City of Chicago
Chicago O'Hare International Airport
An Enterprise Fund of the City of Chicago

Comprehensive Annual Financial Report
For the Years Ended December 31, 2016 and 2015

Rahm Emanuel, Mayor
Carole L. Brown, Chief Financial Officer
Erin Keane, City Comptroller
Ginger S. Evans, Commissioner

2016 COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE CHICAGO O'HARE INTERNATIONAL AIRPORT

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PART I

INTRODUCTORY SECTION

CHICAGO DEPARTMENT OF AVIATION

CITY OF CHICAGO

June 30, 2017

To the Honorable Mayor Rahm Emanuel, Members of the City Council and Citizens of the City of Chicago:

I am pleased to submit the Comprehensive Annual Financial Report ("CAFR") of Chicago O'Hare International Airport ("Airport") for the year ended December 31, 2016. State law requires that all governmental units publish within six months of the close of each fiscal year financial statements presented in conformity with generally accepted accounting principles ("GAAP") and audited by a licensed public accountant.

Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the City of Chicago ("City") Department of Aviation and Comptroller's Office. The purpose of the CAFR is to provide complete and accurate information that complies with reporting requirements. The Chicago O'Hare International Airport's Management's Discussion and Analysis ("MD&A") can be found immediately following the independent auditors' report.

ECONOMIC CONDITION AND OUTLOOK

According to preliminary 2016 statistics compiled by Airports Council International, the Airport was the second busiest airport in the world in 2016, as measured by total aircraft operations and the sixth busiest by total passengers. In North America, the Airport was the sixth busiest airport in terms of total cargo tonnage handled. According to the *Official Airline Guide*, as of December 31, 2016, nonstop service was provided from the Airport to 238 destinations, consisting of 170 domestic airports and 68 foreign airports. Given the strength and diversity of the economic base of the region and the resulting high demand for air transportation services, combined with record breaking passenger activity in 2016, it is expected that the Airport will remain a major air traffic connecting hub, with a substantial number of airlines providing flights to all major domestic locations as well as an increasing number of international destinations.

REPORTING ENTITY

The Airport is the primary commercial airport for the City, and the region, as well as an important transfer and connecting point for numerous domestic and international flights. Located 18 miles northwest of the City's central business district, the Airport occupies approximately 7,265 acres of land. The Airport is accessed by a network of highways, including several regional expressways that are part of the federal Interstate Highway System, and is directly linked to the central business district by a rapid transit rail system.

The airlines servicing the Airport operate out of four terminal buildings. Three domestic terminal buildings, having a total of 167 gates, serve domestic flights and certain international departures as of December 2016. The International Terminal, having a total of 21 gates and four remote aircraft parking positions, serves the remaining international departures and all arrivals requiring customs clearance.

MAJOR INITIATIVES

The centerpiece of capital development at the Airport is the O'Hare Modernization Program (OMP), launched in 2004 to preserve and enhance safety and efficient operations for the more than 70 million passengers traveling through the Airport each year. The OMP is designed to improve capacity of the Airport, as well as the national air transportation system by: reducing delays; providing sufficient airfield, landside, and support facilities to accommodate existing and future passenger and cargo demand; providing efficient surface access for existing and future Airport users; and providing opportunities for enhanced competition among air carriers.

This program consists of the development of one new runway at the Airport, the relocation of three existing runways, and the extension of two existing runways at an estimated cost of $5.5 billion dollars.

Improvements made by the OMP are designed to reduce weather delays by 95 percent, reduce overall delays by 70 percent and meet projected aviation demand beyond 2030. To date, improvements made have substantially reduced airfield and airspace delays. In fact, capacity has improved by 50 percent, and measured delays are reduced by 57 percent. These improvements have a direct impact not only for travelers in and out of Chicago, but impact the efficiency of the broader national airspace system as well.

In 2016, the City of Chicago, with support by its federal partners and airline carriers, announced a nearly $1.3 billion infrastructure plan to build on the ongoing work of the OMP. This investment directs resources toward construction of Airport's newest runway, 9C-27C, deicing pads and other critical airfield projects for further airport improvements that will allow Airport to increase the number of gates and modernize the terminals. With this latest investment and the final phase of Airport's newest runway, 9C-27C expected to be completed in 2020, OMP is on pace to be completed in 2021.

The Airport began construction on a Multimodal facility that will include a Consolidated Rental Car Facility, Public Parking and the extension of the Airport Transit System. In addition to the above, the City is also implementing an ongoing five-year Capital Improvement Plan (CIP) for the Airport. The CIP includes airfield improvements, noise mitigation projects, parking and roadway improvements, heating and refrigeration plant improvements, safety and security improvements, other terminal enhancements and planning initiatives.

In summer 2016, Mayor Rahm Emanuel and the CDA announced O'Hare 21 - a multi-billion dollar capital investment program at the Airport that expands Terminal 5, redevelops

Terminal 2, creates space for new gates, adds three hotel development projects and supports tens of thousands of jobs and economic opportunities in Chicago.

The City expects these capital programs will be funded from the following sources: proceeds of airport revenue bonds, Passenger Facility Charge (PFC) revenues on a pay-as-you-go basis, PFC-backed bonds, federal grants, a TIFIA loan and other available Airport funds.

FINANCIAL INFORMATION

The Departments of Finance and Aviation are responsible for implementing and maintaining an internal control structure to ensure the integrity of the Airport's operations and to allow for the preparation of financial statements in conformity with generally accepted accounting principles. As the cost of a control should not exceed the benefits to be derived, the internal control structure is designed provide reasonable, rather than absolute, assurance to all stakeholders that the financial statements reflect operations free of theft, neglect or material misstatements that could affect the efficiency of operations at the Airport. This objective is being met by adequate supervision of employees, segregation of the duties and multiple approval and budgetary controls over all expenditures.

The Airport's budget is developed in connection with the City's annual budget and is based on an analysis of the Airport's historical operating expenses. The Commissioner of Aviation recommends the final proposed budget to the Budget Director. After approval by the Budget Director, the proposed budget is recommended to the Mayor for submission to the City Council for its approval following public hearings.

The budget process is designed to ensure that the Airport will have adequate funding for operations. The Airport cannot, by law, exceed the level of funding as established by the City Council-approved budget. The Budget Director uses an allotment system to manage each department's expenditures against its respective annual appropriation. The Budget Director, through the allotment system, has the authority to institute economic measures for the Airport to ensure that its expenditures do not exceed its revenue collection. The Airport uses encumbrances to control expenditures by preventing appropriated dollars from being used for any purpose other than that for which they have been legally appropriated.

RELEVANT FINANCIAL POLICIES

The Airport is owned by the City and operated by the Chicago Department of Aviation (CDA) and is accounted for as a self-supporting enterprise fund of the City. The City maintains the books, records and accounts of the Airport in accordance with generally accepted accounting principles and as required by the provisions of the Airport Use Agreements, the Bond Ordinance and Bond Indentures as supplemented and amended.

The Airport Use Agreements specify a residual rate-making methodology for the calculation of airline rates and charges. Under this methodology, total operating and maintenance expenses and debt service (including coverage) are calculated for each cost-revenue center and offset by non-airline revenues. The Airport Use Agreements provide that the aggregate of Airport Fees and Charges paid by the Airline Parties must be sufficient to pay for the net cost of operating, maintaining and developing the Airport (excluding the Land Support Area) including the satisfaction of Debt Service coverage, deposit and payment requirements of the Bond Ordinance and the Indentures.

INDEPENDENT AUDIT

Various bond indentures require the Airport financial statements to be audited by independent certified public accountants. The audit was conducted by Deloitte & Touche LLP and a consortium of Chicago-based minority and women-owned certified public accounting firms. An unqualified audit opinion, rendered by Deloitte & Touche LLP, is included in the financial section of this report.

AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Airport for its CAFR for the fiscal year ended December 31, 2015. This was the 19th consecutive year that the Airport has received this prestigious award, which is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

This CAFR could not have been prepared without the dedication and effective help of the entire staff of the CDA and the Comptroller's Office. I wish to express my appreciation to them, particularly those that contributed directly to the preparation of the report.

Respectfully submitted,

Ginger S. Evans
Commissioner
Chicago Department of Aviation

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Chicago O'Hare International Airport

Illinois

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

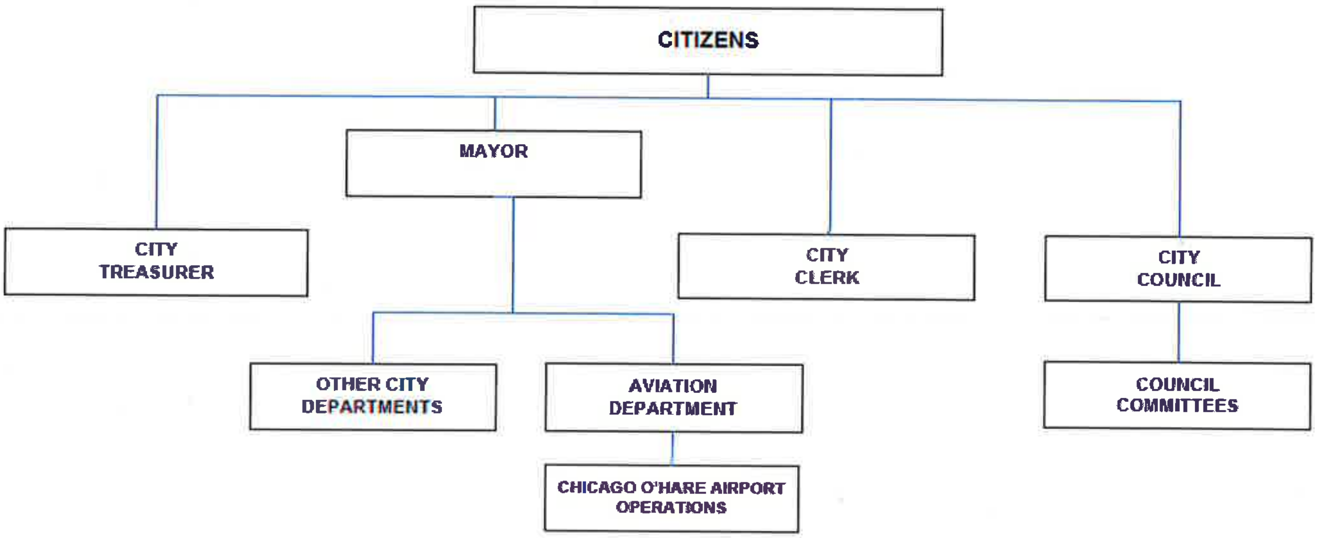
December 31, 2015

Jeffrey R. Emer

Executive Director/CEO

CITY OF CHICAGO
CHICAGO O'HARE INTERNATIONAL AIRPORT
ORGANIZATION CHART

AS OF 12/31/2016



PART II

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable Rahm Emanuel, Mayor
And Members of the City Council
City of Chicago, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Chicago O'Hare International Airport ("O'Hare"), an enterprise fund of the City of Chicago, Illinois (the "City"), as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise O'Hare's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chicago O'Hare International Airport, as of December 31, 2016 and 2015, and the changes in its financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, the basic financial statements referred to above present only Chicago O'Hare International Airport, an enterprise fund of the City, and do not purport to, and do not, present the financial position of the City as of December 31, 2016 and 2015, changes in its financial position, or, where applicable, its cash flows, thereof, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of Contributions, and Schedule of Other Postemployment Benefits Funding Progress, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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 and other auditors 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise O'Hare's basic financial statements. The introductory section, additional supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The additional supplementary information as listed in the table of contents 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the

United States of America by us and other auditors. In our opinion, the procedures performed as described above, and the reports of the other auditors, the additional supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Deloitte & Touche LLP

June 30, 2017

The following discussion and analysis of Chicago O'Hare International Airport's (the "Airport" or "O'Hare") financial performance provides an introduction and overview of the Airport's financial activities for the fiscal years ended December 31, 2016 and 2015. Please read this discussion in conjunction with the Airport's basic financial statements and the notes to basic financial statements immediately following this section.

FINANCIAL HIGHLIGHTS

2016

- Operating revenues for 2016 increased by $102,588 (12.1%) compared to prior-year operating revenues due to increases in landing fee rates and activity, concessions revenues (parking, food & beverage) and increase in rents (terminal, cargo and hangar).

- Operating expenses before depreciation and amortization decreased by $54,500 (6.8%) compared to 2015 primarily due to a decrease in pension expenses calculated under the Governmental Accounting Standards Board ("GASB") Statement No. 68 *"Accounting of Financial Reporting for Pensions- an amendment of GASB Statement No. 27"* ("GASB 68") compared to 2015.

- The Airport's total net position at December 31, 2016, was $382,597. This is a decrease of $92,003 (19.4%) over total net position at December 31, 2015 primarily due to an increase in net pension liability.

- Capital asset additions for 2016 were $544,667 primarily due to buildings, runways and taxiway improvements and parking facilities upgrade.

2015

- Operating revenues for 2015 increased by $704 (0.0%) compared to prior-year operating revenues.

- Operating expenses before depreciation and amortization increased by $310,703 (62.8%) compared to 2014 primarily due to increases in pension cost resulting from the implementation of GASB 68 and salaries and wages.

- The Airport's total net position at December 31, 2015, was $474,600. This is a decrease of $985,484 (67.5%) over total net position at December 31, 2014 primarily due to the implementation of GASB 68, which established a net pension liability in 2015.

- Capital asset additions for 2015 were $450,787 primarily due to buildings, runways and taxiway improvements and parking facilities upgrade.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Airport's basic financial statements. The Airport is included in the City's reporting entity as an enterprise fund. The Airport's basic financial statements comprise the basic financial statements and the notes to basic financial statements. In addition to the basic financial statements, this report also presents additional and statistical information after the notes to basic financial statements.

The Statements of Net Position present all of the Airport's assets and liabilities using the accrual basis of accounting. The difference between assets and deferred outflows and liabilities and deferred inflows is reported as Net Position. The increase or decrease in net position may serve as an indicator, over time, whether the Airport's financial position is improving or deteriorating. However, the consideration of other non-financial factors, such as changes within the airline industry, may be necessary in the assessment of overall financial position and health of the Airport.

The Statements of Revenues, Expenses and Changes in Net Position present all current fiscal year revenues and expenses, regardless of when cash is received or paid, and the ensuing change in Net Position.

The Statements of Cash Flows report how cash and cash equivalents were provided and used by the Airport's operating, capital financing, and noncapital financing and investing activities. These statements present the cash received and disbursed, the net increase or decrease in cash and cash equivalents for the year and the cash and cash equivalents balance at year-end.

The Notes to Basic Financial Statements are an integral part of the basic financial statements; accordingly, such disclosures are essential to a full understanding of the information provided in the basic financial statements.

In addition to the basic financial statements, this report includes Additional Supplemental Information and Statistical Information. The Additional Supplemental Information section presents the debt service coverage calculations, and the Statistical Information section includes certain unaudited information related to the Airport's historical financial and non-financial operating results and capital activities.

FINANCIAL ANALYSIS

Landing fees, terminal area use charges, and fueling system charges are assessed to the various airlines throughout each fiscal year based on estimated rates. Such rates are designed to yield collections from airlines adequate to cover certain expenses and required debt service and fund deposits as determined under provisions of the Amended and Restated Airport Use Agreement and Terminal Facilities Lease and the International Terminal Use Agreement and Facilities Lease ("Use Agreements"). Incremental amounts due from the airlines arise when amounts assessed, based on the estimated rates used during the year, are less than actual expenses and required deposits for the year. Such incremental amounts due from airlines are included in amounts to be billed. Incremental amounts due to the airlines arise when amounts assessed, based on the estimated rates used during the year, exceed actual expenses and required deposits for the year. Such incremental amounts due to airlines are included in billings over amounts earned.

At December 31, 2016, the Airport's financial position continued to be strong with total assets and deferred outflows of $10,483,866, total liabilities and deferred inflows of $10,101,269, and net position of $382,597.

A comparative condensed summary of the Airport's net position at December 31, 2016, 2015, and 2014 is as follows (dollars in thousands):

	Net Position		
	2016	**2015**	**2014**
Current unrestricted assets	$ 309,413	$ 265,920	$ 210,357
Restricted and other assets - Noncurrent	2,286,408	2,541,960	2,536,281
Capital assets—net	7,374,551	7,090,695	6,872,854
Total assets	9,970,372	9,898,575	9,619,492
Deferred outflows	513,494	548,573	50,172
Total assets and deferred outflows	$ 10,483,866	$ 10,447,148	$ 9,669,664
Current liabilities	$ 297,313	$ 264,688	$ 175,216
Liabilities payable from restricted assets and noncurrent liabilities	9,756,441	9,699,212	8,034,364
Total liabilities	10,053,754	9,963,900	8,209,580
Deferred inflows	47,515	8,648	
Total liabilities and deferred inflows	$ 10,101,269	$ 9,972,548	$ 8,209,580
Net position:			
Net investment in capital assets	$ 1,001,744	$ 707,991	$ 644,430
Restricted	679,180	828,216	780,514
Unrestricted	(1,298,327)	(1,061,607)	35,140
Total net position	$ 382,597	$ 474,600	$ 1,460,084

2016

Current unrestricted assets increased by $43,493 (16.4%) primarily due to increased cash and investments, offset by decreased accounts receivable due to better collection efforts. The Airport's current ratio (current unrestricted assets/current unrestricted liabilities) at December 31, 2016 and 2015 was 1.04:1 and 1.00:1, respectively. Noncurrent restricted investments and other assets decreased by $255,552 (10.1%) primarily due to the use of construction funds for capital improvement projects of $279,961, capitalized interest funds of $29,768 and decrease in the Airport Development Fund of $73,639, offset by an increase to debt service interest fund of $50,614. Net capital assets increased by $283,856 (4.0%) primarily due to ongoing capital activities of the Capital Improvement Program and the O'Hare Modernization Program (OMP) at the Airport.

The increase in current liabilities of $32,625 (12.3%) is mainly related to the increased billings over amounts earned of $32,686 and advances for terminal hangar and rent of $1,623 offset by the accounts payable and accrued liabilities of $1,973.

Liabilities payable from restricted assets and noncurrent liabilities increased by $57,229 (1.0%) due primarily to the increase in the net pension liability.

As of December 31, 2016, total net position was $382,597, a decrease of $92,003 (19.4%) from 2015 primarily due to the increase in the net pension liability.

2015

Current unrestricted assets increased by $55,563 (26.4%) primarily due to increased accounts receivable and decreased cash and investments. The Airport's current ratio (current unrestricted assets/current unrestricted liabilities) at December 31, 2015 and 2014 was 1.00:1 and 1.20:1, respectively. Noncurrent restricted investments and other assets increased by $5,679 (0.2%) primarily due to decreases in construction funds of $18,226 and capitalized interest funds of $14,555 and increases to debt service interest funds of $8,947 and Airport Development Funds of $33,143. Net capital assets increased by $217,841 (3.2%) due principally to capital activities of the Capital Improvement Program and the O'Hare Modernization Program (OMP) at the Airport.

The increase in current liabilities of $89,472 (51%) is mainly related to the increased accounts payable and accrued liabilities of $32,172 and increased amounts of advanced payments for terminal and hangar rents of $5,427 offset by increased billings over amounts earned of $51,903.

Liabilities payable from restricted assets and noncurrent liabilities increased by $1,664,848 (20%) due primarily to the increase in pension liability.

Net position may serve, over a period of time, as a useful indicator of the Airport's financial position. As of December 31, 2015, total net position was $474,600, a decrease of $985,484 (67.5%) from 2014 primarily due to the impact of the implementation of GASB 68.

A comparative condensed summary of the Airport's changes in net position for the years ended December 31, 2016, 2015, and 2014 is as follows (dollars in thousands):

	Changes in Net Position		
	2016	**2015**	**2014**
Operating revenues:			
Landing fees and terminal charges	$ 635,224	$ 546,053	$ 552,431
Rents, concessions, and other	312,592	299,175	292,093
Total operating revenues	947,816	845,228	844,524
Operating expenses:			
Salaries and wages	204,136	191,842	182,984
Pension expense	245,491	339,546	
Repairs and maintenance	104,536	98,945	110,928
Professional and engineering	95,608	83,265	88,143
Other operating expenses	101,439	92,112	112,952
Depreciation and amortization	254,689	231,670	218,211
Capital asset impairment		3,320	
Total operating expenses	1,005,899	1,040,700	713,218
Operating income	(58,083)	(195,472)	131,306
Nonoperating revenues	222,167	224,544	233,318
Nonoperating expenses	(326,751)	(342,153)	(320,971)
Total nonoperating revenues/expenses	(104,584)	(117,609)	(87,653)
Income (Loss) Before Capital Grants	(162,667)	(313,081)	43,653
Capital grants	70,664	76,689	89,032
Change in net position	(92,003)	(236,392)	132,685
Net Position beginning of year (as restated 2015 and 2014)	474,600	710,992	1,327,399
Net position end of year	$ 382,597	$ 474,600	$ 1,460,084

2016

Landing fees and terminal area use charges for the years 2016 and 2015 were $635,224 and $546,053, respectively. Rents, concessions, and other revenues were $312,592 and $299,175 for the years 2016 and 2015, respectively. The increase in 2016 operating revenues of $102,588 (12.1%) compared to 2015 was primarily due to increased landing fees and activity and terminal area use charges of $89,171 and increased rents (terminal, cargo and hangar), concessions (parking, food & beverage) and other of $13,417.

Salaries and wages increased $12,294 (6.4%) in 2016 compared to 2015. The increase is attributable to additional salaries retroactive pay adjustments and contractual salary increases. Repairs and maintenance expenses increased by $5,591 (5.7%) from the prior year primarily due to contractual increases related to maintenance work. Professional and engineering costs increased $12,343 (14.8%) from the prior year as a result of increases in contracted costs and expenses incurred in conjunction with the airport use and lease agreement negotiations and terminal area planning. Other operating expenses increased by $9,327 (10.1%). Other operating expenses are mainly comprised of certain employee costs, insurance premiums, indirect costs, materials and supplies, utilities, vehicle purchases, and the provision for doubtful accounts.

Pension expense for 2016 was $245,491 as calculated under GASB 68, of which $27,505 was paid under statutory requirements.

The 2016 nonoperating revenues of $222,167 are comprised of Passenger Facility Charges (PFC) $154,044, Customer Facility Charges (CFC) of $39,930 and other nonoperating revenue of $15,553 and investment income of $12,640.

Nonoperating expenses were $326,751 and $342,153 for the years 2016 and 2015, respectively. The decrease of $15,402 (4.6%) for 2016 over 2015 was mainly due to decreased noise mitigation costs and cost of issuance for bonds.

Capital grants, comprised mainly of federal grants, decreased from $76,689 in 2015 to $70,664 in 2016, a 7.9% decrease mainly as a result of less federal grant reimbursements in 2015.

2015

Landing fees and terminal area use charges for the years 2015 and 2014 were $546,053 and $552,431, respectively. Rents, concessions, and other revenues were $299,175 and $292,093 for the years 2015 and 2014, respectively. The increase in 2015 operating revenues of $704 (0.1%) compared to 2014 was primarily due to decreased landing fees and terminal area use charges of $6,378 offset by increased rents, concessions and other of $7,082.

Salaries and wages increased $8,858 (4.8%) in 2015 compared to 2014. The increase is attributable to additional salaries retroactive pay adjustments. Pension expense of $339,546 is included in 2015 as a separate category due to the implementation of GASB 68. Repairs and maintenance expenses decreased by $11,983 (10.8%) from the prior year. The decrease is largely the result of a reduction in snow removal expenses. Professional and engineering costs decreased $4,878 (5.5%) from the prior year as a result of decreases in contracted costs. Other operating expenses decreased by $20,840 (18.5%). Other operating expenses are mainly comprised of certain employee costs, insurance premiums, indirect costs, materials and supplies, utilities, vehicle purchases, and the provision for doubtful accounts.

The 2015 nonoperating revenues of $224,544 are comprised of Passenger Facility Charges (PFC) $147,697, Customer Facility Charges (CFC) of $39,204 and other nonoperating revenue of $18,315 and investment income of $19,328.

Nonoperating expenses of $342,153 and $320,971 for the years 2015 and 2014, respectively, were comprised primarily of bond interest, PFC expenses noise mitigating costs and costs of issuance. The increase of $9,741 (3%) for 2015 over 2014 was mainly due to increased interest expense offset by decrease in PFC noise mitigation and cost of issuance.

Capital grants, comprised mainly of federal grants, decreased from $89,032 in 2014 to $76,689 in 2015, a 13.9% decrease mainly as a result of less federal grant reimbursements in 2015.

A comparative summary of the Airport's changes in cash flows for the years ended December 31, 2016, 2015, and 2014 is as follows (dollars in thousands):

	Cash Flows		
	2016	**2015**	**2014**
Cash provided by (used in) activities:			
Operating	$ 455,252	$ 428,277	$ 340,950
Capital and related financing	(660,183)	(360,848)	(525,095)
Noncapital financing	(1,603)	(8,014)	(13,893)
Investing	97,480	390,288	180,519
Net change in cash and cash equivalents	(109,054)	449,703	(17,519)
Cash and cash equivalents:			
Beginning of year	1,414,399	964,696	982,215
End of year	$ 1,305,345	$ 1,414,399	$ 964,696

2016

As of December 31, 2016, the Airport's available cash and cash equivalents of $1,305,345 decreased by $109,054 compared to $1,414,399 at December 31, 2015, due to capital and related financing of $660,183 and investing activities of $97,480 offset by operating activities of $455,252 Total cash and cash equivalents at December 31, 2016, were comprised of unrestricted and restricted cash and cash equivalents of $122,340 and $1,183,005, respectively.

2015

As of December 31, 2015, the Airport's available cash and cash equivalents of $1,414,399 increased by $449,703 compared to $964,696 at December 31, 2014, due to operating activities of $428,277 and investing activities of $390,288 offset by capital and related financing of $360,848 and noncapital financing of $8,014. Total cash and cash equivalents at December 31, 2015, were comprised of unrestricted and restricted cash and cash equivalents of $98,883 and $1,315,516, respectively.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2016 and 2015, the Airport had $7,374,551 and $7,090,695, respectively, invested in net capital assets. During 2016, the Airport had additions of $544,667 related to capital activities. This included $6,121 for land acquisition and the balance of $538,546 for terminal improvements, parking facilities enhancement, and runway and taxi improvements.

During 2016, completed projects totaling $287,835 were transferred from construction in progress to applicable buildings and other facilities capital accounts. These major completed projects were related to runway and taxi improvements, electrical system upgrades, and parking facilities and terminal improvements.

The Airport's capital assets at December 31, 2016, 2015, and 2014 are summarized as follows (dollars in thousands):

	Capital Assets at Year-End		
	2016	**2015**	**2014**
Capital assets not depreciated:			
Land	$ 892,088	$ 885,967	$ 885,669
Construction in progress	631,402	386,814	752,331
Total capital assets not depreciated	1,523,490	1,272,781	1,638,000
Capital assets depreciated:			
Buildings and other facilities	9,302,810	9,014,975	8,208,757
Less accumulated depreciation for:			
Buildings and other facilities	(3,451,749)	(3,197,061)	(2,973,903)
Total capital assets depreciated—net	5,851,061	5,817,914	5,234,854
Total property and facilities—net	$ 7,374,551	$ 7,090,695	$ 6,872,854

The Airport's capital activities are funded through Airport revenue bonds, federal and state grants, PFC, CFC, and Airport revenue. Additional information on the Airport's capital assets is presented in Note 5 of the notes to basic financial statements.

The Airport issued $0.1 million of Commercial Paper Notes during 2016. Notes proceeds may be used to finance portion of costs of authorized airports projects and repay expenses of issuing the notes. The Airport has no outstanding Commercial Paper Notes at December 31, 2016.

During 2016, the Airport sold $1,014,335 of Chicago O'Hare International Airport Senior Lien Revenue Bonds, Series 2016 A-C and having interest rates ranging from 2% to 5% with maturity dates ranging from January 1, 2017, to January 1, 2041. Certain net proceeds were used to refund certain maturities of outstanding bonds, to fund debt service reserve deposit requirement and to pay the cost of issuance of bonds.

The Airport's outstanding debt at December 31, 2016, 2015, and 2014 is summarized as follows (dollars in thousands):

	Outstanding Debt at Year-End		
	2016	**2015**	**2014**
Revenue bonds and notes	$7,260,508	$7,466,485	$7,527,336
Unamortized:			
Bond premium (discount)	453,456	374,179	199,169
Total outstanding debt—net	7,713,964	7,840,664	7,726,505
Current portion	(277,850)	(221,220)	(189,605)
Total long-term revenue bonds and notes payable—net	$7,436,114	$7,619,444	$7,536,900

Additional information on the Airport's long-term debt is presented in Note 4 of the notes to basic financial statements, and the Statistical Information section of this report.

The Airport's revenue bonds at December 31, 2016, had credit ratings with each of the three major rating agencies as follows:

	Moody's Investor Services	**Standard & Poor's**	**Fitch Ratings**	**Kroll Ratings**
Senior Lien General Airport Revenue Bonds	A2	A	A	A+
PFC Revenue Bonds	A2	A	A	NR
CFC Revenue Bonds	Baa1	BBB	NR	NR

At December 31, 2016 and 2015 the Airport believes it was in compliance with the debt covenants as stated within the Master Trust Indentures.

ECONOMIC FACTORS AND NEXT YEAR RATES AND CHARGES

In 2016, the Airport was the second busiest airport in the world, measured in terms of total aircraft operations, and the sixth busiest in terms of total passengers. The Airport had 38.8 million and 38.4 million enplaned passengers in 2016 and 2015, respectively. The strong origin-destination passenger demand and the Airport's central geographical location near the center of the United States and along the most heavily traveled east/west air routes make the Airport a natural hub location.

United Airlines and American Airlines each use the Airport as one of their major hubs. United Airlines (including its regional affiliates) comprised 45.4% of the Airport's enplaned passengers in 2016 and 38.6% of the enplaned passengers in 2015. American Airlines (including its regional affiliate) comprised 33.7% of the Airport's enplaned passengers in 2016 and 33.1% of the enplaned passengers in 2015.

Based on the Airport's rates and charges for fiscal year 2017, total budgeted operating and maintenance expenses are projected at $572,744 and total net debt service and fund deposit requirements are projected at $466,553. Additionally, 2017 nonsignatory revenues are budgeted for $399,515, resulting in a net airline requirement of $639,782 that will be funded through landing fees, terminal area use charges, and fuel system use charges.

REQUESTS FOR INFORMATION

This financial report is designed to provide the reader with a general overview of the Airport's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Chicago Department of Finance.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2016 AND 2015
(Dollars in thousands)

	2016	2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	$ 122,340	$ 98,883
Investments (Note 2)	72,232	44,621
Accounts receivable—net of allowance for doubtful accounts of approximately $1,948 in 2016 and $1,257 in 2015	80,341	89,970
Due from other City funds	31,851	31,532
Prepaid expenses	1,679	740
Interest receivable	970	174
Cash and cash equivalents (Note 2)—restricted	681,463	537,631
Prepaid expenses—restricted	333	3,800
Total current assets	991,209	807,351
NONCURRENT ASSETS:		
Cash and cash equivalents (Note 2)—restricted	501,542	777,885
Investments (Note 2)—restricted	1,065,040	1,182,225
Passenger facility charges and other receivables—restricted	22,745	24,923
Interest receivable—restricted	7,583	3,645
Prepaid expenses—restricted	31	325
Due from other governments—restricted	2,673	617
Other assets	4,998	10,909
Property and facilities (Note 5):		
Land	892,088	885,967
Buildings and other facilities	9,302,810	9,014,975
Construction in progress	631,402	386,814
Total property and facilities	10,826,300	10,287,756
Less accumulated depreciation	(3,451,749)	(3,197,061)
Property and facilities—net	7,374,551	7,090,695
Total noncurrent assets	8,979,163	9,091,224
Total assets	9,970,372	9,898,575
DEFERRED OUTFLOWS (Note 11)	513,494	548,573
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 10,483,866	$ 10,447,148

	2016	2015
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 91,404	$ 93,378
Due to other City funds	3,679	3,389
Advances for terminal and hangar rent	14,459	12,836
Billings over amounts earned	187,771	155,085
Liabilities payable from restricted assets:		
Accounts payable	242,827	155,047
Current portion of revenue bonds and notes payable (Note 4)	277,850	221,220
Interest payable	159,738	160,047
Advance from Federal	1,048	1,317
Total current liabilities	978,776	802,319
NONCURRENT LIABILITIES:		
Liabilities payable from restricted assets:		
Revenue bonds payable—net of premium (Note 4)	7,424,016	7,619,444
Net pension liability (Note 7)	1,638,864	1,542,137
Line of Credit Payable	12,098	
Total noncurrent liabilities	9,074,978	9,161,581
Total liabilities	10,053,754	9,963,900
DEFERRED INFLOWS (Note 11)	47,515	8,648
NET POSITION (Note 1):		
Net investment in capital assets	1,001,744	707,991
Restricted net position (Note 1):		
Debt service	19,815	14,798
Capital projects	65,858	86,519
Passenger facility charges	174,605	149,306
Airport use agreement	145,735	135,836
Airport development fund	238,021	338,133
Customer facility charge	11,260	65,577
Other assets	23,886	38,047
Total restricted net position	679,180	828,216
Unrestricted net position	(1,298,327)	(1,061,607)
Total net position	382,597	474,600
TOTAL	$ 10,483,866	$ 10,447,148

See notes to basic financial statements.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Dollars in thousands)

	2016	2015
OPERATING REVENUES:		
Landing fees and terminal area use charges (Note 1)	$ 635,224	$ 546,053
Rents, concessions, and other (Note 6)	312,592	299,175
Total operating revenues	947,816	845,228
OPERATING EXPENSES (Notes 7 and 8):		
Salaries and wages	204,136	191,842
Pension expense (Note 7)	245,491	339,546
Repairs and maintenance	104,536	98,945
Professional and engineering services	95,608	83,265
Other operating expenses	101,439	92,112
Total operating expenses before depreciation, amortization and capital asset impairment	751,210	805,710
Depreciation and amortization	254,689	231,670
Capital asset impairment		3,320
Total operating expenses	1,005,899	1,040,700
OPERATING LOSS	(58,083)	(195,472)
NONOPERATING REVENUES (EXPENSES):		
Passenger facility charge revenue	154,044	147,697
Customer facility charge revenue	39,930	39,204
Passenger facility charge expenses	(2,410)	(2,341)
Other nonoperating revenue	15,553	18,315
Noise mitigation costs (Note 1)	(2,310)	(8,998)
Costs of issuance (Note 1)	(5,912)	(11,441)
Investment income (Note 4)	12,640	19,328
Interest expense (Note 4)	(316,119)	(319,373)
Total nonoperating revenues (expenses)	(104,584)	(117,609)
LOSS BEFORE CAPITAL GRANTS	(162,667)	(313,081)
CAPITAL GRANTS (Note 1)	70,664	76,689
CHANGE IN NET POSITION	(92,003)	(236,392)
TOTAL NET POSITION—Beginning of year	474,600	710,992
TOTAL NET POSITION—End of year	$ 382,597	$ 474,600

See notes to basic financial statements.

CITY OF CHICAGO, ILLINOIS

CHICAGO O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Dollars in thousands)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Landing fees and terminal area use charges	$ 663,583	$ 570,459
Rents, concessions, and other	328,170	317,973
Payments to vendors	(287,590)	(216,459)
Payments to employees	(180,956)	(175,052)
Transactions with other City funds—provided by	98	2,454
Transactions with other City funds—(used in)	(68,053)	(71,098)
Cash flows provided by operating activities	455,252	428,277
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from issuance of bonds	1,157,511	2,164,456
Payment of commercial note paper		(51,026)
Proceeds from line of credit	12,098	
Proceeds from O'Hare 2010B Senior Lien Build America Bonds subsidy	12,407	12,380
Payment to refund bonds	(1,058,503)	(1,767,600)
Principal paid on bonds	(221,220)	(189,605)
Bond issuance costs	(5,912)	(11,441)
Interest paid on bonds and note	(394,869)	(420,548)
Acquisition and construction of capital assets	(423,778)	(359,547)
Capital grants	68,340	74,516
Customer facility charge revenue	39,930	39,204
Passenger facility charge revenue and other receipts	156,223	150,705
Passenger facility charge expenses	(2,410)	(2,342)
Cash flows used in by capital and related financing activities	(660,183)	(360,848)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Proceeds from settlement agreement	707	984
Cash paid for noise mitigation program	(2,310)	(8,998)
Cash flows used in noncapital financing activities	(1,603)	(8,014)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales (purchases) investments—net	100,611	373,361
Investment interest	(3,131)	16,927
Cash flows provided by investing activities	97,480	390,288
NET CHANGE IN CASH AND CASH EQUIVALENTS	(109,054)	449,703
CASH AND CASH EQUIVALENTS—Beginning of year	1,414,399	964,696
CASH AND CASH EQUIVALENTS—End of year	$ 1,305,345	$ 1,414,399

(Continued)

CHICAGO O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Dollars in thousands)

	2016	2015
RECONCILIATION TO CASH AND CASH EQUIVALENTS		
REPORTED ON THE STATEMENTS OF NET ASSETS:		
Unrestricted	$ 122,340	$ 98,883
Restricted:		
Current	681,463	537,631
Noncurrent	501,542	777,885
TOTAL	$ 1,305,345	$ 1,414,399
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS		
PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	$ (58,083)	$ (195,472)
Adjustments to reconcile:		
Depreciation, amortization, and impairment	254,689	234,990
Pension expense other than contribution	217,986	313,746
Changes in assets and liabilities:		
(Increase) in accounts receivable	9,628	(14,127)
Increase in due from other City funds	(319)	2,219
Decrease in prepaid expenses	(1,272)	177
(Decrease) increase in accounts payable	(1,974)	29,544
(Decrease) in due to other City funds	289	(131)
(Decrease) increase in prepaid terminal rent	1,623	5,427
(Decrease) increase in billings over amounts billed	32,685	51,904
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	$ 455,252	$ 428,277

SUPPLEMENTAL DISCLOSURE OF NONCASH ITEMS:

Property additions in 2016 and 2015 of $197,167 and $140,257 respectively, are included in accounts payable.

See notes to basic financial statements. (Concluded)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization—Chicago O'Hare International Airport (the "Airport" or "O'Hare") is operated by the City of Chicago Illinois (the "City") Department of Aviation. The Airport is included in the City's reporting entity as an enterprise fund. The City is a member of the Chicago-Gary Regional Airport Authority, which was created in 1995 to address the air transportation needs of the Chicago-Northwest Indiana Region.

Basis of Accounting and Measurement Focus—The accounting policies of the Airport are based upon accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The accounts of the Airport are reported using the flow of economic resources measurement focus.

The Airport uses the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when incurred.

Annual Appropriated Budget—The Airport has a legally adopted annual budget, which is not required to be reported.

Management's Use of Estimates—The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

Cash, Cash Equivalents, and Investments—Cash, cash equivalents, and investments generally are held with the City treasurer as required by the Municipal Code of Chicago (the "Code"). Interest earned on pooled investments is allocated to participating funds based upon their average combined cash and investment balances. Due to contractual agreements or legal restrictions, the cash and investments of certain funds are segregated and earn and receive interest directly.

The Code permits deposits only to City Council-approved depositories, which must be regularly organized state or national banks and federal or state savings and loan associations, located within the City, whose deposits are federally insured.

Investments authorized by the Code include interest-bearing general obligations of the City, the State of Illinois (the “State”), and the U.S. government; U.S. Treasury bills and other non-interest-bearing general obligations of the U.S. government purchased in the open market below face value; domestic money market mutual funds regulated by and in good standing with the Securities and Exchange Commission; and tax anticipation warrants issued by the City. The City is prohibited by ordinance from investing in derivatives, as defined, without City Council approval.

The Airport values its investments at fair value or amortized cost as applicable. U.S. government securities purchased at a price other than par with a maturity of less than one year are reported at amortized cost. The fair value of U.S. agency securities, corporate bonds, and municipal bonds are estimated using recently executed transactions, market price quotations (where observable), or bond spreads.

Repurchase agreements can be purchased only from banks and certain other institutions authorized to do business in the State. The City treasurer requires that securities pledged to secure these agreements have a market value equal to the cost of the repurchase agreements plus accrued interest.

Investments, generally, do not have a maturity in excess of 30 years from the date of purchase. Certain other investment balances are held in accordance with the specific provisions of the applicable bond ordinances.

Cash equivalents include certificates of deposit and other investments with maturities of three months or less when purchased.

Accounts Receivable Allowance—Management has provided an allowance for amounts recorded at year-end, which may be uncollectible.

Revenues and Expenses—Revenues from landing fees, terminal area use charges, fueling system charges, parking revenue, and concessions are reported as operating revenues. Revenues that are related to financing, investing, customer facility charges (CFC), and passenger facility charges (PFC) are reported as nonoperating revenues. Salaries and wages, repair and maintenance, professional and engineering services, and other expenses that relate to Airport operations are reported as operating expenses. Interest expense, PFC expenses, financing costs, and noise mitigation costs are reported as nonoperating expenses.

Transactions with the City—The City’s general fund provides services to the Airport. The amounts allocated to the Airport for these services are treated as operating expenses by the Airport and consist mainly of employee benefits, self-insured risks, and administrative expenses.

Property and Facilities—Property and facilities are recorded at cost or, for donated assets, at market value at the date of acquisition. Expenditures greater than $5,000 for the acquisition, construction, or equipping of capital projects, together with related design, architectural, and engineering fees, are capitalized. Expenditures for vehicles and other movable equipment are expensed as incurred.

Depreciation and amortization are provided using the straight-line method and begin in the year following the year of acquisition or completion. Estimated useful lives are as follows:

Runways, aprons, tunnels, taxiways, and paved roads	30 years
Water drainage and sewer system	20–50 years
Refrigeration and heating systems	30 years
Buildings	40 years
Electrical system	15–20 years
Other	10–30 years

Deferred Outflows—Deferred outflows represent the fair value of derivative instruments that are deemed to be effective hedges, unamortized loss on bond refundings, and differences between estimated and actual investment earnings related to pensions, and changes in actuarial assumptions related to pensions.

Deferred Inflows—Deferred inflows represent the differences between projected and actual actuarial experience related to pensions.

Net Position—Net position comprises the net earnings from operating and nonoperating revenues, expenses, and capital grants. Net position is displayed in three components—net investment in capital assets; restricted for debt service, capital projects, PFCs, airport use agreement and airport development fund, CFCs, and other assets; and unrestricted. Net investment in capital assets consists of all capital assets, net of accumulated depreciation, and reduced by outstanding debt, net of debt service reserve and unspent proceeds. Restricted net position consists of net position on which constraints are placed by external parties (such as lenders and grantors), laws, regulations and enabling legislation. Unrestricted net position consists of all other net position not categorized as either of the above.

Employee Benefits—Employee benefits are granted for vacation and sick leave, workers' compensation, and health care. Specified unused vacation leave is accrued and may be carried over for one year. Sick leave is accumulated at the rate of one day for each month worked, up to a maximum of 200 days. Severance of employment terminates all rights to receive compensation for any unused sick leave. Sick leave pay is not accrued. Employee benefit claims outstanding, including claims incurred but not reported, are estimated and recorded as liabilities. The Airport maintains insurance from a commercial carrier for workers' compensation claims. Settlements in each of the past two years have been less than insurance coverage maintained.

Employees are eligible to defer a portion of their salaries until future years under the City's deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan is administered by third-party administrators who maintain the investment portfolio. The plan's assets have been placed in trust accounts with the plan administrators for the exclusive benefit of participants and their beneficiaries and are not considered assets of the City.

The City is subject to the State of Illinois Unemployment Compensation Act and has elected the reimbursing employer option for providing unemployment insurance benefits for eligible former employees. Under this option, the City reimburses the State for claims paid by the State.

Bond Insurance Costs, and Bond Premiums, and Discounts—Bond insurance costs and bond premiums and discounts are deferred and amortized over the term of the related debt. Other debt issuance costs are expenses in the period incurred.

Capitalized Interest—Interest expense on construction bond proceeds are capitalized during construction on those capital projects paid from the bond proceeds and are being amortized over the depreciable life of the related assets on a straight-line basis.

Capital Grants—The Airport reports capital grants as revenue on the statements of revenues, expenses, and changes in net position. Capital grants are on a reimbursement basis and revenues are recognized when associated capital expenditures become eligible for grant reimbursement.

Noise Mitigation Costs—Funds expended for the noise mitigation program are recorded as nonoperating expenses in the period they are incurred.

Revenue Recognition—Landing fees, terminal area use charges, and fueling system charges are assessed to the various airlines throughout each fiscal year based on estimated rates. Such rates are designed to yield collections from airlines adequate to cover certain expenses and required debt service and fund deposits as determined under provisions of the Amended and Restated Airport Use Agreement and Terminal Facilities Lease and the International Terminal Use Agreement and Facilities Lease ("Use Agreements"). Incremental amounts due from the airlines arise when amounts assessed, based on the estimated rates used during the year, are less than actual expenses and required deposits for the year. Such incremental amounts due from airlines are included in amounts to be billed. Incremental amounts due to the airlines arise when amounts assessed, based on the estimated rates used during the year, exceed actual expenses and required deposits for the year. Such incremental amounts due to airlines are included in billings over amounts earned.

Passenger Facility Charge Revenue—The Airport imposed PFCs of $4.50 per eligible enplaned passenger for the years ended December 31, 2016 and 2015, respectively. PFCs are available, subject to Federal Aviation Administration regulation and approval, to finance specific eligible capital projects. The City reports PFC revenue as nonoperating revenue and related noncapital expenses as nonoperating expenses.

Customer Facility Charge Revenue—The Airport imposed a CFC of $8.00 per contract day on each customer for motor vehicle rentals at the Airport beginning August 1, 2010. CFCs are available to finance specific eligible capital projects. The City reports CFC revenue as nonoperating revenue and related noncapital expenses as nonoperating expenses in conformity with industry practice.

Adopted Accounting Standards—

GASB Statement No. 72, *Fair Value Measurement and Application* ("GASB 72"), addressed accounting and financial reporting issues related to fair value measurements. The Airport adopted GASB 72 for the year ended December 31, 2016. This Statement provided guidance for determining a fair value measurement for financial reporting purposes and the related disclosures. This Statement required a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. This Statement established a hierarchy of inputs to valuation techniques used to measure fair value. This Statement also required disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* ("GASB 76"), supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The Airport adopted GASB 76 for the year ended December 31, 2016 and there was no impact to the Airport's financial statements.

GASB Statement No. 77, *Tax Abatement Disclosures* ("GASB 77"), required governments that enter into tax abatement agreements to disclose: (1) Brief descriptive information concerning the agreement; (2) The gross dollar amount of taxes abated during the period; and 3) Commitments made by government, other than to abate taxes, that are part of the tax abatement agreement. The Airport adopted GASB 77 for the year ended December 31, 2016 and there was no impact to the Airport's financial statements.

Upcoming Accounting Standards—Other accounting standards that O'Hare is currently reviewing for applicability and potential impact on the basic financial statements include:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. GASB 75 will be effective for the Airport beginning with its year ending December 31, 2018. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB.

GASB Statement No. 80, *Blending Requirements for Certain Component Units, an amendment of GASB Statement No. 14* ("GASB 80"), amends the blending requirements for the financial statement presentation of component units of all state and local governments. GASB 80 will be effective for the Airport beginning with its year ending December 31, 2017.

GASB Statement No. 82, *Pension Issues*, *an amendment of GASB Statements No. 67, No. 68, and No. 73* ("GASB 82"), addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (Plan member) contribution requirements. GASB 82 will be effective for the Airport beginning with its year ending December 31, 2017.

GASB Statement No. 83, *Certain Asset Retirement Obligations* – ("GASB 83"), addresses accounting and financial reporting for certain asset retirement obligations (AROs). A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets will have to recognize a liability based on the guidance in this statement. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. GASB 83 will be effective for the Airport beginning with its year ending December 31, 2019.

GASB Statement No. 84, *Fiduciary Activities* – ("GASB 84") will improve the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 will be effective for the Airport beginning with its year ending December 31, 2019.

GASB Statement No. 85, *Omnibus* – ("GASB 85") the objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. The statement addresses various miscellaneous issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (OPEB). GASB 85 will be effective for the Airport beginning with its year ending December 31, 2018.

GASB Statement No. 86, *Certain Debt Extinguishment Issues* – ("GASB 86") establishes accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole purpose of extinguishing debt. GASB 86 will be effective for the Airport beginning with its year ending December 31, 2018.

2. RESTRICTED AND UNRESTRICTED CASH, CASH EQUIVALENTS, AND INVESTMENTS

Investments—U.S. agencies include investments in government-sponsored enterprises such as Federal National Mortgage Association, Federal Home Loan Banks, and Federal Home Loan Mortgage Corp. The Airport had investments as of December 31, 2016, as follows (dollars in thousands):

	Investment Maturities (in Years)				
Investment Type	**Less Than 1**	**1–5**	**6–10**	**More than 10**	**Fair Value**
U.S. agencies	$ 165,329	$113,895	$ -	$ -	$ 279,224
U.S. treasuries	95,179	19,907			115,086
Commercial paper	199,974				199,974
Corporate bonds	27,701	91,299	20,258		139,258
Municipal bonds	28,923	160,279	2,518	27,022	218,742
Certificates of deposits and other short term	1,158,058				1,158,058
Subtotal	$1,675,164	$385,380	$22,776	$27,022	2,110,342
Share of City's pooled funds					290,804
Total					$2,401,146

The Airport had investments as of December 31, 2015, as follows (dollars in thousands):

Investment Type	Investment Maturities (in Years) Less Than 1	1–5	6–10	More than 10	Fair Value
U.S. agencies	$ 266,777	$535,005	$14,001	$ -	$ 815,783
U.S. treasuries		19,759			19,759
Commercial paper	248,954				248,954
Corporate bonds	11,002	69,808	16,720		97,530
Municipal bonds	76,532	126,366			202,898
Certificates of deposits and other short term	1,222,505				1,222,505
Subtotal	$1,825,770	$750,938	$30,721	$ -	2,607,429
Share of City's pooled funds					2,642
Total					$2,610,071

Fair Value Measurements

The City categorizes the fair value measurements of its investments based the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation techniques used to measure fair value.

Level 1—Inputs are unadjusted quoted prices in active markets for identical assets
Level 2—Observable inputs other than quoted market prices, and
Level 3—Unobservable Inputs

The recurring fair value measurements as of December 31, 2016 and 2015 are as follows (dollars in thousands):

	2016 Level 1	2016 Level 2	2016 Level 3	2015 Level 1	2015 Level 2	2015 Level 3
U.S. treasuries	$ -	$ 19,907	$ -	$ -	$ 19,759	$ -
U.S. agencies		234,589			711,600	
Corporate bonds		127,767			91,026	
Municipal bonds		218,742			202,898	
Total investments at fair value	$ -	$601,005	$ -	$ -	$1,025,283	$ -

U.S. agencies include investments in government-sponsored enterprises, such as Federal National Mortgage Association, Federal Home Loan Banks, and Federal Home Loan Mortgage Corp.

Money market investments and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less and are held by governments other than the external investment pools are measured at amortized cost and are not reflected in the table above. The total of these investments at amortized cost for

O'Hare are $1,509.3 million and $1,582.1 million as of December 31, 2016 and 2015, respectively.

The Airport's share in the City's pooled funds of $290.8 million and $2.6 million as of December 31, 2016 and 2015, respectively, is categorized as Level 2 in the fair value hierarchy; however, pooled funds are not reflected in the table above.

Interest Rate Risk—As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy requires that investments generally may not have a maturity date in excess of 30 years from the date of purchase. Certain other investments are held in accordance with the specific provisions of applicable ordinances.

Credit Risk—With regard to credit risk, the Code limits the investments in securities to:

(1) Interest-bearing general obligations of the United States and the State of Illinois;

(2) United States treasury bills and other non-interest bearing general obligations of the United States or United States government agencies when offered for sale at a price below the face value of same, so as to afford the city a return on such investment in lieu of interest;

(3) Tax anticipation warrants, municipal bonds, notes, commercial paper or other instruments representing a debt obligation issued by the City of Chicago;

(4) Commercial paper which: (1) at the time of purchase, is rated in the two highest classifications by at least two accredited ratings agencies; and (2) matures not more than 270 days after the date of purchase;

(5) Reverse repurchase agreement if: (1) the term does not exceed 90 days; and (2) the maturity of the investment acquired with the proceeds of the reverse repurchase agreement does not exceed the expiration date of the reverse repurchase agreement; Reverse repurchase agreements may be transacted with primary dealers and financial institutions, provided that the City has on file a master repurchase agreement;

(6) Certificates of deposit of banks or savings and loan associations designated as municipal depositories which are insured by federal deposit insurance; provided that any amount of the deposit in excess of the federal deposit insurance shall be collateralized as noted in Custodial Credit Risk—Cash and Certificates of Deposit below;

(7) Bankers acceptance of banks whose senior obligations, at the time of purchase, are rated in either the AAA or AA rating categories by at least two accredited ratings agencies;

(8) Tax-exempt securities exempt from federal arbitrage provisions applicable to investments of proceeds of the City's tax-exempt debt obligations;

(9) Domestic money market mutual funds regulated by and in good standing with the Securities and Exchange Commission; provided that such money market mutual funds' portfolios are limited to investments authorized by this section;

(10) Any other suitable investment instrument permitted by state laws governing municipal investments generally, subject to the reasonable exercise of prudence in making investments of public funds;

(11) Except where otherwise restricted or prohibited, a non-interest-bearing savings account, non- interest-bearing checking account or other non-interest bearing demand account established in a national or state bank, or a federal or state savings and loan association, when, in the determination of the treasurer, the placement of such funds in the non-interest bearing account is used as compensating balances to offset fees associated with that account that will result in cost savings to the City;

(12) Bonds of companies organized in the United States with assets exceeding $500.0 million that, at the time of purchase, are rated not less than A-, or equivalent rating, by at least two accredited ratings agencies;

(13) Debt instruments of international financial institutions, including but not limited to the World Bank and the International Monetary Fund, that, at the time of purchase, are rated within 4 intermediate credit ratings of the United States sovereign credit rating by at least two accredited ratings agencies, but not less than an A-rating, or equivalent rating. The maturity of investments authorized in this subsection shall not exceed 10 years. For purposes of this subsection, an "international financial institution" means a financial institution that has been established or chartered by more than one country and the owners or shareholders are generally national governments or other international institutions such as the United Nations;

(14) United States dollar denominated debt instruments of foreign sovereignties that, at the time of purchase, are rated within 4 intermediate credit ratings of the United States sovereign credit rating by at least two accredited ratings agencies, but not less than an A-rating or equivalent rating;

(15) Interest-bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois, of any other state, or of any political subdivision or agency of the State of Illinois or of any other state, whether the interest earned thereon is taxable or tax-exempt under federal law. The bonds shall be registered in the name of the city or held under a custodial agreement at a bank. The bonds shall be rated, at the time of purchase, not less than A-, or equivalent rating, by at least two accredited rating agencies with nationally recognized expertise in rating bonds of states and their political subdivisions;

(16) Bonds registered and regulated by the Securities and Exchange Commission and for which the full faith and credit of the State of Israel is pledged for payment; provided that the bonds have an A-rating or above or equivalent rating by at least two accredited ratings agencies;

(17) Bonds, notes, debentures, or other similar obligations of agencies of the United States rated, at the time of purchase, no less than AAA by at least two accredited rating agencies.

Total holdings across all funds held by the treasurer shall have no less than an overall average rating of Aa1 on a quarterly basis, as rated by two accredited rating agencies. The Airport's exposure to credit risk as of December 31, 2016 and 2015, is as follows (dollars in thousands):

Quality Rating	2016	2015
Moody's/S & P:		
Aaa/AAA	$ 37,426	$ 57,119
Aa/AA	467,361	853,412
A/A	75,769	27,949
P1/A1	181,279	
P2/A2	26,488	
MIG2/SP-1	999	
Not rated	1,321,020	1,668,949
Total funds	$2,110,342	$2,607,429

The Airport participates in the City's pooled cash and investments account, which includes amounts from other City funds and is maintained by the City treasurer. Individual cash or investments are not specifically identifiable to any participant in the pool. The Treasurer's pooled fund is included in the City's Comprehensive Annual Financial Report.

Custodial Credit Risk—Cash and Certificates of Deposit—This is the risk that in the event of a bank failure, the City's Deposits may not be returned. The City's Investment Policy states that in order to protect the City public fund deposits, depository institutions are to maintain collateral pledges on City deposits and certificates of deposit during the term of the deposit.

For certificates of deposit of banks or savings and loan associations designated as municipal depositories which are insured by federal deposit insurance, any amount of the deposit in excess of the federal deposit insurance shall be either: (1) fully collateralized at least 102% by: (i) marketable U.S. government securities marked to market at least monthly; (ii) bonds, notes, or other securities constituting the direct and general obligation of any agency or instrumentality of the United States; or (iii) bonds, notes or other securities constituting a direct and general obligation of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois or of any other state, or of any political subdivision or agency of the State of Illinois or any other state which are rated in either the AAA or AA rating categories by at least two accredited ratings agencies and maintaining such rating during the term of such investments; (2) secured by a corporate surety bond issued by an insurance company licensed to do business in Illinois and having a claims-paying rating in the top rating category as rated by a nationally recognized statistical rating organization and maintaining such rating during the term of such investment; or (3) fully collateralized at least 102% by an irrevocable letter of credit issued in favor of the City of Chicago by the Federal Home Loan Bank, provided that the Federal Home Loan Bank's short-term debt obligations are rated in the highest rating category by at least one accredited ratings agency throughout the term of the certificate of deposit.

The collateral required to secure City funds must be held in safekeeping and pursuant to collateral agreements which would prohibit release or substitution of pledged assets without proper written notification and authorization of the City Treasurer. The final maturity of acceptable collateral pledged shall not exceed 120 months.

The bank balance of cash and certificates of deposit with the City's various municipal depositories was $514.1 million as of December 31, 2016. Of the bank balance, 84.7% was either insured or collateralized with securities held by City agents in the City's name. An amount of $78.7 million was uncollateralized at December 31, 2016, and thus was subject to custodial credit risk.

The investments reported in the basic financial statements as of December 31, 2016 and 2015, is as follows (dollars in thousands):

	2016	**2015**
Per Note 2:		
Investments—Airport	$2,110,342	$2,607,429
Investments—City Treasurer Pooled Fund	290,804	2,642
	$2,401,146	$2,610,071
Per financial statements:		
Restricted investments	$1,065,040	$1,182,225
Unrestricted investments	72,232	44,621
Investments classified as cash and cash equivalents on the statements of net position	1,263,874	1,383,225
	$2,401,146	$2,610,071

3. RESTRICTED ASSETS

The General Airport Revenue Bond Ordinance ("Bond Ordinance"), the Master Indenture of Trust Securing Chicago-O'Hare International Airport Second Lien Obligations ("Second Lien Indenture"), the Master Indenture of Trust Securing Chicago-O'Hare International Airport Third Lien Obligations ("Third Lien Indenture"), the Use Agreement, and federal regulations contain various limitations and restrictions which, among other things, require the creation and maintenance of separate accounts, certain of which must be held by a trustee and into which required deposits are made by the Airport on a periodic basis to fund construction, debt retirement, operation and maintenance, and contingencies.

Restricted cash, cash equivalents, and investment balances in accordance with the Bond Ordinance, the Second Lien Indenture, and the Third Lien Indenture requirements are as follows (dollars in thousands):

Account	**2016**	**2015**
Construction	$ 370,572	$ 650,533
Capitalized interest	49,812	79,579
Debt service reserve	674,196	631,717
Debt service interest	398,072	347,458
Debt service principal	54,322	46,422
Operation and maintenance reserve	143,186	133,758
Maintenance reserve	3,000	3,000
Customer facility charge	98,119	93,856
Airport Development Fund	268,896	342,535
Other funds	35,069	42,571
Subtotal—Bond Ordinance, Master Indenture Accounts	2,095,244	2,371,429
Passenger facility charge	152,801	126,312
Total	$ 2,248,045	$ 2,497,741

Construction and capitalized interest accounts are restricted for authorized capital improvements and payment of interest costs during construction.

The debt service reserve account is restricted to the payment of debt service in the event that the balance in the debt service account is insufficient.

The debt service principal and interest accounts are restricted to the payment of bond principal and interest.

The operation and maintenance reserve account is restricted to make loans to the operation and maintenance account, as needed, which are to be repaid as funds become available. The maintenance reserve account is restricted to extraordinary maintenance expenditures.

The City has entered into arbitrage agreements under which the City has agreed to comply with certain requirements of the Internal Revenue Code of 1986, as amended, in order to maintain the exclusion of the interest on the bonds from the gross income of the recipients thereof for federal income tax purposes. The rebate account relating to each series of the bonds has been established to account for any liability of the City to make arbitrage rebate payments to the federal government relating to such series of bonds.

The Airport Development Fund is restricted and may be used by the Airport for any lawful Airport purpose.

Other funds include the federal and state grant funds and the special capital projects fund. The PFC account is restricted to fund eligible and approved PFC projects.

The customer facility charge account is restricted to fund eligible and approved CFC projects.

At December 31, 2016 and 2015, the Airport believes it was in compliance with the funding requirements and restrictions as stated in the Bond Ordinance and Master Indenture.

4. LONG-TERM DEBT

Long-term debt at December 31, 2016 and 2015, consisted of the following (dollars in thousands):

	2016	2015
Senior lien bonds (formerly third lien):		
$29,360 Series 2004 E, F, G, and H third lien revenue refunding bonds issued December 2, 2004, due through 2023; interest at 3.49%–5.35%	$ 29,360	$ 29,360
$238,990 Series 2005 B third lien revenue refunding bonds issued December 22, 2005, due through 2018; interest at 5.25%	110,395	143,215
$300,000 Series 2005 C and D third lien revenue bonds issued December 22, 2005, due through 2035; variable floating interest rate 0.71% and 0.74% at December 31, 2016	240,600	240,600
$112,630 Series 2006 A, B, and C third lien revenue refunding bonds issued December 13, 2006, due through 2037; interest at 4.55%–5.50%		30,280
$530,170 Series 2008 A third lien revenue bonds issued January 31, 2008, due through 2038; interest at 4.5%–5.0%		530,170
$175,500 Series 2008 B third lien revenue bonds issued January 31, 2008, due through 2020; interest at 5.0%		175,500
$74,245 Series 2008 C and D third lien revenue bonds issued January 31, 2008, due through 2038; interest at 4.0%–4.6%	31,140	68,495
$91,590 Series 2010 A third lien revenue bonds issued April 29, 2010, due through 2040; interest at 3.0%–5.0%	31,190	47,325
$669,590 Series 2010 B third lien revenue bonds issued April 29, 2010, due through 2040; interest at 6.145%–6.845%	578,000	578,000
$171,450 Series 2010 C third lien revenue bonds issued April 29, 2010, due through 2035; interest at 4.00%–5.25%	171,450	171,450
$55,850 Series 2010 D third lien revenue refunding bonds issued April 29, 2010, due through 2019; interest at 5.00%–5.25%	47,990	51,880
$47,360 Series 2010 E third lien revenue refunding bonds issued April 29, 2010, due through 2016; interest at 1.75%–5.00%		8,625
$95,375 Series 2010 F third lien revenue refunding bonds issued April 29, 2010, due through 2040; interest at 4.25%–5.25%	95,735	95,735
$420,155 Series 2011 A third lien revenue bonds issued May 5, 2011, due through 2041; interest at 5.625%–5.750%	420,155	420,155
$295,920 Series 2011 B third lien revenue bonds issued May 5, 2011, due through 2041; interest at 3.00%–6.00%	263,735	279,040

(Continued)

	2016	2015
$283,925 Series 2011 C third lien revenue bonds issued May 5, 2011, due through 2041; interest at 5.50%–6.50%	$ 44,940	$ 283,925
$444,760 Series 2012 A senior lien revenue refunding bonds issued September 12, 2012, due through 2032; interest at 1.00%–5.00%	334,715	371,245
$277,735 Series 2012 B senior lien revenue refunding bonds issued September 12, 2012, due through 2032; interest at 1.00%–5.00%	211,970	234,430
$336,350 Series 2013 A senior lien revenue refunding bonds issued October 17, 2013 due through 2026; interest at 2.00%–5.00%	308,685	328,680
$165,435 Series 2013 B senior lien revenue refunding bonds issued October 17, 2013 due through 2029; interest at 2.00%–5.25%	154,430	154,880
$98,375 Series 2013 C senior lien revenue bonds issued October 17, 2013 due through 2044; interest at 5.00%–5.50%	98,375	98,375
$297,745 Series 2013 D senior lien revenue bonds issued October 17, 2013 due through 2044; interest at 3.00%–5.25%	297,745	297,745
$428,640 Series 2015 A senior lien revenue refunding bonds issued October 15, 2015 due through 2037; interest at 2.00%–5.00%	421,125	428,640
$1,191,540 Series 2015 B senior lien revenue refunding bonds issued October 15, 2015 due through 2035; interest at 4.00%–5.00%	1,170,760	1,191,540
$195,690 Series 2015 C senior lien revenue bonds issued October 15, 2015 due through 2046; interest at 3.625%–5.000%	195,690	195,690
$131,510 Series 2015 D senior lien revenue bonds issued October 15, 2015 due through 2046; interest at 4.000%–5.000%	131,510	13,150
$27,335 Series 2016 A senior lien revenue refunding bonds issued December 5, 2016 due through 2037; interest at 3.00%–5.00%	27,335	
$491,645 Series 2016 B senior lien revenue refunding bonds issued December 5, 2016 due through 2041; interest at 4.00%–5.00%	461,945	
$525,055 Series 2016 C senior lien revenue refunding bonds issued December 5, 2016 due through 2038; interest at 5.00%	525,055	
Subtotal—senior lien bonds	6,404,030	6,586,490

(Continued)

	2016	2015
Passenger Facility Charge Revenue Bonds:		
$111,425 Series 2008 A Passenger Facility Charge Revenue Refunding Bonds issued January 31, 2008, due through 2016; interest at 4.0%–5.0%	$ -	$ 24,465
$24,965 Series 2010 A Passenger Facility Charge Revenue Bonds issued May 27, 2010, due through 2040; interest at 5.00%–5.25%	24,965	24,965
$51,305 Series 2010 B Passenger Facility Charge Revenue Bonds issued May 27, 2010, due through 2040; interest at 5.00%–5.25%	51,305	51,305
$48,495 Series 2010 C Passenger Facility Charge Revenue Bonds issued May 27, 2010, due through 2031; interest at 5.272%–6.395%	48,495	48,495
$12,900 Series 2010 D Passenger Facility Charge Revenue Refunding Bonds issued May 27, 2010, due through 2019; interest at 2.0%–5.0%	5,915	7,700
$12,190 Series 2011 A Passenger Facility Charge Revenue Refunding Bonds issued May 5, 2011, due through 2032; interest at 5.00%–5.625%	12,190	12,190
$33,815 Series 2011 B Passenger Facility Charge Revenue Refunding Bonds issued May 5, 2011, due through 2033; interest at 5.0%–6.0%	33,815	33,815
$114,855 Series 2012 A Passenger Facility Charge Revenue Refunding Bonds issued September 12, 2012, due through 2032; interest at 3.0%–5.0%	113,705	113,705
$337,240 Series 2012 B Passenger Facility Charge Revenue Refunding Bonds issued September 12, 2012, due through 2032; interest at 2.5%–5.0%	305,240	314,605
Subtotal—Passenger Facility Charge Revenue Bonds	595,630	631,245
Customer Facility Charge Revenue Bonds—$248,750 Series 2013 A Senior Lien CFC Bonds issued August 22, 2013, due through 2043; interest at 3.0%–5.75%	248,750	248,750
Revolving Line of Credit - AMT and Non-AMT variable rate 1.53% at December 31, 2016	12,098	
Total revenue bonds and notes	7,260,508	7,466,485
Unamortized premium	453,456	374,179
	7,713,964	7,840,664
Current portion	(277,850)	(221,220)
Total long-term revenue bonds payable & Line of Credit Payable	$ 7,436,114	$ 7,619,444

(Concluded)

Long-term debt during the years ended December 31, 2016 and 2015, changed as follows (dollars in thousands):

2016	Balance January 31	Additions	Reductions	Balance December 31	Due Within One Year
Revenue bonds, notes & LOC	$ 7,466,485	$ 1,026,533	$ (1,232,510)	$ 7,260,508	$ 277,850
Unamortized premium (discount)	374,179	143,176	(63,899)	453,456	
Total long-term debt	$ 7,840,664	$ 1,169,709	$ (1,296,409)	$ 7,713,964	$ 277,850

2015	Balance January 31	Additions	Reductions	Balance December 31	Due Within One Year
Revenue bonds and notes	$ 7,527,336	$ 2,023,142	$ (2,083,993)	$ 7,466,485	$ 221,220
Unamortized premium (discount)	199,169	217,076	(42,066)	374,179	
Total long-term debt	$ 7,726,505	$ 2,240,218	$ (2,126,059)	$ 7,840,664	$ 221,220

Interest expense capitalized for 2016 and 2015 totaled $22.9 million and $39.7 million, respectively. Interest income capitalized for 2016 and 2015 totaled $3.3 million and $3.8 million, respectively. Interest expense includes amortization of the deferred loss on bond refunding for 2016 and 2015 of $7.0 million and $9.0 million, respectively, and amortization of $36.8 million of premium, net, and $26.5 million of premium, net, respectively.

Issuance of Debt—Chicago O’Hare International Airport Commercial Paper Notes (“O’Hare CP Notes”), Series A-1 through C-1 (AMT), Series A-2 through C-2 (“Non-AMT”), Series A3 through C3 (“Taxable”), $420.0 million maximum aggregate principal amount of which $0 million was outstanding at December 31, 2016. The City has excluded commercial paper from current liabilities as it intends and has the ability to refinance the obligation on a long-term basis. Irrevocable letters of credit delivered by three banks in an aggregate maximum principal amount of $436.6 million provide for the timely payment of principal and interest on the notes until September 27, 2019. At December 31, 2016, there were no outstanding letter of credit advances.

In December 2016, the Airport entered into a Revolving Line of Credit Agreement with J.P. Morgan Chase Bank, National Association that allows the City to draw on the line of credit in an aggregate amount not to exceed $180 million. In December 2016, the Airport drew $6.9 million AMT and $5.2 million Non-AMT from its line of credit to finance certain capital projects at the Chicago O’Hare International Airport. The line of credit expires December 12, 2019.

In December 2016, the Airport sold $27.3 million of Chicago O’Hare International Airport Senior Lien Revenue Refunding Bonds, Series 2016 A (AMT) at a premium of $3.8 million. The bonds have interest rates ranging from 3% to 5%. The bonds are not subject to mandatory sinking fund redemption prior to maturity and have maturity dates ranging from January 1, 2017, through January 1, 2037. Certain net proceeds of $31.0 million were used to fully defease the Series 2006B General Airport Revenue Bonds ($30.3 million of principal and $0.7 million of interest) and certain net proceeds of $0.1 million were used to pay the cost of the issuance of the bonds. The current refunding resulted in a difference between the acquisition price and the net carrying amount of $0.03 million that will be charged to operations over 22 years using the straight-line method. The current refunding decreased the Airport's total debt service by $4.3 million and resulted in an economic gain (difference between the present value of the old debt and the new debt service payments) of $3.4 million.

In December 2016, the Airport sold $461.9 million of Chicago O'Hare International Airport Senior Lien Revenue Refunding Bonds, Series 2016 B (Non-AMT) at a premium of $54.9 million. The bonds have interest rates ranging from 4% to 5% and mandatory redemption maturity dates ranging from January 1, 2017, through January 1, 2041. Certain net proceeds of $514.3 million were used to fully defease the Series 2008B General Airport Revenue Bonds ($175.5 million of principal and $4.3 million of interest), a portion of the Series 2008C General Airport Revenue Bonds ($36.3 million of principal and $2.1 million of interest) and a portion of the Series 2011C General Airport Revenue Bonds ($239.0 million of principal and $57.1 million of interest). Certain net proceeds of $2.5 million were used to pay the cost of the issuance of the bonds. The current and advance refunding resulted in a difference between the acquisition price and the net carrying amount of $41.2 million that will be charged to operations over 26 years using the straight-line method. The current and advance refunding decreased the Airport's total debt service by $66.8 million and resulted in an economic gain (difference between the present value of the old debt and the new debt service payments) of $51.7 million.

In December 2016, the Airport sold $525.1 million of Chicago O'Hare International Airport Senior Lien Revenue Refunding Bonds, Series 2016 C (Non-AMT) at a premium of $84.4 million. The bonds have interest rate at 5%. The bonds are not subject to mandatory sinking fund redemption prior to maturity and have maturity dates ranging from January 1, 2017, through January 1, 2038. Certain net proceeds of $31.0 million were used to fully defease the Series 2008A General Airport Revenue Bonds ($530.2 million of principal and $34.9 million of interest). Certain net proceeds of $3.2 million were used to pay the cost of the issuance of the bonds; and certain net proceeds of $41.2 million were used to fund the debt service reserve deposit requirement. The advance refunding resulted in a difference between the acquisition price and the net carrying amount of $13.1 million that will be charged to operations over 23 years using the straight-line method. The advance refunding decreased the Airport's total debt service by $17.8 million and resulted in an economic gain (difference between the present value of the old debt and the new debt service payments) of $54.4 million.

In August 2013, the City entered into a loan agreement with the United States Department of Transportation under the Transportation Infrastructure Finance and Innovation Act (TIFIA) program to fund a portion of Consolidated Rental Car Facility at O'Hare, additions, extensions and improvements to the airport transit system (ATS) including the purchase of new ATS vehicles and certain public parking facilities. The loan amount of $288.1 million is subordinate to the O'Hare Customer Facility Charge Senior Lien Revenue Bonds, Series 2013. The interest rate is 3.86 percent and the final maturity of the loan is January 1, 2052. There were no loan disbursements made to the City as of December 31, 2016.

In October 2015, the Airport sold $428.6 million of Chicago O'Hare International Airport Senior Lien Revenue Refunding Bonds, Series 2015 A (AMT) at a premium of $42.2 million. The bonds have interest rates ranging from 2% to 5%. The bonds are not subject to mandatory sinking fund redemption prior to maturity and have maturity dates ranging from January 1, 2016, through January 1, 2037. Certain net proceeds of $468.2 million were used to defease a portion of the Series 2003A-1 General Airport Revenue Bonds ($20.0 million of principal and $0.4 million of interest), a portion of Series 2003B-1 General Airport Revenue Bonds ($0.5 million of principal and interest), to fully defease the Series 2003B-2 General Airport Revenue Bonds ($138.8 million of principal and $3 million of interest),a portion of Series 2003C-2 General Airport Revenue Bonds ($82.0 million of principal and $1.6 million of interest), a portion of Series 2003D General Airport Revenue Bonds($.02 million of principal and interest), a portion of Series 2003E General Airport Revenue Bonds ($22.9 million of principal and $.4 million of interest),a portion of Series 2004A General Airport Revenue Bonds ($131.0 million of principal and $2.4 million of interest), a portion of Series 2004C General Airport Revenue Bonds ($29.2 million of principal and $.6 million of interest), a portion of Series 2004D General Airport Revenue Bonds ($7.4 million of principal and $.1 million of interest),and to fully defease the Series 2006D General Airport Revenue Bonds ($27.2 million of principal and $.5 million of interest). Certain net proceeds of $2.6 million were used to pay the cost of the issuance of the bonds. The current refunding resulted in a difference between the acquisition price and the net carrying amount of $4.8 million that will be charged to operations over 5 to 23 years using the straight-line method. The current refunding decreased the Airport's total debt service by $75.4 million and resulted in an economic gain (difference between the present value of the old debt and the new debt service payments of $54.1 million.

In October 2015, the Airport sold $1,191.5 million of Chicago O'Hare International Airport Senior Lien Revenue Refunding Bonds, Series 2015 B (non-AMT) at a premium of $154.8 million. The bonds have interest rates ranging from 4% to 5%. The bonds are not subject to mandatory sinking fund redemption prior to maturity and have maturity dates ranging from January 1, 2016, through January 1, 2035. Certain net proceeds of $1,339.4 million were used to fully defease a portion of Series 2003A-1 General Airport Revenue Bonds ($9.3 million of principal and $0.2 million of interest),a portion of Series 2003B-1 General Airport Revenue Bonds ($13.2 million of principal and $0.3 million of interest), to fully defease the Series 2003C-1 General Airport Revenue Bonds ($5.2 million of principal and $0.1 million of interest), a portion of Series 2003C-2 General Airport Revenue Bonds ($248.7 million of principal and $4.8 million of interest),a portion of Series 2003D General Airport Revenue Bonds ($36.0 million of principal and $0.7 million of interest), a portion of Series 2003E General Airport Revenue Bonds ($16.8 million principal and $0.3 million of interest), a portion of Series 2004A General Airport Revenue Bonds ($14.9 million of principal and $0.3 million of interest), a portion of Series 2004C General Airport Revenue Bonds ($2.9 million of principal and $0.1 million of interest), a portion of Series 2004D General Airport Revenue Bonds ($0.3 million of principal and interest), and to fully defease the Series 2005A General Airport Revenue Bonds ($961.0 million of principal and $24.3 million of interest). Certain net proceeds of $6.9 million were used to pay the cost of the issuance of the bonds. The advance refunding resulted in a difference between the acquisition price and the net carrying amount of $14.6 million that will be charged to operations over 5 to 20 years using the straight-line method. The current refundings of the Bonds decreased the Airport's total debt service payments by $236.7 million and resulted in an economic gain (difference between the present value of the old debt and the new debt service payments) of $169.4 million.

In October 2015, the Airport sold $195.7 million of Chicago O'Hare International Airport Senior Lien Revenue Bonds, Series 2015 C (AMT) at a premium of $11.3 million. The bonds have interest rates ranging from 3.625% to 5% and maturity and mandatory redemption maturity dates ranging from January 1, 2021, through January 1, 2046. Certain net proceeds of $59.8 million were used to pay a portion of the commercial paper notes; certain of net proceeds of $130.3 million will be used to finance the portion of the capital improvement program (CIP); certain net proceeds of $10.4 million were used to fund the capitalized interest deposit requirement, the debt service reserve deposit requirement and certain net proceed of $1.2 million were used to pay the cost of the issuance of the bonds.

In October 2015, the Airport sold $131.5 million of Chicago O'Hare International Airport Senior Lien Revenue Bonds, Series 2015 D (non-AMT) at a premium of $8.8 million. The bonds have interest rates ranging from 4% to 5%, and maturity and mandatory redemption maturity dates ranging from January 1, 2021, through January 1, 2046. Certain net proceeds of $67.1 million were used to pay a portion of the commercial paper notes; certain of net proceeds of $66.0 million will be used to finance the portion of the CIP; certain of net proceeds of $3.6 million were used to fund the debt service reserve deposit requirement; certain net proceeds of $2.8 million were used to fund the capitalized interest deposit requirement; and certain net proceeds of $0.8 million were used to pay the cost of the issuance of the bonds.

Defeased Bonds—Defeased bonds have been removed from the balance sheet because the related assets have been placed in irrevocable trusts, together with interest earned thereon, will provide amount sufficient for payment of all principal and interest. Defeased bonds at December 31, 2016 are as follows (dollars in thousands):

	Defeased	Outstanding
Chicago O'Hare General Airport Revenue Bonds, Series 2006B	$ 30,280	$ 30,280
Chicago O'Hare General Airport Revenue Bonds, Series 2008A	530,170	530,170
Chicago O'Hare General Airport Revenue Bonds, Series 2008B	175,500	175,500
Chicago O'Hare General Airport Revenue Bonds, Series 2008C	36,255	36,255
Chicago O'Hare General Airport Revenue Bonds, Series 2011C	238,985	238,985
Total	$1,011,190	$1,011,190

Debt Redemption—Following is a schedule of debt service requirements to maturity of the senior lien bonds. For issues with variable rates, interest is imputed at the effective rate as of December 31, 2016, as follows (dollars in thousands):

Years Ending December 31	Principal	Interest	Total
2017	$ 240,855	$ 293,617	$ 534,472
2018	252,620	303,038	555,658
2019	261,815	290,587	552,402
2020	237,600	278,493	516,093
2021	197,365	267,676	465,041
2022–2026	1,043,470	1,185,296	2,228,766
2027–2031	1,277,780	898,408	2,176,188
2032–2036	1,644,295	539,934	2,184,229
2037–2041	1,077,735	178,227	1,255,962
2042–2046	170,495	18,326	188,821
Total	$ 6,404,030	$ 4,253,602	$ 10,657,632

The Airport's senior lien variable-rate bonds may bear interest from time to time at a flexible rate, a daily rate, a weekly rate, and an adjustable long rate or the fixed rate as determined from time to time by the remarketing agent in consultation with the City. The O'Hare 2005 C&D Senior Lien Bonds were in weekly interest rate mode as of December 31, 2016. Irrevocable letters of credit ($244.8 million) provide for the timely payment of principal and interest on the Series 2005 C&D bonds until August 15, 2017. At December 31, 2016, there were no outstanding letter of credit advances. In the event that variable rate bonds are tendered by the owners thereof for purchase by the City and not successfully remarketed, the City would be obligated to reimburse the letter of credit bank for amounts drawn under the letter of credit to fund the purchase of such tendered bonds. If the City fails to reimburse the bank, the City's obligation to reimburse the bank may be converted to a term loan. There are no term loans currently outstanding under any reimbursement agreement.

The debt service requirements to maturity of the PFC Revenue Bonds as of December 31, 2016, is as follows (dollars in thousands):

Years Ending December 31	**Principal**	**Interest**	**Total**
2017	$ 36,995	$ 28,505	$ 65,500
2018	38,845	26,609	65,454
2019	24,720	25,018	49,738
2020	23,895	23,891	47,786
2021	24,915	22,756	47,671
2022–2026	151,380	92,667	244,047
2027–2031	203,445	49,155	252,600
2032–2036	66,470	10,729	77,199
2037–2040	24,965	2,572	27,537
Total	$595,630	$281,902	$877,532

The debt service requirements to maturity of the CFC Revenue Bonds as of December 31, 2016, is as follows (dollars in thousands):

Years Ending December 31	**Principal**	**Interest**	**Total**
2017	$ -	$ 13,554	$ 13,554
2018	4,725	13,436	18,161
2019	4,960	13,194	18,154
2020	5,205	12,955	18,160
2021	5,435	12,708	18,143
2022–2026	31,600	58,948	90,548
2027–2031	40,870	49,458	90,328
2032–2036	52,745	37,169	89,914
2037–2041	69,545	19,858	89,403
2042–2043	33,665	1,935	35,600
Total	$248,750	$233,215	$481,965

5. CHANGES IN CAPITAL ASSETS

Capital assets during the years ended December 31, 2016 and 2015, changed as follows (dollars in thousands):

2016	Balance January 1	Additions	Disposals and Transfers	Balance December 31
Capital assets not depreciated:				
Land	$ 885,967	$ 6,121	$ -	$ 892,088
Construction in progress	386,814	538,546	(293,958)	631,402
Total capital assets not depreciated	1,272,781	544,667	(293,958)	1,523,490
Capital assets depreciated—buildings and other facilities	9,014,975	287,835		9,302,810
Less accumulated depreciation for—buildings and other facilities	(3,197,061)	(254,688)		(3,451,749)
Total capital assets depreciated—net	5,817,914	33,147	-	5,851,061
Total property and facilities—net	$ 7,090,695	$ 577,814	$ (293,958)	$ 7,374,551

Includes capitalized interest of $32,717

2015	Balance January 1	Additions	Disposals and Transfers	Balance December 31
Capital assets not depreciated:				
Land	$ 885,669	$ 298	$ -	$ 885,967
Construction in progress	752,331	450,489	(816,006)	386,814
Total capital assets not depreciated	1,638,000	450,787	(816,006)	1,272,781
Capital assets depreciated—buildings and other facilities	8,208,757	816,006	(9,788)	9,014,975
Less accumulated depreciation for—buildings and other facilities	(2,973,903)	(229,625)	6,467	(3,197,061)
Total capital assets depreciated—net	5,234,854	586,381	(3,321)	5,817,914
Total property and facilities—net	$ 6,872,854	$ 1,037,168	$ (819,327)	$ 7,090,695

Includes capitalized interest of $26,958

6. LEASING ARRANGEMENTS WITH TENANTS

Most of the Airport's land, buildings, and terminal space are leased under operating lease agreements with airlines and other tenants. The minimum future rental income on noncancelable operating leases as of December 31, 2016, is as follows (dollars in thousands):

Years Ending December 31	Amount
2017	$100,891
2018	98,998
2019	98,506
2020	1,597
2021	1,597
2022–2026	8,460
2027–2030	7,835
Total minimum future rental income	$317,884

Contingent rentals that may be received under certain leases, based on the tenants' revenues or fuel consumption, are not included in minimum future rental income.

Rental income, consisting of all rental and concession revenues, except ramp rentals and automobile parking, amounted to approximately $459.5 million and $414.2 million in 2016 and 2015, respectively. Contingent rentals included in the totals were approximately $92.7 million and $87.0 million for 2016 and 2015, respectively.

7. PENSION PLANS

General Information about the Pension Plan

Plan Description. —Eligible O'Hare Fund employees participate in one of four single-employer defined benefit pension plans (Plans). These Plans are: the Municipal Employees'(Municipal); the Laborers'(Laborers') and Retirement Board Employees'; the Policemen's (Policemen's); and the Firemen's (Firemen's) Annuity and Benefit Funds of Chicago. Plans are administered by individual retirement boards of trustees comprised of City officials or their designees and of trustees elected by plan members. Each Plan issues a publicly available financial report that includes financial statements and required supplementary information that can be obtained at www.meabf.org., www.labfchicago.org, www.chipabf.org and www.fabf.orgg.

Benefits Provided—The Plans provide retirement, disability, and death benefits as established by State law. Benefits generally vest after 10 years of credited service. Employees qualify for an unreduced retirement age minimum formula annuity based on a combination of years of service and age of retirement. Employees may also receive a reduced retirement age minimum formula annuity if they do not meet the age and service requirements for the unreduced retirement age annuity. The requirement of age and service are different for employees who became members before January 1, 2011, and those who became members on or after January 1, 2011. The annuity is computed by multiplying the final average salary by a percentage ranging from 2.2% to 2.5% per year of credited service. The final average salary is the employee's highest average annual salary for any four consecutive years within the last 10 years of credited service for participants who became members before January 1, 2011 and any eight consecutive years within the last 10 years of credited service for participants who became members on or after January 1, 2011.

Benefit terms provide for annual adjustments to each employee's retirement allowance subsequent to the employees' retirement date. For participants who became members before January 1, 2011, the annual adjustments for Municipal Employees' and Laborers' are 3.0 percent, compounded, and for Policemen's and the majority of participants in Fireman's, 3.0 percent, simple, for annuitants born before January 1, 1966 and 1.5 percent, simple, born after January 1, 1966 or later. For participants that first became members on or after January 1, 2011, the annual adjustments are equal to the lesser of 3.0 percent and 50 percent of CPI-U of the original benefit.

Contributions—Historically, State law required City contributions at statutorily, not actuarially, determined rates. State law also requires covered employees to contribute a percentage of their salaries. The City's contribution for Municipal Employees and Laborers' was calculated based on the total amount of contributions by employees to the respective Plans made in the calendar year two years prior, multiplied by 1.25 for the Municipal Employees', 1.00 for the Laborers'.

For the Policemen's, and Firemen's Plans, Public Act 99-0506 (P.A, 99-0506) was enacted on May 31,2016. The City will contribute specific amounts set forth in P.A. 99-05-06 to the Policemen's and the Firemen's Plans in the aggregate amounts as follows: in payment year 2017, $672 million, in payment year 2018, $727 million; in payment year 2019, $792 million; and in payment year 2020, $824 million. Additionally, P.A. 99-0506 requires that the City's contributions are at actuarially determined rates beginning in payment year 2021 and future funding be sufficient to produce a funding level of 90% by the year ended December 31, 2055.

The City's contributions are budgeted in the same year as the applicable levy year for the property taxes funding the contributions. The City's contribution are then paid to the pension funds in the following year (which is when the levied property taxes are collected and paid to the City by the Cook County Treasurer). The Airport's proportion of the contribution was determined based on the rates of the Airport's salaries within each corresponding pension plan to the total budgeted salaries for 2016.

The contribution to all four pension plans from the Airport was $27.5 million and $25.8 million for the years ended December 31, 2016 and 2015, respectively.

Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016 and 2015, the Airport reported a liability of $1,639 million and $1,542 million, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016 and 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Airport's proportion of the net pension liability was determined based on the rates of the Airport's salaries within each corresponding pension plan to the total budgeted salaries for 2016.. At December 31, 2016 and 2015, the Airport's proportion was 6.0 percent and 5.8 percent of the Municipal Plan, respectively, 6.0 percent and 6.2 percent of the Laborer's Plan, respectively, 1.4 percent and 1.3 percent of the Policemen's Plan, respectively, and 4.9 percent and 4.9 percent of the Firemen's Plan, respectively.

For the year ended December 31, 2016 and 2015, the Airport recognized pension expense of $245.5 million and $339.5 million, respectively.

At December 31, 2016 and 2015, the reported deferred outflows of resources of $376 million and $487.9 million, respectively, and deferred inflows of resources of $47.5 million and $8.6 million, respectively, related to pensions from the following sources:

Municipal (dollars in thousands):

	2016		2015	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ -	$10,124	$ -	$5,117
Changes of assumptions	315,740	27,976	405,849	
Net difference between projected and actual earnings on pension plan investments	11,244		11,560	
Total	$326,984	$38,100	$417,409	$5,117

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

Year Ended December 31	
2017	$ 98,950
2018	98,950
2019	98,950
2020	(7,966)
Total	$288,884

Laborers' (dollars in thousands):

	2016		2015	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ -	$2,444	$ -	$2,033
Changes of assumptions	29,396	2,671	51,881	
Net difference between projected and actual earnings on pension plan investments	5,793		6,055	
Total	$35,189	$5,115	$57,936	$2,033

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

Year Ended December 31,	
2017	$19,765
2018	8,901
2019	1,048
2020	360
Total	$30,074

Policemen's (dollars in thousands):

	2016		2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 21	$984	$ -	$1,175
Changes of assumptions	1,318			
Net difference between projected and actual earnings on pension plan investments	2,836		2,516	
Total	$4,175	$984	$2,516	$1,175

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

Year Ended December 31	
2017	$ 897
2018	897
2019	897
2020	277
2021	223
Total	$3,191

Firemen's (dollars in thousands):

	2016		2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 990	$ 263	$ -	$324
Changes of assumptions	5,811	3,053	7,151	
Net difference between projected and actual earnings on pension plan investments	2,804		2,935	
Total	$9,605	$3,316	$10,086	$324

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

Year Ended December 31	
2017	$1,854
2018	1,854
2019	1,854
2020	1,094
2021	(367)
Total	$6,289

Deferred outflows related to changes in proportionate share of contributions

For the year ended December 31, 2016, the Airport reported pension expense of $7.3 million and deferred outflows of $29.6 million related to changes in its proportionate share of contributions. This deferred amount will be recognized as pension expense over four years.

Actuarial Assumptions. The total pension liability in the December 31, 2016 and 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Municipal	Laborers'	Policemen's	Firemen's
Inflation	3.0 %	3.0 %	2.80 %	2.5 %
Salary increases	4.5%-8.25% (a)	3.75 % (b)	3.75 % (c)	3.75 % (d)
Investment rate of return	7.5 % (e)	7.5 % (f)	7.25 %	7.5 %

(a) Varying by years of service

(b) Plus a service—based increase in the first 15 years

(c) Plus additional percentage related to service

(d) Plus additional service based increases

(e) Net of investment expense

(f) Net of investment expense, including inflation

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate for Municipal, Laborers' and Firemen's and RP-2014 for Policemen's.

The mortality actuarial assumptions used in the December 31, 2016 and 2015 valuation were adjusted based on the results of actuarial experience study for the following periods:

Municipal	January 1, 2005–December 31, 2009
Laborers'	January 1, 2004–December 31, 2011
Policemen's	January 1, 2009–December 31, 2013
Firemen's	January 1, 2003–December 31, 2010

The long term expected rate of return on pension plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2016 and 2015, are summarized in the following table:

2016

	Target Allocation				Long-Term Expected Real Rate of Return			
Asset Class	**Municipal**	**Laborers'**	**Policemen's**	**Firemen's**	**Municipal**	**Laborers'**	**Policemen's**	**Firemen's**
Domestic equity	26.00 %	- %	- %	- %	4.80 %	- %	- %	- %
Domestic large cap equity				24.00				7.50
Domestic small cap equity				16.00				7.85
U.S. equity		12.00	21.00			6.40	6.10	
Non U.S. equity		18.00	20.00			8.00	7.60	
Global equity		20.00				6.80		
International equity	22.00			25.00	5.00			7.50
Domestic fixed income				21.00				3.00
Fixed income	27.00	16.00	22.00		0.50	2.60	1.80	
Hedge funds	10.00	8.00	7.00		2.80	3.90	3.70	
Private equity	5.00			3.00	8.60			8.50
Private markets		7.00	11.00			7.20	7.80	
GAA		7.00	10.00			4.30	5.00	
Real estate	10.00	8.00	5.00	2.00	5.20	4.60	4.60	6.15
Alternative investments				2.00				5.25
Commodities				3.00				2.75
Cash deposits and short-term investments				4.00				2.25
Real assets			4.00				4.80	
Private real assets		4.00						
Infrastructure								
Total	100.00 %	100.00 %	100.00 %	100.00 %				

2015

Asset Class:	Target Allocation Municipal	Laborers'	Policemen's	Firemen's	Long-Term Expected Real Rate of Return Municipal	Laborers'	Policemen's	Firemen's
Domestic equity	26.00 %	22.00 %	- %	- %	4.90 %	5.90 %	- %	- %
Domestic large cap equity				24.00				7.25
Domestic small cap equity				16.00				7.55
U.S. equity			21.00				6.10	
Non U.S. equity		13.00	20.00			7.90	7.80	
Global equity		14.00				6.50		
International equity	22.00			25.00	5.00			7.25
Domestic Fixed income				21.00				7.25
Fixed income	27.00	16.00	22.00		0.00	2.60	1.70	
Hedge funds	10.00	8.00	7.00		3.00	3.80	4.00	
Private equity	5.00		9.00	3.00	8.60		8.20	8.15
Private markets		11.00				6.90		
GAA		8.00	12.00			4.70	5.10	
Real estate	10.00	6.00	5.00	2.00	6.00	4.40	4.60	6.00
Risk Parity		2.00				5.00		
Alternative investments				2.00				5.25
Commodities				3.00				2.75
Cash deposits and short-term investments				4.00				2.25
Real assets			4.00				4.20	
Total	100.00 %	100.00 %	100.00 %	100.00 %				

Discount Rate

Municipal— The discount rate used to measure the total pension liability as of December 31, 2016 and 2015 was 3.91 and 3.73 percent, respectively. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.5 percent for December 31, 2016 and 2015 and a municipal bond rate of 3.78 and 3.6 percent as of December 31, 2016 and 2015, respectively (based on the Bond Buyer 20- Bond Index of general obligation municipal bonds). The projection of cash flows used to determine the discount rate assumed member contributions will be made at the current contribution rate and that employer contributions will be made at the 1.25 multiple of member contributions from two years prior. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions and contributions from future plan members that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. The projected benefit payments through 2023 were discounted at the expected long-term rate of return. Starting in 2024, the projected benefit payments were discounted at the municipal bond rate. Therefore, a single equivalent blended discount rate of 3.91 percent and 3.73 percent as of December 31, 2016 and 2015, respectively, was calculated using the long-term expected rate of return and the municipal bond index.

Laborers'— A Single Discount Rate of 4.17 and 4.04 percent, as of December 31, 2016 and 2015, respectively, was used to measure the total pension liability. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.5 percent as of December 31, 2016 and 2015, and a municipal bond rate of 3.78 and 3.6 percent as of December 31, 2016 and 2015, respectively. The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made under the statutory funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2027. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2027, and the municipal bond rate was applied to all benefit payments after that date.

Policemen's— A Single Discount Rate of 7.07 and 7.15 percent, as of December 31, 2016 and 2015, respectively, was used to measure the total pension liability. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.25 and 7.50 percent as of December 31, 2016 and 2015, respectively, and a municipal bond rate of 3.78 and 3.6 percent as of December 31, 2016 and 2015, respectively. The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions and employer contributions are made in accordance with the statutory requirements. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2068 (for the 2016 valuation) and the year 2063 (for the 2015 valuation). As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2068 (for the 2016 valuation) and the year 2063 (for the 2015 valuation), and the municipal bond rate was applied to all benefit payments after that date.

Firemen's— A Single Discount Rate of 7.30 percent and 7.16 percent, as of December 31, 2016 and 2015, respectively, was used to measure the total pension liability. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.5 percent as of December 31, 2016 and 2015, and a municipal bond rate of 3.78 percent and 3.6 percent as of December 31, 2016 and 2015, respectively. The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions and employer contributions are made in accordance with the statutory requirements. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2066 (for the 2016 valuation) and 2061 (for the 2015 valuation). As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2066 (for the 2016 valuation) and 2061 (for the 2015 valuation), and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the Airport's Net Pension Liability to Changes in the Discount Rate

Municipal—The following presents the allocated share of the net pension liability to the Airport as of December 31, 2016 and 2015, calculated using the discount rate of 3.91 % and 3.73%, respectively, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate (dollars in thousands):

Net pension liability December 31, 2016	1% Decrease	Current Discount Rate	1% Increase
Municipal discount rate	2.91 %	3.91 %	4.91 %
Municipal liability	$ 1,350,127	$ 1,138,937	$ 965,503

Net pension liability December 31, 2015	1% Decrease	Current Discount Rate	1% Increase
Municipal discount rate	2.73 %	3.73 %	4.73 %
Municipal liability	$ 1,293,192	$ 1,084,148	$ 912,840

Laborers'—the following presents the allocated share of the net pension liability to the Airport as of December 31, 2016 and 2015, calculated using the discount rate of 4.17% and 4.04% respectively, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate (dollars in thousands):

Net pension liability December 31, 2016	1% Decrease	Current Discount Rate	1% Increase
Laborers' discount rate	3.17 %	4.17 %	5.17 %
Laborers' liability	$ 182,078	$ 150,573	$ 124,671

Net pension liability December 31, 2015	1% Decrease	Current Discount Rate	1% Increase
Laborers' discount rate	3.04 %	4.04 %	5.04 %
Laborers' liability	$187,588	$153,802	$126,107

Policemen's—the following presents the allocated share of the net pension liability to the Airport as of December 31, 2016 and 2015, calculated using the discount rate of 7.07% and 7.15%, respectively, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate (dollars in thousands):

Net pension liability December 31, 2016	**1% Decrease**	**Current Discount Rate**	**1% Increase**
Policemen's discount rate	6.07 %	7.07 %	8.07 %
Policemen's liability	$ 167,339	$ 144,940	$ 126,129

Net pension liability December 31, 2015	**1% Decrease**	**Current Discount Rate**	**1% Increase**
Policemen's discount rate	6.15 %	7.15 %	8.15 %
Policemen's liability	$139,193	$120,078	$103,985

Firemen's—the following presents the allocated share of the net pension liability to the Airport as of December 31, 2016 and 2015, calculated using the discount rate of 7.30% and 7.16%, respectively, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate (dollars in thousands):

Net pension liability December 31, 2016	**1% Decrease**	**Current Discount Rate**	**1% Increase**
Firemen's discount rate	6.30 %	7.30 %	8.30 %
Firemen's liability	$ 232,660	$ 204,414	$ 180,389

Net pension liability December 31, 2015	**1% Decrease**	**Current Discount Rate**	**1% Increase**
Firemen's discount rate	6.16 %	7.16 %	8.16 %
Firemen's liability	$209,936	$184,109	$162,106

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Pension Plans reports.

8. OTHER POSTEMPLOYMENT BENEFITS

Other Post Employment Benefits—Pension Funds

State law authorized the four respective Pension Funds (Policemen's, Firemen's, Municipal Employees', and Laborers') to provide a fixed monthly dollar subsidy to each annuitant who had elected coverage under any City health plan through December 31, 2016. After that date, no Pension Fund subsidies are authorized. The liabilities for the monthly dollar Pension Fund subsidies contributed on behalf of annuitants enrolled in the medical plan by their respective Pension Funds are included in the NPO actuarial valuation reports of the respective four Pension Funds under GASB 43.

Pursuant to the provisions contained in P.A. 98-0043, the City terminated health insurance supplement payments to eligible annuitants as of December 31, 2016, resulting in no OPEB liability at December 31, 2016.

Other Post Employment Benefits—City Obligation

Up to June 30, 2013, the annuitants who retired prior to July 1, 2005 received a 55 percent subsidy from the City and the annuitants who retired on or after July 1, 2005 received a 50, 45, 40 and zero percent subsidy from the City based on the annuitant's length of actual employment with the City for the gross cost of retiree health care under a court approved settlement agreement, known as the "Settlement Plan." The pension funds contributed their subsidies of $65 per month for each Medicare eligible annuitant and $95 per month for each Non-Medicare eligible annuitant to their gross cost. The annuitants contributed a total of $110.9 million in 2016 to the gross cost of their retiree health care pursuant to premium amounts set by the City.

As described above, the City of Chicago subsidized a portion of the cost (based upon service) for hospital and medical coverage for eligible retired employees and their dependents based upon a settlement agreement entered in 2003 and which expired on June 30, 2013.

On May 15, 2013, the City announced plans to, among other things: (i) continue the then current plan for the remaining six months of 2013; then, as of January 1, 2014, (ii) provide a healthcare plan to, and for the lifetimes of, former employees who retired before August 23, 1989 with a contribution from the City of up to 55 percent of the cost of that plan to the annuitant; and (iii) provide employees who retired on or after August 23, 1989 with healthcare benefits in a new Retiree Health Plan (Health Plan), but with significant changes to the terms including increases in premiums and deductibles, reduced benefits and the phase-out of the Health Plan for such employees by December 31, 2016.

The cost of health benefits is recognized as an expenditure in the accompanying financial statements as claims are reported and are funded on a pay-as-you-go basis. In 2016, the net expense to the City for providing these benefits to approximately 22,195 annuitants plus their dependents was approximately $45.7 million.

Plan Description Summary – The City of Chicago was party to a written legal settlement agreement outlining the provisions of the Settlement Plans, which ended June 30, 2013, but the City voluntarily continued those Settlement Plans until the end of 2013. As of January 1, 2014, the Health Plan provided for annual modifications to the City's level of subsidy during the three-year phase out. The Health Plan, along with any further City subsidy, expired as of December 31, 2016, for all but the group of former employees (the Korshak class of members) who retired before August 23, 1989, who shall have lifetime benefits. Duty Disabled retirees who have statutory pre-63/65 coverage will continue to have fully subsidized coverage under the active health plan until age 65.

The provisions of the Health Plan provide in general, that the City pay a percentage of the cost (based upon an employee's service) for hospital, medical, and drug coverage to eligible retired employees and their dependents for the specified period, ending December 31, 2016. During the three-year phase out of the Health Plan, the percentage subsidies were revised to reduce by approximately 25 percent of 2013 subsidy levels in 2014, 50 percent of 2013 subsidy levels in 2015, and 75 percent of 2013 subsidy levels in 2016.

Special Benefits under the Collective Bargaining Agreements (CBA) - Under the terms of the collective bargaining agreements for the Fraternal Order of Police (FOP) and the International Association of Fire Fighters (IAFF), certain employees who retire after attaining age 55 with the required years of service are permitted to enroll themselves and their dependents in the healthcare benefit program offered to actively employed members. They may keep this coverage until they reach the age of Medicare eligibility. These retirees do not contribute towards the cost of coverage, but, until December 31, 2016, the Policemen's Fund contributed $95 per month towards coverage for police officers; the Firemen's Fund did not contribute. After December 31, 2016, the Pension Funds no longer contribute toward retiree healthcare.

Both of these agreements which provide pre-65 coverage originally expired at June 30, 2012. These benefits have been renegotiated to continue through 2016 or June 30, 2017, depending on bargaining unit agreements. This valuation assumes that the CBA special benefits, except for those who will have already retired as of December 31, 2016, will cease on December 31, 2016 or June 30, 2017, depending on bargaining unit agreements.

Funding Policy - No assets are accumulated or dedicated to funding the retiree health plan benefits.

Annual OPEB Cost and Net OPEB Obligation - The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution "ARC" of the employer. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities over a period of ten years.

The following table shows the components of the City's annual OPEB costs for the year for the Health Plan and CBA Special Benefits, the amount actually contributed to the plan, and changes in the City's net OPEB obligation. The *Net OPEB Obligation* is the amount entered upon the City's Statement of Net Position as of year end as the net liability for the other post-employment benefits – the Health Plan. The amount of the annual cost that is recorded in the Statement of Changes in Net Position for 2016 is the annual OPEB cost (expense).

Annual OPEB Cost and Contributions Made

(dollars in thousands)

	Retiree Settlement Health Plan	CBA Special Benefits	Total
Contribution Rates:			
City	Pay-As-You-Go	Pay-As-You-Go	Pay-As-You-Go
Plan Members	N/A	N/A	N/A
Annual Required Contribution	$ 39,666	$ 58,851	$ 98,517
Interest on Net OPEB Obligation	428	4,757	5,185
Adjustment to Annual Required Contribution	(1,625)	(18,048)	(19,673)
Annual OPEB Cost	38,469	45,560	84,029
Contributions Made	50,051	39,620	89,671
Decrease in Net OPEB Obligation	(11,582)	5,940	(5,642)
Net OPEB Obligation, Beginning of Year	14,280	158,571	172,851
Net OPEB Obligation, End of Year	$ 2,698	$ 164,511	$ 167,209

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2016 are as follows (dollars in thousands):

Schedule of Contributions, OPEB Costs and Net Obligations

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Settlement Plan			
12/31/2016	$ 38,469	130.1%	$ 2,698
12/31/2015	43,645	133.5	14,280
12/31/2014	62,666	149.9	28,914
CBA Special Benefits			
12/31/2016	$ 45,560	87.0%	$ 164,511
12/31/2015	48,195	79.4	158,571
12/31/2014	49,766	68.5	148,648
Total			
12/31/2016	$ 84,029	106.7%	$ 167,209
12/31/2015	91,840	105.1	172,851
12/31/2014	112,432	113.9	177,562

Funded Status and Funding Progress - As of January 1, 2016, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $715.5 million, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was approximately $2,563.6 million and the ratio of the unfunded actuarial accrued liability to the covered payroll was 27.9 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as the results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presents, as required, (unaudited) supplementary information following the notes to the financial statements.

Schedule of Funding Progress (Dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (AAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Settlement Plan						
12/31/2015	$ -	254,910	$254,910	0 %	$2,563,649	9.9 %
CBA Special Benefits						
12/31/2015	$ -	$460,612	$460,612	0 %	$1,499,552	30.7 %
Total						
12/31/2015	$ -	$715,522	$715,522	0 %	$2,563,649	27.9 %

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

For the Health Plan benefits (not provided by the Pension Funds), the entry age normal actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 8.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent in 2027. The range of rates included a 3.0 percent inflation assumption. Rates included a 2.5 percent inflation assumption. The plan has not accumulated assets and does not hold assets in a segregated trust. However, the funds expected to be used to pay benefits are assumed to be invested for durations which will yield an annual return rate of 3.0 percent. The remaining Unfunded Accrued Actuarial Liability is being amortized as a level dollar amount over ten years. The benefits include the provisions under the new Health Plan, which have been completely phased-out by December 31, 2016, except for the Korshak category, which is entitled to lifetime benefits. Also included in the Non-CBA benefits are the duty disability benefits under the active health plan payable to age 63/65.

For the Special Benefits under the CBA for Police and Fire, the renewed contracts' expiration dates of June 30, 2016 (for Police Captains, Sergeants and Lieutenants) and June 30, 2017 for all other Police and Fire are reflected, such that liabilities are included only for payments beyond the end of the calendar year of contract expiration on behalf of early retirees already retired and in pay status as of December 31 of the expiration year of the contract. The entry age normal method was selected. The actuarial assumptions included an annual healthcare cost trend rate of 8.0 percent in 2015, reduced by decrements to an ultimate rate of 5.0 percent in 2027. Rates included a 2.5 percent inflation assumption. The plan has not accumulated assets and does not hold assets in a segregated trust. The funds expected to be used to pay benefits are assumed to be invested for durations which will yield an annual return rate of 3.0 percent. The remaining Unfunded Accrued Actuarial Liability is being amortized as a level dollar amount over ten years.

Summary of Assumptions and Methods

	Settlement Health Plan	CBA Special Benefits
Actuarial Valuation Date	December 31, 2015	December 31, 2015
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar, open	Level Dollar, open
Remaining Amortization Period	10 years	10 years
Asset Valuation Method	Market Value	Market Value
Actuarial Assumptions:		
Investment Rate of Return	3.0%	3.0%
Projected Salary Increases	2.5%	2.5%
Healthcare Inflation Rate	8.0% initial to 5.0% in 2027	8.0% initial to 5.0% in 2026

9. RELATED-PARTY TRANSACTIONS

Included in operating expenses are reimbursements to the general fund of the City for services provided by other City departments, employee fringe benefits, and certain payments made on behalf of the Airport. Such reimbursements amounted to $82.4 million and $86.1 million in 2016 and 2015, respectively.

10. COMMITMENTS AND CONTINGENCIES

The Airport has certain contingent liabilities resulting from litigation, claims, and commitments incident to its ordinary course of business. Management expects that the final resolution of these contingencies will not have a material adverse effect on the financial position or results of operations of the Airport.

The Airport provides employee health benefits under a self-insurance program, administered by the City. Such claims outstanding, including claims incurred but not reported, are estimated and recorded as liabilities in the basic financial statements.

Uninsured claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Changes in the claims liability amount for the years ended December 31, 2016 and 2015, are as follows (dollars in thousands):

	2016	2015
Beginning balance—January 1	$ 2,758	$ 2,527
Total claims incurred (expenditures)	25,420	25,249
Claims paid	(25,000)	(25,018)
Claims liability—December 31	$ 3,178	$ 2,758

The City's property and liability insurance premiums are approximately $9 million per year. The City maintains property and liability insurance coverage for both O'Hare and Midway and allocates the cost of the premiums between the two airports. The property coverage was renewed on December 31, 2016 with a limit of $3.5 billion and includes $3.5 billion in terrorism coverage, and the liability coverage was renewed May 15, 2017 with a limit of $1 billion and includes $1 billion in war and terrorism liability coverage. Claims have not exceeded the purchased insurance coverage in the past 12 years.

At December 31, 2016 and 2015, the Airport had commitments in the amounts of approximately $277.7 million and $210.4 million, respectively, in connection with contracts entered into for construction projects.

11. DEFERRED OUTFLOWS / INFLOWS OF RESOURCES

	2016	2015
Deferred outflows of resources:		
Deferred outflows from pension activities	$375,952	$487,947
Unamortized deferred bond refunding costs	137,542	60,626
Total deferred outflows of resources	$513,494	$548,573
Deferred Inflows of resources—deferred inflows from pension activities	$ (47,515)	$ 8,648

12. SUBSEQUENT EVENTS

In January 2017, the City sold O'Hare International Airport General Airport Senior Lien Revenue Bonds Series 2016DEFG ($1117.3 million). The 2016D bonds were issued at interest rates between 5.00% and 5.25% and mandatory sinking fund or maturity dates between January 1, 2020 and January 1, 2052. The 2016E bonds were issued at interest rates between 5.00% and 5.25% and maturity dates between January 1, 2024 and January 1, 2028. The 2016F bonds were issued at interest rates between 2.00% and 5.25% and mandatory sinking fund or maturity dates between January 1, 2018 and January 1, 2052. The 2016G bonds were issued at interest rates between 5.00% and 5.25% and mandatory sinking fund or maturity dates between January 1, 2020 and January 1, 2052. Proceeds will be used to pay the cost of certain airport projects, fund reserve requirements for the bonds, fund capitalized interest, and pay costs of issuance.

In May 2017, the City drew $30.0 million aggregate principal amount of its Chicago O'Hare International Airport Commercial Paper Notes (O'Hare CP Notes). The proceeds of these O'Hare CP Notes are being used to finance a portion of the cost of authorized airport projects.

In June 2017, the City sold O'Hare International Airport General Airport Senior Lien Revenue and Revenue Refunding Bonds Series 2017ABCD ($812.4 million). The 2017A bonds were issued at interest rates between 3.125% and 5.00% and mandatory sinking fund or maturity dates between January 1, 2021 and January 1, 2040. The 2017B bonds were issued at an interest rate of 5.00% with maturity dates between January 1, 2018 and January 1, 2039. The 2017C bonds were issued at interest rates between 4.00% and 5.00% and mandatory sinking fund or maturity dates between January 1, 2019 and January 1, 2041. The 2017D bonds were issued at an interest rate of 5.00% and mandatory sinking fund or maturity dates between January 1, 2022 and January 1, 2052. Proceeds will be used to refund a portion of certain outstanding airport bonds, pay the cost of certain airport projects, fund reserve requirements for the bonds, fund capitalized interest, and pay costs of issuance.

* * * * * *

PART III

REQUIRED SUPPLEMENTARY INFORMATION SECTION

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST FISCAL YEAR
(Dollars are in thousands)

	2016	2015
MUNICIPAL EMPLOYEES':		
Total pension liability:		
Service cost	$ 619,743	$ 226,816
Interest	878,369	909,067
Benefit changes		2,140,009
Differences between expected and actual experience	(127,119)	(109,865)
Assumption changes	(578,920)	8,711,755
Benefit payments including refunds	(859,672)	(826,036)
Pension plan administrative expense		
Net change in total pension liability	(67,599)	11,051,746
Total pension liability—beginning	23,358,870	12,307,094
Total pension liability—ending (a)	23,291,271	23,358,840
Plan fiduciary net position:		
Contributions—employer	149,718	149,225
Contributions—employee	130,391	131,428
Net investment income	281,419	114,025
Benefit payments including refunds of employee contribution	(859,672)	(826,036)
Administrative expenses	(7,056)	(6,701)
Net change in plan fiduciary net position	(305,200)	(438,059)
Plan fiduciary net position—beginning	4,741,427	5,179,486
Plan fiduciary net position—ending (b)	4,436,227	4,741,427
NET PENSION LIABILITY—Ending (a)-(b)	$ 18,855,044	$ 18,617,413
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	19.05 %	20.30 %
COVERED-EMPLOYEE PAYROLL*	$ 1,646,939	$ 1,643,481
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	1,144.85 %	1,132.81 %
ALLOCATED NET PENSION LIABILITY	$ 1,138,937	$ 1,084,148
ALLOCATED PERCENTAGE	6.04 %	5.82 %

* Covered-employee payroll is the amount in force as of the valuation date and likely differs from actual payroll paid during fiscal year.

(Continued)

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST FISCAL YEAR
(Dollars are in thousands)

	2016	2015
LABORERS':		
Total pension liability:		
Service cost *	$ 82,960	$ 38,389
Interest	150,166	153,812
Benefit changes		384,033
Differences between expected and actual experience	(30,428)	(46,085)
Assumption changes	(62,905)	1,175,935
Benefit payments including refunds	(154,683)	(152,530)
Pension plan administrative expense	(4,080)	(3,844)
Net change in total pension liability	(18,970)	1,549,710
Total pension liability—beginning	3,712,615	2,162,905
Total pension liability—ending (a)	3,693,645	3,712,615
Plan fiduciary net position:		
Contributions—employer	12,603	12,412
Contributions—employee	17,246	16,844
Net investment income	57,997	(22,318)
Benefit payments including refunds of employee contribution	(154,683)	(152,530)
Administrative expenses	(4,080)	(3,844)
Net change in plan fiduciary net position	(70,917)	(149,436)
Plan fiduciary net position—beginning	1,238,657	1,388,093
Plan fiduciary net position—ending (b)	1,167,740	1,238,657
NET PENSION LIABILITY—Ending (a)-(b)	$ 2,525,905	$ 2,473,958
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	31.61 %	33.36 %
COVERED-EMPLOYEE PAYROLL**	$ 208,155	$ 204,773
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	1,213.47 %	1,208.15 %
ALLOCATED NET PENSION LIABILITY	$ 150,573	$ 153,802
ALLOCATED PERCENTAGE	5.96 %	6.22 %

* Includes pension plan administrative expense.

* Covered-employee payroll is the amount in force as of the valuation date and likely differs from actual payroll paid during fiscal year.

(Continued)

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST FISCAL YEAR
(Dollars are in thousands)

	2016	2015
POLICEMEN'S:		
Total pension liability:		
Service cost	$ 220,570	$ 213,585
Interest	851,098	832,972
Benefit changes	606,250	
Differences between expected and actual experience	1,801	(105,969)
Assumption changes	112,585	
Benefit payments including refunds	(707,196)	(676,777)
Pension plan administrative expense	(4,750)	(4,508)
Net change in total pension liability	1,080,358	259,303
Total pension liability—beginning	12,032,733	11,773,430
Total pension liability—ending (a)	13,113,091	12,032,733
Plan fiduciary net position:		
Contributions—employer	272,428	572,836
Contributions—employee	101,476	107,626
Net investment income	142,699	(5,334)
Benefit payments including refunds of employee contribution	(707,196)	(676,777)
Administrative expenses	(4,750)	(4,508)
Other	1,413	3,092
Net change in plan fiduciary net position	(193,930)	(3,065)
Plan fiduciary net position—beginning	3,058,949	3,062,014
Plan fiduciary net position—ending (b)	2,865,019	3,058,949
NET PENSION LIABILITY—Ending (a)-(b)	$ 10,248,072	$ 8,973,784
* Includes pension plan administrative expense		
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	21.85 %	25.42 %
COVERED-EMPLOYEE PAYROLL**	$ 1,119,527	$ 1,086,608
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	915.39 %	825.85 %
ALLOCATED NET PENSION LIABILITY	$ 144,940	$ 120,078
ALLOCATED PERCENTAGE	1.41 %	1.34 %

** Covered-employee payroll is the amount in force as of the valuation date and likely differs from actual payroll paid during fiscal year.

(Continued)

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST FISCAL YEAR
(Dollars are in thousands)

	2016	2015
FIREMEN'S:		
Total pension liability:		
Service cost	$ 94,115	$ 87,203
Interest	342,085	338,986
Benefit changes	227,213	
Differences between expected and actual experience	24,110	(7,981)
Assumption changes	(74,373)	176,282
Benefit payments including refunds	(286,759)	(278,017)
Pension plan administrative expense	(3,217)	(3,149)
Net change in total pension liability	323,174	313,324
Total pension liability—beginning	4,826,084	4,512,760
Total pension liability—ending (a)	5,149,258	4,826,084
Plan fiduciary net position:		
Contributions—employer	154,101	236,104
Contributions—employee	48,960	46,552
Net investment income	60,881	7,596
Benefit payments including refunds of employee contribution	(286,759)	(278,017)
Administrative expenses	(3,217)	(3,149)
Other	(53)	7
Net change in plan fiduciary net position	(26,087)	9,093
Plan fiduciary net position—beginning	1,045,101	1,036,008
Plan fiduciary net position—ending (b)	1,019,014	1,045,101
NET PENSION LIABILITY—Ending (a)-(b)	$ 4,130,244	$ 3,780,983
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	19.79 %	21.66 %
COVERED-EMPLOYEE PAYROLL*	$ 478,471	$ 465,232
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	863.22 %	812.71 %
ALLOCATED NET PENSION LIABILITY	$ 204,414	$ 184,109
ALLOCATED PERCENTAGE	4.95 %	4.87 %

* Covered-employee payroll is the amount in force as of the valuation date and likely differs from actual payroll paid during fiscal year.

(Concluded)

SCHEDULE OF CONTRIBUTIONS
LAST TEN YEARS
(Dollars are in thousands)

Municipal Employees'

Years Ended December 31	Actuarially Determined Contributions*	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Employee Payroll**	Contributions as a Percentage of Covered Employee Payroll
2007	$ 343,123	$ 139,606	$ 203,517	$ 1,564,459	8.92 %
2008	360,387	146,803	213,584	1,543,977	9.51
2009	413,509	148,047	265,462	1,551,973	9.54
2010	483,948	154,752	329,196	1,541,388	10.04
2011	611,756	147,009	464,747	1,605,993	9.15
2012	690,823	148,859	541,964	1,590,794	9.36
2013	820,023	148,197	671,826	1,580,289	9.38
2014	839,039	149,747	689,292	1,602,978	9.34
2015	677,200	149,225	527,975	1,643,481	9.08
2016	961,770	149,718	812,052	1,646,939	9.09

* The funding method mandated by the Illinois Pension Code is insufficient to avoid insolvency, and without a change, the Fund is projected to become insolvent within the next 10 years (during 2025). Therefore, the actuarially determined contribution is comprised of an employer normal cost payment and a 30-year, level dollar amortization payment on the unfunded actuarial accrued liability.

** Covered-employee payroll is the amount in force as of the valuation date and likely differs from actual payroll paid during fiscal year.

Laborers'

Years Ended December 31	Actuarially Determined Contributions*	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Employee Payroll**	Contributions as a Percentage of Covered Employee Payroll
2007	$ 21,726	$ 13,256	$ 8,470	$ 192,847	6.87 %
2008	17,652	15,233	2,419	216,744	7.03
2009	33,518	14,627	18,891	208,626	7.01
2010	46,665	15,352	31,313	199,863	7.68
2011	57,259	12,779	44,480	195,238	6.55
2012	77,566	11,853	65,713	198,790	5.96
2013	106,199	11,583	94,616	200,352	5.78
2014	106,019	12,161	93,858	202,673	6.00
2015	79,851	12,412	67,439	204,773	6.06
2016	117,033	12,603	104,430	208,155	6.05

* The LABF Statutory Funding does not conform to Actuarial Standards of Practice, therefore, the actuarially determined contribution is equal to the normal cost plus an amount to amortize the unfunded liability using dollar payments and a 30 year open amortization period.

** Covered-employee payroll is the amount in force as of the valuation date and likely differs from actual payroll paid during fiscal year.

(Continued)

SCHEDULE OF CONTRIBUTIONS
LAST TEN YEARS
(Dollars are in thousands)

Policemen's:

Years Ended December 31	Actuarially Determined Contributions*	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Employee Payroll**	Contributions as a Percentage of Covered Employee Payroll
2007	$ 312,726	$ 170,598	$ 142,128	$ 1,038,957	16.42 %
2008	318,235	172,836	145,399	1,023,581	16.89
2009	339,488	172,044	167,444	1,011,205	17.01
2010	363,625	174,501	189,124	1,048,084	16.65
2011	402,752	174,035	228,717	1,034,404	16.82
2012	431,010	197,885	233,125	1,015,171	19.49
2013	474,177	179,521	294,656	1,015,426	17.68
2014	491,651	178,158	313,493	1,074,333	16.58
2015	785,501	575,928	209,573	1,086,608	53.00
2016	785,695	273,840	511,855	1,119,527	24.46

* The PABF Statutory Funding does not conform to Actuarial Standards of Practice; therefore, the 2015 and 2016 actuarially determined contribution is equal to the normal cost plus a 30-year closed level dollar amortization of the unfunded actuarial liability. Prior to 2015 the actuarially determined contribution was equal to the "ARC" which was equal to normal cost plus a 30-year open level percent amortization of the unfunded actuarial liability.

** Covered-employee payroll is the amount in force as of the valuation date and likely differs from actual payroll paid during fiscal year.

Firemen's:

Years Ended December 31	Actuarially Determined Contributions*	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Employee Payroll**	Contributions as a Percentage of Covered Employee Payroll
2007	$ 188,202	$ 72,023	$ 116,179	$ 389,125	18.51 %
2008	189,941	81,258	108,683	396,182	20.51
2009	203,867	89,212	114,655	400,912	22.25
2010	218,388	80,947	137,441	400,404	20.22
2011	250,056	82,870	167,186	425,385	19.48
2012	271,506	81,522	189,984	418,965	19.46
2013	294,878	103,669	191,209	416,492	24.89
2014	304,265	107,334	196,931	460,190	23.32
2015	323,545	236,104	87,441	465,232	50.75
2015	333,952	154,101	179,851	478,471	32.21

* The FABF Statutory Funding does not conform to Actuarial Standards of Practice, therefore, the actuarially determined contribution is equal to the normal cost plus an amount to amortize the unfunded liability using dollar payments and a 30 year open amortization period. Amounts for fiscal years prior to 2015 were based on the "ARC" which was equal to normal cost plus an amount to amortize the unfunded liability using a 30-year open period level dollar amortization.

** Covered-employee payroll is the amount in force as of the valuation date and likely differs from actual payroll paid during fiscal year.

(Continued)

SCHEDULE OF CONTRIBUTIONS

Actuarial Methods and Assumptions	Municipal Employees'		Laborers'		Policemen's		Firemen's	
Actuarial valuation date	12/31/2016	(a)	12/31/2016	(b)	12/31/2016		12/31/2016	
Actuarial cost method	Entry age normal		Entry age normal		Entry age normal		Entry age normal	
Amortization method	Level dollar, open		Level dollar, open	(c)	Level percent, open		Level dollar, open	
Remaining amortization period	30 years		30 years		30 years		30 years	
Asset valuation method	5-yr. Smoothed Market		5-yr. Smoothed Market		5-yr. Smoothed Market		5-yr. Smoothed Market	
Actuarial assumptions:								
Inflation	3.0 %		3.0 %		2.8 %		2.5 %	(f)
Salary increases	4.5%-8.25%	(d)	3.75 %	(e)	3.75 %	(f)	3.75 %	
Investment rate of return	7.5 %	(g)	7.25 %	(h)	7.3 %		7.5 %	
Retirement age	(i)		(j)		(k)		(l)	
Mortality	(m)		(n)		(o)		(p)	
Other information	(q)		(r)		(s)		(s)	

(a) Actuarially determined contribution amount is determined as of December 31, with appropriate interest to the middle of the year.
(b) Actuarially determined contribution rates are calculated as of December 31, which is 12 months prior to the end of the fiscal year in which contributions are reported.
(c) The statutory contributions are based on a multiple of member contributions from the second prior year. The statutory contribution multiple is 1.00
(d) Varying by years of service.
(e) Plus a service-based increase in the first 15 years.
(f) Salary increase rates based on age-related productivity and merit rates plus inflation.
(g) Net of investment expense.
(h) Net of investment expense, including inflation.
(i) For employees first hired prior to January 1, 2011, rates of retirement are based on the recent experience of the Fund (adopted December 31, 2010).
For employees first hired on or after January 1, 2011, rates of retirement for each age from 62 to 80 were used (adopted December 31, 2011).
(j) Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2012, valuation pursuant to an experience study of the period January 1, 2004, through December 31, 2011.
(k) Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2014, actuarial valuation pursuant to an experience study of the period January 1, 2009, through December 31, 2013.
(l) Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2011, valuation pursuant to an experience study of the period January 1, 2003, through December 31, 2010.
(m) Post-retirement mortality rates were based on the RP-2000 Healthy Mortality Tables with mortality improvements projected to 2010 using Scale AA.
Pre-retirement mortality rates were based on the post-retirement mortality assumption, multiplied by 85% for males and 70% for females.
(n) RP2000 Combined Healthy mortality table, sex distinct, set forward one year for males and setback two years for females. No adjustment is made for post-disabled mortality.
(o) Post-Retirement Healthy mortality rates: Sex distinct Retirement Plans 2014 Healthy Annuitant mortality table weighted 108% for males and 97% for females.
Pre-Retirement mortality rates: Sex distinct Retirement Plans 2014 Total Employee mortality table weighted 85% for males and 115% for females. Disabled
Mortality: Sex distinct Retirement Plans 2014 Healthy Annuitant mortality table weighted 115% for males and 115% for females.
(p) RP2000 Combined Healthy mortality table, sex distinct for post retirement mortality. RP2000 Combined Healthy mortality table, sex distinct, set forward six years for post retirement mortality post-disabled mortality. Pre-retirement mortality is 80% of the post-retirement rates.
(q) Other assumptions: Same as those used in the December 31, 2016, actuarial funding valuations.
(r) Notes: There were no benefits changes during the year.
(s) The valuation is based on the statutes in effect as of December 31, 2016, and does not consider the impact of PA 99-0506 and PA 99-0905 were recognized in the Total Pension Liability as December 31, 2016.

(Concluded)

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS FUNDING PROGRESS
LAST THREE YEARS
(Dollars are in thousands)

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded (Surplus) AAL as a Percentage of Covered Payroll ((b-a)/c)
Municipal Employees'							
2014	12/31/2013	$ -	$ 27,573	$ 27,573	- %	$ 1,580,289	1.74 %
2015	12/31/2014		17,495	17,495		1,602,978	0.01
2016	12/31/2015		8,147	8,147		1,643,481	0.50
Laborers'							
2014	12/31/2013	$ -	$ 7,074	$ 7,074	- %	$ 200,352	3.53 %
2015	12/31/2014		4,593	4,593		202,673	2.27
2016	12/31/2015		2,133	2,133		204,773	1.04
Policemen's							
2014	12/31/2013	$ -	$ 28,376	$ 28,376	- %	$ 1,015,426	2.79 %
2015	12/31/2014		18,762	18,762		1,074,333	1.75
2016	12/31/2015		9,255	9,255		1,086,608	0.85
Firemen's							
2014	12/31/2013	$ -	$ 7,692	$ 7,692	- %	$ 416,492	2.79 %
2015	12/31/2014		4,995	4,995		460,190	1.09
2016	12/31/2015		2,399	2,399		465,232	0.52
City of Chicago							
2014	12/31/2013	$ -	$ 997,281	$ 997,281	- %	$ 416,492	41.81 %
2015	12/31/2014		964,626	964,626		2,425,000	39.78
2016	12/31/2015		780,637	780,637		2,487,787	31.38

ADDITIONAL SUPPLEMENTARY INFORMATION

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

ADDITIONAL SUPPLEMENTARY INFORMATION
SENIOR LIEN GENERAL AIRPORT REVENUE BONDS
CALCULATIONS OF COVERAGE COVENANT
FOR THE YEAR ENDED DECEMBER 31, 2016
(Dollars in thousands)

	Sec 404 (a)	Sec 404 (b)
REVENUES:		
Total revenues—as defined	$ 946,848	$ 931,825
Other available moneys (passenger facility charges for debt service)	117,485	118,485
Cash balance in revenue fund on the first day of fiscal year (Note 2)	65,892	
TOTAL AVAILABLE FOR COVERAGE COVENANT	$ 1,130,225	$ 1,050,310
COVERAGE REQUIREMENTS—Deposits required:		
Operation and maintenance reserve	$ 12,876	
Maintenance reserve	1,521	
Special capital projects	730	
Senior lien debt service fund	464,912	
TOTAL DEPOSITS REQUIREMENTS	$ 480,039	
AGGREGATE SENIOR LIEN DEBT SERVICE	$ 541,085	$ 541,085
LESS AMOUNTS TRANSFERRED FROM CAPITALIZED INTEREST ACCOUNTS	(11,561)	(11,561)
Net aggregate debt service	529,524	$ 529,524
COVENANT REQUIREMENT	1.10	
NET AGGREGATE DEBT SERVICE	$ 582,476	
COVERAGE REQUIREMENT (Greater of total deposit requirements or 110% of net aggregate debt service)	$ 582,476	$ -
OPERATION AND MAINTENANCE EXPENSES—As defined	508,531	508,531
TOTAL REQUIREMENT	$ 1,091,007	$ 1,038,055
TOTAL AVAILABLE FOR COVERAGE COVENANT	$ 1,130,225	$ 1,050,310

See notes to calculations of coverage.

SENIOR LIEN GENERAL AIRPORT REVENUE BONDS
NOTES TO CALCULATIONS OF COVERAGE
FOR THE YEAR ENDED DECEMBER 31, 2016

1. RATE COVENANT

In the Master Indenture of Trust securing Chicago O'Hare International Airport Senior Lien Obligations:

The City covenants that it will fix and establish, and revise from time to time whenever necessary, the rentals, rates, and other charges for the use and operation of the Airport and for services rendered by the City in the operation of it in order that Revenues in each Fiscal Year, together with Other Available Moneys deposited with the Trustee with respect to that Fiscal Year and any cash balance held in the Revenue Fund on the first day of that Fiscal Year not then required to be deposited in any Fund or Account, will be at least sufficient: (i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year; and (ii) to provide for the greater of (A) the sum of the amounts needed to make the deposits required to be made pursuant to all resolutions, ordinances, indentures and trust agreements pursuant to which all Outstanding Senior Lien Obligations or other outstanding Airport Obligations are issued and secured, and (B) one and ten-hundredths times Aggregate Debt Service for the Bond Year commencing during that Fiscal Year, reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during that Bond Year to pay principal of and interest on Senior Lien Obligations.

The City further covenants that it will fix and establish, and revise from time to time whenever necessary, the rentals, rates and other charges for the use and operation of the Airport and for services rendered by the City in the operation of it in order that Revenues in each Fiscal Year, together with Other Available Moneys consisting solely of (i) any passenger facility charges deposited with the Trustee for that Fiscal Year, and (ii) any other moneys received by the City in the immediately prior Fiscal Year and deposited with the Trustee no later than the last day of the immediately prior Fiscal Year, will be at least sufficient: (i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year, and (ii) to provide for the payment of Aggregate Debt Service for the Bond Year commencing during that Fiscal Year reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during the Bond Year to pay the principal of and interest on Senior Lien Obligations.

Of the $245.5 million of pension expense for 2016, $27.5 million is the portion of the City's pension contribution payable in 2016 to the pension funds and allocable to O'Hare Airport. The remaining portion of the pension expense for 2016 $218.0 million is recognized on the income statement of O'Hare Airport for 2016 pursuant to GASB 68 but is not due and payable by the City during 2016; accordingly, that portion is not included in Operating Expenses for purposes of calculation of the debt service coverage ratios.

2. REVENUE FUND BALANCE

The Revenue Fund balance includes all cash, cash equivalents and investments held in any Airport account which were available to the Revenue Fund to satisfy the coverage requirement under the terms of the Bond Ordinance.

* * * * * *

PART IV

STATISTICAL SECTION

(UNAUDITED)

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL OPERATING RESULTS
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2007–2016
(Dollars in thousands)
(Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
OPERATING REVENUES:										
Landing fees	$179,076	$196,453	$181,335	$170,907	$179,924	$189,997	$169,323	$211,982	$ 253,347	$ 301,285
Rental revenues:										
Terminal rental and use charges	211,732	220,040	212,944	287,972	237,628	246,912	273,611	340,449	292,706	333,939
Other rentals and fueling system fees	51,026	47,378	39,809	40,468	41,745	40,530	44,813	45,330	48,199	52,870
Subtotal rental revenues	262,758	267,418	252,753	328,440	279,373	287,442	318,424	385,779	340,905	386,809
Concessions:										
Auto parking	103,137	108,545	89,131	93,430	95,997	93,557	95,614	97,834	99,210	103,813
Auto rentals	22,376	22,213	22,915	22,643	23,745	25,445	26,274	27,863	29,176	28,436
Restaurants	34,904	34,813	32,721	35,669	38,547	41,330	42,662	45,432	49,366	52,786
News and gifts	13,267	14,640	13,662	14,495	15,608	16,579	18,367	24,086	24,355	25,082
Other	34,909	34,912	26,685	30,377	37,989	41,197	40,337	45,082	41,908	43,074
Subtotal concessions	208,593	215,123	185,114	196,614	211,886	218,108	223,254	240,297	244,015	253,191
Reimbursements	2,336	5,288	5,241	6,642	8,219	7,017	6,679	6,466	6,961	6,532
Total operating revenues (1)	652,763	684,282	624,443	702,603	679,402	702,564	717,680	844,524	845,228	947,817
OPERATING AND MAINTENANCE EXPENSES:										
Salaries and wages (2)	177,800	177,418	174,897	174,331	190,830	191,677	192,744	212,576	203,216	208,578
Pension expense									339,546	245,491
Repairs and maintenance	83,865	100,341	82,518	86,463	94,519	88,784	85,484	110,928	98,945	104,536
Energy	35,924	38,535	37,261	33,687	31,777	31,775	32,895	34,519	34,090	39,500
Materials and supplies	10,411	17,506	17,661	9,526	14,288	9,797	8,961	10,573	9,876	10,886
Engineering and other professional services	56,506	61,514	54,767	57,981	65,382	74,307	81,070	88,143	83,265	95,608
Other operating expenses (8)	33,628	33,196	37,181	48,640	34,254	53,839	24,895	38,268	36,773	46,611
Total operating and maintenance expenses before depreciation and amortization (3)	398,134	428,510	404,285	410,628	431,050	450,179	426,049	495,007	805,710	751,210
NET OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION (4)	$254,629	$255,772	$220,158	$291,975	$248,352	$252,385	$291,631	$349,517	$ 39,518	$ 196,607
FIRST AND SECOND LIEN BONDS—Net revenues for calculating coverage less fund deposit requirements	$356,299	$358,671	$261,166	$372,341	$407,700	$ -	$ -	$ -	$ -	$ -
AGGREGATE DEBT SERVICE LESS DISBURSEMENTS FROM CAPITALIZED INTEREST ACCOUNTS (5)	$107,700	$107,389	$108,898	$104,349	$112,181	$ -	$ -	$ -	$ -	$ -
DEBT SERVICE COVERAGE RATIO (6)	$ 3	$ 3	$ 2	$ 4	$ 4	$ -	$ -	$ -	$ -	$ -
THIRD LIEN BONDS—Net revenues for calculating coverage per master indenture third lien	$764,133	$761,514	$664,917	$800,380	$861,675	$ -	$ -	$ -	$ -	$ -
COVERAGE REQUIRED PER MASTER INDENTURE—Third lien	$690,407	$723,259	$660,463	$790,282	$785,213	$ -	$ -	$ -	$ -	$ -
SENIOR LIEN BONDS—Net revenues for calculating coverage per master indenture senior lien (7)	$ -	$ -	$ -	$ -	$ -	$844,954	$853,216	$989,929	$1,010,311	$1,130,225
COVERAGE REQUIRED PER MASTER INDENTURE—Senior lien (7)	$ -	$ -	$ -	$ -	$ -	$804,237	$825,116	$985,375	$ 981,095	$1,091,007
COVERAGE RATIO	1.11	1.05	1.01	1.01	1.10	1.05	1.10	1.10	1.10	1.10

(1) Average annual compound growth rate for 2007–2016 for total operating revenues is 4.2%.
(2) Salaries and wages includes charges for pension, health care and other employee benefits.
(3) Average annual compound growth rate for 2007–2016 for total operating and maintenance expenses before depreciation and amortization is 7.3%.
(4) Amount for 2016 may be reconciled to operating loss of $58,083 reported in the 2016 Statements of Revenues, Expenses and Changes in Net Position by deducting depreciation and amortization of $254,689. Amount for prior years may be reconciled through similar calculation.
(5) Represents debt service on first and second lien bonds.
(6) Represents debt service coverage ratio on first and second lien bonds.
(7) Represents required coverage per senior lien master indenture.

Note: Of the $245.5 million of pension expense for 2016, $27.5 million is the portion of the City's pension contribution payable in 2016 to the pension funds and allocable to O'Hare Airport. The remaining portion of the pension expense for 2016 $218.0. pursuant to GASB 68 but is not due and payable by the City during 2016; accordingly, that portion is not included in Operating Expenses for purposes of calculation of the debt service coverage ratios.

Source: Chicago O'Hare International Airport Audited Financial Statements and City of Chicago Comptroller's Office.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

DEBT SERVICE SCHEDULE
(Dollars in thousands)
(Unaudited)

The following table sets forth aggregate annual debt service for outstanding General Airport Revenue Bonds (GARB), PFC revenue bonds and CFC revenue bonds:

Year Ending December 31	Total Debt Service on Senior Lien Bonds [(1)]	Total GARB Debt Service	Total PFC Debt Service	Total CFC Debt Service	Total Debt Service
2017	$ 534,472	$ 534,472	$ 65,500	$ 13,554	$ 613,526
2018	555,658	555,658	65,454	18,161	639,273
2019	552,401	552,402	49,738	18,154	620,293
2020	516,093	516,093	47,786	18,160	582,039
2021	465,041	465,041	47,672	18,143	530,856
2022	464,825	464,825	47,637	18,125	530,587
2023	443,779	443,779	47,590	18,129	509,498
2024	441,664	441,664	47,558	18,113	507,335
2025	441,431	441,431	50,657	18,099	510,187
2026	437,067	437,067	50,605	18,082	505,754
2027	437,622	437,622	50,664	18,073	506,359
2028	437,495	437,495	50,618	18,081	506,194
2029	432,597	432,597	50,562	18,072	501,231
2030	434,448	434,448	50,410	18,059	502,917
2031	434,026	434,026	50,347	18,043	502,416
2032	433,772	433,772	46,285	18,029	498,086
2033	474,948	474,948	10,186	18,014	503,148
2034	472,905	472,905	6,917	17,976	497,798
2035	492,041	492,040	6,910	17,955	516,906
2036	310,563	310,563	6,901	17,939	335,403
2037	308,729	308,729	6,898	17,920	333,547
2038	306,572	306,572	6,887	17,902	331,361
2039	304,043	304,043	6,880	17,881	328,804
2040	192,956	192,956	6,873	17,862	217,691
2041	143,662	143,662		17,838	161,500
2042	48,545	48,545		17,815	66,360
2043	48,504	48,504		17,785	66,289
2044	48,444	48,444			48,444
2045	21,674	21,674			21,674
2046	21,653	21,653			21,653
	$10,657,630	$10,657,630	$877,535	$481,964	$12,017,129

[(1)] Assumes an interest rate effective at December 31, 2016, on $240,600 of Senior Lien Bonds that are variable-rate demand obligations.

Note: The annual debt service tables in the Official Statements for the above debt were presented with a year ended January 1. The information above is presented with a year ended December 31. The change has been made to facilitate reconciliation to revenue bonds payable at December 31, 2016.

Source: City of Chicago Comptroller's Office.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

CAPITAL IMPROVEMENT PLAN (CIP), 2017–2021
(Dollars in thousands)
(Unaudited)

ESTIMATED USES—Five-Year Capital Improvement Program:	
Airfield improvements	$ 354,351
Terminal improvements	744,110
Noise mitigation	20,000
Parking/roadway projects	565,777
Heating and refrigeration	301,293
Safety and security	114,199
Planning and other costs	66,593
Implementation	50,000
Sound	51,850
TOTAL ESTIMATED USES	$ 2,268,173
ESTIMATED SOURCES:	
Existing PFC revenue bond proceeds	$ 24,282
Federal AIP discretionary grants	28,700
Federal AIP entitlement grants	32,500
TSA funds	63,610
Prior airport revenue bond proceeds	163,804
Future Airport obligation proceeds	1,457,684
CFC PayGo	84,153
CFC Senior Lien Revenue Bonds	74,847
CFC Backed TIFIA Loan	272,000
Other airport funds	66,593
TOTAL ESTIMATED SOURCES	$ 2,268,173

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

OPERATIONS OF THE AIRPORT
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2007–2016
(Unaudited)

Airport Activity

According to statistics compiled by Airports Council International, the Airport was the second busiest airport in the world as measured by total aircraft operations and the sixth busiest airport as measured by total passengers. In North America, the Airport is the sixth busiest airport in terms of total cargo tonnage handled. According to the Official Airline guide, as of December 31, 2016, nonstop service was provided from the Airport to 238 destinations, 170 domestic airports, and 68 foreign airports.

Chicago O'Hare International Airport Historical Connecting Passengers

Year	Total Enplanements	Total Originating Enplanements [(1)]	Total Connecting Enplanements [(1)]	Connecting Enplanements Percentage
2007	37,779,576	18,223,460	19,556,116	51.8 %
2008	34,744,030	17,685,020	17,059,010	49.1
2009	32,047,097	15,708,291	16,338,806	51.0
2010	33,232,412	17,419,794	15,812,618	47.6
2011	33,207,302	15,972,745	17,234,557	51.9
2012	33,244,515	16,867,283	16,377,232	49.3
2013	33,297,578	17,044,643	16,252,935	48.8
2014	34,952,762	17,115,535	17,837,227	51.0
2015	38,395,905	20,096,191	18,299,714	47.7
2016	38,872,669	20,991,241	17,881,428	46.0
	Average Annual Compound Growth Rates			
2007–2016	0.3 %	1.6 %	(1.0)%	

(1) Originating enplanements, resulting connecting enplanements and percentages have been recalculated based on updated information.

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

ENPLANED COMMERCIAL PASSENGERS BY AIRLINE
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2007–2016
(UNAUDITED)

	2007		2008		2009		2010		2011		2012		2013		2014		2015		2016	
Airline [1]	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total
United Airlines	12,798,917	34.0 %	11,818,081	34.0 %	10,304,138	32.2 %	9,655,258	29.1 %	8,763,788	26.4 %	7,417,697	22.3 %	8,293,334	24.9 %	9,227,495	26.4 %	10,556,509	27.5 %	11,722,663	30.2 %
American Airlines	10,277,846	27.2	9,291,364	26.7	8,050,514	25.1	8,115,097	24.4	7,629,479	23.0	7,212,437	21.7	7,209,709	21.7	7,064,555	20.2	8,668,309	22.6	9,606,479	24.7
Simmons Airlines (dba American Eagle)	3,424,753	9.1	3,145,183	9.1	3,128,488	9.8	3,278,628	9.9	3,500,279	10.5	3,591,209	10.8	4,022,596	12.1	2,868,392	8.2	2,992,870	7.8	3,494,513	9.0
Sky West (dba United Express)	2,231,622	5.9	2,010,239	5.8	1,763,788	5.5	1,932,478	5.8	1,375,680	4.1	1,276,718	3.8	1,386,813	4.2	1,873,838	5.4	2,363,825	6.2	2,279,699	5.9
Mesa (dba United Express)	1,227,446	3.2	1,032,402	3.0	1,327,751	4.1	703,936	2.1	553,439	1.7	524,665	1.6	540,671	1.6	454,299	1.3	2,365	0.0		
Northwest Airlines	680,695	1.8	586,600	1.7	439,517	1.4														
Shuttle America (dba United Express)	721,642	1.9	689,203	2.0	936,803	2.9	1,067,038	3.2	941,420	2.8	1,163,078	3.5	903,682	2.7	816,617	2.3	716,874	1.9	619,873	1.6
Continental Airlines	584,908	1.5	519,567	1.5	514,528	1.6	542,760	1.6	947,868	2.9	1,901,333	5.7	697,398	2.1						
US Airways	578,879	1.5	892,225	2.6	923,729	2.9	865,420	2.6	926,447	2.8	1,024,706	3.1	1,068,630	3.2	1,024,772	2.9	1,025,863	2.7		
Go Jet (UA Express)	449,979	1.2	399,076	1.1	567,601	1.8	787,343	2.4	695,580	2.1	743,794	2.2	795,407	2.4	783,363	2.2	867,993	2.3	750,452	1.9
Delta Airlines	443,342	1.2	430,985	1.2	311,533	1.0	572,588	1.7	692,244	2.1	956,245	2.9	716,938	2.1	844,445	2.4	972,132	2.5	906,920	2.3
Trans State Air (dba United Express)	390,640	1.0	464,624	1.3	450,469	1.4	428,504	1.3	347,997	1.0	208,197	0.6	475,863	1.4	637,489	1.8	279,635	0.7	353,453	0.9
America West	320,778	0.8																		
Air Canada	132,572	0.4	136,277	0.4	123,367	0.3	132,392	0.4	104,683	0.3	108,637	0.4	80,190	0.2	6,664		33,773	0.1	78,189	0.2
Chautauqua (dba United Express)	47,800	0.1	92		78		43,191	0.1	3,520		236		6,086		51,553	0.1				
Air Wisconsin (dba United Express)			24,143	0.1			147		2		4		1		2					
Independence Air																				
All other [2]	3,467,757	9.2	3,303,969	9.5	3,204,793	10.0	5,107,632	15.4	6,724,876	20.3	7,115,559	21.4	7,100,260	21.3	9,299,278	26.8	9,915,757	25.7	9,060,428	23.3
Total	37,779,576	100.0 %	34,744,030	100.0 %	32,047,097	100.0 %	33,232,412	100.4 %	33,207,302	100.0 %	33,244,515	100.0 %	33,297,578	100.0%	34,952,762	100.0 %	38,395,905	100.0 %	38,872,669	100.0 %

[1] Each airline listed is a signatory to a 1983 Airport Use Agreement.
[2] Included in All Other are the signatories to the 1990 International Terminal Use Agreement not already listed on this table (Aer Lingus, Aeroflot, Aeromexico, Air Berlin, Air France, Air India, Air Jamaica, Air One, Alitalia, All Nippon, Asiana, Austrian Air, Aviacsa, British Airways, British Midland, Cathay Pacific, China Eastern, El Al Israel, Etihad, Hainan, Iberia, Japan, KLM, Korean, Kuwait, Lot Polish, Lufthansa, Mexicana, Pakistan, Qatar, Royal Jordanian, Scandinavian, Singapore, Spirit Airlines, Swiss TACA/LACSA, Turkish Airlines, USA 3000 and Virgin Air and all other U.S. (including some UA and AA affiliates) and foreign flag airlines operating at the Airport.

AIRLINES PROVIDING SERVICE AT THE AIRPORT

As of December 31, 2016, the Airport had scheduled air service by 58 airlines, including 19 domestic airlines, and 39 foreign flag airlines. Service to the Airport is provided by 15 of the 18 "Group III Carriers," which are defined by the U.S. Department of Transportation, Bureau of Transportation Statistics, Office of Airline Information to include domestic air carriers with annual operating revenues in excess of $1 billion.

United Airlines and American Airlines (including their commuter affiliates) together accounted for approximately 80% of the enplaned commercial passengers at the Airport in 2016.

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL PASSENGER TRAFFIC
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2007–2016
(Unaudited)

Year	Total Domestic Passengers	Percent of Total Passengers	Total International Passengers	Percent of Total Passengers	Total Passengers	Annual Percent Change
2007	64,376,479	84.5 %	11,801,376	15.5 %	76,177,855	(0.2)%
2008	59,404,334	83.9	11,414,681	16.1	70,819,015	(7.0)
2009	54,114,214	83.8	10,439,179	16.2	64,553,393	(8.8)
2010	56,615,214	84.5	10,410,977	15.5	67,026,191	3.8
2011	57,233,467	85.7	9,558,683	14.3	66,792,150	(0.3)
2012	56,857,637	85.1	9,977,294	14.9	66,834,931	0.1
2013	56,728,189	84.8	10,181,394	15.2	66,909,583	0.1
2014	59,321,544	84.7	10,753,660	15.3	70,075,204	4.7
2015	65,943,490	85.7	11,006,014	14.3	76,949,504	9.8
2016	66,210,437	84.9	11,750,192	15.1	77,960,629	1.3
	Average Annual Compound Growth Rates					
2007–2016	0.3 %		- %		0.3 %	

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL TOTAL ORIGIN AND DESTINATION (O&D) ENPLANEMENTS
CHICAGO REGION AIRPORTS
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2007–2016
(Unaudited)

	Chicago O'Hare International Airport		Chicago Midway International Airport		
Year	**Total O&D Enplanements [1]**	**Percent of Total Chicago**	**Total O&D Enplanements [1]**	**Percent of Total Chicago**	**Total O&D Enplanements**
2007	18,223,460	73.6 %	6,532,362	26.4 %	24,755,822
2008	17,685,020	75.0	5,910,045	25.0	23,595,065
2009	15,708,291	73.6	5,647,591	26.4	21,355,882
2010	17,419,794	76.1	5,485,191	23.9	22,904,985
2011	15,972,745	73.7	5,693,938	26.3	21,666,683
2012	16,867,283	73.6	6,045,841	27.0	22,364,651
2013	17,044,643	72.4	6,505,206	27.6	23,549,849
2014	17,115,535	72.6	6,446,497	27.4	23,562,032
2015	20,096,191	75.0	6,682,549	25.0	26,778,740
2016	20,991,241	74.5	7,181,858	25.5	28,173,099
	Average Annual Compound Growth Rates				
2007–2016	1.6 %		1.1 %		1.4 %

[1] Originating enplanements, resulting connecting enplanements and percentages have been recalculated based on updated information.

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

ENPLANEMENT SUMMARY
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2007–2016
(Unaudited)

	Total O'Hare Enplanements						
Year	Domestic Air Carrier	Domestic Commuter	Total Domestic [1]	Percent of Total O'Hare	Total International Enplanements	Percent of Total O'Hare	Total [2] Enplanements
2007	32,126,121	-	32,126,121	85.0 %	5,653,455	15.0 %	37,779,576
2008	29,111,375		29,111,375	83.8	5,632,655	16.2	34,744,030
2009	26,863,092		26,863,092	83.8	5,184,005	16.2	32,047,097
2010	28,100,388		28,100,388	84.6	5,132,024	15.4	33,232,412
2011	28,306,173		28,306,173	85.2	4,901,129	14.8	33,207,302
2012	28,288,427		28,288,427	85.1	4,956,088	14.9	33,244,515
2013	28,195,077		28,195,077	84.7	5,102,501	15.3	33,297,578
2014	29,559,975		29,559,975	84.6	5,392,787	15.4	34,952,762
2015	32,877,967		32,877,967	85.6	5,517,938	14.4	38,395,905
2016	33,015,851		33,015,851	84.9	5,856,818	15.1	38,872,669
	Average Annual Compound Growth Rates						
2007–2016	0.3 %		0.3 %		0.4 %		0.3 %

[1] Total Domestic Enplanements equals Total Domestic Air Carrier Enplanements plus Total Domestic Commuter Enplanements.
[2] Total Enplanements equals Total Domestic Air Carrier Enplanements plus Total Domestic Commuter Enplanements plus Total International Enplanements.

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

AIRCRAFT OPERATIONS
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2007–2016
(Unaudited)

	Annual Aircraft Operations						
Year	**Domestic Air Carrier**	**International Air Carrier**	**Total Air Carrier**	**Commuter**	**All-Cargo**	**General Aviation**	**Total**
2007	802,933	87,043	889,976	-	20,702	16,295	926,973
2008	762,995	81,211	844,206		17,542	19,818	881,566
2009	721,169	74,842	796,011		13,988	17,900	827,899
2010	771,550	72,144	843,694		17,248	21,675	882,617
2011	772,707	69,704	842,411		17,149	19,238	878,798
2012	783,371	66,992	850,363		16,887	10,858	878,108
2013	784,681	71,858	856,539		16,326	10,422	883,287
2014	779,708	76,258	855,966		15,433	10,534	881,933
2015	775,091	70,729	845,820		17,698	11,618	875,136
2016	762,664	75,395	838,059		17,932	11,644	867,635
	Average Annual Compound Growth Rates						
2007–2016	(0.6)%	(1.6)%	(0.7)%	- %	(1.6)%	(3.7)%	(0.7)%

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

NET AIRLINE REQUIREMENT AND COST PER ENPLANED PASSENGER
FOR THE YEAR ENDED DECEMBER 31, 2016
(Dollars in thousands)
(Unaudited)

Calculation of cost per enplaned passenger:	
Operating and maintenance expenses [1]	$ 514,561
Net debt service [1]	351,527
Debt service coverage requirement [2]	909
Fund deposits [3]	15,127
Total airport expenses [1]	882,124
Less:	
Non-airline revenue [1]	
PFC revenue applied to eligible debt service	(287,629)
Other	(5,348)
Net airline requirement [4]	589,147
Enplaned passengers	38,872,669
Cost per enplaned passenger	$ 15.16

[1] This analysis excludes the Land Support Cost Revenue Center, Airport Development Fund, Emergency Reserve Fund and PFC Fund.
[2] Incremental adjustment required which provide 10 percent coverage on aggregate debt service.
[3] Deposits to the Operations and Maintenance Reserve, Maintenance Reserve, Emergency Reserve and Special Capital Project Funds.
[4] Revenue required to be collected from all Airline Parties under the 1983 Airport Use Agreements and the 1990 International Terminal Use Agreements.

Source: City of Chicago Comptroller's Office and Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL PFC REVENUES
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2007–2016
(Dollars in thousands)
(Unaudited)

Year	Total Enplanements	PFC Enplanements [1]	PFC Revenues (Net of Airline Collection Fees) [2] [3]	PFC Interest Income	Total PFC Revenues
2007	37,779,576	34,243,364	$150,329	$18,922	$169,251
2008	34,744,030	30,720,227	130,922	3,940	134,862
2009	32,047,097	27,533,048	117,103	3,767	120,870
2010	33,232,412	29,493,621	129,477	2,596	132,073
2011	33,207,302	28,503,338	125,130	2,631	127,761
2012	33,244,515	28,067,538	123,215	1,575	124,790
2013	33,297,578	29,516,583	129,578	1,527	131,105
2014	34,952,762	31,962,719	140,316	1,275	141,591
2015	38,395,905	32,425,502	142,348	918	143,266
2016	38,872,669	34,993,891	153,623	941	154,564

[1] Historical collection information reflects an actual percentage of eligible PFC enplanements of 90.1% in 2016.

[2] This amount is net of the airline collection fee of $.11 per enplaning passenger since May 1, 2004.

[3] Actual amounts above are recorded on a cash basis but are reported in the Airport's audited financial statements on an accrual basis. The cash basis PFC audit for 2016 has not yet been issued.

Source: City of Chicago Comptroller's Office and Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

PASSENGER FACILITY CHARGE (PFC) DEBT SERVICE COVERAGE
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2008–2017
(Dollars in thousands)
(Unaudited)

Bond Year Ended	PFC Revenues [2]	PFC Bonds Debt Service	Coverage by PFC Revenues [1]
January 1, 2008	169,251	73,498	2.30 %
January 1, 2009	134,862	50,048	2.69
January 1, 2010	120,870	49,411	2.45
January 1, 2011	132,073	59,077	2.24
January 1, 2012	127,761	77,497	1.65
January 1, 2013	124,790	66,163	1.89
January 1, 2014	131,105	70,860	1.85
January 1, 2015	141,591	65,307	2.17
January 1, 2016	143,266	66,791	2.14
January 1, 2017	154,564	47,780	3.23

[1] Ratio represents the amount of PFC revenues to debt service:
For bond years ended 2006 through 2008.
[2] Actual amounts above are recorded on a cash basis and includes interest earnings.

Source: City of Chicago Comptroller's Office.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

NET POSITION BY COMPONENT
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2007–2016
(Dollars in thousands)
(Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015 *	2016 *
Net position:										
Net investment in capital assets	$ 481,321	$ 644,828	$ 612,920	$ 704,324	$ 713,876	$ 517,619	$ 582,175	$ 644,430	$ 707,991	$ 1,001,744
Restricted	644,048	594,185	610,868	588,683	640,469	605,488	709,665	780,514	828,216	679,180
Unrestricted (deficit)	73,390	77,195	89,554	104,730	38,201	31,511	35,559	35,140	(1,061,607)	(1,298,327)
Total net position	$1,198,759 *	$1,316,208 *	$1,313,342 *	$1,397,737 *	$1,392,546 *	$1,154,618	$1,327,399	$1,460,084	$ 474,600	$ 382,597

* Amounts have not be restated for the implementation of GASB Statement No. 65, Items Previously Reported as Assets and Liabilities

* In 2015, the Airport implemented GASB 68, which created a net pension liability and corresponding decrease in Net Position.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

CHANGE IN NET POSITION
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2007–2016
(Dollars in thousands)
(Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015**	2016**
Operating revenues	$652,763	$684,282	$624,443	$702,603	$679,402	$ 702,564	$ 717,680	$844,524	$ 845,228	$ 947,816
Operating expenses	544,890	579,297	583,002	595,707	609,499	662,004	622,606	713,218	1,040,700	1,005,899
Operating income	107,873	104,985	41,441	106,896	69,903	40,560	95,074	131,306	(195,472)	(58,083)
Nonoperating revenues (expenses)	18,363	(37,486)	(94,627)	(80,068)	(80,925)	(110,254)	(125,829)	(87,653)	(117,609)	(104,584)
Special items					(53,910)					
Income (loss) before capital contributions	126,236	67,499	(53,186)	26,828	(64,932)	(69,694)	(30,755)	43,653	(313,081)	(162,667)
Capital grants	48,253	49,950	50,320	57,567	59,741	73,538	203,536	89,032	76,689	70,664
Change in net position	$174,489 *	$117,449 *	$ (2,866) *	$ 84,395 *	$ (5,191) *	$ 3,844	$ 172,781	$132,685	$ (236,392)	$ (92,003)

*Amounts have not be restated for the implementation of GASB Statement No. 65, Items Previously Reported as Assets and Liabilities

** In 2015, the Airport implemented GASB 68, which created a net pension liability and corresponding decrease in Net Position.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

LONG-TERM DEBT
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2007–2016
(Dollars in thousands)
(Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
First lien bonds	$ 72,795	$ 72,795	$ 72,795	$ 72,795	$ 72,795	$ -	$ -	$ -	$ -	$ -
Second lien bonds	721,470	656,875	585,080	450,250	369,330					
Third lien bonds	3,559,420	4,278,530	4,219,195	5,213,760	6,145,590					
Senior lien bonds						6,355,245	6,696,365	6,563,780	6,586,490	6,404,030
Commercial paper notes	334,673	35,565	295,355		19,919	50,616	20,000	51,026		
Passenger facility										
Passenger facility charge revenue bonds	796,715	741,340	725,675	833,715	812,715	726,700	700,090	663,780	631,245	595,630
Customer facility										
Customer facility charge revenue bonds							248,750	248,750	248,750	248,750
Revolving line of credit										12,098
Total revenue bonds and notes	5,485,073	5,785,105	5,898,100	6,570,520	7,420,349	7,132,561	7,665,205	7,527,336	7,466,485	7,260,508
Unamortized premium	48,090	89,308	80,788	86,856	92,249	200,381	224,056	199,169	374,179	453,456
Total revenue bonds payable, net of unamortized premium (discount)	$ 5,533,163	$ 5,874,413	$ 5,978,888	$ 6,657,376	$ 7,512,598	$ 7,332,942	$ 7,889,261	$ 7,726,505	$ 7,840,664	$ 7,713,964
Enplanements	$37,779,576	$34,744,030	$32,047,097	$33,232,412	$33,206,867	$33,244,515	$33,297,578	$34,952,762	$38,395,905	$38,872,669
Debt per enplanement	$ 145	$ 167	$ 184	$ 198	$ 223	$ 215	$ 230	$ 215	$ 194	$ 187

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

FULL-TIME EQUIVALENT CHICAGO O'HARE AIRPORT EMPLOYEES BY FUNCTION
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2007–2016
(Unaudited)

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Administration (pre-2009 executive directions)	25	15	73	130	127	119	110	-	-	-
Capital development	49	49	30	39	43	35	34	18	18	20
Financial administration	25	21						35	36	38
Human resources management	24	22								
Capital finance management	9	9								
Contract administration	18	18						12	12	13
Business information services	11	9								
Business communication	40	41	10	13	13					
Commercial development and concessions	6	5	3	6	6	4	3	13	13	13
Administration	26	24						47	46	46
Airfield operations	280	280	309	309	306	305	305	306	306	346
Landside operations	19	18	14	13	11	12	22	239	240	237
Security management	233	249	243	243	242	236	236	361	306	305
Facility management	537	498	502	515	519	500	504	311	324	322
Safety management	9	9	9	7	7	7	7			
Total	1,311	1,267	1,193	1,275	1,274	1,218	1,221	1,342	1,301	1,340

Source: City of Chicago's Program and Budget Summary.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

STATISTICAL DATA
PRINCIPAL EMPLOYERS (NONGOVERNMENT)
CURRENT YEAR AND NINE YEARS AGO (SEE NOTE AT THE END OF THIS PAGE)
(Unaudited)

	2016 [1]			2007 [4]		
Employer	**Number of Employees**	**Rank**	**Percentage of Total City Employment**	**Number of Employees**	**Rank**	**Percentage of Total City Employment**
Advocate Health Care	18,930	1	1.48 %			
University of Chicago	16,374	2	1.28			
Northwestern Memorial Healthcare	15,747	3	1.23			
JP Morgan Chase & Co. [2]	15,229	4	1.19	9,114	1	0.73 %
United Continental Holdings Inc.	15,157	5	1.18	6,102	2	0.49
Walgreen Boots Alliance Inc.	12,685	6	0.99			
Northwestern University	10,241	7	0.80			
Presence Health	10,183	8	0.79			
Abbott Laboratories	9,800	9	0.76			
Jewel Food Stores, Inc	9,660	10	0.75	5,424	3	0.43
Northern Trust Corporation				4,787	4	0.38
Accenture LLP				4,283	5	0.34
SBC/AT&T [3]				4,002	6	0.32
American Airlines				3,645	7	0.29
Ford Motor Company				3,367	8	0.27
CVS Corporation				3,120	9	0.25
Deloitte & Touche				2,988	10	0.24

NOTES:

[1] Source: Reprinted with permission from the January 16, 2017 issue of Crain's Chicago Business.

[2] J.P. Morgan Chase formerly known as Banc One.

[3] AT&T Inc. formerly known as SBC Ameritech.

[4] Source: City of Chicago, Department of Revenue, Employer's Expense Tax Returns.
Prior to 2014, the source information was the City of Chicago, Bureau of Revenue-Tax Division Report which is no longer available.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

STATISTICAL DATA
POPULATION AND INCOME STATISTICS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2007–2016
(Unaudited)

Year	Population [1]	Median Age [2]	Number of Households [2]	City Employment	Unemployment Rate [3]	Per Capita Income [4]	Total Income
2007	2,896,016	33.7	1,033,328	1,249,238	5.2 %	$43,714	$126,596,443,424
2008	2,896,016	34.1	1,032,746	1,237,856	6.4	45,328	131,270,613,248
2009	2,896,016	34.5	1,037,069	1,171,841	10.0	43,727	126,634,091,632
2010	2,695,598	34.8	1,045,666	1,116,830	10.1	45,957	123,881,597,286
2011	2,695,598	33.2	1,048,222	1,120,402	9.3	45,977	123,935,509,246
2012	2,695,598	33.0	1,054,488	1,144,896	8.9	48,305	130,210,861,390
2013	2,695,598	33.5	1,062,029	1,153,725	8.3	49,071	132,275,689,458
2014	2,695,598	33.9	1,031,672	1,264,234	5.7	50,690	136,639,862,620
2015	2,695,598	34.2	N/A	1,273,733 *	5.7	53,886	145,254,993,828
2016	2,695,598	N/A [5]	N/A [5]	1,282,117 *	5.4	N/A [5]	N/A [5]

Notes:
[1] Source: U.S. Census Bureau.
[2] Source: American Fact Finder—United States Census Bureau data estimates.
Data not available for 2016.
[3] Source: Bureau of Labor Statistics 2016, Unemployment rate for Chicago-Naperville-Illinois Metropolitan Area.
[4] Source: U.S. Department of Commerce, Bureau of Economic Analysis, Per Capita Personal Income for Chicago-Naperville-Illinois Metropolitan Area.
[5] N/A means not available at time of publication.
* December 2016 data.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

SUMMARY—2016 TERMINAL RENTALS, FEES AND CHARGES
FOR THE PERIOD COMMENCING JULY 1, 2016

	Signatory	Non-Signatory
DOMESTIC TERMINAL		
DESCRIPTION:		
Landing fee/1,000 lbs.	$ 8.42	$ 10.53
Base rent	5.00	
Existing footage	73.94	
Special facility additional footage		
Additional footage	107.83	
Ultimate additional footage	N/A	
INTERNATIONAL TERMINAL		
DESCRIPTION:		
Landing fee/1,000 lbs.	$ 8.42	$ 10.53
Terminal rent/sq. ft./annum:		
Long-term signatory	112.53	
Short-term signatory	N/A	
Month-to-month	151.91	
ENPLANED PASSENGER USE CHARGE:		
Long-term signatory	13.20	
Short-term signatory	N/A	
Month-to-month	17.83	
DEPLANED PASSENGER USE CHARGE:		
Long-term signatory	10.61	
Short-term signatory	N/A	
Month-to-month	14.32	

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

AIRPORT MARKET SHARE OF RENTAL CAR BRANDS OPERATING ON-AIRPORT (Unaudited)

Corporate Entity [1]	Brand(s)	2016 Airport Market
Enterprise Holdings, Inc.	Enterprise Rent-A-Car [1]	10.7 %
	Alamo Rent-A-Car [1]	
	National Rent-A-Car [1]	27.6
		38.3
Avis Budget Group, Inc.	Avis Car Rental	20.2
	Budget Rent-A-Car	9.5
		29.7
Hertz Global Holdings, Inc.	Hertz Rent A Car	23.9
	Dollar Rent A Car	
	Thrifty Car Rental	8.1
		32.0
		100.0 %

[1] Alamo and National are reported jointly.

Sources: City of Chicago Department of Aviation, Ricondo & Associates, Inc.

Source: Chicago Department of Aviation

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL VISITING O&D ENPLANED PASSENGERS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2007–2016
(Unaudited)

Year	Total Enplaned Passengers	Total O & D Enplaned Passengers [1]	Total O & D Percentage of Total	Resident O & D Enplaned Passengers	Resident Percentage of Total O & D	Visiting O & D Enplaned Passengers [1]	Visitor Percentage of Total O & D
2007	37,763,062	18,223,460	48.3 %	10,388,154	57.0 %	7,835,306	43.0 %
2008	34,011,186	17,024,876	50.1	9,664,005	56.8	7,360,870	43.2
2009	32,035,155	15,696,349	49.0	8,906,382	56.7	6,789,967	43.3
2010	33,219,302	15,605,731	47.0	8,852,882	56.7	6,752,849	43.3
2011	33,194,708	15,972,745	48.1	9,043,984	56.6	6,928,761	43.4
2012	33,231,201	16,318,810	49.1	9,108,439	55.8	7,210,371	44.2
2013	33,284,788	17,038,092	51.2	9,541,332	56.0	7,496,761	44.0
2014	34,952,762	17,115,535	49.0	9,534,351	55.7	7,491,276	43.8
2015	38,395,905	19,469,276	50.7	10,902,795	56.0	8,566,481	44.0
2016 [2]	38,872,669	20,991,241	54.0	11,545,183	55.0	9,446,059	45.0

[1] Certain estimations were used by Ricondo & Associates to derive visiting O & D enplaned passengers, as data for foreign flag carriers were not available.

[2] The O & D percent share is calculated for the four quarters ending with the third quarter of 2016 and 2016 O & D and connecting enplanements are based upon that share. Includes GA, Military and Misc.

Source: City of Chicago Department of Aviation

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL CFC COLLECTIONS ON SITE AIRPORT RENTAL CAR COMPANIES
(Dollars in thousands)
(Unaudited)

	2011	2012	2013	2014	2015	2016
January	$ 1,834,376	$ 2,043,472	$ 2,021,728	$ 2,095,216	$ 2,058,208	$ 2,160,680
February	1,720,816	2,119,752	2,023,816	2,037,496	1,975,312	2,096,296
March	2,264,728	2,492,960	2,380,208	2,365,224	2,411,096	2,528,296
First quarter total	5,819,920	6,656,184	6,425,752	6,497,936	6,444,616	6,785,272
Annual percent change		14.4 %	(3.5)%	1.1 %	(0.8)%	5.3 %
April	2,497,584	2,584,776	2,532,288	2,663,448	2,833,576	2,978,640
May	2,997,144	3,135,048	3,161,456	3,403,440	3,457,424	3,554,312
June	3,202,568	3,286,280	3,335,392	3,575,576	3,512,048	3,595,824
Second quarter total	8,697,296	9,006,104	9,029,136	9,642,464	9,803,048	10,128,776
Annual percent change		3.6 %	0.3 %	6.8 %	1.7 %	3.3 %
July	3,426,648	3,379,960	3,362,504	3,579,976	3,920,712	3,999,848
August	3,493,216	3,586,248	3,764,952	3,948,912	3,979,920	4,078,696
September	3,317,356	3,245,784	3,496,664	3,537,496	3,756,256	3,771,264
Third quarter total	10,237,220	10,211,992	10,624,120	11,066,384	11,656,888	11,849,808
Annual percent change		(0.2)%	4.0 %	4.2 %	5.3 %	1.7 %
October	3,177,744	3,309,960	3,456,280	3,612,656	3,815,136	3,684,456
November	2,647,208	2,703,392	2,798,264	2,891,736	2,937,088	2,939,008
December	2,321,952	2,180,840	2,564,448	2,572,952	2,478,696	2,419,432
Fourth quarter total	8,146,904	8,194,192	8,818,992	9,077,344	9,230,920	9,042,896
Annual total	$32,901,340	$34,068,472	$34,898,000	$36,284,128	$37,135,472	$37,806,752
Annual Percent Change						
Year to date total (through May)	$11,314,648	$12,376,008	$12,119,496	$12,564,824	$12,735,616	$13,318,224
Annual percentage change		9.4 %	(2.1)%	3.7 %	1.4 %	4.6 %

Note: CFC Collections from off site Rental Car Companies commenced in August 2013.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL CFC COLLECTIONS ON AND OFF SITE AIRPORT RENTAL CAR COMPANIES
(Dollars in thousands)
(Unaudited)

	2011	2012	2013	2014	2015	2016
January	$ 1,834,376	$ 2,043,472	$ 2,021,728	$ 2,095,216	$ 2,190,072	$ 2,366,544
February	1,720,816	2,119,752	2,023,816	2,037,496	2,091,544	2,287,024
March	2,264,728	2,492,960	2,380,208	2,365,224	2,531,080	2,692,120
First quarter total	5,819,920	6,656,184	6,425,752	6,497,936	6,812,696	7,345,688
Annual percent change		14.4 %	(3.5)%	1.1 %	4.8 %	7.8 %
April	2,497,584	2,584,776	2,532,288	2,663,448	2,962,240	3,143,320
May	2,997,144	3,135,048	3,161,456	3,403,440	3,623,328	3,741,768
June	3,202,568	3,286,280	3,335,392	3,575,576	3,691,640	3,780,904
Second quarter total	8,697,296	9,006,104	9,029,136	9,642,464	10,277,208	10,665,992
Annual percent change		3.6 %	0.3 %	6.8 %	6.6 %	3.8 %
July	3,426,648	3,379,960	3,362,504	3,579,976	4,127,848	4,185,472
August	3,493,216	3,586,248	3,764,952	3,948,912	4,188,848	4,289,320
September	3,317,356	3,245,784	3,496,664	3,537,496	3,934,624	3,947,136
Third quarter total	10,237,220	10,211,992	10,624,120	11,066,384	12,251,320	12,421,928
Annual percent change		(0.2)%	4.0 %	4.2 %	10.7 %	1.4 %
October	3,177,744	3,309,960	3,456,280	3,612,656	4,012,344	3,868,232
November	2,647,208	2,703,392	2,798,264	2,891,736	3,144,944	3,094,176
December	2,321,952	2,180,840	2,564,448	2,572,952	2,705,784	2,533,912
Fourth quarter total	8,146,904	8,194,192	8,818,992	9,077,344	9,863,072	9,496,320
Annual total	$32,901,340	$34,068,472	$34,898,000	$36,284,128	$39,204,296	$39,929,928
Annual Percent Change						
Year to date total (through May)	$11,314,648	$12,376,008	$12,119,496	$12,564,824	$13,398,264	$14,230,776
Annual percentage change		9.4 %	(2.1)%	3.7 %	6.6 %	6.2 %

Note: CFC Collections from off site Rental Car Companies commenced in August 2013.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

RACS AND OFF-AIRPORT AND RELATED BRANDS OPERATING AT THE AIRPORT

RAC Legal Entity	Rental Car Brands	Legal Organization	Current Status of Brand(s) at Airport
Enterprise Leasing Company of Chicago LLC	Enterprise Rent-A-Car Alamo Rent-A-Car National Car Rental	Delaware limited liability company and subsidiary of Enterprise Holdings, Inc	Existing On-Airport
The Hertz Corporation	Hertz Rent-A-Car Dollar Rent-A-Car Thrifty Car Rental	Delaware limited liability company and subsidiary of Hertz Global Holdings, Inc (NYSE: HTZ)	Existing On-Airport
	Firefly		Existing Off-Airport
Avis Budget Car Rental, LLC	Avis Car Rental Budget Rent-A-Car	Delaware limited liability company and subsidiary of Avis Budget Group, Inc (NASDAQ: CAR)	Existing On-Airport
	Payless Car Rental		Existing Off-Airport
The Catalyst Capital Group ([2] [3]	Advantage Rent-A-Car	Toronto-based private equity firm	Existing Off-Airport
Silvercar Inc	Silvercar	Privately held business corporation in Delaware	New Service Provider

[1] Ace Rent-A-Car corporate locations, including the off-airport Ace location at O'Hare were sold to Avis Budget and fully transitioned to the Payless brand in 2014.
[2] Advantage Rent-A-Car entered into an agreement to purchase E-Z Rent-A-Car, Inc. in February 2015. The transaction was completed in June 2015.

Sources: City of Chicago Department of Aviation; Ricondo & Associates, Inc.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

PROJECTED SERIES 2013 CFC BOND DEBT SERVICE COVERAGE
EACH OF THE SIX YEARS ENDED DECEMBER 31, 2017–2022
(Unaudited)

Revenues and Other Available Funds	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Revenues:						
CFC collections	$35,855,203	$36,681,485	$37,498,736	$38,302,442	$39,128,723	$39,950,490
Facility rent			13,793,790	13,734,581	13,520,553	13,330,174
Interest earnings transferred to CFC revenue fund [1]	684,336	846,927	846,927	847,694	849,276	850,955
Total revenues	36,539,539	37,528,412	52,139,453	52,884,717	53,498,552	54,131,619
Other available funds:						
Rolling coverage fund [2]	4,569,748	4,569,436	4,568,686	4,568,998	4,568,605	4,568,792
Supplemental reserve fund [3]	913,950	913,887	913,737	913,800	913,721	913,758
Total other available funds	5,483,698	5,483,323	5,482,423	5,482,798	5,482,326	5,482,550
Total revenues and other available funds	$42,023,237	$43,011,735	$57,621,876	$58,367,515	$58,980,878	$59,614,169
DEBT SERVICE COVERAGE CALCULATIONS—Series 2013 CFC Senior Lien Bonds Debt Service	$18,278,994	$18,277,744	$18,274,744	$18,275,994	$18,274,419	$18,275,169
DEBT SERVICE COVERAGE PURSUANT TO THE CFC INDENTURE:						
Series 2013 CFC Senior Lien Bond Debt Service Coverage pursuant to the CFC Indenture	2.30	2.35	3.15	3.19	3.23	3.26
Debt Service coverage requirement pursuant to the CFC Indenture	1.30	1.30	1.30	1.30	1.30	1.30
DEBT SERVICE COVERAGE BASED ON REVENUES ONLY—Series 2013 CFC Senior Lien Bonds debt service coverage based on Revenues only	2.00	2.05	2.85	2.89	2.93	2.96
DEBT SERVICE COVERAGE BASED ON CFC COLLECTIONS ONLY—Series 2013 CFC Senior Bonds debt service coverage based on CFC collections only	1.96	2.01	2.05	2.10	2.14	2.19

[1] Interest earnings include interest accrued on amounts in the Rolling Coverage Fund, the Supplemental Reserve Fund, the Maintenance Reserve Account, the Debt Service Reserve Fund, and the Subordinate Reserve Fund.
[2] Pursuant to the CFC Indenture, Includes amounts in the Rolling Coverage Fund not to exceed 25% of 2013 CFC Bond debt service.
[3] Pursuant to the CFC Indenture, Includes amounts in the Supplemental Reserve Fund not to exceed 5% of 2013 CFC Bond debt service.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

PROJECTED SERIES 2013 CFC BOND AND TIFIA LOAN DEBT SERVICE COVERAGE
EACH OF THE SIX YEARS ENDED DECEMBER 31, 2018–2023
(Unaudited)

Revenues and Other Available Funds	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Revenues:						
CFC collections	$35,855,203	$36,681,485	$37,498,736	$38,302,442	$39,128,723	$39,950,490
Facility rent			14,321,107	13,807,631	13,593,545	13,403,104
Transferred to CFC revenue fund [1]	684,336	688,723	691,739	693,310	694,976	696,749
Total revenues	36,539,539	37,370,208	52,511,582	52,803,383	53,417,244	54,050,343
Other available funds:						
Rolling coverage fund [2]	4,569,436	4,569,436	4,568,686	4,568,998	4,568,605	4,568,792
Supplemental reserve fund [3]	913,887	913,887	913,737	913,800	913,721	913,758
Total other available funds	5,483,323	5,483,323	5,482,423	5,482,798	5,482,326	5,482,550
Total other available funds	$43,011,735	$43,011,735	$57,621,876	$58,367,515	$58,980,878	$59,614,169
DEBT SERVICE FOR COVERAGE CALCULATIONS:						
Series 2013 CFC Senior Bonds Debt Service	$18,277,744	$18,277,744	$18,274,744	$18,275,994	$18,274,419	$18,275,169
Subordinate Bonds (TIFIA Loan)			11,050,431	11,050,431	11,050,431	11,050,431
AGGREGATE DEBT SERVICE	$18,277,744	$18,277,744	$29,325,175	$29,326,425	$29,324,850	$29,325,600
DEBT SERVICE COVERAGE PURSUANT TO THE CFC INDENTURE:						
Aggregate debt service coverage pursuant to the CFC Indenture	2.30	2.34	1.98	1.99	2.01	2.03
Debt service coverage requirement pursuant to the CFC Indenture	1.10	1.10	1.10	1.10	1.10	1.10
DEBT SERVICE COVERAGE BASED ON REVENUES ONLY—Aggregate debt service coverage based on revenues only	2.00	2.04	1.79	1.80	1.82	1.84
DEBT SERVICE COVERAGE BASED ON CFC COLLECTIONS ONLY—Aggregate debt service coverage based on CFC collections only	1.96	2.01	1.28	1.31	1.33	1.36

(1) Interest earnings include interest accrued on amounts in the Rolling Coverage Fund, the Supplemental Reserve Fund, the Maintenance Reserve Account, the Debt Service Reserve Fund, and the Subordinate Reserve Fund.

(2) Pursuant to the CFC Indenture, Includes amounts in the Rolling Coverage Fund not to exceed 25% of 2013 CFC Bond debt service.

(3) Pursuant to the CFC Indenture, Includes amounts in the Supplemental Reserve Fund not to exceed 5% of 2013 CFC Bond debt service.

Source: City of Chicago Department of Aviation, Ricondo & Associates, Inc