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August 17, 2017

Terminal Developer, LLC
Kansas City, Missouri

Re: Terminal Developer, LLC Team Private Financing Proposal dated August 10, 2017, the interview presentation on August 14, 2017 and the supplement dated August 17, 2017 (collectively, the “Proposal”)

Gilmore & Bell is assisting Terminal Developer, LLC as bond counsel for the KCI Project. We have ranked in the top 10 nationally for the number of bond counsel opinions rendered for more than 20 years. We have been the #1 bond counsel firm in Missouri and Kansas for many years. We have acted as bond counsel for the City of Kansas City, Missouri and its affiliate entities on many bond issues, including water and sewer revenue bonds, general obligation bonds, special obligation bonds and lease revenue bonds. Some representative projects that we have assisted the City and its affiliates on as bond counsel include the KCI Consolidated Rental Car Facility, Bartle Hall and the Sprint Arena.

It is our opinion that the Proposal complies with the City’s current Airport Master Bond Ordinance (MBO). In addition, the Proposal included an alternative structure consisting of a lease-leaseback structure, which also complies with the MBO.

Gilmore & Bell, P.C.

By: 

Gary A. Anderson



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MEMORANUDM

Date: August 30, 2017

Re: Terminal Developer, LLC Private Financing Proposal dated August 10, 2017, the interview presentation on August 14, 2017 and the supplement dated August 17, 2017 and (collectively, the “Proposal”)

Gilmore & Bell is assisting Terminal Developer, LLC as bond counsel for the KCI Project. We have ranked in the top 10 nationally for the number of bond counsel opinions rendered for more than 20 years. We have been the #1 bond counsel firm in Missouri and Kansas for many years. We have acted as bond counsel for the City of Kansas City, Missouri and its affiliate entities on many bond issues, including water and sewer revenue bonds, general obligation bonds, special obligation bonds and lease revenue bonds. Some projects that we have assisted the City and its affiliates on as bond counsel include the KCI Consolidated Rental Car Facility, Bartle Hall and the Sprint Arena.

In our opinion the Proposal is both valid and legal under the City’s Airport Master Bond Ordinance (MBO) and the Missouri Constitution. The financing structure described in the Proposal does not conflict with the MBO, nor is the flow of funds under the financing structure inconsistent or in conflict with the MBO.

The goal of the Proposal for financing the KCI Project was to provide a legal structure that would provide the lowest cost financing.

The financing structure of the Proposal contemplates that the Airlines would agree to make a Terminal Financing Payment that along with PFCs/Grants and Equity from Terminal Developer, LLC would finance the KCI Project. As described on Page 15 of the Proposal, the “Airlines will commit to remit to the bond Trustee **directly or indirectly** the sums needed that together with the PFCs and other monies applied by the City are necessary to fund the agreed annual payment amounts needed to finance and build the Project.”

In our opinion the Terminal Financing Payment could be paid directly to the bond trustee or it could be paid indirectly after it flowed thru the Airports Fund. The Proposal left the exact method of the Terminal Financing Payment to be negotiated in the Airline Use Agreement between the City, the Airlines and Terminal Developer, LLC. The indirect approach was further emphasized in the response to Supplemental Question #5 dated August 17, 2017 that specifically discussed the subordination of the Terminal Financing Payment to the Airports’ current and future debt. This concept would be very similar to the financing structure for the KCI Consolidated Rental Car Facility that uses the Customer Facility Charge as the source of funds that is being used

to repay those bonds. We are comfortable that the Terminal Financing Payment could also be paid directly to the bond trustee and this might include a lease-sublease structure as noted on Page 20 of the August 10, 2017 Proposal.

Because this is a qualifications based process, Terminal Developer, LLC provided examples of how the financing process would work. The Proposal contemplates that the City, the Airlines and Terminal Developer, LLC would work together to develop the most cost effective approach. However, as described in Page 19 of the Proposal, in order to be conservative, Terminal Developer, LLC contemplated that the new terminal financing would be rated one-notch lower than the City's GARBs, which we understand would result in the interest cost on the proposed financing being approximately 10 basis points higher than a City issued GARB due to the structural subordination that would be associated with the indirect payment method.