Bonds, then in order to compute the Bond service charges on such Additional Revenue Bonds for the purposes of the Trust Indenture, the following rules will apply:

(a) For the purpose of determining compliance with the rate covenant for any period prior to the date of calculation, the rate of interest borne by such Variable Rate Bonds, including Variable Rate Bonds which are Balloon Bonds, will be deemed to be the actual weighted average rate in effect thereon during such period;

(b) For the purpose of determining whether Additional Revenue Bonds may be issued in compliance with the Additional Bonds Test, regardless of whether such Additional Revenue Bonds are to be Variable Rate Bonds, the rate of interest borne by any outstanding Variable Rate Bonds, except for Variable Rate Bonds which are Balloon Bonds, will be deemed to be the highest of (i) the highest rate of interest borne by such Variable Rate Bonds during the preceding twelve months or such shorter period that such Variable Rate Bonds may have been outstanding, (ii) the actual rate on the date of calculation, (iii) if the outstanding Variable Rate Bonds have been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, or (iv)(A) if interest on the outstanding Variable Rate Bonds is excludable from gross income under the applicable provisions of the Internal Revenue Code, the most recently published Fixed Rate Index plus fifty (50) basis points, or (B) if interest is not so excludable, the interest rate on direct U.S. Treasury Obligations with comparable maturities plus fifty (50) basis points; and

(c) For the purpose of determining whether Additional Revenue Bonds that are to be Variable Rate Bonds may be issued in compliance with the Additional Bonds Test, and for the purpose of determining the amount of the Required Bond Service Reserve attributable to those Additional Revenue Bonds, those Additional Revenue Bonds will be deemed to bear interest at the Assumed Interest Rate and to be amortized on the basis of the Assumed Amortization Period;

(d) If the City has entered into a Hedge Agreement with respect to any Variable Rate Bonds under which the City will make fixed interest rate payments in exchange for a Hedge Counterparty making variable rate payments to the City, (i) at the election of the City, those Variable Rate Bonds may be assumed to bear interest at the fixed rate of interest simulated by the Hedge Agreement, in lieu of the rate determined under the above clauses (a), (b) or (c) and (ii) for purposes of determining compliance with the rate covenant, payments owed and received under the Hedge Agreement may be netted against each other for purposes of determining the interest paid on the Variable Rate Bonds.

(e) For the purpose of determining whether any outstanding Variable Rate Bond is deemed paid and discharged under the Trust Indenture, such Variable Rate Bond will be deemed to bear interest at the actual rate of interest borne thereby for the remainder of the period that such rate will remain in effect, and for any subsequent period prior to the

time at which such Variable Rate is actually to be paid and discharged, such Variable Rate Bond will be deemed to bear interest at the maximum rate of interest such Variable Rate Bond may bear pursuant to the Series Bond Proceedings.

All or any portion of any series of Additional Revenue Bonds may be issued as Balloon Bonds. Regarding any Additional Revenue Bonds that are or are to be Balloon Bonds, for the purpose of (a) determining compliance with the rate covenant for any period prior to the date of calculation (except for Revenue Bonds that are to be issued as Variable Rate Bonds), (b) determining whether Additional Revenue Bonds, regardless of whether they are to be Balloon Bonds, may be issued in compliance with the Additional Bonds Test when any Balloon Bonds are outstanding, (c) determining whether Additional Revenue Bonds that are to be Balloon Bonds may be issued in compliance with the Additional Bonds Test, and (d) determining the amount of the Required Bond Service Reserve attributable to such Balloon Bonds, the Bond service charges on such Additional Revenue Bonds will be determined:

(i) if such Balloon Bonds are not Capital Appreciation Bonds (as defined in the Trust Indenture), by assuming that such Bonds are to be amortized on the basis of level debt service over the Assumed Amortization Period at the Assumed Interest Rate; and

(ii) if such Balloon Bonds are Capital Appreciation Bonds, by assuming that the Appreciated Principal Amount (as defined in the Trust Indenture) of such Bonds at maturity is to be amortized on the basis of level principal payments over the Assumed Amortization Period.

All or any portion of any series of Additional Revenue Bonds may be issued as Capital Appreciation Bonds. Regarding any Additional Revenue Bonds that are or are to be Capital Appreciation Bonds, for the purpose of (a) determining compliance with the rate covenant for any period prior to the date of calculation, (b) determining whether Additional Revenue Bonds, regardless of whether they are to be Capital Appreciation Bonds, may be issued in compliance with the Additional Bonds Test when any Capital Appreciation Bonds are outstanding, (c) determining whether Additional Revenue Bonds that are to be Capital Appreciation Bonds may be issued in compliance with the Additional Bonds Test, and (d) determining the amount of the Required Bond Service Reserve attributable to such Capital Appreciation Bonds, the Bond service charges on such Additional Revenue Bonds will include the Appreciated Principal Amounts at maturity.

Bond service charges will not include payments potentially required to be made by the City under any Reimbursement Agreement to reimburse any Credit Provider for payments made to pay the principal of or interest or any premium on Revenue Bonds, but Bond service charges will include such payments if the City's obligation to make such payments will have accrued and become actual.

In anticipation of the issuance of any series of Additional Revenue Bonds, the City may issue one or more series of Revenue Bond Anticipation Notes. All requirements of the Trust Indenture applicable to Revenue Bonds will apply to Revenue Bond Anticipation Notes, including, without limitation the conditions precedent for the issuance of a series of Revenue Bonds. For the purpose of (a) determining compliance with the rate covenant for any period prior to the date of

calculation, (b) determining whether Additional Revenue Bonds may be issued in compliance with the Additional Bonds Test when any Revenue Bond Anticipation Notes are outstanding, (c) determining whether Revenue Bond Anticipation Notes may be issued in compliance with the Additional Bonds Test and (d) determining the amount of the Required Bond Service Reserve attributable to such Revenue Bond Anticipation Notes, the Bond service charges payable on any Revenue Bond Anticipation Notes will be computed for purposes of the Trust Indenture in the same manner as for Balloon Bonds.

Credit Providers

In addition to the Airport Revenues payable into the Special Funds and other amounts, proceeds, moneys, investments, rights, and interests pledged and assigned by the City to the Trustee under the Trust Indenture to secure the payment of the Bond service charges on the Revenue Bonds, the Supplemental Indenture for any series of Additional Revenue Bonds may provide for a Credit Support Instrument applicable to such series of Revenue Bonds without any requirement that the security or protection afforded by such Credit Support Instrument extend or apply to the Revenue Bonds of any other series. Provided that the Credit Support Instrument is in full force and effect and the Credit Provider has made all payments and met its obligations under the Credit Support Instrument and is not in any insolvency proceedings, then the Supplemental Indenture for any series of Revenue Bonds to which any such Credit Support Instrument applies may include provisions permitting the Credit Provider to act as, or in the place of, the holders of such Revenue Bonds for the purposes and on the terms and conditions set forth in such Supplemental Indenture.

Bond Service Reserve Fund

In connection with any issuance of Additional Revenue Bonds, and provided that the City maintains a rating on Outstanding Revenue Bonds determined without regard to any credit enhancement (an underlying rating), the City may, in the applicable Supplemental Indenture, provide that no deposit to the Bond Service Reserve Fund will be made for or with respect to such Additional Revenue Bonds, in which case: (a) the holders of such Additional Revenue Bonds will have no right or entitlement to have any portion of the Bond service charges on such Additional Revenue Bonds be paid from amounts in the Bond Service Reserve Fund, (b) the lien of and pledge on the Bond Service Reserve Fund will not extend to or be for the benefit of the holders of such Additional Revenue Bonds, and (c) the Bond service charges on such Additional Revenue Bonds will not be taken into account in determining the Required Bond Service Reserve. In the event that the Supplemental Indenture applicable to an issue of Additional Revenue Bonds provides as described in the preceding sentence, then such Supplemental Indenture may also provide for the creation of a special reserve fund solely for such Additional Revenue Bonds, separate from the Bond Service Reserve Fund, and may provide for the deposit therein, at the time of issuance or in one or more subsequent deposits thereto, of an amount specified in the applicable Supplemental Indenture as the required reserve for such Additional Revenue Bonds, or may require the City to provide a municipal bond insurance policy, a bank letter or line of credit, or a surety bond to enhance the security for such Additional Revenue Bonds in lieu of a funded reserve fund, provided that such credit facility meets certain requirements set forth in the Trust Indenture. If the Supplemental Indenture applicable to such a series of Additional Revenue Bonds so provides for such a special reserve fund and further requires that deposits be made thereto from Airport

Revenues at any time, then such deposits may be made from Airport Revenues on a parity with payments made to the Bond Service Reserve Fund to replenish any cash withdrawals from the Bond Service Reserve Fund.

In addition, if the Supplemental Indenture applicable to a series of Additional Revenue Bonds provides as described in the immediately preceding paragraph, then such Supplemental Indenture will also provide that the amount of any defaulted interest or principal on such series of Revenue Bonds, which would have been timely paid had the Required Bond Service Reserve for those Revenue Bonds been fully funded in the Bond Service Reserve Fund, will be paid from Airport Revenues on a parity with payments to be made to any providers of credit facilities held for the Bond Service Reserve Fund in lieu of cash and investments to reimburse those providers for claims or draws on those credit facilities.

Subordinated Indebtedness

The City may, at any time and from time to time, issue or incur Subordinated Indebtedness for the purpose of financing any capital improvement to the Airport System. In addition, any amounts owed by the City to a Hedge Counterparty in respect of termination of a Qualified Hedge Agreement will be considered as Subordinated Indebtedness. Subordinated Indebtedness is secured by, and is payable from, Airport Revenues on a basis subordinate to payment of Bond service charges on Revenue Bonds, the replenishment of the Bond Service Reserve Fund and the payment of maintenance and operating expenses of the Airport System.

Any supplemental indenture providing for the issuance of Subordinated Indebtedness will provide that the trustee for such Subordinated Indebtedness will have no right, power or authority to cause acceleration of such Subordinated Indebtedness unless and until the Trustee has exercised its power to accelerate the Revenue Bonds.

Particular Covenants

Payment: The City will pay, solely from the sources provided in the Trust Indenture, the Bond service charges on the Revenue Bonds on the dates and at the places and in the manner mentioned in the Revenue Bonds, and it will faithfully observe and perform at all times all agreements, covenants, undertakings, stipulations and provisions contained in the Series Bond Proceedings, in the Trust Indenture and in every Revenue Bond executed, authenticated and delivered under the Trust Indenture and in all proceedings of the Governing Body pertaining to the Revenue Bonds.

Maintenance and Operation of Airport System: The City will, but only from Airport Revenues, maintain or cause to be maintained the Airport System in a good state of repair and sound operating condition, will with reasonable diligence prudently develop, improve, and at all times operate in an economical and efficient manner the Airport System, and will comply with all valid acts, rules, regulations, orders and directions of any executive, legislative, administrative or judicial body applicable to the Airport System.

Payment of Taxes and Claims: The City will cause the payment of all lawful taxes, assessments and charges at any time levied or assessed upon or against the Airport Revenues or

the Airport System, and will not create or suffer to be created any debt, lien or charge on the Airport System or on the Airport Revenues.

Insurance: To the extent reasonably obtainable at a reasonable cost, the City will procure, and maintain at all times while any of the Revenue Bonds will be outstanding, insurance covering the Airport System and its operations.

Accounting Records and Financial Statements: The City will have an annual audit of the Airport System made by nationally recognized independent certified public accountants in accordance with generally accepted accounting principles, and will furnish a copy of such audit to the Trustee promptly upon its completion along with a copy of the financial statements and reports which are regularly prepared by the City.

Tax-Exempt Status of Bonds: With respect to Revenue Bonds issued as obligations bearing interest that is excluded from gross income for federal income tax purposes, the City will take or cause to be taken such actions that may be required of it for the interest on those Revenue Bonds to be and to remain excluded from gross income for federal income tax purposes and will not omit to take any actions that may be required of it for that purpose.

Rates and Charges: So long as any Revenue Bonds are outstanding, the City will at all times prescribe and charge such rates, fees and charges for the use of the Airport System, its services and supplies, and will provide for the charging of such rates, fees and charges and the making of payments to the City of such rentals or other considerations for the use and operation of the Airport System, so as to produce, in each Fiscal Year, Airport Revenues, together with Other Available Funds, less Operating Expenses at least equal to 125% of the amount maturing and becoming due in such Fiscal Year for the payment of principal of and interest on all Outstanding Revenue Bonds.

Supplemental Indentures

The City and the Trustee, without the consent of the Bondholders, may enter into supplemental indentures for the following purposes: correcting ambiguities or inconsistencies in the Trust Indenture, granting additional rights to the Trustee, subjecting additional revenues to the lien of the Trust Indenture, adding to the covenants of the City, evidencing any succession of the City with respect to the Airport System, in connection with the issuance of Additional Revenue Bonds in accordance with the Trust Indenture, complying with Federal tax or securities laws, making further provisions for use of a book entry system of registration, to permit the Trustee to comply with obligations imposed on it, to specify further the duties of and relationship among the Trustee, Bond Registrar and any Authenticating Agents or Paying Agents, and to permit any other amendment that, in the judgment of the Trustee, will not materially adversely affect the interests of the Trustee or the holders of Revenue Bonds.

With the consent of the holders of not less than a majority in aggregate principal amount (and Appreciated Principal Amount) of the Revenue Bonds then outstanding, the City and the Trustee may enter into supplemental indentures modifying, altering, amending, adding to or rescinding any of the terms or provisions of the Trust Indenture. No such supplemental indenture, however, will (a) extend the maturity of the principal of or the interest on any Revenue Bond issued under the Trust Indenture, or reduce the principal amount thereof, or reduce the rate or extend the

time of payment of interest thereon, or reduce any premium payable or redemption thereof, or extend the time of any payment required by any mandatory sinking fund requirements, without the consent of the holder of each Revenue Bond affected thereby, or (b) permit a privilege or priority of any Revenue Bond or Revenue Bonds.

Events of Default

Each of the following occurrences or events is declared to be an Event of Default under the Trust Indenture:

- (a) The failure to make payment of any interest on any Revenue Bond when and as the same will have become due.
- (b) The failure to make payment of the principal or mandatory sinking fund payment of, or any premium on, any Revenue Bond when and as the same will become due, whether at the stated maturity thereof, by acceleration or call for redemption.
- (c) The filing by the City of a petition for reorganization or rearrangement or readjustment of its obligations under the provisions of any bankruptcy or moratorium laws or similar laws relating to or affecting creditors' rights.
- (d) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the City included in the Trust Indenture or in the Revenue Bonds and the continuance thereof for a period of 90 days after written notice to the City given by the Trustee or the holders of not less than 25% in aggregate principal amount of Revenue Bonds then outstanding.

Remedies for Default

Upon the occurrence of an Event of Default the Trustee may, and upon the request of the holders of at least 25% in aggregate principal amount of Revenue Bonds outstanding, the Trustee will, declare the principal of all Revenue Bonds to be immediately due and payable. The Trustee may require indemnification before taking any such action under the Trust Indenture. The Trust Indenture does not require the filing of any periodic evidence as to the absence of default or as to compliance with the Trust Indenture.

Upon the occurrence of an Event of Default, the City will, upon demand of the Trustee, surrender control of any Special Funds held by the City and possession of the Airport System to the Trustee, and the Trustee may operate the Airport System for the benefit of the holders of Revenue Bonds.

Provision has been made, and may be made, in Supplemental Indentures for Revenue Bonds secured by a Credit Support Instrument that the Credit Provider will be deemed to be the holder of all the Revenue Bonds secured by that Credit Support Instrument and may act in the place of the holders of those Revenue Bonds for purposes of (i) making requests and giving directions and consents to the Trustee and exercising any and all other rights which Bondholders would have the power and authority to make, give, or exercise with respect to remedies under the Trust Indenture as a result of the occurrence and continuation of an Event of Default, and (ii)

making or giving any other consent, direction, or approval permitted or required under the Trust Indenture to be made or given by holders of Revenue Bonds secured by that Credit Support Instrument.

Waiver of Events of Default

The Trustee may in its discretion waive any event of default at the request of the holders of 25% in aggregate principal amount (and Appreciated Principal Amount) of Revenue Bonds then outstanding; provided, however, an event of default occasioned by the failure to pay principal or interest may not be waived until such principal or interest payment, plus penalty interest at the rate borne by the Revenue Bonds, and all expenses of the Trustee, will be paid.

At any time after the Revenue Bonds have been accelerated and before a receiver has been appointed and confirmed and if all sums then due on the Revenue Bonds (other than pursuant to the acceleration) have been paid and all existing defaults have been cured, the holders of not less than 25% in aggregate principal amount of all Revenue Bonds then outstanding may rescind such acceleration.

Defeasance

If the City will pay or cause to be paid the principal of, premium, if any, and interest due on the outstanding Revenue Bonds at the times and in the manner stipulated in the Trust Indenture, and will have paid all fees and charges of the Trustee and any Paying Agents, the Trust Indenture will cease, determine and become null and void, and the Trustee will release the Trust Indenture and discharge the lien thereof.

Any outstanding Revenue Bonds of one or more series will be deemed to have been paid and discharged within the meaning of the Trust Indenture if:

(a) the Trustee and the Paying Agents will hold, in trust for and irrevocably committed thereto, sufficient moneys, or

(b) the Trustee will hold, in trust for and irrevocably committed thereto, Defeasance Obligations which an independent public accounting firm of national reputation certifies to be of such maturities and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (likewise to be held in trust and committed, except as hereinafter provided), be sufficient together with moneys referred to in (a) above, for the payment, at their maturity, redemption or due date, as the case may be, of all Bond service charges thereon to the maturity, redemption, or due date, as the case may be, or if default in such payment will have occurred on such date, then to the date of the tender of such payment;

provided, that if any of such Revenue Bonds are to be redeemed prior to the stated maturity thereof, notice of such redemption will have been duly given or irrevocable provision satisfactory to the Trustee will have been duly made for the giving of such notice, which provision, however, will be subject to change as to the date or dates specified for such redemption as described below.

If a forward supply contract is employed in connection with the defeasance (a) the verification report will expressly state that the adequacy of the escrow to accomplish the defeasance relies solely on the initial Defeasance Obligations and the maturing principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract and (b) the applicable escrow agreement will provide that in the event of any discrepancy or difference between the terms of the forward supply contract and the escrow agreement, the terms of the escrow agreement will be controlling.

Any moneys held by the Trustee for the defeasance of Revenue Bonds may be invested by the Trustee but only in Defeasance Obligations the maturities or redemption dates of which, at the option of the Trustee, will coincide as nearly as practicable with, but not later than, the time or times at which those moneys will be required to pay Bond service charges. Any income or interest earned by, or increment to, the investments held will, to the extent determined from time to time by the Trustee to be in excess of the amount required to be held by it for the purpose, be transferred to the City free and clear of the lien of the Trust Indenture, pursuant to instructions by the Fiscal Officer.

In the event that the Trust Indenture is satisfied and discharged and if, but only if, the City will then so direct the Trustee, the holders of any Revenue Bonds then outstanding, the maturity or redemption dates of which have not then arrived, may (to the extent that such will not be in conflict with the provisions of a trust agreement, if any, under which the Trustee holds moneys and/or Defeasance Obligations and will not result in insufficient moneys to pay Bond service charges on other Revenue Bonds at maturity or redemption) as of and on any Interest Payment Date or Dates stated in such direction by the City to the Trustee, surrender those Revenue Bonds to a Paying Agent and, upon such surrender, be paid the principal amount of any Revenue Bond surrendered, with any applicable redemption premium, as stated in the direction by the City to the Trustee, plus interest accrued on any such Revenue Bond so surrendered. Such right may be exercised only after the holders of any such Revenue Bonds to be surrendered have given written notice to the Trustee, at least 70 days (or such other period as may be stated in such direction to the Trustee) before the Interest Payment Date on which they request such payment, of their intent so to surrender the Revenue Bonds for such payment and setting forth in such notice the Revenue Bonds to be surrendered. If any Revenue Bond as to which such notice of intent has been given is not surrendered on or before such Interest Payment Date, surrender thereof for payment need not be accepted at any time thereafter prior to maturity or call for redemption. After receiving the aforesaid directions from the City and within 30 days after such discharge and satisfaction of the Trust Indenture, the Trustee will give Bondholders notice of the provisions described in this paragraph in the same manner as provided for in the Trust Indenture for mailing notice of redemption of Revenue Bonds. In the case of discharge and satisfaction of the Trust Indenture pursuant to an advance refunding, a second notice of such discharge and satisfaction will be given by the Trustee to the holders of the Revenue Bonds so affected, by the same manner as provided for the mailing of notice of redemption, at least 30 days prior to the actual redemption date of such Revenue Bonds.

Notwithstanding the foregoing, those provisions of the Trust Indenture or any Supplemental Indenture relating to the maturity of Revenue Bonds, interest payments and dates thereof, optional and mandatory redemption provisions, credit against mandatory sinking fund installments, exchange, transfer and registration of Revenue Bonds, replacement of mutilated,

destroyed, lost, or wrongfully taken Revenue Bonds, the safekeeping and cancellation of Revenue Bonds, non-presentment of Revenue Bonds, the holding of moneys in trust, repayments to the City from the Special Funds, compliance with any applicable Federal tax law and the duties of the Trustee in connection with all of the foregoing, will remain in effect and will be binding upon the Trustee and the Bondholders notwithstanding the release and discharge of the lien of the Trust Indenture.

Condemnation and Destruction

In the event of the condemnation or destruction of the Airport System or a portion thereof, the net proceeds of any insurance or condemnation award will be applied to reconstruct or restore the Airport System to substantially the same level as prior to such condemnation or destruction. The Trust Indenture does not provide for any extraordinary optional redemption of Revenue Bonds in the event of condemnation or destruction of the Airport System, but any excess net proceeds not required to reconstruct or restore the Airport System may, and in the event of condemnation will, be used to redeem Revenue Bonds then subject to redemption.

Investments of Amounts in Special Funds

Moneys held in any Special Fund maintained by the Trustee will be invested in Eligible Investments by the Trustee at the written request of the City's Director of Finance, and moneys held in any Special Fund maintained by the City will be invested by the City only in Eligible Investments. Any such investment will be deemed at all times a part of the Special Fund from which the investment has been made, and profits and losses on such investments will be credited or charged, as the case may be, to such Special Funds; provided that earnings on amounts in the Bond Service Reserve Fund which are not needed to satisfy the Required Bond Service Reserve will be transferred to the City for deposit in the Renewal and Replacement Fund.

Release of Property

The Trust Indenture provides that the City may remove from the Airport System any unimproved and unneeded part of the real property or interests in real property comprising part of the Airport System, and may grant easements with respect to any such real property or interests therein, upon delivery of certain documents to the Trustee, including the following:

(a) An ordinance adopted by the City's Council stating that the City is not in default under the Trust Indenture, giving an adequate legal description of the real property to be released, stating the purpose for which the release is desired and the improvements to be made on such real property, and requesting its release from the lien of the Trust Indenture; and

(b) A certificate of an Airport Consultant stating that real property proposed to be released is not otherwise needed for, or has become inexpedient to use in connection with, the Airport System, and that such release would not impair the City's ability to produce Airport Revenues sufficient to meet all the requirements to be met therefrom under the Trust Indenture and the Revenue Bonds.

The Trust Indenture also permits the City to sell Burke Lakefront Airport at any time without having to deliver an ordinance of the City Council or a certificate of an Airport Consultant. All net proceeds of the sale of Burke Lakefront Airport, after reimbursing the Airport System for all amounts paid from any of the Special Funds in excess of the Burke Deficit (as defined in the Use Agreement), will be paid to the City and may be applied by the City for any purpose, whether or not related to the Airport System.

The proceeds from the sale of any other real property or interests in real property, which are part of the Airport System, as improved with the proceeds from the sale of Revenue Bonds, will be deposited in the Revenue Fund, except where in conflict with agreements between the City and the United States of America. The proceeds from the sale of any future-acquired property will be payable to the City after reimbursing the Airport System for all costs and expenses incurred by the Airport System in connection with the acquisition, improvement and disposition of any such future-acquired property.

SUMMARY OF CERTAIN PROVISIONS RELATED TO THE INCURRENCE OF SUBORDINATED INDEBTEDNESS PURSUANT TO THE TERMS OF THE TWENTY-FIFTH SUPPLEMENTAL TRUST INDENTURE

Additional Subordinated Indebtedness Test

When any additional Subordinated Indebtedness is issued by the City pursuant to the Trust Indenture on a parity with outstanding Subordinated Indebtedness, the City will furnish to the Trustee a certificate of the Director of Finance to the effect that (i) the Airport Revenues together with Other Available Funds, less Operating Expenses for the Fiscal Year immediately preceding the year in which the additional Subordinated Indebtedness is proposed to be issued (without adjustment for any fees and charges not in effect during such preceding Fiscal Year) were not less than the total of (A) 100% of the Bond service charges for that preceding Fiscal Year plus (B) 100% of the Subordinate Debt Service Charges for that Fiscal Year; and (ii) the estimated Airport Revenues together with Other Available Funds, less Operating Expenses for each of the five Fiscal Years following the Fiscal Year in which the additional Subordinated Indebtedness is proposed to be issued (without adjustment for any fees and charges not already authorized at the time of the certification) will be not less than the total of (A) 100% of the Bond service charges for each applicable Fiscal Year plus (B) 100% of the Subordinate Debt Service Charges for each applicable Fiscal Year (collectively, the “Additional Subordinated Indebtedness Test”).

Subordinated Indebtedness Rate Covenant

The City will at all times prescribe and charge such rates, fees and charges for the use of the Airport System, its services and supplies so as to produce in each Fiscal Year Airport Revenues, together with Other Available Funds, less Operating Expenses, at least equal to 100% of the amount maturing and becoming due in such Fiscal Year for the payment of principal of and interest on all outstanding Revenue Bonds, General Obligation Debt and Subordinated Indebtedness (collectively, the “Subordinated Indebtedness Rate Covenant”).

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APPENDIX C

FORM OF BOND COUNSEL OPINION

We have served as bond counsel to our client the City of Cleveland, Ohio (the “City”) in connection with the issuance by the City of its \$[•] Airport System Revenue Bonds, Series 2025A (Non-AMT) (the “Series 2025A Bonds”), each dated the date of this letter.

The Series 2025A Bonds are issued pursuant to the authority of the Constitution and laws of the state of Ohio, the Charter of the City, Ordinance No. 1261-2022 passed by the Council of the City on December 5, 2022 (the “Bond Legislation”). The Series 2025A Bonds are issued and secured under the Amended and Restated Trust Indenture (Seventeenth Supplemental Trust Indenture dated as of November 1, 2011), effective January 31, 2012 (the “Trust Indenture”), between the City and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the “Trustee”), as supplemented by the Twenty-Sixth Supplemental Trust Indenture, dated [April •], 2025 (the “Twenty- Sixth Supplemental Indenture” and, together with the Trust Indenture, the “Indenture”), between the City and the Trustee. *Capitalized terms not otherwise defined in this letter are used as defined in the Indenture.*

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Series 2025A Bonds, a copy of the signed and authenticated Bond of the first maturity for each series of Series 2025A Bonds, a certified copy of the Bond Legislation, an executed counterpart of the Trust Indenture, an executed counterpart of the Twenty-Sixth Supplemental Indenture, and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. The Series 2025A Bonds and the Indenture are valid and binding obligations of the City, enforceable in accordance with their respective terms.
2. The Series 2025A Bonds constitute special obligations of the City, and the principal of and interest on (collectively, “debt service”) the Series 2025A Bonds, together with debt service on any other obligations issued and outstanding on a parity with the Series 2025A Bonds as provided in the Trust Indenture, are payable from and secured solely by the Airport Revenues and Special Funds established under the Trust Indenture. The payment of debt service on the Series 2025A Bonds is not secured by an obligation or pledge of any money raised by taxation, and the Series 2025A Bonds do not represent or constitute a general obligation or a pledge of the faith and credit of the City, the State of Ohio or any of its political subdivisions.
3. Interest on the Series 2025A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. Interest on the Series 2025A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on, and any profit made on the sale, exchange or other disposition of, the Series 2025A Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial

institutions, and the net worth base of the corporate franchise tax. We express no opinion as to any other tax consequences regarding the Series 2025A Bonds.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined, (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the City and (iii) the due authorization, signing and delivery by, and the binding effect upon and enforceability against, the Trustee of the Indenture.

We express no opinion herein regarding the priority of the lien on Airport Revenues and Special Funds or other funds created by the Indenture.

In rendering those opinions with respect to treatment of the interest on the Series 2025A Bonds under the federal tax laws, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the City. Failure to comply with certain of those covenants subsequent to issuance of the Series 2025A Bonds may cause interest on the Series 2025A Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

The rights of the owners of the Series 2025A Bonds and the enforceability of the Series 2025A Bonds, the Bond Legislation and the Indenture are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities.

No opinions other than those expressly stated herein are implied or shall be inferred as a result of anything contained in or omitted from this letter. The opinions expressed in this letter are stated only as of the time of its delivery and we disclaim any obligation to revise or supplement this letter thereafter. Our engagement as bond counsel in connection with the original issuance and delivery of the Series 2025A Bonds is concluded upon delivery of this letter.

Respectfully submitted,

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENTS

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Continuing Disclosure Certificate of the City

City of Cleveland Airport System Revenue Bonds Series 2025A (Non-AMT)

This CONTINUING DISCLOSURE CERTIFICATE, dated _____, 2025 (the “Certificate”), is made, signed and delivered by the CITY OF CLEVELAND, OHIO, a municipal corporation and political subdivision duly organized and existing under its Charter and the Constitution and laws of the State of Ohio (the “City”), for the benefit of the Holders and Beneficial Owners (as defined herein) from time to time of the City’s Airport System Revenue Bonds, Series 2025A (the “Series 2025A Bonds”), authorized by Ordinance No. 1261-2022, passed by the Council of the City on December 9, 2022 (the “Bond Ordinance”).

RECITALS

The City, by passage of the Bond Ordinance, has determined to issue the Series 2025A Bonds to provide funds for Division (as defined herein) purposes, and Jefferies LLC, as representative of the underwriters identified in the Bond Purchase Agreement, dated _____, 2025 (collectively, the “Participating Underwriter”), has agreed to provide those funds to the City by purchasing the Series 2025A Bonds. As a condition to the purchase of the Series 2025A Bonds from the City and the sale of the Series 2025A Bonds to Holders and Beneficial Owners, the Participating Underwriter is required to reasonably determine that the City has undertaken, in a written agreement for the benefit of Holders and Beneficial Owners of the Series 2025A Bonds, to provide certain information in accordance with the Rule (as defined herein).

NOW, THEREFORE, in accordance with the Bond Ordinance, the City covenants and agrees as set forth in this Continuing Disclosure Certificate.

SECTION 1. Purpose of Continuing Disclosure Certificate. This Certificate is being entered into, signed and delivered for the benefit of the Holders and Beneficial Owners of the Series 2025A Bonds and in order to assist the Participating Underwriter of the Series 2025A Bonds in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (“SEC”) pursuant to the Securities Exchange Act of 1934, as may be amended from time to time (the “Rule”).

SECTION 2. Definitions. In addition to the definitions set forth above, the following capitalized terms shall have the following meanings in this Certificate, unless the context clearly otherwise requires. Reference to “Sections” shall mean sections of this Certificate.

“Annual Filing” means any Annual Information Filing provided by the City pursuant to, and as described in, Sections 3 and 4.

“Audited Financial Statements” means the audited basic financial statements of the City’s Department of Port Control, Divisions of Cleveland Hopkins International and Burke Lakefront Airports, prepared in conformity with generally accepted accounting principles.

“Beneficial Owner” means any person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2025A Bonds (including persons holding

Series 2025A Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2025A Bonds for federal income tax purposes.

“Division” means the Divisions of Cleveland Hopkins International and Burke Lakefront Airports, a division of the City’s Department of Port Control.

“EMMA” means the Electronic Municipal Market Access system of the MSRB; information regarding submissions to EMMA is available at <http://emma.msrb.org>.

“Filing Date” means the last day of the ninth month following the end of each Fiscal Year (or the next succeeding business day if that day is not a business day), beginning September 30, 2025.

“Financial Obligation” means a (a) debt obligation, (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) guarantee of an obligation or instrument described in either clause (a) or (b). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means the 12-month period beginning on January 1 of each year or such other 12-month period as the Division shall adopt as its fiscal year.

“Holder” means, with respect to the Series 2025A Bonds, the person in whose name a Series 2025A Bond is registered in accordance with the Indenture.

“Indenture” means the Amended and Restated Trust Indenture (Seventeenth Supplemental Trust Indenture dated as of November 11, 2011), that became effective January 31, 2012 (the “Trust Indenture”), as supplemented by the Twenty-Sixth Supplemental Trust Indenture dated _____, 2025, each between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (in such capacity, the “Trustee”).

“MSRB” means the Municipal Securities Rulemaking Board.

“Obligated Person” means, any person, including the issuer of municipal securities (such as the Series 2025A Bonds), who is generally committed by contract or other arrangement to support payment of all or part of the obligations on the municipal securities being sold in an offering document (such as the Official Statement).

“Official Statement” means the Official Statement for the Series 2025A Bonds dated _____, 2025.

“Participating Underwriter” means any of the original underwriters of the Series 2025A Bonds required to comply with the Rule in connection with offering of the Series 2025A Bonds.

“Specified Events” means any of the events with respect to the Series 2025A Bonds as set forth in Section 5(a).

“State” means the State of Ohio.

SECTION 3. Provision of Annual Information.

(a) The City shall provide (or cause to be provided) not later than the Filing Date to the MSRB an Annual Filing, which is consistent with the requirements of Section 4. The Annual Filing shall be submitted in an electronic format and contain such identifying information as is prescribed by the MSRB, and may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4; provided that if the Audited Financial Statements of the Division are unavailable on the Filing Date, the City shall submit unaudited financial statements, if available, with the Annual Filing on the Filing Date and then submit the Audited Financial Statements of the Division when available. If the Division's Fiscal Year changes, it shall give notice of such change in the same manner as for a Specified Event under Section 5.

(b) If the City is unable to provide to the MSRB an Annual Filing by the Filing Date, the City shall, in a timely manner, send a notice to the MSRB in an electronic format as prescribed by the MSRB.

(c) The City agrees to use reasonable efforts to cause each obligated person other than the City to provide or cause to be provided to the MSRB an Annual Report as such term is defined in the Continuing Disclosure Agreement, dated as of the date hereof, by and between United Airlines, Inc. and the Trustee.

SECTION 4. Content of Annual Filing. The Division's Annual Filing shall contain or include by reference the following:

(a) Financial information and operating data (historical only) of the type included in the Official Statement under the following:

- (i) under "THE AIRPORT SYSTEM," the following tables:
 - (1) "Summary of Recent Historical Airport Activity,"
 - (2) "Monthly Enplanement Comparison at the Airport"
 - (3) "Historical Domestic Originating and Connecting Enplanements" and
 - (4) "Airlines and Market Shares"
- (ii) under "AIRPORT FINANCIAL INFORMATION," the following tables:
 - (1) "Sources of Airport Revenues,"
 - (2) "Operating Results,"
 - (3) "Reconciliation of Operating Results," and
 - (4) "Bond Service Coverage Calculation."

(b) The Audited Financial Statements of the Division utilizing generally accepted accounting principles applicable to governmental units as described in the Official Statement, except as may be modified from time to time and described in such financial statements; provided that if the Audited Financial Statements of the Division are unavailable on the Filing Date, the City shall submit unaudited financial statements, if available, with the Annual Filing on the Filing Date and then submit the Audited Financial Statements of the Division when available.

The foregoing shall not obligate the City to prepare or update projections of any financial information or operating data.

Any or all of the items listed above may be included by specific reference to other documents, including annual informational statements of the City or official statements of debt issues of the City or related public entities that have been submitted to the MSRB or the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting Specified Events.

(a) The City shall provide (or cause to be provided) to the MSRB, in an electronic format and containing such identifying information as is prescribed by the MSRB and in a timely manner but not later than ten business days after the occurrence of the event, notice of any of the following events with respect to the Series 2025A Bonds, as specified by the Rule:

- (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) (Issuance of) 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 security (i.e., the Series 2025A Bonds), or other material events affecting the tax status of the security;
- (vii) Modifications to rights of security 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 2025A Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the City;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (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 City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the City, any of which reflect financial difficulties.

(b) For the Specified Events described in Section 5(a)(ii), (vi, as applicable), (vii), (viii, as applicable), (x), (xiii), (xiv) and (xv), the City acknowledges that it must make a determination whether such Specified Event is material under applicable federal securities laws in order to determine whether a filing is required.

SECTION 6. Amendments. The City reserves the right to amend this Certificate, and noncompliance with any provision of this Certificate may be waived, as may be necessary or appropriate to achieve its compliance with any applicable federal securities law or rule, to cure any ambiguity, inconsistency or formal defect or omission, and to address any change in circumstances arising from a change in legal requirements, change in law, or change in the identity, nature, or status of the City, or type of business conducted by the City. Any such amendment or waiver shall not be effective unless the Certificate (as amended or taking into account such waiver) would have materially complied with the requirements of the Rule at the time of the primary offering of the Series 2025A Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances and until the City shall have received either (i) a written opinion of bond counsel or other qualified independent special counsel selected by the City that the amendment or waiver would not materially impair the interests of Holders or Beneficial Owners or (ii) the written consent to the amendment or waiver of the Holders of at least a majority of the principal amount of the Series 2025A Bonds then outstanding. An Annual Filing containing any revised operating data or financial information shall explain, in narrative form, the reasons for any such amendment or waiver and the impact of the change on the type of operating data or financial information being provided. If the amendment relates to the accounting principles to be followed in preparing Audited Financial Statements, the City shall provide notice of such change in the same manner as for a Specified Event under Section 5 and the Annual Filing for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements or information as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 7. Additional Information. Nothing in this Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Certificate or providing any other means of communication, or including any other information in any Annual Filing or providing notice of the occurrence of an event, in addition to that which is required by this Certificate. If the City chooses to include any information in any document or notice of occurrence of an event in addition to that which is specifically required by this Certificate, the City shall have no obligation under this Certificate to update such information or include it in any future Annual Filing or notice of occurrence of a Specified Event.

SECTION 8. Remedy for Breach. This Certificate shall be solely for the benefit of the Holders and Beneficial Owners from time to time of the Series 2025A Bonds. The exclusive remedy for any breach of the Certificate by the City shall be limited, to the extent permitted by law, to a right of Holders and Beneficial Owners to institute and maintain, or to cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by the City of its obligations under this Certificate in a court in Cuyahoga County, Ohio. Any such proceedings shall be instituted and maintained only in accordance with Section 133.25(B)(4)(b) or (C)(1) of the Revised Code (or any like or comparable successor provisions); provided that any Holder or Beneficial Owner may exercise individually

any such right to require the City to specifically perform its obligation to provide or cause to be provided a pertinent filing if such a filing is due and has not been made. Any Beneficial Owner seeking to require the City to comply with this Certificate shall first provide at least 30 days' prior written notice to the City of the City's failure, giving reasonable detail of such failure, following which notice the City shall have 30 days to comply. A default under this Certificate shall not be deemed an event of default under the Indenture, and the sole remedy under this Certificate in the event of any failure of the City to comply with this Certificate shall be an action to compel performance. No person or entity shall be entitled to recover monetary damages under this Certificate.

SECTION 9. Appropriation. The performance by the City of its obligations under this Certificate shall be subject to the availability of funds and their annual appropriation to meet costs that the City would be required to incur to perform those obligations. The City shall provide notice to the MSRB in the same manner as for a Specified Event under Section 5 of the failure to appropriate funds to meet costs to perform the obligations under this Certificate.

SECTION 10. Termination. The obligations of the City under the Certificate shall remain in effect only for such period that the Series 2025A Bonds are outstanding in accordance with their terms and the City remains an Obligated Person with respect to the Series 2025A Bonds within the meaning of the Rule. The obligation of the City to provide the information and notices of the events described above shall terminate, if and when the City no longer remains such an Obligated Person.

SECTION 11. Dissemination Agent. The City may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

SECTION 12. Beneficiaries. This Certificate shall inure solely to the benefit of the City, any dissemination agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Series 2025A Bonds, and shall create no rights in any other person or entity.

SECTION 13. Recordkeeping. The City shall maintain records of all Annual Filings and notices of Specified Events and other events including the content of such disclosure, the names of the entities with whom such disclosures were filed and the date of filing such disclosure.

SECTION 14. Governing Law. This Certificate shall be governed by the laws of the State of Ohio.

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IN WITNESS WHEREOF, the City has caused this Continuing Disclosure Certificate to be duly signed and delivered to the Participating Underwriter, as part of the Series 2025A Bond proceedings and in connection with the original delivery of the Series 2025A Bonds to the Participating Underwriter, on its behalf by its officials signing below, all as of the date set forth above, and the Holders and Beneficial Owners from time to time of the Series 2025A Bonds shall be deemed to have accepted this Certificate made in accordance with the Rule.

CITY OF CLEVELAND, OHIO

By: _____
Paul Barrett
Director of Finance

By: _____
Bryant Francis
Director of Port Control

Approved as to form:

By: _____
Name: Debra Rosman
Title: Assistant Director of Law

Continuing Disclosure Agreement of United Airlines

City of Cleveland Airport System Revenue Bonds Series 2025A (Non-AMT)

THIS CONTINUING DISCLOSURE AGREEMENT (this “Agreement”) is made and entered into as of _____, 2025, by and between United Airlines, Inc., a Delaware corporation (the “Company”), and The Bank of New York Mellon Trust Company, N.A., a national banking association, duly organized and validly existing under the laws of the United States of America and duly organized to exercise corporate trust powers under the laws of the State of Ohio, as trustee (the “Trustee”). All terms capitalized but not otherwise defined herein shall have the meanings assigned to those terms in the Indenture (as defined herein).

WHEREAS, the City of Cleveland, Ohio (the “City”) has determined to issue its Airport System Revenue Bonds, Series 2025A (Non-AMT) (the “Series 2025A Bonds”), pursuant to the Amended and Restated Trust Indenture (Seventeenth Supplemental Trust Indenture dated as of November 1, 2011) that became effective January 31, 2012 (the “Trust Indenture”), as supplemented by the Twenty-Sixth Supplemental Trust Indenture dated _____, 2025, between the City and the Trustee (the Trust Indenture, as supplemented, is herein referred to as the “Indenture”);

WHEREAS, the Series 2025A Bonds have been offered and sold pursuant to a Preliminary Official Statement dated March 11, 2015, and the City has entered into a Bond Purchase Agreement dated _____, 2025 with Jefferies LLC (the “Representative”), for itself and as representative of the underwriters named therein (together with the Representative, the “Underwriters”), relating to the sale of the Series 2025A Bonds;

WHEREAS, the City, as an obligated person under the Rule (as defined herein), has delivered a Continuing Disclosure Certificate dated as of _____, 2025 in conjunction with the issuance of the Series 2025A Bonds;

WHEREAS, the Company is obligated under certain provisions of the Use Agreements with the City to pay terminal complex rental rates and landing fee rates to the City to produce Airport Revenues sufficient to meet the Revenue Bond Rate Covenant;

WHEREAS, as of the date hereof, the Company accounts for 20% or more of the Airport Revenues at Cleveland Hopkins International Airport (the “Airport”); and

WHEREAS, the Company has agreed to provide for the disclosure of certain information concerning the Company and other matters on an on-going basis as set forth herein for the benefit of the Bondholders.

NOW, THEREFORE, in consideration of the mutual promises and agreements made herein and in the Indenture, the receipt and sufficiency of which consideration is hereby mutually acknowledged, the parties hereto agree as follows:

Section 1. Definitions. The following capitalized terms shall have the following meanings:

“Annual Financial Information” shall mean such reports as the Company files with the SEC on Form 10-K or a successor form (including all materials physically included therewith or incorporated by reference therein) and, in the event that the Company no longer is required to file such reports on Form 10-K or a successor form, the Company’s audited financial statements prepared in accordance with generally accepted accounting principles and such related financial and operating data disclosure as is made available to the Company’s public shareholders generally or, in the event that the Company no longer is required to file such reports on Form 10-K or a successor form and no longer has any public shareholders, information concerning the Company’s business and properties, selected financial data and management’s discussion and analysis, together with the Company’s audited financial statements prepared in accordance with generally accepted accounting principles, comparable to the information contained in such report on Form 10-K.

“Annual Report” shall mean the Annual Report described in and provided pursuant to Section 3 hereof.

“Bondholders” or “holders” shall mean the Holders of the Series 2025A Bonds as defined in the Indenture.

“Business Day” shall mean any day other than a Saturday, Sunday, or a day on which the Trustee is required or authorized by law or executive order to close and is closed.

“Filing Date” shall mean the 120th day following the end of each Fiscal Year (or the next Business Day if that day is not a Business Day).

“Fiscal Year” shall mean each fiscal year of the Company, commencing with the fiscal year ending December 31, 2025.

“Notice Addresses”:

Trustee: The Bank of New York Mellon Trust Company, N.A.
601 Travis Street
Houston, TX 77002
Attention: Global Corporate Trust
Telephone No.: 313-320-2153
Facsimile No.: _____

Company: United Airlines, Inc.
233 South Wacker Drive, HDQFT
Chicago, Illinois 60606
Attention: Carol Manning
Telephone No.: 872-825-7655
Facsimile No.: 872-825-0316

City: City of Cleveland
Department of Finance
601 Lakeside Avenue, Room 104
Cleveland, Ohio 44114
Attention: Director of Finance
Telephone No.: 216-664-2536
Facsimile No.: 216-664-2535

“Obligated Person” has the meaning assigned to it in Section 7 hereof.

“Participating Underwriters” shall mean any Underwriter required to comply with the Rule in connection with the offering of the Series 2025A Bonds.

“Primary Offering” has the meaning assigned to it in paragraph (f) of the Rule.

“Repository” means the Municipal Securities Rulemaking Board, currently through its Electronic Municipal Market Access system (<http://emma.msrb.org/>).

“Rule” shall mean Rule 15c2-12(b) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission.

The captions and headings in this Agreement are solely for convenience of reference and in no way define, limit or describe the scope or intent of any Sections, subsections, paragraphs, subparagraphs or clauses hereof. Reference to a “Section” means a section of this Agreement, unless otherwise indicated.

Section 2. General Provisions. This Agreement is being executed and delivered by the Company for the benefit of the Bondholders and in order to assist the Participating Underwriters in complying with the Rule. Nothing herein shall add to or limit the rights, duties or obligations of the Trustee under the Indenture. In its actions under this Agreement, the Trustee shall be entitled to the same protection in so acting under this Agreement as it has in acting as Trustee under the Indenture.

Section 3. Provision of Annual Reports. The Company hereby agrees to provide or cause to be provided, the Annual Financial Information for the preceding Fiscal Year to the Repository, not later than the Filing Date for that Fiscal Year when obligated to do so. If, in a given year during the term hereof, the Company is not so obligated, it shall provide or cause to be provided notice thereof to the Repository not later than 15 Business Days prior to the Filing Date. The Company expects that the Annual Financial Information will be provided by cross-reference to documents filed by the Company with the SEC, including, but not limited to, the Company’s Form 10-K.

Section 4. Content of the Annual Report. The Annual Report shall contain or incorporate by reference the Annual Financial Information. The Annual Financial Information may be included by specific reference from other documents which have previously been provided to the Repository or to the SEC.

Section 5. Notice of Certain Events. The Company agrees to provide or cause to be provided to the Repository and to the Trustee, in a timely manner, as applicable, (i) notice of its failure to provide or cause to be provided the Annual Financial Information on or prior to the Filing Date, (ii) notice of any change in the Company’s Fiscal Year, (iii) notice of any change in the accounting principles applied in the preparation of the Annual Financial Information to the extent not disclosed in such Annual Financial Information, and (iv) notice of termination of this Agreement. Upon receipt of the information set forth in the preceding sentence from the Company, the Trustee shall be entitled to assume that the Company has provided such information to the Repository. The Trustee shall have no responsibility for providing any of such information received by it hereunder to the Repository unless directed in writing to do so by the Company.

Section 6. Means of Reporting Information. Information provided by the Company shall be transmitted electronically, through the Electronic Municipal Market Access (“EMMA”) system, to the

Repository, or by whatever means are mutually acceptable to the Company and the Repository, as applicable.

Section 7. Termination of Reporting Obligation. The obligations of the Company under this Agreement shall terminate at such time as the earlier to occur of the following: (i) all the Series 2025A Bonds are paid and discharged or deemed paid and discharged for purposes of the Indenture or (ii) the Company ceases to be an Obligated Person. For purposes of this Agreement, the Company shall be an “Obligated Person” and shall provide the information and notices in the time and manner called for under this Agreement if and for as long as: (A) for any fiscal year of the City during the term hereof, the Company is obligated under a lease, use agreement or other agreement and, for each of the two preceding fiscal years of the City, accounts for (1) at least 15% of the Airport Revenues and more than 40% of the enplaned passengers at the Airport or (2) 20% or more of the Airport Revenues, or (B) the Company is otherwise an obligated person with respect to the Series 2025A Bonds within the meaning of the Rule, if the Rule has been amended or modified after the date hereof to provide for a standard as to who constitutes such an obligated person that is different from the objective standard set forth in the foregoing clause (A) and that is applicable to the Company or if the SEC publishes information after the date hereof which makes it otherwise clear that the Company is such an obligated person.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Company may amend this Agreement, and any provision of this Agreement may be revised if the Company and the Trustee have received an opinion of counsel knowledgeable in federal securities laws 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. Any such amendment shall be described by the Company in the next Annual Report following the effective date of such amendment.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Company from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report, in addition to that which is required by this Agreement. If the Company chooses to include any information in any Annual Report in addition to that which is specifically required by this Agreement, the Company shall have no obligation to update such information or include it in any future Annual Report.

Section 10. Default; Remedies. Failure of the Company to perform any of its undertakings contained in this Agreement shall not constitute an event of default with respect to the Series 2025A Bonds. The right of the Bondholders to enforce the provisions of this Agreement shall be limited to an action in mandamus, and no money damages shall be recoverable under any circumstances.

Section 11. Beneficiaries. This Agreement shall inure to the benefit of the Company, the City, the Participating Underwriters and the Bondholders, and shall create no rights in any other person or entity.

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Section 12. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Ohio; provided that, to the extent that the SEC or any other federal or state agency or regulatory body with jurisdiction over the Series 2025A Bonds shall have promulgated any rule or regulation governing the subject matter hereof; this Agreement shall be interpreted and construed in a manner consistent therewith.

_____, 2025

UNITED AIRLINES, INC.

By: _____

Title: _____

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.

By: _____

Title: _____

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

1. The Depository Trust Company (“DTC”), will act as securities depository for the Series 2025A Bonds (the “Securities”). The Securities 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 Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue 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 issue.

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

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the

identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities 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 Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or 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 Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to Tender Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to Tender Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to Tender Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

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

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

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APPENDIX F

**DEPARTMENT OF PORT CONTROL DIVISIONS OF CLEVELAND HOPKINS
INTERNATIONAL AND BURKE LAKEFRONT AIRPORTS REPORT ON AUDIT OF
FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**

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CITY OF CLEVELAND, OHIO



**DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
For the year ended December 31, 2023**

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PORT CONTROL DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL AND BURKE LAKEFRONT AIRPORTS

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OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

INDEPENDENT AUDITOR'S REPORT

City of Cleveland
Department of Port Control
Divisions of Cleveland Hopkins International
and Burke Lakefront Airports
Cuyahoga County
601 Lakeside Avenue
Cleveland, Ohio 44114

To the Honorable Justin M. Bibb, Mayor, Members of City Council and the Audit Committee and the Department of Port Control, Divisions of Cleveland Hopkins International and Burke Lakefront Airports:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Department of Port Control, Divisions of Cleveland Hopkins International and Burke Lakefront Airports of the City of Cleveland, Cuyahoga County, Ohio (the Divisions), as of and for the year ended December 31, 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Department of Port Control, Divisions of Cleveland Hopkins International and Burke Lakefront Airports of the City of Cleveland as of December 31, 2023, and the changes in financial position and cash flows, thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Divisions, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Presentation

As discussed in Note A, the financial statements of the Department of Port Control, Divisions of Cleveland Hopkins International and Burke Lakefront Airports of the City of Cleveland, are intended to present the financial position, the changes in financial position, and cash flows, of only that portion of the business-type activities and major fund of the City of Cleveland that is attributable to the transactions of the Department of Port Control, Divisions of Cleveland Hopkins International and Burke Lakefront Airports. They do not purport to, and do not, present fairly the financial position of the City of Cleveland as of December 31, 2023, the changes in its financial position or, where applicable, cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Divisions' internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Divisions' basic financial statements. The Schedule of Airport Revenues and Operating Expenses as Defined in the Airline Use Agreements, the Schedule of Passenger Facility Revenue and Interest and the Schedule of Expenditures of Passenger Facility Charges (the schedules), as required by the *Passenger Facility Charge Audit Guide for Public Agencies* (the Guide), issued by the Federal Aviation Administration are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



Keith Faber
Auditor of State
Columbus, Ohio

June 27, 2024

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**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

MANAGEMENT’S DISCUSSION AND ANALYSIS

GENERAL

As management of the City of Cleveland’s (the City) Department of Port Control, Divisions of Cleveland Hopkins International (CLE) and Burke Lakefront (BKL) Airports (the Divisions), we offer readers of the Divisions’ financial statements this narrative overview and analysis of the financial activities of the Divisions for the year ended December 31, 2023. Please read this information in conjunction with the Divisions’ basic financial statements and notes that begin on page 18.

The Divisions are charged with the administration and control of, among other facilities, the municipally owned airports of the City. The Divisions operate a major public airport and a reliever airport serving not only the City, but also suburban municipalities in Cuyahoga, Medina, Summit and Geauga counties. In 2023, the Divisions were served by nine scheduled United States (U.S.) based airlines, two foreign based airlines, ten regional U.S. based airlines, two regularly scheduled charters and five U.S. based all – cargo airlines. There were 46,000 scheduled landings with landed weight amounting to 5,949,755,000 pounds. There were approximately 4,939,000 passengers enplaned at Cleveland Hopkins International Airport and 96,000 passengers enplaned at Burke Lakefront Airport during 2023.

COMPARISON OF CURRENT YEAR AND PREVIOUS YEAR DATA

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Divisions exceeded its liabilities and deferred inflows of resources (net position) by \$457,811,000 and \$428,252,000 at December 31, 2023 and 2022, respectively. Of these amounts, \$164,219,000 and \$135,340,000 (unrestricted net position) at December 31, 2023 and 2022, respectively, may be used to meet the Divisions’ ongoing obligations to customers and creditors.
- The Divisions’ total net position increased by \$29,559,000 in 2023.
- Additions to capital assets totaled \$16,084,000 in 2023.
- The major capital projects during 2023 were the Smart Parking Garage Improvements, Jet Bridge Purchase, and Fire Suppression Systems.
- The Divisions’ total bonded debt decreased by \$43,535,000 in 2023. This was the result of the regularly scheduled principal payments made on the Divisions’ outstanding bonds.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Divisions' basic financial statements. The accompanying financial statements present financial information for the City of Cleveland's Divisions of Cleveland Hopkins International and Burke Lakefront Airports Fund, in which the City accounts for the operations of the Department of Port Control. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Divisions are considered an Enterprise Fund because the operations of the Divisions are similar to a private sector business enterprise. Accordingly, in accounting for the activities of the Divisions, the economic resources measurement focus and the accrual basis of accounting is used. This is similar to businesses in the private sector.

The basic financial statements of the Divisions can be found on pages 18-23 of this report.

The notes to the financial statements provide additional information that is essential to gain a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 25-57 of this report. The required supplementary information can be found on pages 59-62 of this report. The Schedule of Airport Revenues and Operating Expenses as Defined in the Airline Use Agreement can be found on page 63 of this report. The Schedule of Passenger Facility Revenue and Interest Report can be found on page 64 and the Schedule of Expenditures of Passenger Facility Charges can be found on page 65. The Notes to Schedules of Revenue, Interest, and Expenditure of Passenger Facility Charges can be found on page 66. The Independent Auditor's Report on Compliance with Requirements Applicable to the Passenger Facility Program and on Internal Control Over Compliance in Accordance with 14 CFR Part 158 can be found on pages 67-69 of this report.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION

Provided below is condensed statement of net position information for the Divisions as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
	(Amounts in Thousands)	
Assets and deferred outflows of resources:		
Assets:		
Current assets	\$ 154,451	\$ 156,714
Restricted assets	256,772	228,633
Non-current assets	286	5,110
Capital assets, net	<u>606,031</u>	<u>650,825</u>
Total assets	1,017,540	1,041,282
Deferred outflows of resources	29,628	18,635
Liabilities, deferred inflows of resources and net position:		
Liabilities:		
Current liabilities	99,401	100,242
Long-term obligations	<u>480,435</u>	<u>502,078</u>
Total liabilities	579,836	602,320
Deferred inflows of resources	9,521	29,345
Net position:		
Net investment in capital assets	141,802	145,542
Restricted for debt service	125,890	121,693
Restricted for capital projects	21	21
Restricted for passenger and customer facility charges	25,593	20,546
Restricted for net pension and OPEB assets	286	5,110
Unrestricted	<u>164,219</u>	<u>135,340</u>
Total net position	<u>\$ 457,811</u>	<u>\$ 428,252</u>

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Assets and Deferred Outflow of Resources: Total assets and deferred outflows of resources decreased \$12,749,000 or 1.2% in 2023. The changes are primarily due to a decrease in capital assets. Current assets decreased \$2,263,000 as a result of a decrease in current cash offset by an increase in unbilled revenue and due from other governments. The decrease in current cash is a result of increased cash payments. The increase in unbilled revenue and due from other governments is a result of timing of billings. Leases receivable increased as a result of the GASB Statement No. 87 application. Deferred outflows of resources related to pension and OPEB increased resulting from changes in assumptions.

Capital Assets: The Divisions' capital assets as of December 31, 2023 amounted to \$606,031,000 (net of accumulated depreciation and amortization), which is a decrease of 6.9%. These capital assets include: land; land improvements; buildings, structures and improvements; furniture, fixtures and equipment; infrastructure; vehicles; right to use assets; and construction in progress. There was an increase in building, structures and improvements of \$6,008,000 due to items being removed from construction in progress and placed into service.

A summary of the activity in the Divisions' capital assets during the year ended December 31, 2023 is as follows:

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023
(Amounts in Thousands)				
Land	\$ 166,882	\$	\$	\$ 166,882
Land improvements	102,687	4,411		107,098
Buildings, structures and improvements	399,574	6,008		405,582
Furniture, fixtures and equipment	101,523	702		102,225
Infrastructure	1,078,975	1,757		1,080,732
Vehicles	22,206	92		22,298
Right to use assets		877		877
Total	1,871,847	13,847	-	1,885,694
Less: Accumulated depreciation and amortization	(1,257,648)	(54,314)	-	(1,311,962)
Total	614,199	(40,467)	-	573,732
Construction in progress	36,626	2,237	(6,564)	32,299
Capital assets, net	\$ 650,825	\$ (38,230)	\$ (6,564)	\$ 606,031

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Major events during 2023 affecting the Divisions’ capital assets included the following:

- **CLE Ground Transportation Center Upgrades Project:** This is a design-build project consisting of designing and constructing a new ground transportation center at the north end of the terminal, directly adjacent to the existing terminal. The project includes demolition and removal of existing pavement and other obstructions in the project area. The new facility includes canopies and all major upgrades including underground utilities, electrical, mechanical, plumbing, fire protection, architectural, landscaping, signage and any other necessary systems. Work began in 2020 and was mostly completed in 2021 and 2022. The ground transportation center was completed in 2023.
- **Cooling Chiller Replacement:** The purpose of this project is to replace the existing aging Main Terminal Chilled Water Units and associated piping with newer more efficient units and updated automated controls. Additional work performed on this project is the replacement of an existing non-functional cooling tower and associated chiller unit on the Ramp Level of Concourse C located between Gates C-8 and C-10. Work began with the replacement of the cooling tower and removal of the existing chiller unit on Concourse C starting in January of 2021 and ending in August of 2021. Replacement of the Main Terminal Chillers started in November of 2021 and was mostly completed in 2022. Additional work was performed in 2023 with the anticipation of the project being completed by end of 2024.
- **Hotel Road Improvement:** This project includes removal and grading of concrete as well as performing concrete work and adding catch basins as well as re-directing the road to allow access back to the airport. This project started in 2020 and was completed in 2023.
- **Smart Parking Garage Improvements:** The purpose of this project was to perform major repairs including replacing concrete joints, sealing cracks, and adding crash wall support brackets. This project included reducing the number of available parking spaces by 2,000 and closed portions of the garage for several months. The improvements began and were completed in 2023.
- **Jet Bridge Purchase:** In 2023, a new jet bridge was purchased to replace another one. A jet bridge is the enclosed, movable connector that extends from the terminal to the airplane. This project includes the purchase and installation of the jet bridge. This jet bridge should be installed and operational in 2024.
- **Fire Suppression Systems:** In 2023, a lot of progress was made with the fire suppression systems for CLE and Burke. This project includes fire alarm replacement at the main terminal.

Additional information on the Divisions’ capital assets, including commitments made for future capital expenses can be found in Note A – Summary of Significant Accounting Policies and Note E – Capital Assets to the basic financial statements.

Liabilities: In 2023, total liabilities decreased \$22,484,000 or 3.7%. Current liabilities decreased \$841,000 or 0.8% as a result of a decrease in landing fee settlement and interest payable. Long-term liabilities decreased \$21,643,000 or 4.3% due to a decrease in revenue bonds payable offset by an increase of net pension liability.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Net Pension/OPEB Liabilities/(Assets): The net pension liability is reported by the Divisions at December 31, 2023 and is reported pursuant to Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions — an Amendment of GASB Statement No. 27*. In 2018, the Divisions adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Divisions' actual financial condition by adding deferred inflows of resources related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net pension asset, net OPEB asset and deferred outflows of resources related to pension and OPEB.

GASB standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*) and postemployment benefits (GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability/(asset) or net OPEB liability/(asset). GASB Statement No. 68 and GASB Statement No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB Statement No. 68 and GASB Statement No. 75 require the net pension liability/(asset) and the net OPEB liability/(asset) to equal the Divisions' proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the employment exchange that is, the employee is trading his or her labor in exchange for wages, benefits and the promise of a future pension and OPEB. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Divisions are not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State Statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State Statute. The Ohio Revised Code (the ORC) permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liabilities of the pension/OPEB plans against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability/(asset) or the net OPEB liability/(asset). As previously explained, changes in benefits, contribution rates and return on investments affect the balance of these liabilities, but are outside the control of the Divisions. In the event that contributions, investment returns and other changes are insufficient to keep up with required payments, State Statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability/(asset) and the net OPEB liability/(asset) are satisfied, these liabilities/(assets) are separately identified within the long-term liability or non-current assets section of the statement of net position.

In accordance with GASB Statement No. 68 and GASB Statement No. 75, the Divisions' statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability/(asset) and net OPEB liability/(asset), respectively, not accounted for as deferred inflows/outflows of resources.

As a result of implementing GASB Statement No. 75, the Divisions are reporting a net OPEB liability/(asset) and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Long-Term Debt: At December 31, 2023 and 2022, the Divisions had \$471,570,000 and \$515,105,000 respectively, in total bonded debt outstanding. The Airport System Revenue Bonds are secured by the pledge of all airport revenues, as defined in the revenue bond indenture.

The activity in the Divisions’ debt obligations outstanding during the year ended December 31, 2023 is summarized below:

	Balance January 1, 2023	Debt Issued	Debt Retired	Balance December 31, 2023
(Amounts in Thousands)				
Airport System Revenue Bonds:				
Series 2007	\$ 2,795	\$	\$ (885)	\$ 1,910
Series 2011	2,065		(1,015)	1,050
Series 2016	116,585		(20,260)	96,325
Series 2018	83,200		(8,920)	74,280
Series 2019	310,460	_____	(12,455)	298,005
Total	<u>\$ 515,105</u>	<u>\$ -</u>	<u>\$ (43,535)</u>	<u>\$ 471,570</u>

The bond ratings from Moody’s Investors Service, S&P Global Ratings and Fitch Ratings are as follows:

Moody’s Investors Service	S&P Global Ratings	Fitch Ratings
A2	A	A-

On August 11, 2022, S&P Global Ratings upgraded its rating on the Divisions’ revenue bonds from A- to A (stable). This upgrade was the result of the increasing activity in the airline industry as it comes out of the COVID-19 pandemic.

The ratio of net revenue available for debt service to debt service requirements (revenue bond coverage) is a useful indicator of the Divisions’ debt position to management, customers and creditors. The Divisions’ revenue bond coverage for 2023 was 156%.

Additional information on the Divisions’ long-term debt can be found in Note B – Long-Term Debt and Other Obligations to the basic financial statements.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Net Position: Net position serves as a useful indicator of an entity's financial position. In the case of the Divisions, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$457,811,000 and \$428,252,000 at December 31, 2023 and 2022, respectively. Of the Divisions' net position at December 31, 2023 and 2022, \$141,802,000 and \$145,542,000, respectively, reflects its investment in capital assets (e.g., construction in progress; land; land improvements; buildings, structures and improvements; furniture, fixtures and equipment; vehicles; infrastructure; and right to use assets) net of accumulated depreciation and amortization, less any related, still-outstanding debt used to acquire those assets. The Divisions use these capital assets to provide services to their customers. Consequently, these assets are not available for future spending.

Although the Divisions' investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Divisions' net position represents resources that are subject to external restrictions. At December 31, 2023 and 2022, the restricted net position amounted to \$151,790,000 and \$147,370,000, respectively. The restricted net position included amounts set aside in various fund accounts for capital projects and for payment of revenue bonds, which are limited by the bond indentures and passenger facility charges imposed and collected at CLE based on an approved FAA application. Passenger facility charges are restricted for designated capital projects and approved debt service. Customer facility charges are also restricted for designated capital projects, pension and OPEB amount is restricted. The remaining balance of unrestricted net position, \$164,219,000 and \$135,340,000 for December 31, 2023 and 2022, respectively, may be used to meet the Divisions' ongoing obligations to customers and creditors.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INFORMATION

The Divisions’ net position increased by \$29,559,000 in 2023. Provided below are key elements of the Divisions’ results of operations as of and for the years ended December 31, 2023 and 2022:

	2023	2022
	(Amounts in Thousands)	
Operating revenues:		
Landing fees, terminal and concourse rentals	\$ 61,791	\$ 54,557
Concessions	65,595	55,825
Utility sales and other	8,170	7,505
Total operating revenues	<u>135,556</u>	<u>117,887</u>
Operating expenses	<u>137,678</u>	<u>128,018</u>
Operating income (loss)	(2,122)	(10,131)
Non-operating revenue (expense):		
Non-operating revenue (expense)	2,979	(4,172)
Gain (loss) on disposal of capital asset	100	
Investment income (loss)	16,919	5,463
Interest expense	(17,059)	(19,080)
Amortization of bond discounts/premiums and loss on debt refundings	1,218	1,737
Total non-operating revenue (expense), net	<u>4,157</u>	<u>(16,052)</u>
Capital contributions - passenger and customer facility charges	24,260	17,535
Capital and other contributions	<u>3,264</u>	<u>17,059</u>
Change in net position	29,559	8,411
Net position, beginning of year	<u>428,252</u>	<u>419,841</u>
Net position, end of year	<u>\$ 457,811</u>	<u>\$ 428,252</u>

Operating Revenues: Operating revenues for 2023 were \$135,556,000. There was a loss on landing fee revenue. This loss was related to the Divisions having a payable to the airlines at year-end. Scheduled terminal rentals accounted for \$49,491,000 or 36.5% of total operating revenues. Parking revenues increased \$3,954,000 or 10.8% from 2022 due to an increase in demand for services. Parking revenues amounted to \$40,627,000 or 30.0% of total operating revenues for 2023. The fourth largest airport revenue source, terminal concessions revenue accounted for \$17,939,000 or 13.2% of operating revenue. Another major revenue source, rental cars, accounted for 10.0% of total operating revenues. The increases of operating revenues are due to increased passengers and flights.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

**CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INFORMATION (Continued)**

Operating Expenses: Total operating expenses for 2023 increased \$9,660,000 or 7.5%. The increase is primarily due to an increase in employee benefits of \$9,192,000. This is a result of the net pension and OPEB expenses. The Net OPEB expense component of salaries, wages and benefits increased due to changes in assumptions.

Non-Operating Revenue and Expenses: Non-operating revenues and expenses changed by \$20,209,000. Interest income increased related to interest rates being greater than in prior years.

Capital and Other Contributions: In 2023 there was a decrease in capital and other contributions of \$13,795,000 due to decrease of funds received related to CARES Act, Airport Coronavirus Response Grant Program (CRRSA), and Federal Airport Improvement grants. Capital contributions related to passenger and customer facility charges increased \$6,725,000 as a result of more passengers and the implementation of the customer facility charges.

**FACTORS EXPECTED TO IMPACT THE DIVISIONS' FINANCIAL POSITION OR RESULTS OF
OPERATIONS**

The recovery in air travel continued in 2023. The leisure market segment continues to lead the industry exceeding 2019 levels. Although business travel continues to lag, it has been improving. Outbound trips undertaken during 2023 remained lower than its pre-pandemic level in 2019 but analyst forecast outbound business travel is set to reach pre-pandemic levels in 2024. Despite the challenges, non-airline revenues increased during 2023. Non-airline revenues including concessions, parking and ride shares increased \$12,073,000.

With new airlines and new destinations, it is anticipated that there will be increased passenger traffic. In 2023, AerLingus inaugurated the Cleveland to Dublin market. Frontier Airlines announced an expansion that offers new flights to San Diego, San Francisco, Dallas, Charlotte and several other destinations. In addition to offering more flights, Frontier is making CLE a crew base. This will result in Frontier taking on additional space in the terminal as well as hiring more employees locally.

Frontier continues dramatic growth in Cleveland, along with establishing a crew base and new inaugural destination in May, the airline now serves 29 destinations. The new to Cleveland destinations include Pensacola, Salt Lake City, Austin, New Orleans, Savannah, Jacksonville, and Charleston.

ADDITIONAL INFORMATION

This financial report is designed to provide a general overview of the Divisions' finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Finance Director, City Hall, Room 104, 601 Lakeside Avenue, Cleveland, Ohio 44114.

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BASIC FINANCIAL STATEMENTS

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

**STATEMENT OF NET POSITION
DECEMBER 31, 2023
(Amounts in Thousands)**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	123,488
Restricted cash and cash equivalents		3,407
Receivables:		
Accounts-net of allowance for doubtful accounts of \$406		2,067
Leases receivable		7,552
Unbilled revenue		5,123
Accrued interest receivable		19
Total receivables		14,761
Prepaid expenses		1,460
Due from other funds		5
Due from other governments		8,603
Materials and supplies-at cost		2,727
		TOTAL CURRENT ASSETS
		154,451

RESTRICTED ASSETS

Cash and cash equivalents		252,939
Accrued interest receivable		667
Accrued passenger facility charges		2,541
Accrued customer facility charges		625
		TOTAL RESTRICTED ASSETS
		256,772

NON-CURRENT ASSETS

Net pension asset		286
		TOTAL NON-CURRENT ASSETS
		286

CAPITAL ASSETS

Land		166,882
Land improvements		107,098
Buildings, structures and improvements		405,582
Furniture, fixtures and equipment		102,225
Infrastructure		1,080,732
Vehicles		22,298
Right to use assets		877
		1,885,694
Less: Accumulated depreciation and amortization		(1,311,962)
		573,732
Construction in progress		32,299
		CAPITAL ASSETS, NET
		606,031
		TOTAL ASSETS
		1,017,540

DEFERRED OUTFLOWS OF RESOURCES

Loss on refunding		11,016
Pension		16,167
OPEB		2,445
		TOTAL DEFERRED OUTFLOWS OF RESOURCES
		29,628

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

STATEMENT OF NET POSITION

DECEMBER 31, 2023

(Amounts in Thousands)

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

LIABILITIES

CURRENT LIABILITIES

Current portion of long-term debt, due within one year	\$ 45,760
Accounts payable	6,265
Unearned revenue	2,028
Landing fee settlement payable to airlines	24,293
Due to other funds	731
Current portion of accrued wages and benefits	3,523
Current portion subscriptions payable	126
Accrued interest payable	8,529
Accrued property taxes	4,739
Construction fund payable from restricted assets	3,407
TOTAL CURRENT LIABILITIES	99,401

LONG-TERM OBLIGATIONS - excluding amounts due within one year

Revenue bonds	438,789
Subscriptions	248
Net pension liability	39,172
Net OPEB liability	825
Accrued wages and benefits	1,401
TOTAL LONG-TERM OBLIGATIONS	480,435

TOTAL LIABILITIES 579,836

DEFERRED INFLOWS OF RESOURCES

Leases	7,455
Pension	1,768
OPEB	298
TOTAL DEFERRED INFLOWS OF RESOURCES	9,521

NET POSITION

Net investment in capital assets	141,802
Restricted for debt service	125,890
Restricted for capital projects	21
Restricted for passenger and customer facility charges	25,593
Restricted for net pension and OPEB assets	286
Unrestricted	164,219
TOTAL NET POSITION	\$ 457,811

See notes to financial statements.

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**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended December 31, 2023
(Amounts in Thousands)**

OPERATING REVENUES	
Landing fees, terminal rentals, and concourse rentals:	
Scheduled airlines	\$ 42,089
Other	19,702
	61,791
Concessions	65,595
Utility sales and other	8,170
TOTAL OPERATING REVENUES	135,556
OPERATING EXPENSES	
Operations	80,182
Maintenance	3,182
Depreciation and amortization	54,314
TOTAL OPERATING EXPENSES	137,678
	OPERATING INCOME (LOSS) (2,122)
NON-OPERATING REVENUE (EXPENSE)	
Non-operating revenue (expense)	2,979
Gain (loss) on disposal of capital asset	100
Investment income (loss)	16,919
Interest expense	(17,059)
Amortization of bond discounts/premiums and loss on debt refundings	1,218
TOTAL NON-OPERATING REVENUE (EXPENSE) - NET	4,157
	INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS 2,035
Capital contributions - passenger and customer facility charges	24,260
Capital and other contributions	3,264
	INCREASE (DECREASE) IN NET POSITION 29,559
	NET POSITION, BEGINNING OF YEAR 428,252
	NET POSITION, END OF YEAR \$ 457,811

See notes to financial statements.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

**STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023
(Amounts in Thousands)**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 129,293
Cash payments to suppliers for goods and services	(52,817)
Cash payments to employees for services	(31,607)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	44,869

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	(6,993)
Cash receipts for passenger facility charges	19,050
Cash receipts for customer facility charges	4,184
Principal paid on long-term debt	(43,535)
Interest paid on long-term debt	(18,070)
Capital grant proceeds	1,265
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(44,099)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received on investments	16,734
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	16,734

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	17,504
Cash and cash equivalents, beginning of year	362,330
Cash and cash equivalents, end of year	\$ 379,834

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

**STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023
(Amounts in Thousands)**

**RECONCILIATION OF OPERATING INCOME (LOSS) TO
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES**

OPERATING INCOME (LOSS)	\$ (2,122)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation and amortization	54,314
Changes in assets:	
Accounts receivables	(1,688)
Leases receivable	(317)
Unbilled revenue	(2,780)
Prepaid expenses	(312)
Due from other City of Cleveland departments, divisions or funds	(2)
Materials and supplies, at cost	(63)
Net pension asset	261
Net OPEB asset	4,563
Changes in deferred outflows of resources:	
Pension	(10,753)
OPEB	(2,411)
Changes in liabilities:	
Accounts payable	972
Unearned revenue	913
Due to other City of Cleveland departments, divisions or funds	20
Accrued wages and benefits	24
Subscriptions	374
Landing fee adjustment	(2,640)
Accrued property taxes	(788)
Net pension liability	26,303
Net OPEB liability	825
Changes in deferred inflows of resources:	
Leases	289
Pension	(15,494)
OPEB	(4,619)
TOTAL ADJUSTMENTS	46,991
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 44,869

Schedule of Noncash Capital and Related Financing Activities:

Accounts payable related to capital assets	\$ 3,407
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See notes to financial statements.

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**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Divisions of Cleveland Hopkins International and Burke Lakefront Airports (the Divisions) are reported as an Enterprise Fund of the City of Cleveland, Department of Port Control and are part of the City of Cleveland’s (the City) primary government. The Divisions were created for the purpose of operating the airports within the Cleveland Metropolitan Area. The following is a summary of the more significant accounting policies.

Reporting Model and Basis of Accounting: The accounting policies and financial reporting practices of the Divisions comply with accounting principles generally accepted in the United States of America applicable to governmental units.

In May of 2020, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, (SBITA) was issued. This Statement is effective for reporting periods beginning after June 15, 2022. The objectives of this Statement are to (1) define a subscription-based information technology arrangement (SBITA); (2) establish that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provide the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) require note disclosures regarding a SBITA. As required, the Divisions have implemented GASB Statement No. 96 as of December 31, 2023.

In April of 2022, GASB Statement No. 99, *Omnibus 2022*, was issued. This Statement is effective for reporting periods beginning after June 15, 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. As required, the Divisions have implemented GASB Statement No. 99 as of December 31, 2023.

The Divisions’ net position accounted for in the accompanying statement of net position and the net position is divided into the following categories:

- Net investment in capital assets
- Amount restricted for capital projects
- Amount restricted for debt service
- Amount restricted for passenger and customer facility charges
- Amount restricted for net pension and OPEB assets
- Remaining unrestricted amount

In addition, certain additional financial information regarding the Divisions is included in these notes.

Basis of Accounting: The Divisions’ financial statements are prepared under the accrual basis of accounting. Under this method, revenues are recognized when earned and measurable and expenses are recognized when incurred.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement of Cash Flows: The Divisions utilize the direct method of reporting for the statement of cash flows as defined by the GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. In the statement of cash flows, cash receipts and cash payments are classified according to operating, non-capital financing, capital and related financing and all investment activities.

Cash and Cash Equivalents: Cash and cash equivalents represent cash on hand and cash deposits maintained by the City Treasurer on behalf of the Divisions. Cash equivalents are defined as highly liquid investments with a maturity of three months or less when purchased.

Investments: The Divisions follow the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*, which requires governmental entities to record their investments at fair value within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets. Level 2 inputs are significant other observable inputs valued by pricing sources used by the City's investment managers. Level 3 inputs are significant unobservable inputs. The Divisions' investments in money market mutual funds and State Treasury Asset Reserve of Ohio (STAR Ohio) funds are excluded from fair value measurement requirements under GASB Statement No. 72 and instead are reported at amortized cost.

The Divisions have invested funds in STAR Ohio during 2023. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79 for the purpose of measuring the value of shares in STAR Ohio. The Divisions measure their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

Unbilled Revenue: Unbilled revenues are estimates for services rendered but not billed to customers at year end.

Inventory of Supplies: The Divisions' inventory is valued at cost using the first in/first out method. Inventory costs are charged to operations when consumed.

Prepaid Expenses and Other Assets: Payments made to vendors for services that benefit future periods are recorded as prepayments in the financial statements. A current asset for the prepaid amount is recorded at the time of purchase and the expense is reported in the year in which services are consumed.

Interfund Transactions: During the course of normal operations, the Divisions have numerous transactions between other City divisions and departments. Unpaid amounts at year end are generally reflected as due to or due from in the accompanying financial statements.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Assets: Proceeds from debt and amounts set aside in various fund accounts for payment of revenue bonds are classified as restricted assets since their use is limited by the bond indentures.

Restricted for Passenger Facility Charges: These assets are for passenger facility charges imposed and collected at CLE based on an approved FAA application. These are restricted for designated capital projects or debt service.

Restricted for Customer Facility Charges: The assets are for customer facility charges imposed and collected at CLE based on renting a vehicle. These are restricted for planning, development, financing, construction and operation of the Rental Car Facility, Rental Car Facility improvements and related infrastructure.

Capital Assets and Depreciation: Capital assets are stated on the basis of historical cost or, if contributed, at their acquisition value on the date contributed. Depreciation is computed by allocating the cost of capital assets less any applicable salvage value over the estimated useful lives of the assets using the straight-line method. A capital asset is defined as a tangible item with a useful life in excess of one year and an individual cost of more than \$5,000 for furniture, fixtures, equipment and vehicles and \$10,000 for all other assets. When capital assets are disposed of, the cost and related accumulated depreciation are removed from the accounts with gains or losses on disposition being reflected in operations. The estimated useful lives are as follows:

Land Improvements	15 to 100 years
Buildings, structures and improvements	5 to 60 years
Furniture, fixtures and equipment	3 to 35 years
Infrastructure	3 to 50 years
Vehicles	3 to 35 years

Right to use assets are amortized over the shorter of the contract term or useful life of the underlying asset.

Bond Issuance Costs, Discounts/Premiums and Unamortized Losses on Debt Refundings: Bond issuance costs are expensed when incurred. Deferred bond discounts/premiums are netted against long-term debt. The discounts/premiums are amortized over the lives of the applicable bonds. Unamortized loss on debt refundings are categorized as a deferred outflow of resource and is amortized over the shorter of the defeased bond or the newly issued bond.

Compensated Absences: The Divisions accrue for compensated absences such as vacation, sick leave and compensatory time using the termination payment method specified under GASB Statement No. 16, *Accounting for Compensated Absences*. The portion of the compensated absence liability that is not expected to be paid or utilized within one year is reported as a long-term liability. These amounts are recorded as accrued wages and benefits in the accompanying statements of net position.

Normally, all vacation time is to be taken in the year available. The Divisions allow employees to carryover vacation time from one year to the next. Sick days not taken may be accumulated until retirement. An employee is paid one-third of accumulated sick leave upon retirement, calculated at the three-year average base salary rate, with the balance being forfeited.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Environmental Expenses: Environmental expenses consist of costs incurred for remediation efforts to airport property. Environmental expenses that relate to current operations are expensed or capitalized, as appropriate. Environmental expenses that relate to existing conditions caused by past operations and which do not contribute to future revenues are expensed. Liabilities are recorded when remedial efforts are probable and the costs can be reasonably estimated.

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resource (expense) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resource (revenue) until that time.

Net Pension/OPEB Liabilities/(Asset): For purposes of measuring the net pension/OPEB liabilities/(asset), deferred outflows of resources and deferred inflows of resources related to pension/OPEB and pension/OPEB expenses, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB systems report investments at fair value.

Non-Operating Revenues (Expenses): Non-operating expenses relate to expenses of the Divisions incurred for purposes other than the operations of the airports and consist primarily of interest costs incurred on the Divisions' long-term debt. The funding for non-operating expenses is non-operating revenue (passenger facility charges, customer facility charges, revenue bonds and federal grants).

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023**

NOTE B – LONG-TERM DEBT AND OTHER OBLIGATIONS

Long-term debt outstanding at December 31, 2023 is as follows:

	Interest Rate	Original Issuance	2023
(Amounts in Thousands)			
Airport System Revenue Bonds:			
Series 2007, due through 2027	5.00%	\$ 11,255	\$ 1,910
Series 2011, due through 2024	4.00%	74,385	1,050
Series 2016, due through 2031	5.00%	144,355	96,325
Series 2018, due through 2048	3.50%-5.00%	109,685	74,280
Series 2019, due through 2033	2.26%-5.00%	341,675	298,005
		\$ 681,355	471,570
Unamortized (discount) premium			12,979
Current portion (due within one year)			(45,760)
Total Long-Term Debt			\$ 438,789

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023**

NOTE B – LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

Summary: Changes in long-term obligations for the year ended December 31, 2023 are as follows:

	Balance January 1, 2023	Increase	Decrease	Balance December 31, 2023	Due Within One Year
(Amounts in Thousands)					
Airport System Revenue Bonds:					
Series 2007	\$ 2,795	\$	\$ (885)	\$ 1,910	\$ 930
Series 2011	2,065		(1,015)	1,050	1,050
Series 2016	116,585		(20,260)	96,325	21,325
Series 2018	83,200		(8,920)	74,280	9,190
Series 2019	310,460		(12,455)	298,005	13,265
Total revenue bonds	515,105	-	(43,535)	471,570	45,760
Accrued wages and benefits	4,900	3,653	(3,629)	4,924	3,523
Net pension liability	12,869	26,303		39,172	
Net OPEB liability		825		825	
Subscriptions		374		374	126
Total	<u>\$ 532,874</u>	<u>\$ 31,155</u>	<u>\$ (47,164)</u>	<u>\$ 516,865</u>	<u>\$ 49,409</u>

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023**

NOTE B – LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

Minimum principal and interest payments on long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	(Amounts in Thousands)		
2024	\$ 45,760	\$ 15,995	\$ 61,755
2025	47,550	14,073	61,623
2026	49,235	12,314	61,549
2027	51,025	10,460	61,485
2028	54,995	8,634	63,629
2029-2033	187,195	18,450	205,645
2034-2038	9,385	7,356	16,741
2039-2043	11,745	4,963	16,708
2044-2048	14,680	1,907	16,587
Total	<u>\$ 471,570</u>	<u>\$ 94,152</u>	<u>\$ 565,722</u>

The Airport System Revenue Bonds are secured by the pledge of all airport revenues, as defined in the revenue bond indenture. Further, the City has assigned to the trustee all its interest in and rights to the airline use agreements under the revenue bond indenture. Amounts held in trust may be invested by the City Treasurer or the trustee in permitted investments. However, the use of funds is limited by the bond indenture and, accordingly, is classified as restricted assets in these financial statements.

As of December 31, 2023, the Divisions were in compliance with the terms and requirements of the bond indenture.

The indenture, as amended, requires, among other things, that the Divisions (1) make equal monthly deposits to the Bond Service Fund to have sufficient assets available to meet debt service requirements on the next payment date; (2) maintain the Bond Service Reserve Fund equal in amount to the maximum annual debt service to be paid in any year; and (3) as long as any revenue bonds are outstanding, charge such rates, fees and charges for use of the airport system to produce in each year, together with other available funds, net revenues (as defined) at least equal to the greater of (a) 116.0% of the annual debt service due in such year on all outstanding revenue bonds and general obligation debt or (b) 125.0% of the annual debt service due in such year on all outstanding bonds.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023**

NOTE B – LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

Effective October 1, 2019, the City issued \$341,675,000 Airport System Revenue Bonds, Series 2019A-C. The \$301,665,000 Series 2019A Taxable Bonds were issued to advance refund the \$235,150,000 Series 2012A Bonds and to currently refund the outstanding \$52,050,000 of Series 2013A Bonds. Bond proceeds in the amount of \$248,355,650 along with \$3,694,402 released from the debt service reserve fund and \$2,965,914 released from the Series 2012A Bond Fund, were placed in an irrevocable escrow account for the payment of the principal and interest on the Series 2012A Bonds. The \$34,605,000 Series 2019B AMT Bonds currently refunded the variable rate \$20,100,000 Series 2009D Bonds and the \$18,170,000 Series 2014A Bonds. Finally, the \$5,405,000 Series 2019C Non-AMT Bonds currently refunded the outstanding variable rate \$5,975,000 Series 2008D Bonds. As a result of this refunding, the City achieved an economic gain (the difference between the present values of the old and new debt service) of \$22,494,000 of net present value debt service savings or 6.8% while also eliminating all of Port Control's remaining variable rate bonds and terminating its letters of credit and direct placements on those bonds.

From time to time, the Divisions have defeased certain Revenue Bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on old bonds. At December 31, 2023, the Airport System had no defeased Revenue Bonds outstanding.

The City has pledged future airport revenues to repay \$471,570,000 in Airport System Revenue Bonds issued in various years since 2007. Proceeds from the bonds provided financing for airport operations. The bonds are payable from airport revenues and are payable through 2048. Annual principal and interest payments on the bonds are expected to require less than 62.7% of net revenues. The total principal and interest remaining to be paid on the various Airport System Revenue Bonds is \$565,722,000. Principal and interest funded in the current year and total net revenues (including other available funds) were \$62,819,000 and \$98,237,000, respectively.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023**

NOTE C – SPECIAL FACILITY REVENUE BONDS

Airport Special Revenue Bonds, Series 1998, totaling \$75,120,000 were issued in 1998 to finance the design and construction of certain airport facilities leased to Continental Airlines, now United Continental Holdings, Inc., including a new regional jet concourse. Because all principal and interest on these bonds is unconditionally guaranteed by United Airlines and paid directly by United Airlines, these bonds do not constitute a debt, liability or general obligation of the City or a pledge of the City's revenues. As such, no liabilities relating to these bonds are included in the accompanying financial statements.

NOTE D – DEPOSITS AND INVESTMENTS

Deposits: The Divisions' carrying amount of deposits at December 31, 2023, totaled approximately \$35,869,000 and the Divisions' bank balance was approximately \$34,470,000. The difference represents positions in pooled bank accounts and normal reconciling items. Based on the criteria described in GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements* and GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an Amendment of GASB Statement No. 3*, \$34,470,000 of the bank balances at December 31, 2023 was insured or collateralized with securities held by the City or by its agent in the City's name.

Custodial credit risk for deposits is the risk that in the event of bank failure, the Divisions will not be able to recover deposits or collateral for securities that are in possession of an outside party. At year end, the Divisions' deposits were fully insured or collateralized. All deposits are collateralized with eligible securities pledged and deposited either with the City or with a qualified trustee by the financial institution as security for repayment of all public monies deposited in the financial institution whose market value at all times is equal to at least 110% of the carrying value of the deposits being secured.

Investments: In accordance with GASB Statement No. 72, the City reports its investments at fair value based on quoted market values, where applicable and recognized the corresponding change in the fair value of the investments recorded in investment earnings in the year in which the change occurs. The City's investment policies are governed by State Statutes and City ordinances which authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities; STAR Ohio; commercial paper; U.S. Government Money Market Mutual Funds; guaranteed investment contracts; manuscript debt; bonds and other State of Ohio obligations; certificates of deposit; and repurchase transactions. Such repurchase transactions must be purchased from financial institutions or registered broker/dealers. Repurchase transactions are not to exceed a period of one year and confirmation of securities pledged must be obtained.

Generally, investments are recorded and are kept at the Federal Reserve Bank in the depository institutions' separate custodial account for the City, apart from the assets of the depository institution. Ohio Statutes prohibit the use of Reverse Repurchase Agreements.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023**

NOTE D – DEPOSITS AND INVESTMENTS (Continued)

Investment securities are exposed to various risks such as interest rate, market and credit risk. Market values of securities fluctuate based on the magnitude of changing market conditions; significant changes in market conditions could materially affect portfolio value.

The following is a summary of the fair value hierarchy of the fair value of investments of the Divisions (excluding STAR Ohio and money market mutual funds) as of December 31, 2023.

Type of Investment	Fair Value	Fair Value Measurement Using Level 2
(Amounts in Thousands)		
Other Investments	\$ 329	\$ 329
Total Investments	\$ 329	\$ 329

Interest Rate Risk: As a means of limiting its exposure to fair value losses caused by rising interest rates, the Divisions invest primarily in both short and long-term investments maturing within five years from the date of purchase. The intent is to avoid the need to sell securities prior to maturity. Investment maturities are disclosed in the Concentration of Credit Risk section.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Divisions will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party.

Credit Risk: The Divisions' investments as of December 31, 2023, include STAR Ohio, money market mutual funds and other. The Divisions maintain the highest ratings for their investments. Investments in STAR Ohio, the Dreyfus Government Cash Management Fund, Morgan Stanley Government Institutional Mutual Funds and the Federated Government Obligations Fund carry a rating of AAAM, which is the highest money market fund rating given by S&P Global. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023**

NOTE D – DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk: The Divisions place a limitation on the amount that may be invested in any one issuer to help minimize the concentration of credit risk. The Divisions had the following investments at December 31, 2023, which include those classified as cash and cash equivalents in the statement of net position in accordance with the provisions of GASB Statement No. 9, since they have a maturity of three months or less:

Type of Investment	2023 Value	2023 Cost	Investment Maturities Less than One Year
(Amounts in Thousands)			
STAR Ohio	\$ 182,164	\$ 182,164	\$ 182,164
Money Market Mutual Funds	161,472	161,472	161,472
Other Investments	329	329	329
Total Investments	343,965	343,965	343,965
Total Deposits	35,869	35,869	35,869
Total Deposits and Investments	\$ 379,834	\$ 379,834	\$ 379,834

These amounts are monies invested by the City Treasurer on behalf of the Divisions and are used in daily operations with excess monies invested daily in STAR Ohio and money market mutual funds. These investments are carried at cost which approximates fair value. Investment type Other Investments consist of deposits into collective cash escrow pools managed by either Bank of New York or U.S. Bank National Association, as trustees.

As of December 31, 2023, the investments in STAR Ohio, money market mutual funds and other investments are approximately 53.0%, 46.9%, and 0.1%, respectively, of the Divisions' total investments.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023**

NOTE E – CAPITAL ASSETS

Capital Asset Activity: Capital Asset Activity for the year ended December 31, 2023 was as follows:

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023
	(Amounts in Thousands)			
Capital Assets, not being depreciated:				
Land	\$ 166,882	\$	\$	\$ 166,882
Construction in progress	36,626	2,237	(6,564)	32,299
Total capital assets, not being depreciated	203,508	2,237	(6,564)	199,181
Capital assets, being depreciated and amortized:				
Land improvements	102,687	4,411		107,098
Buildings, structures and improvements	399,574	6,008		405,582
Furniture, fixtures and equipment	101,523	702		102,225
Infrastructure	1,078,975	1,757		1,080,732
Vehicles	22,206	92		22,298
Right to use assets		877		877
Total capital assets, being depreciated	1,704,965	13,847	-	1,718,812
Less: Total accumulated depreciation and amortization	(1,257,648)	(54,314)		(1,311,962)
Total capital assets being depreciated, net	447,317	(40,467)	-	406,850
Capital assets, net	<u>\$ 650,825</u>	<u>\$ (38,230)</u>	<u>\$ (6,564)</u>	<u>\$ 606,031</u>

Commitments: As of December 31, 2023, the Divisions had capital expenditure purchase commitments outstanding of approximately \$32,318,000.

NOTE F – LEASES AND CONCESSIONS

In June 2017, the GASB issued Statement No. 87, *Leases*. The Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources (based on contract provisions). Under this Statement, a lessor is required to recognize a lease receivable and deferred inflow of resources while a lessee is required to recognize a lease liability and deferred outflow of resources for each contract whose terms meet the definition of a lease. This recognition is intended to enhance the relevance and consistency of information about governments' leasing activities.

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NOTE F – LEASES AND CONCESSIONS (Continued)

Leases Scope:

GASB Statement No. 87 – Scope: Per GASB 87 (“the Statement”), a lease is defined as, “A contract that conveys control of the right to use another entity’s nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction.” A contract conveys control if the user of the underlying asset possesses both: the right to obtain present service capacity and the right to determine the nature and manner of its use. The transaction is “exchange-like” when both parties receive and sacrifice something of approximate equal value.

Accounting treatment for leases required by the Statement applies to non-financial assets. Assets that are non-financial in nature including intangible assets, biological assets, inventory leases, supply contracts, and service concession arrangements are considered out of scope.

Accounting Treatment at Adoption:

The Divisions are a lessor in all noncancellable leases. In accordance with GASB Statement No. 87, leases that commenced before the adoption date of January 1, 2022 are considered to have commenced on this date. All leases with base rent payments adjusted by an index or rate (e.g., consumer price index (CPI)) have their receivables measured based upon the most recent adjustment as of January 1, 2022, unless otherwise noted. In accordance with the Statement, the Divisions do not recognize a lease receivable and a deferred inflow of resources for certain regulated leases. Instead, inflows of resources are recognized in the period in which payments are received. See “Certain Regulated Leases” section for required disclosures.

Measurement of Lease Amounts as a Lessor: As the lessor for in-scope leasing arrangements, at the beginning of the lease term, the Divisions recognize a lease receivable based on the net present value of future lease payments to be received for the lease term and a deferred inflow of resources based on net present value calculated using the rate explicit in the contract, the rate implicit in the contract, or the Divisions’ incremental borrowing rate which is estimated using the FHLB CDA rate + 2.00% plus the net impact of any payments to be received at or before the commencement of the lease term that relate to future periods as well as lease incentives payable to the lessee. Leases that meet the GASB’s definition of “Certain Regulated Leases” are the exception to this measurement treatment. See “Certain Regulated Leases” section for required disclosures. Amortization of the receivable is reported as lease and interest revenues. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the lease.

Other Conditions: The Divisions assume optional extension terms present in lease agreements will be exercised unless optional extension periods have undefined future payment terms - these terms are excluded in the calculation of lease term length unless otherwise noted. The Divisions did not record revenue related to residual value guarantees or lease termination penalties.

Short-Term Leases: For short-term lease contracts – defined as having a maximum possible term of 12 months or less - the Divisions recognize revenue based on the payment provisions of the lease contract.

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NOTE F – LEASES AND CONCESSIONS (Continued)

Department as a Lessor:

General Description of Lessor Leasing Arrangements: The Divisions lease space to various non-governmental and governmental lessees for various uses. The Divisions lease space for use as: office space, combined-use space, communications sites, sporting facility, harbors, parking operations hub, and restaurants. These leases have term end dates ranging from October 31, 2023 to May 30, 2053. Most leases require fixed rent payments which are escalating and several require rent based on CPI adjustment.

The Divisions maintain separate leases classified as certain regulated leases – see “Certain Regulated Leases” section for these required disclosures.

Inflows Recognized in Fiscal Year 23 from Leases: For fiscal year 2023, the total amount of inflows of resources recognized from in-scope GASB Statement No. 87 leases for lease and interest revenue is \$2.8 million and \$239,000, respectively. These amounts exclude inflows for certain regulated leases and variable payments not fixed in substance.

Schedule of Future Payments: The table below represents the future expected minimum principal and interest amounts to be received from the existing, in-scope GASB 87 leases:

**Schedule of Future Payments For In-Scope Leases
(Amounts in Thousands)**

Period - Ending December 31	Principal	Interest
2024	\$ 2,756	\$ 204
2025	517	143
2026	311	156
2027	319	161
2028	251	150
2029-2033	658	657
2034-2038	705	509
2039-2043	738	338
2044-2048	588	202
2049-2053	603	58

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NOTE F – LEASES AND CONCESSIONS (Continued)

Variable Inflows: Variable inflows not fixed in substance are recognized in fiscal 2023 and are based on percentage of gross revenues. The table below represents inflows not included in the calculation of lease receivable values:

Variable Inflows	
(Amounts in Thousands)	
Lease Category	Amount
Common Use Space	\$ 5
Office Space	793
Other	240
Parking Operations Space	888
Total	<u>\$ 1,926</u>

Certain Regulated Leases (CRL):

Definition: Certain leases are subject to external laws, regulations or legal rulings that prohibit lessors from denying potential lessees the right to enter into leases (contingent upon facility availability) and require fees imposed on lessees be fair, reasonable, and non-discriminatory. Such leases are termed “certain regulated leases” by the GASB. The Statement provides an exception to its general lessor recognition and measurement requirements for certain regulated leases but requires disclosure of specified quantitative and qualitative information.

These lease agreements are subject to the non-discriminatory criteria outlined in paragraph 43 of GASB Statement No. 87 by the FAA’s *Rates and Charges Policy*. The principals of this policy apply to all aeronautical users of the airport. Paragraph 18.3a of FAA Order 5190.6B (FAA compliance manual) directs the Divisions’ classification of leases as certain regulated leases by noting: “all activities that involve or are directly related to the operation of the aircraft, including activities that make the operation of the aircraft possible and safe. Services located on the airport that are directly and substantially related to the movement of passengers, baggage, mail, and cargo are considered aeronautical uses.”

General Description of CRL Arrangements: The Divisions maintain certain regulated leasing arrangements for air cargo facilities, airlines, aircraft maintenance operations, FBO’s, fuel farms, ground handling operations, hangars, and passenger services. The leases have term end dates ranging from May 31, 2023 to August 31, 2051 and have escalating rent payment terms. There are nine agreements – eight Airlines and one Air Cargo Facility – of the 38 CRL agreements whose lessees have been granted preferential or exclusive use of Airport space (e.g. terminal and/or concourse space). All other agreements only allow lessees non-exclusive use of common Airport space.

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NOTE F – LEASES AND CONCESSIONS (Continued)

CRL's Quantitative Disclosures: The following table represents the inflows recognized for fiscal year 2023 for regulated leasing arrangements:

Inflows Recognized FY23 from CRLs (Amounts in Thousands)	
<u>CRL Category</u>	<u>Total Inflows</u>
Air Cargo Facilities	\$ 1,320
Airlines	90,917
FBOs	2,376
Fuel Farm	100
Ground Handling Operation	971
Hangars & Aircraft Maintenance	1,463
Passenger Services	856
Total	<u>\$ 98,003</u>

The following table represents the future expected minimum payments for regulated leasing arrangements:

Schedule of Future Payments For Regulated Leases (Amounts in Thousands)	
<u>Period - Ending December 31</u>	<u>Amount</u>
2024	\$ 97,873
2025	97,776
2026	7,073
2027	7,061
2028	6,287
2029-2033	9,048
2034-2038	4,403
2039-2043	1,909
2044-2048	464
2049-2053	248

CRL Variable Inflows: Variable inflows not fixed in substance are based on various lessee performance indicators such as: number of planes landed, aircraft parking, and percentage of gross revenues. The variable inflows amounted to \$13.2 million for fiscal year 2023.

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NOTE G – CONTINGENT LIABILITIES AND RISK MANAGEMENT

Contingent Liabilities: Various claims are pending against the City involving the Divisions for personal injuries, property damage and other matters. The City is responsible for the suits. The City's management is of the opinion that ultimate settlement of such claims will not result in a material adverse effect on the Divisions' financial position, results of operations or cash flows.

Risk Management: The Divisions are exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Divisions carry insurance to cover particular liabilities and property protection. Otherwise, the Divisions are generally self-insured. No material losses, including incurred but not reported losses, occurred in 2023. There was no significant decrease in any insurance coverage in 2023. In addition, there were no material insurance settlements in excess of insurance coverage during the past three years.

The City provides the choice of two separate health insurance plans to its employees. The Divisions are charged a monthly rate per employee by type of coverage. The City participates in the State of Ohio's Worker's Compensation retrospective rating program.

In accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, claims liabilities 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 result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs) and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses, regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Claims payable has been included with accounts payable and is considered to be immaterial for the Divisions.

NOTE H – DEFINED BENEFIT PENSION PLANS

Net Pension Liability/(Asset): The net pension liability/(asset) reported on the statement of net position represents a liability/(asset) to employees for pensions. Pensions are a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. Pensions are provided to an employee on a deferred-payment basis as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present liability/(asset) because it was created as a result of employment exchanges that already have occurred.

The net pension liability/(asset) represents the Divisions' proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability/(asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments (COLA) and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

The ORC limits the Divisions' obligation for this liability to annually required payments. The Divisions cannot control benefit terms or the manner in which pensions are financed; however, the Divisions do receive the benefit of employees' services in exchange for compensation including pension.

GASB Statement No. 68 assumes the liability/(asset) is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State Statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State Statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability/(asset). Resulting adjustments to the net pension liability/(asset) would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability/(asset) on the accrual basis of accounting. Any liability/(asset) for the contractually-required pension contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

Ohio Public Employees Retirement System (OPERS): The Divisions' employees participate in the OPERS. OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Divisions' employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Plan.

OPERS provides retirement, disability, survivor and death benefits and annual COLA to members of the Traditional Plan. Authority to establish and amend benefits is provided by Chapter 145 of the ORC. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

FAS represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career. Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual COLA is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.0% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.0%.

Funding Policy: The ORC provides statutory authority for member and employer contributions. For 2023, member contribution rates were 10.0% and employer contribution rates were 14.0%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Divisions’ contractually required contribution was \$3,089,000 for 2023. All required payments have been made.

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NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

Pension Liability/(Asset), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The net pension liability/(asset) for OPERS was measured as of December 31, 2022 and the total pension liability/(asset) used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. The Divisions' proportion of the net pension liability/(asset) was based on the Divisions' share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	Traditional	Combined
	(Amounts in Thousands)	
Proportionate Share of the Net Pension Liability/(Asset)	\$ 39,172	\$ (286)
Proportion of the Net Pension Liability/(Asset)	0.132607 %	0.121178 %
Change in Proportion	(0.015310) %	(0.017568) %
Pension Expense	\$ 4,390	\$ 60

At December 31, 2023, the Divisions reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Traditional	Combined
	(Amounts in Thousands)	
Deferred Outflows of Resources		
Differences between expected and actual economic experience	\$ 1,301	\$ 17
Net difference between projected and actual earnings on pension plan investments	11,165	104
Changes in assumptions	414	19
Change in Divisions' proportionate share and difference in employer contributions		58
Divisions' contributions subsequent to the measurement date	2,993	96
Total Deferred Outflows of Resources	\$ 15,873	\$ 294
 Deferred Inflows of Resources		
Differences between expected and actual economic experience	\$	\$ 41
Change in Divisions' proportionate share and difference in employer contributions	1,714	13
Total Deferred Inflows of Resources	\$ 1,714	\$ 54

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NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

The \$3,089,000 reported as deferred outflows of resources related to pension resulting from the Divisions' contributions subsequent to the measurement date which will be recognized as a reduction/(increase) of the net pension liability/(asset) in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Traditional	Combined	
	(Amounts in Thousands)		
Year Ending December 31:			
2024	\$	324	\$ 9
2025		2,086	24
2026		3,286	32
2027		5,470	51
2028			7
Thereafter			21
Total	\$	11,166	\$ 144

Actuarial Assumptions – OPERS: Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2022
Wage Inflation	2.75%
Future Salary Increases, including inflation	
Traditional Plan	2.75% to 10.75%
Combined Plan	2.75% to 8.25%
COLA or Ad Hoc COLA	2.75%, simple
	Pre 1/7/2013 retirees: 3%, simple
	Post 1/7/2013 retirees: 3%, simple
	through 2023, then 2.05%, simple
Investment Rate of Return	6.9%
Actuarial Cost Method	Individual Entry Age

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NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five year period ended December 31, 2020.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

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NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

The allocation of investment assets with the Defined Benefit Portfolio is approved by the Board of Trustees (the Board) as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2022 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	22.00 %	2.62 %
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other Investments	5.00	3.27
Total	100.00 %	

Discount Rate: The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits 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/(asset).

Sensitivity of the Divisions’ Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate: The following table presents the Divisions’ proportionate share of the net pension liability/(asset) calculated using the current period discount rate assumption of 6.90%, as well as what the Divisions’ proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
(Amounts in Thousands)			
Divisions' proportionate share of the net pension liability/(asset)			
Traditional Plan	\$ 58,679	\$ 39,172	\$ 22,946
Combined Plan	(149)	(286)	(394)

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NOTE I – DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/(Asset): The net OPEB liability/(asset) reported on the statement of net position represents a liability/(asset) to employees for OPEB. OPEB is a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. OPEB are provided to an employee on a deferred-payment basis as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present liability/(asset) because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability/(asset) represents the Divisions' proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability/(asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, COLA and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

The ORC limits the Divisions' obligation for this liability/(asset) to annually required payments. The Divisions cannot control benefit terms or the manner in which OPEB are financed; however, the Divisions do receive the benefit of employees' services in exchange for compensation including OPEB.

GASB Statement No. 75 assumes the liability/(asset) is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The ORC permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/(asset). Resulting adjustments to the net OPEB liability/(asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability/(asset) on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

Plan Description – OPERS: OPERS administers three separate pension plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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NOTE I – DEFINED BENEFIT OPEB PLANS (Continued)

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. Effective January 1, 2022, the Combined Plan is no longer available for member selection. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of OPEB as described in GASB Statement No. 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

The ORC permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the ORC.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Funding Policy: The ORC provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by the Board, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rates permitted by the ORC. Active member contributions do not fund health care.

Each year, the Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan was 0.0% and Combined Plan was 2.0% in 2023. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2022 was 4.0%.

For the year ended December 31, 2023, OPERS did not allocate any employer contributions to the OPEB plan.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
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NOTE I – DEFINED BENEFIT OPEB PLANS (Continued)

OPEB Liability/(Asset), OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: The net OPEB liability/(asset) and total OPEB liability/(asset) for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date as of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment and interest accruals during the year. The Divisions’ proportion of the net OPEB liability/(asset) was based on the Divisions’ share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS
	(Amounts in Thousands)
Proportion of the Net OPEB Liability/(Asset):	
Current Measurement Date	0.130862 %
Prior Measurement Date	0.145685 %
Change in Proportionate Share	(0.014823) %
Proportionate Share of the Net OPEB Liability/(Asset)	\$ 825
OPEB Expense	\$ (1,487)

At December 31, 2023, the Divisions reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
	(Amounts in Thousands)
Deferred Outflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	\$ 1,639
Change in assumptions	806
Total Deferred Outflows of Resources	\$ 2,445
Deferred Inflows of Resources	
Differences between expected and actual experience	\$ 206
Change in assumptions	66
Change in Divisions' proportion share and difference in employers contributions	26
Total Deferred Inflows of Resources	\$ 298

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NOTE I – DEFINED BENEFIT OPEB PLANS (Continued)

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

Year Ending December 31:	OPERS
	(Amounts in Thousands)
2024	\$ 248
2025	596
2026	511
2027	792
Total	\$ 2,147

Actuarial Assumptions – OPERS: Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date as of December 31, 2022. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*:

Wage Inflation	2.75%
Projected Salary Increases, including inflation	2.75% to 10.75%
Single Discount Rate:	
Current Measurement Date	5.22%
Prior Measurement Date	6.00%
Investment Rate of Return	6.00%
Municipal Bond Rate	
Current Measurement Date	4.05%
Prior Measurement Date	1.84%
Health Care Cost Trend Rate:	
Current Measurement Date	5.50%, initial
	3.50%, ultimate in 2036
Prior Measurement Date	5.50% initial
	3.50%, ultimate in 2034
Actuarial Cost Method	Individual Entry Age

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NOTE I – DEFINED BENEFIT OPEB PLANS (Continued)

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five year period ended December 31, 2020.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
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NOTE I – DEFINED BENEFIT OPEB PLANS (Continued)

The allocation of investment assets with the Health Care Portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS’ primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2022 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	34.00 %	2.56 %
Domestic Equities	26.00	4.60
Real Estate Investment Trust	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other Investments	6.00	1.84
Total	<u>100.00 %</u>	

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 15.6% for 2022.

Discount Rate: A single discount rate of 5.22% was used to measure the total OPEB liability/(asset) on the measurement date of December 31, 2022. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 4.05%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, the duration of the projection period through which projected health care payments are fully funded.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
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NOTE I – DEFINED BENEFIT OPEB PLANS (Continued)

Sensitivity of the Divisions' Proportionate Share of the Net OPEB Liability/(Asset) to Changes in the Discount Rate: The following table presents the Divisions' proportionate share of the net OPEB liability/(asset) calculated using the single discount rate of 5.22%, as well as what the Divisions' proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is one-percentage-point lower (4.22%) or one-percentage-point higher (6.22%) than the current rate:

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
(Amounts in Thousands)			
Divisions' proportionate share of the net OPEB liability/(asset)	\$ 2,808	\$ 825	\$ (811)

Sensitivity of the Divisions' Proportionate Share of the Net OPEB Liability/(Asset) to Changes in the Health Care Cost Trend Rate: Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability/(asset). The following table presents the net OPEB liability/(asset) calculated using the assumed trend rates, and the expected net OPEB liability/(asset) if it were calculated using a health care cost trend rate that is one-percentage-point lower or one-percentage-point higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease (2.50%)	Current Health Care Cost Trend Rate Assumption (3.50%)	1% Increase (4.50%)
(Amounts in Thousands)			
Divisions' proportionate share of the net OPEB liability/(asset)	\$ 773	\$ 825	\$ 883

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**NOTES TO FINANCIAL STATEMENTS (Continued)
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NOTE J – RELATED PARTY TRANSACTIONS

The Divisions are provided various intra-city services. Charges are based on actual use or on a reasonable pro-rata basis. The more significant costs for the years ended December 31, 2023 are as follows:

	(Amounts in Thousands)
City Central Services, including police	\$ 12,087
Telephone Exchange	824
Electricity purchased	275
Motor vehicle maintenance	55
Radio Communication	772

NOTE K – LANDING FEE ADJUSTMENT AND INCENTIVE COMPENSATION

Under the terms of the airline use agreements, if the annual statement for the preceding term demonstrates that airport revenues over expenses (both as defined) is greater or less than that used in calculating the landing fee for the then current term, such difference shall be charged or credited to the airlines over the remaining billing periods in the current term. The landing fee adjustment for 2023 was a payable to the airlines from the Division in the amount of \$24,293,000.

The Divisions collected \$16,891,000 landing fee revenue and it was offset by a \$24,293,000 reduction to the scheduled airlines. This resulted in a difference of \$7,402,000. The reduction to landing fee revenue consisted of \$1,324,000 net pension and OPEB expenses related to changes in differences between projected and actual earnings on plan investments. The remaining portion \$22,969,000 is the landing fee adjustment based on budgeted versus actual calculations, excluding the net pension and OPEB figure.

As a result of this activity, airline revenue, terminal and concourse rentals were netted together for scheduled airlines. Salaries, wages and employee benefits were also netted together.

The airline use agreements also provide an incentive for the City to provide the highest quality management for the airport system. There was no incentive compensation expense in 2023.

NOTE L – PASSENGER FACILITY CHARGES

On November 1, 1992, CLE began collecting Passenger Facility Charges (PFC's) subject to title 14, Code of Federal Regulations, Part 158. PFC's are fees imposed on passengers enplaned by public agencies controlling commercial service airports for the strict purpose of supporting airport planning and development projects. The charge is collected by the airlines and remitted to the airport operator net of an administrative fee to be retained by the airline and refunds to passengers.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023**

NOTE L – PASSENGER FACILITY CHARGES (Continued)

As of December 31, 2023, CLE had the authority from the FAA to collect approximately \$619,448,000. Of the \$619,448,000, an estimated 13.9% was spent on noise abatement for the residents of communities surrounding the airport. An additional 51.5% was spent on runway expansion and improvements with the remaining 34.6% was spent on airport development. PFC revenues and related interest earnings are recorded as non-operating revenues and non-capitalized expenses funded by PFC revenues are recorded as non-operating expenses.

NOTE M – MAJOR CUSTOMER

In 2023, operating revenues from one airline group for landing fees, rental and other charges amounted to approximately 39.3% of total operating revenue.

NOTE N – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

A SBITA is defined as a contractual agreement that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction.

The Divisions use various SBITA assets that they contract through cloud computing arrangements, such as software as a service and platform as a service. The related obligations are presented in the amounts equal to the present value of subscription payments, payable during the remaining SBITA term. A SBITA is presented as a right to use asset in the Capital Assets section, on the government-wide *Statement of Net Position* and presented as part of right to use assets in the Capital Assets footnote.

The Divisions have a variety of variable payment clauses, within their SBITA arrangements, including variable payments based on future performance and usage of the underlying asset. Components of variable payments that are fixed in substance, are included in the measurement of the SBITA liability presented in the table below. The Divisions did not incur expenses related to their SBITA activities such as termination penalties, not previously included in the measurement of the SBITA liability, or losses due to impairment.

Furthermore, the Divisions do not have commitments under SBITA that have not commenced as of December 31, 2023.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
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**NOTE N – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)
(Continued)**

As of December 31, 2023, the Divisions had minimum principal and interest payment requirements for its SBITA activities, with a remaining term in excess of one year, as follows:

	Total Principal	Total Interest	Total
	(Amounts in Thousands)		
2024	\$ 126	\$ 9	\$ 135
2025	118	6	124
2026	92	2	94
2027	37	1	38
SBITA Liability:	\$ 373	\$ 18	\$ 391

The Divisions had SBITA assets in the amount of \$877,324 net of accumulated amortization of \$335,324, for a net SBITA asset of \$542,000.

NOTE O – SUBSEQUENT EVENTS

On April 1, 2024, City Council approved legislation authorizing the establishment and issuance of Airport System subordinated debt in a principal amount not to exceed \$175,000,000 in the form of a revolving line of credit and/or a commercial paper program. Funds will be partially used for the initial phase of the Terminal Modernization Development Program.

On June 27, 2024, the Divisions entered into a \$175 million revolving line of credit with PNC Bank, National Association.

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**CITY OF CLEVELAND, OHIO
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REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE DIVISIONS' PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS (1)**

Divisions' Proportion of the Net Pension Liability/(Asset)	Divisions' Proportionate Share of the Net Pension Liability/(Asset)	Divisions' Covered Payroll	Divisions' Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Pension Liability/(Asset)	
(Amounts in Thousands)					
Traditional:					
2014	0.158448 % \$	18,650 \$	17,962	103.83 %	86.36 %
2015	0.158448	19,049	19,825	96.09	86.45
2016	0.155342	27,073	19,800	136.73	81.08
2017	0.159244	34,594	21,125	163.76	77.25
2018	0.161047	24,436	21,508	113.61	84.66
2019	0.160720	43,538	23,029	202.43	74.70
2020	0.158846	30,925	23,393	132.20	82.17
2021	0.159982	23,087	23,936	96.45	86.88
2022	0.147917	12,869	23,450	54.88	96.62
2023	0.132607	39,172	21,671	180.76	75.74
Combined:					
2022	0.138746	(547)	23,450	(2.33)	(169.88)
2023	0.121178	(286)	21,671	(1.32)	137.14

(1) Information presented for each year was determined as of the Divisions' measurement date, which is the prior year-end.

Note to Schedule:

Change in assumptions. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.0% down to 7.5% (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018. For 2019, the following was the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.5% down to 7.2%. There were no changes in assumptions in 2020 and 2021. For 2022, the most significant changes of assumptions that affected the total pension liability since the prior measurement date was the assumed rate of return and discount rate were reduced from 7.2% down to 6.9%. There were no changes in assumptions in 2023.

In 2022, the Division presented the Combined Pension Plan separately. In prior years it was netted with the Traditional Pension Plan.

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REQUIRED SUPPLEMENTARY INFORMATION (Continued)

**SCHEDULE OF CONTRIBUTIONS - NET PENSION LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS (1)**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Divisions' Covered Payroll	Contributions as a Percentage of Covered Payroll
(Amounts in Thousands)					
2014	\$ 2,379	\$ (2,379)	\$ -	\$ 19,825	12.00 %
2015	2,376	(2,376)	-	19,800	12.00
2016	2,535	(2,535)	-	21,125	12.00
2017	2,796	(2,796)	-	21,508	13.00
2018	3,224	(3,224)	-	23,029	14.00
2019	3,275	(3,275)	-	23,393	14.00
2020	3,351	(3,351)	-	23,936	14.00
2021	3,283	(3,283)	-	23,450	14.00
2022	3,034	(3,034)	-	21,671	14.00
2023	3,089	(3,089)	-	22,064	14.00

(1) Represents Divisions' calendar year.

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REQUIRED SUPPLEMENTARY INFORMATION (Continued)

**SCHEDULE OF THE DIVISIONS' PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SEVEN YEARS (1), (2)**

	Divisions' Proportion of the Net OPEB Liability/(Asset)		Divisions' Proportionate Share of the Net OPEB Liability/(Asset)	Divisions' Covered Payroll	Divisions' Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB OPEB Liability/(Asset)
(Amounts in Thousands)						
2017	0.156424 %	\$	15,800	\$ 21,125	74.79 %	54.05 %
2018	0.158429		17,585	21,508	81.76	54.14
2019	0.158845		21,303	23,029	92.51	46.33
2020	0.156651		22,219	23,393	94.98	47.80
2021	0.157690		(2,809)	23,936	(11.74)	115.57
2022	0.145685		(4,563)	23,450	(19.46)	128.23
2023	0.130862		825	21,671	3.81	94.79

(1) Information presented for each year was determined as of the Divisions' measurement date, which is the prior year-end.

(2) Information prior to 2017 is not available. The Divisions will continue to present information for years available until a full ten-year trend is compiled.

Note to Schedule:

In 2018, the single discount rate changed from 4.23% to 3.85%. In 2019, the single discount rate change from 3.85% to 3.96%, the investment rate of return changed from 6.50% to 6.00% and the health care cost trend rate changed from 7.50% initial to 10.00% initial.

In 2020, the single discount rate changed from 3.96% to 3.16% and the health care cost trend rate changed from 10.00% initial, 3.25% ultimate in 2029 to 10.50% initial, 3.50% ultimate in 2030.

In 2021, the single discount rate changed from 3.16% to 6.00% and the health care cost trend rate changed from 10.50% initial, 3.50% ultimate in 2030 to 8.50% initial, 3.50% ultimate in 2035. Also in 2021, the net OPEB liability changed to a net OPEB asset.

In 2022, the health care cost trend rate changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.

In 2023, the single discount rate changed from 6.00% to 5.22%. The municipal bond rate also changed from 1.84% to 4.05%. The health care cost trend rate changed from 8.50% initial, 3.50% ultimate in 2034 to 5.50% initial, 3.50% ultimate in 2036.

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REQUIRED SUPPLEMENTARY INFORMATION (Continued)

**SCHEDULE OF CONTRIBUTIONS - NET OPEB LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST EIGHT YEARS (1), (2), (3)**

Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Divisions' Covered Payroll	Contributions as a Percentage of Covered Payroll
(Amounts in Thousands)				
2016 \$	423 \$	(423) \$	-	21,125
2017	215	(215)	-	21,508
2018	-	-	-	23,029
2019	-	-	-	23,393
2020	-	-	-	23,936
2021	-	-	-	23,450
2022	-	-	-	21,671
2023	-	-	-	22,064

(1) Beginning in 2016, OPERS used one trust as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented

(2) The OPEB plan includes the members from the Traditional Plan, the Combined Plan and the Member- Directed Plan.

(3) Represents Divisions' calendar year. Information prior to 2016 is not available. The Divisions will continue to present information for years available until a full ten-year trend is compiled.

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**SCHEDULE OF AIRPORT REVENUES AND OPERATING EXPENSES
AS DEFINED IN THE AIRLINE USE AGREEMENTS**

For the Year Ended December 31, 2023

(Amounts in Thousands)

	Cleveland Hopkins International	Burke Lakefront	Total
REVENUE			
Airline revenue:			
Landing fees and terminal rentals	\$ 42,089	\$	\$ 42,089
Other	2,594		2,594
	<u>44,683</u>	<u>-</u>	<u>44,683</u>
Operating revenues from other sources:			
Concessions	64,990	605	65,595
Rentals	16,073	416	16,489
Landing fees	957	160	1,117
Other	7,430	242	7,672
	<u>89,450</u>	<u>1,423</u>	<u>90,873</u>
Non-operating revenue:			
Interest income	3,243		3,243
	<u>3,243</u>		<u>3,243</u>
	TOTAL REVENUE	\$ 1,423	\$ 138,799
	<u>\$ 137,376</u>	<u>\$ 1,423</u>	<u>\$ 138,799</u>
OPERATING EXPENSES			
Salaries, wages and employee benefits	\$ 28,789	\$ 1,534	\$ 30,323
City Central Services, including police	13,356	393	13,749
Materials and supplies	6,679	166	6,845
Contractual services	32,044	738	32,782
	<u>80,868</u>	<u>2,831</u>	<u>83,699</u>
	TOTAL OPERATING EXPENSES	\$ 2,831	\$ 83,699
	<u>\$ 80,868</u>	<u>\$ 2,831</u>	<u>\$ 83,699</u>

Note to Schedule:

The Divisions collected \$16,891,000 landing fee revenue and it was offset by a \$24,293,000 reduction to the scheduled airlines. This resulted in a difference of \$7,402,000. The reduction to landing fee revenue consisted of \$1,324,000 net pension and OPEB expenses related to changes in differences between projected and actual earnings on plan investments. The remaining portion \$22,969,000 is the landing fee adjustment based on budgeted versus actual calculations, excluding the net pension and OPEB figure.

As a result of the OPEB activity resulting in a net OPEB asset, airline revenue, terminal and concourse rentals were netted together for scheduled airlines. Salaries, wages and employee benefits were also netted together.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL AND BURKE LAKEFRONT AIRPORTS
SCHEDULE OF PASSENGER FACILITY REVENUE AND INTEREST
For The Year Ended December 31, 2023

	<u>PFC Revenues</u>	<u>Interest</u>	<u>Expenditures</u>	<u>Unliquidated PFC Revenue</u>
Cumulative Balances at January 1, 2023	\$ 531,673,047	\$ 33,044,814	\$ (541,167,787)	\$ 23,550,074
1st quarter activity 2023 activity	4,075,042	224,254	(4,800,000)	(500,704)
2nd quarter activity 2023 activity	4,791,080	245,698	(4,800,000)	236,778
3rd quarter activity 2023 activity	5,155,334	264,655	(4,800,000)	619,989
4th quarter activity 2023 activity	<u>5,028,652</u>	<u>274,845</u>	<u>(4,800,000)</u>	<u>503,497</u>
2023 totals	<u>19,050,108</u>	<u>1,009,452</u>	<u>(19,200,000)</u>	<u>859,560</u>
Cumulative Balances at December 31, 2023	<u>\$ 550,723,155</u>	<u>\$ 34,054,266</u>	<u>\$ (560,367,787)</u>	<u>\$ 24,409,634</u>

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL AND BURKE LAKEFRONT AIRPORTS**

**SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES
For the Year Ended December 31, 2023**

Projects	Approved Project Budget	Cumulative Expenditures thru 2022	2023 1st Quarter Expenditures	2023 2nd Quarter Expenditures	2023 3rd Quarter Expenditures	2023 4th Quarter Expenditures	2023 YTD Expenditures	Cumulative Expenditures thru 2023
Insulate Residences - Full Program Phase I	\$ 16,960,400	\$ 16,960,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,960,400
Extension of Taxiway "Q"	2,155,743	2,155,743	-	-	-	-	-	2,155,743
Land Acquisition-Resident Relocation	14,689,459	14,689,459	-	-	-	-	-	14,689,459
Asbestos Removal in Terminal CHIA	729,842	729,842	-	-	-	-	-	729,842
Acquisition of Analex Office Bldg & Vacant Land	13,025,000	13,025,000	-	-	-	-	-	13,025,000
Waste Water - Glycol Collection System Construction	5,835,921	5,835,921	-	-	-	-	-	5,835,921
NASA Feasibility & Pre-Engineering Study	355,000	355,000	-	-	-	-	-	355,000
Sewers for Confined Disposal Facility-BKL (app 1)	5,500,000	5,500,000	-	-	-	-	-	5,500,000
Sound Insulation	8,595,641	8,595,641	-	-	-	-	-	8,595,641
Land Acquisition - Midvale, Brysdale, Forestwood, Rocky River	25,282,298	25,282,298	-	-	-	-	-	25,282,298
Environmental Assessment / Impact Studies	1,725,000	1,725,000	-	-	-	-	-	1,725,000
Part 150 Noise Compatibility Program Update	584,570	584,570	-	-	-	-	-	584,570
Brook Park Land Transfer	8,750,000	8,750,000	-	-	-	-	-	8,750,000
Analex Demolition	1,229,000	1,229,000	-	-	-	-	-	1,229,000
Sound Insulation	20,000,000	20,000,000	-	-	-	-	-	20,000,000
Baggage Claim/Expansion	9,526,087	9,526,087	-	-	-	-	-	9,526,087
Tug Road Replacement	1,019,000	668,553	-	-	-	-	-	668,553
Interim Commuter Ramp	5,560,338	5,560,338	-	-	-	-	-	5,560,338
Concourse D Ramp/Site Utilities	51,305,804	51,305,804	-	-	-	-	-	51,305,804
Burke Runway Overlay 6L/24R	530,286	530,286	-	-	-	-	-	530,286
Burke ILS	2,181,400	2,181,400	-	-	-	-	-	2,181,400
Runway 6L/23R	270,550,360	229,722,763	4,800,000	4,800,000	4,800,000	4,800,000	19,200,000	248,922,763
Runway 6R/24L Uncoupling	2,685,000	2,685,000	-	-	-	-	-	2,685,000
Runway 28 Safety Improvements	975,958	975,958	-	-	-	-	-	975,958
Midfield Deicing Pad	40,755,499	40,755,499	-	-	-	-	-	40,755,499
Taxiway M Improvements	3,883,602	3,883,602	-	-	-	-	-	3,883,602
Doan Brook Restoration	1,727,796	1,727,796	-	-	-	-	-	1,727,796
Deicing Environmental Upgrades	2,800,222	2,800,222	-	-	-	-	-	2,800,222
Main Terminal Roof Replacement	992,986	992,986	-	-	-	-	-	992,986
Roadway Expansion Joint Repair/Replacement	1,985,973	1,985,973	-	-	-	-	-	1,985,973
Airport-wide Flight Information Display System (FIDS)/Baggage Information Display System (BIDS) and Signage Replacement	7,681,742	7,681,742	-	-	-	-	-	7,681,742
Airport Master Plan Update	4,170,543	4,170,543	-	-	-	-	-	4,170,543
Runway 10/28- Runway Safety Area Improvements	23,155,051	23,155,051	-	-	-	-	-	23,155,051
South Cargo Ramp Rehabilitation	5,957,918	5,957,918	-	-	-	-	-	5,957,918
Taxiway N Rehabilitation	8,738,280	8,738,280	-	-	-	-	-	8,738,280
SIDA Security System Enhancements	1,985,973	1,985,973	-	-	-	-	-	1,985,973
Interactive Part 139 Airport Operations Training Program	496,493	496,493	-	-	-	-	-	496,493
Main Substation (MS1 & MS2) Redundant Electrical Power Feed & Emergency Generators	8,261,646	8,261,646	-	-	-	-	-	8,261,646
North Airfield Improvements Phase 2, Construction	6,319,985	-	-	-	-	-	-	-
North Airfield Improvements Phase 3, Construction	4,977,313	-	-	-	-	-	-	-
Cleveland Master Plan	8,656,990	-	-	-	-	-	-	-
Passenger Loading Bridge Replacement	17,000,000	-	-	-	-	-	-	-
PFC Administrative Costs	147,415	-	-	-	-	-	-	-
Total	\$ 619,447,534	\$ 541,167,787	\$ 4,800,000	\$ 4,800,000	\$ 4,800,000	\$ 4,800,000	\$ 19,200,000	\$ 560,367,787

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

**NOTES TO SCHEDULES OF REVENUE, INTEREST, AND EXPENDITURES OF PASSENGER
FACILITY CHARGES**

For the Year Ended December 31, 2023

GENERAL

The accompanying schedule presents all activity of the Divisions' PFC program. The Divisions' reporting entity is defined in Note A – Summary of Significant Accounting Policies to the Divisions' financial statement.

BASIS OF PRESENTATION

The accompanying schedule is presented on the cash basis of accounting.

Insert Independent Auditor's Report

Insert Independent Auditor's Report

Insert Independent Auditor's Report

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APPENDIX G

SERIES 2016A REFUNDED BONDS*

City of Cleveland, Ohio			
Airport System Revenue Bonds, Series 2016A (Non-AMT)			
<u>Maturity Date</u> <u>(January 1)</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u> <u>Amount</u>	<u>CUSIP No.</u> [†]
2026	5.00%	\$ 9,600,000	186352QU7
2027	5.00%	10,200,000	186352QV5
2028	5.00%	10,600,000	186352QW3
2029	5.00%	11,300,000	186352QX1
2030	5.00%	11,700,000	186352QY9
2031	5.00%	12,400,000	186352QZ6
Total		\$65,800,000	

* Preliminary; subject to change.

[†] CUSIP (Committee on Uniform Security Identification Procedures) is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed are being provided solely for the convenience of the holders, and none of the City, the Underwriters or the Trustee is responsible for the selection or use of these CUSIP numbers nor makes any representation with respect to such numbers or undertake any responsibility for their accuracy now on the Series 2016A Refunded Bonds or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity 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.

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APPENDIX H
PURCHASED TARGET BONDS

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APPENDIX B
FORM OF PRICING NOTICE

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FORM OF PRICING NOTICE

**PRICING NOTICE
RELATING TO THE
INVITATION TO TENDER BONDS DATED MARCH 11, 2025
made by
CITY OF CLEVELAND, OHIO
to the Bondholders of
Airport System Revenue Bonds, Series 2019A
(Taxable)
(Base CUSIP 186352)**

The purpose of this Pricing Notice dated March __, 2025 (the “Pricing Notice”) is to set forth the Fixed Spreads for the Target Bonds. All other terms used herein and not otherwise defined are used as defined in the Invitation (hereinafter defined).

Pursuant to the Invitation to Tender Bonds dated March 11, 2025 (as it may be amended or supplemented, the “**Invitation**”), the City of Cleveland, Ohio (the “**City**”) invited Bondholders to tender Target Bonds for cash at the applicable Offer Purchase Prices based on the Fixed Spreads set forth in this Pricing Notice to be added to the yields on certain United States Treasury Securities also set forth in this Pricing Notice, plus, Accrued Interest on the purchased Target Bonds. See “INTRODUCTION - Consideration of the Tender Offer” in the Invitation.

As set forth in the Invitation, the City retains the right to extend the Tender Offer or amend the terms of the Tender Offer (including a waiver of any term) in any material respect, provided, that the City shall provide notice thereof at such time and in such manner to allow reasonable time for dissemination to Bondholders and for Bondholders to respond. In such event, any offers submitted with respect to the affected Target Bonds prior to such change, including any change in the Fixed Spreads for any Target Bonds pursuant to the Invitation, will remain in full force and effect and any Bondholder of such affected Target Bonds, as applicable, wishing to revoke their offer to tender such Target Bonds for purchase must affirmatively withdraw such offer prior to the Expiration Date. See “TERMS OF THIS INVITATION - Extension, Cancellation and Amendment; Changes to Terms” in the Invitation.

The Invitation, including the Series 2025A Bonds POS is available: (i) at the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website, currently located at <http://emma.msrb.org>, using the CUSIP numbers for the Target Bonds, and (ii) on the website of the Information Agent and Tender Agent at <https://www.globic.com/cleveland>.

Any questions are to be directed to the Information Agent and Tender Agent at (212) 227-9622.

March __, 2025

TENDER OFFER –TARGET BONDS – FIXED SPREADS

CITY OF CLEVELAND, OHIO

**Airport System Revenue Bonds, Series 2019A
(Taxable)**

CUSIP (Base No. 186352)¹	Maturity Date (January 1)	Interest Rate (%)	Outstanding Principal Amount	Maximum Principal Amount that May be Accepted for Purchase	Benchmark Treasury Security²	Fixed Spreads
SJ0	2026	2.592	\$27,300,000	\$21,840,000	2-Year	
SK7	2027	2.692	28,060,000	22,445,000	2-Year	
SL5	2028	2.742	44,395,000	35,515,000	3-Year	
SM3	2029	2.792	45,600,000	36,480,000	5-Year	
SN1	2030	2.832	47,235,000	37,785,000	5-Year	
SP6	2031	2.882	48,630,000	38,900,000	7-Year	
SQ4	2032	2.932	4,990,000	3,990,000	7-Year	
SR2	2033	2.982	5,340,000	4,270,000	10-Year	
Total			<u>\$251,550,000</u>	<u>\$201,225,000</u>		

1 CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers are being provided solely for the convenience of the owners of the Target Bonds and the City is not responsible for the selection or correctness of the CUSIP numbers printed herein and does not make any representation with respect to such numbers or undertake any responsibility for their accuracy.

2 Each Benchmark Treasury Security (as defined in the Invitation) will be the most recently auctioned “on-the-run” United States Treasury Security for the maturity indicated as of the date and time that the Offer Purchase Price for the Target Bonds is set, currently expected to be approximately 10:00 a.m., New York City time, on April 2, 2025.

Illustrative Target Bonds Offer Purchase Price Calculations: Treasury Security Yields as of [___], 2025

The tables below provide examples of the Offer Purchase Price for the Target Bonds realized by a Bondholder that submits an offer based on the following yields for the Benchmark Treasury Securities as of _____, 2025 and the Fixed Spreads. **This example is being provided for convenience only and is not to be relied upon by a Bondholder as an indication of the Purchase Yield or Offer Purchase Price for any Target Bonds that may be paid by the City.**

Based on these Treasury Security Yields, the following Offer Purchase Prices would be derived:

**City of Cleveland, Ohio
Airport System Revenue Bonds, Series 2019A
(Taxable)**

CUSIP (186352) ⁽¹⁾	Maturity Date (January 1)	Interest Rate (%)	Outstanding Principal Amount	Benchmark Treasury Security ⁽²⁾	Fixed Spreads	Illustrative Treasury Security Yields	Illustrative Purchase Yields*	Illustrative Offer Purchase Prices* ⁽³⁾
SJ0	2026	2.592	\$27,300,000	2-Year				
SK7	2027	2.692	28,060,000	2-Year				
SL5	2028	2.742	44,395,000	3-Year				
SM3	2029	2.792	45,600,000	5-Year				
SN1	2030	2.832	47,235,000	5-Year				
SP6	2031	2.882	48,630,000	7-Year				
SQ4	2032	2.932	4,990,000	7-Year				
SR2	2033	2.982	5,340,000	10-Year				

**Preliminary, subject to change.*

- ⁽¹⁾ CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers are being provided solely for the convenience of the owners of the Target Bonds and the City is not responsible for the selection or correctness of the CUSIP numbers printed herein and does not make any representation with respect to such numbers or undertake any responsibility for their accuracy.
- ⁽²⁾ Each Benchmark Treasury Security (as defined herein) will be the most recently auctioned “on-the-run” United States Treasury Security for the maturity indicated as of the date and time that the Offer Purchase Prices for the Taxable Target Bonds are set, currently expected to be approximately 10:00 a.m., New York City time, on April 2, 2025.
- ⁽³⁾ The Offer Purchase Prices for the Target Bonds derived from the Fixed Spreads to be paid on the Settlement Date will (i) be expressed as a dollar amount per \$100 principal amount of the Target Bonds and (ii) exclude Accrued Interest on the purchased Target Bonds, which Accrued Interest will be paid by the City to but not including the Settlement Date in addition to the applicable Purchase Price.

Illustrative Target Bonds Offer Purchase Price Calculations: Interest Rate Sensitivity

As a measure of the sensitivity of the Target Bonds' Offer Purchase Price to changes in the yield on the Benchmark Treasury Security, the following tables show the impact on the Offer Purchase Price of a 0.10% (10 basis point) movement in the yield of the Benchmark Treasury Security.

City of Cleveland, Ohio Airport System Revenue Bonds, Series 2019A (Taxable)

CUSIP (186352) ⁽¹⁾	Maturity Date (January 1)	Illustrative Purchase Yield Based on Treasury Security Yields as of], 2025*	Illustrative Offer Purchase Prices* ⁽²⁾	
			Assuming a 0.10% Increase in Treasury Security Yields	Current Treasury Security Yield
SJ0	2026			
SK7	2027			
SL5	2028			
SM3	2029			
SN1	2030			
SP6	2031			
SQ4	2032			
SR2	2033			

**Preliminary, subject to change.*

- ⁽¹⁾ CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers are being provided solely for the convenience of the owners of the Target Bonds and the City is not responsible for the selection or correctness of the CUSIP numbers printed herein and does not make any representation with respect to such numbers or undertake any responsibility for their accuracy.
- ⁽²⁾ The Offer Purchase Prices for the Target Bonds derived from the Fixed Spreads to be paid on the Settlement Date will (i) be expressed as a dollar amount per \$100 principal amount of the Target Bonds and (ii) exclude Accrued Interest on the purchased Target Bonds, which Accrued Interest will be paid by the City to but not including the Settlement Date in addition to the applicable Purchase Price.