ST. LOUIS LAMBERT INTERNATIONAL AIRPORT

Qualifications to Serve in Advisory Group for the FAA Airport Privatization Pilot Program

20 October 2017

STIFEL

October 20, 2017

Mr. Michael Garvin
City Counselor's Office
1200 Market Street, Room 314
St. Louis, MO 63103

Correspondence in Regards to: *Invitation to Submit Proposals for the Provision of City/Airport Advisory Services*

Dear Mr. Garvin:

Stifel, Nicolaus & Company, Incorporated ("Stifel" or the "firm") is pleased to respond to the City's Request for Proposals to provide advisory services regarding its process to seek and evaluate proposals for a Lease of St. Louis Lambert International Airport (the "Airport") in accordance with the FAA Airport Privatization Pilot Program. The City's process appears designed to pick a team whose goal would be to pursue and deliver the full privatization option. In this regard, the City needs an advisor to oversee the process and consider all alternatives, even the status quo.

In our response Stifel is presenting an experienced, professional internal team that can advise the City on a broad array of topics surrounding the scope of the Request for Proposals. Instead of limiting the City's choices by selecting other advisor team members ourselves, Stifel looks forward to working with other best-in-class service providers selected by the City to help address specified topics. Stifel's biases are simple and clear: to outline and pursue privatization options, to evaluate opportunities solely within the context of what is best for the City and the community, and to rigorously implement those plans to accomplish the stated objectives. As a leading financial services firm with global headquarters in Downtown St. Louis, Stifel strongly believes that we provide an unmatched platform of regional knowledge, public finance expertise, and investment banking privatization experience, contacts and capabilities through our Stifel and Miller Buckfire affiliates. The combined resources of the Stifel Financial family of companies stand ready to participate and to lead the City's advisory team. We pledge to provide the highest level of service to the City and the Airport as it considers the next phase of the Airport's ongoing public private partnership initiative. We understand that this effort may lead to any number of potential outcomes from a strong form of public private partnership, to a variety of small value added endeavors or no transaction at all. Along these lines, Stifel proposes a contingent compensation arrangement described below.

Programmatic Considerations. The concept of "public private partnerships" is a very broad one. At one end of the applicable spectrum would be the City's existing arrangement: City ownership and operational control/oversight of the Airport in partnership with the FAA and the airlines. One could argue that the other end of the logical spectrum is a lease to a private entity that assigns to it broad discretion in capital planning, operations, contracting for services and the management of the relationship of the use of the Airport within the context of the Airport's agreements with the airlines and oversight by the FAA. We fully understand that there are many structures in between that also could leverage the Airport's tremendous excess capacity and build on the progress made by airlines and the Airport to increase traffic following the "great recession." We are committed to broadly investigating a range of options to optimize results for the City while simultaneously strengthening Airport operations for the benefit of our full community, including passengers, cargo operators and facility operators. We would encourage an open dialogue which includes public private partnership options that result in plans which are something less than full privatization but may best meet community objectives.

The City should look beyond creating and implementing new business plans and new contractual relationships, and focus on finding real opportunities for creating efficiencies, improving services and increasing facility utilization. Without actions that generate materially more revenue with greater operational efficiency, the private partners will not generate sufficient returns on their investments to deliver significant unrestricted incremental cash flow to the City (after debt defeasance), make ongoing lease payments, and fund the investments needed for making capital improvements to Airport facilities. Thus, whatever plans are implemented must be credible and carefully vetted or the effort will lead to negative long term repercussions for a crucial community asset. Such plans must then lead to clearly drafted and rigorously implemented contractual relationships with the private partners. Public support, workforce support, airline support, FAA support and capital investor support are all needed. Stifel will ensure the team and City representatives work carefully to develop criteria, analyze options and "stay on the same page" throughout the process.

Breadth of Services. Stifel was formed in 1890 in St. Louis and has continuously been headquartered Downtown. Stifel employs 1,487 individuals in the St. Louis Metropolitan Area, and our top-10 ranked retail platform manages more than $14 billion of local assets. As a leading financial services firm, municipal issuers from around the country regularly visit our headquarters to structure and price financings, making St. Louis one of the most important hubs in municipal finance in the country. The privatization of any crucial community asset such as the Airport has long-lasting implications for the community, and as an active, committed, long-term member of this community, Stifel is dedicated to the growth and success of the region.

In addition to our St. Louis-based Public Finance bankers who have consistently served the City across capital financing programs (more than $1.5 billion of par managed across 50 transactions over the last 10 years), Stifel's bankers also have led more than $3 billion in privatizations for military housing assets. These financings entailed working closely with federal agencies, private developers and debt markets to create and implement the first structures for what has become a very successful program for the federal government.

Further, the Stifel investment banking platform includes Stifel's legacy national investment banking operations, as well as such firms as Keefe, Bruyette and Woods, which specializes in financial institutions, and Miller Buckfire, which has a well-known reputation for restructuring assets and business plans across many industries, including municipalities. In 2014, Miller Buckfire served as the lead financial advisor for the City of Detroit's debt restructuring, which included evaluating options for Coleman A. Young International Airport.

In addition, Miller Buckfire has extensive experience working with airlines on material strategic and financing transactions, giving it high-level access to relevant personnel within all major U.S. airlines. Miller Buckfire and its current personnel were actively involved in transformational reorganizations for Air Canada, American Airlines, Delta Airlines, and US Airways (including its merger with America West), and it remains actively involved across the airline industry on a variety of topics

Compensation. Because of the importance of this topic to our home region, Stifel offers to negotiate a compensation structure based solely on success. Stifel would charge a mutually agreed fee, based on comparable industry compensation for similar transaction(s), payable when any acceptable transaction(s) resulting from the process closes.

Summation. We look forward to discussing how Stifel may be of service and add value to your process. We believe Stifel's team is uniquely qualified to lead the City's advisory team. As a St. Louis firm with international operations, we view the Airport as a vital community asset. We are devoted to ensuring that the City's process only delivers a transaction or set of transactions that are clearly and materially financially beneficial for the City while also improving the Airport, driving economic success in our region, and satisfying the needs and expectations of the flying public and the full range of stakeholders in the Airport's success.

Sincerely,

Ronald J. Kruszewski	Peter J. Czajkowski	Kenneth Buckfire
Chief Executive Officer	*Director of Public Finance*	*President*
Stifel Financial Corp.	Stifel, Nicolaus & Company, Incorporated	Miller Buckfire

STIFEL

City of St. Louis, Missouri
St. Louis Lambert International Airport

Qualifications to Serve in Advisory Group

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A. Observations and Considerations for the Airport

Lambert Overview. St. Louis Lambert International Airport ("STL" or the "Airport") is an international medium-hub airport located 14 miles northwest of downtown St. Louis. STL is the 32nd busiest airport in the U.S., with 270 daily departures to over 80 domestic and international locations. In 2016, 13.9MM passengers traveled through the Airport. The Airport encompasses 2,800 acres and has four active runways ranging from 7,602 feet to 11,019 feet, and is operated through two terminals with a total of 5 concourses. Key Airport strengths include:

- Primary Carriers – As of May 2017, Southwest Airlines is the dominant carrier at STL, accounting for over 57% of passengers. American Airlines and Delta Airlines account for over 12% and 9% of passengers, respectively.
- Ongoing Modernization Initiatives – A $70MM renovation to overhaul the main terminal, the largest renovation in the airport's history, was completed in January 2016. Airport traffic increased by over 9% YoY for FY2016 as Airport modernization and renovation projects have completed. STL is working to get an international air-cargo facility running as well as a "dual-customs" facility capable of clearing goods moving to and from Mexico. On August 21, 2017, a FAA Press Release announced that STL was one of 67 airports selected to receive infrastructure grants from the United States Department of Transportation ("US DOT"). STL was granted $7.1MM for various infrastructure projects.

Public Private Partnership and Privatization

Background. In April 2017, the Federal Aviation Administration ("FAA") green-lighted the City's application to participate in the agency's Airport Privatization Pilot Program ("APPP"). This has allowed the City to begin negotiations with private entities interested in leasing and operating the Airport. If approved, the City would retain ownership of the airport and its land, but have a private operator under a long-term lease. ***Any monetization of the airport could be used by the City and St. Louis region in addition to potential profit share.***

Strategic Framework. The City's exploration of increased public private partnership and privatization is merely a part of its comprehensive strategy for identifying real opportunities to create efficiencies, improve services and optimize asset utilization for the benefit of St. Louis residents, taxpayers and businesses. The task at hand then is not simply to consider a particular privatization proposal in isolation, but to evaluate the feasibility of all such proposals after careful conversations with all stakeholders, and to establish a long-term strategic plan that preserves the City's present as well as future revenue prospects, flexibility and discretion.

The Stifel team has significant expertise serving public and private clients as long-term financial planning and strategic advisors, and have identified 5 KEY PILLARS OF ASSET OPTIMIZATION that are essential for developing, implementing and communicating a successful plan.

1. **Preparation.** Thorough due diligence and planning are key factors for success
2. **Transparency.** Full disclosure of the issues and the plan are critical in achieving consensual resolution
3. **Fairness.** The plan must be viewed as a fair, permanent solution by all stakeholders (citizens, employees, retirees and capital markets)
4. **Leadership.** Process requires leadership, accountability, clear objectives and metrics
5. **Opportunities.** A successful plan will provide the opportunity to achieve related strategic objectives

Key Issues for St. Louis Lambert International Airport. With regards to the particular privatization proposals that the City is currently reviewing for the Airport, the following issues will need to be addressed/explored to arrive at a plan that aligns with these 5 Pillars.

- Run a competitive process – The City would need to evaluate bids to select the sponsor with the right operational experience, understanding of constraints, appropriate capitalization, ability to negotiate with multiple stakeholders and long-term incentives that are aligned with the City. Would require 65% of Airport's air carriers to approve the lease, as well as 60% local approval required to amend charter.
- Ability for sponsor to fund capital improvement
- Partner with commercial airline(s)
- Long-term leases
- Ability to comply with assurances made to obtain FAA Airport Improvement grants
- Land zoning and environmental issues
- Safety improvements

FAA APPP Background

Application Process. Stifel provides a step-by-step overview of the APPP application process in **Figure 1.** In April 2017, the FAA accepted the City's preliminary application to participate in the APPP, successfully completing STAGE 1 for the City. The City is currently at STAGE 2 of the overall process, and the subsequent stages would only be required should the City and its advisory team determine that privatizing operations is a feasible solution.

Figure 1. APPP Application Process	
STAGE 1. *(Complete)*	• A public sponsor who wants to participate in the APPP must submit a preliminary application for FAA review and approval. Application must include: o Summary identifying the objectives of the privatization initiative o Description of the process and a realistic timetable for completing the program o Current airport financial statements o Distribution-ready copy of the request for proposal / qualifications – The FAA has 30 days to review the preliminary application • When the FAA approves the preliminary application, the applicant is guaranteed one of the slots in the program
STAGE 2. *(Current)*	• Once the FAA approves the preliminary application, the sponsor can select a private operator to manage the airport, negotiate an agreement with the private operator and prepare a final application to submit to the FAA
STAGE 3.	• Submit final application to the FAA o There is no required timeline for the FAA to complete its review of the final application
STAGE 4.	• After the FAA reviews and accepts the final application and lease agreement, it publishes a notice in the Federal Register for a 60-day public review and comment period
STAGE 5.	• Once the FAA completes its review, it prepares its Findings and Record of Decision ("ROD"), addresses public comments in the ROD, and publishes the agency decision • If the FAA approves the privatization application in the ROD, it monitors the legal settlement and transfer of the airport from the public owner and sponsor to the new private operator and sponsor

Program Participants. There are currently four airports that participate in the APPP, including St. Louis Lambert International. The Airport is the most recent inductee into the APPP, and it can utilize the blueprint provided by prior participants as it considers its future modernization needs. We summarize APPP participants and their current status in the Program in **Figure 2,** with additional details for each participant provided subsequently. Of these, St. Louis Lambert Airport's participation in the program is of particular importance because of its relative size (materially the largest of the four by annual traffic) and the fact that its operations and size are directly comparable to many medium hub urban airports nationally. Experience with St. Louis will be illustrative for the FAA as it explores options for other medium-sized cities/airports around the country (Pittsburgh, Cincinnati, etc.).

Figure 2. FAA APPP Participants

Airport	Owner	Location	Status (STAGES Completed)
ST. LOUIS LAMBERT INTERNATIONAL AIRPORT	• City of St. Louis	• St. Louis, MO • 10 miles northwest of St. Louis	• *STAGE 1* • Preliminary application accepted by FAA on 4/24/2017
WESTCHESTER COUNTY AIRPORT	• County of Westchester	• White Plains, NY • 40 miles north of Westchester	• *STAGE 1* • Preliminary application accepted by FAA on 12/2/2016
HENDRY COUNTY AIRGLADES AIRPORT	• Hendry County	• Clewiston, FL • 80 miles from Miami International Airport	• *STAGE 2 TO 3* • The airport has selected a private operator and is currently preparing a final application
LUIS MUNOZ MARIN INTERNATIONAL AIRPORT	• Puerto Rico Ports Authority • Aerostar Airport Holdings is the operator under a 40-year agreement	• Carolina, Puerto Rico	• *ALL STAGES COMPLETE* • The FAA approved the Authority's final application on 2/25/2013

- Westchester County Airport ("HPN"): Westchester County Airport ("HPN") is a county-owned airport that is 33 miles north of Midtown Manhattan. The airport encompasses 702 acres and has two asphalt paved runways, 6,549 and 4,451 feet long. HPN handles approximately 760K passengers annually through six scheduled passenger airlines to sixteen destinations in the U.S. HPN has several fixed-based operators ("FBOs"), including Signature Flight Support East and West, NetJets and Million Air. Although varied in services offered, the FBOs at the airport provide fueling services, repairs and maintenance, de-icing and other services. Some of the FBOs are particularly luxurious, providing limousine transportation and other services. The airport is home to three flight schools and the New York Wing Civil Air Patrol.
    - *Modernization and Privatization* – A $150MM privatization deal with Oaktree Capital Management was negotiated in 2016, but dissolved in that same year when the county Board of Legislators insisted that the county run a competitive process through a Request for Proposals ("RPF"). The current privatization plan includes the investment of $462MM in projects including: $50MM corporate jet hangar, two parking garages by 2032, and a $10MM building for U.S. Customs and county police. In November 2015, the airport began a $30MM construction project to expand the terminal and ramp areas.

- <u>Hendry County Airglades Airport ("2IS")</u>: Hendry County Airglades Airport ("2IS") is a county-owned public-use airport located 5 miles west of the central business district of Clewiston, Florida. The 3,000 acre airport was opened in 1942 and is used by a parachute jumping school and private pilots. The airport has a lighted 5,950 foot runway and sufficient aircraft tie-down space, aviation and jet refueling areas and repair facilities. Rental aircraft are available as well as local taxi services for easy travel.

  - *Modernization and Privatization* – The two largest landowners in Hendry County, US Sugar and Hilliard Brothers, are looking to convert the airport into a massive perishable operation. Businesses would import flowers, seafood, vegetables and other cargo from South America, as well as export items like auto parts on flights back. Miami International Airport is the nation's busiest airport for perishable freight, handling more than 66% of all U.S. perishable imports in 2015. Total cost of privatizing and modernizing the airport is expected to be approximately $460MM. The cost of a new 10,000-foot runway, along with a parallel taxiway, is estimated to cost $200MM. Remainder of the cost is tied to building control towers and other costs. Florida Governor's office has recently awarded Hendry County $1MM in state funds for further planning and development of 2IS. Final milestones to privatization include securing approval from the FAA on the final version of the environmental assessment.

- <u>Luis Munoz Marin International Airport ("SJU")</u>: A joint civil-military international airport located in suburban Carolina, Puerto Rico, SJU is the busiest airport in the Caribbean region with over 9MM passengers in 2016, a 3.5% increase YoY. The airport serves as the territory's main international gateway and connection to the United States and provides service to Puerto Rico's 3.4MM people as well as a significant number of tourists. SJU's busiest routes include: New York, Orlando, Fort Lauderdale, Miami, Atlanta, Newark and Philadelphia. The airport has two runways, 8,016 and 10,400 feet long, and two terminals with five concourses. Jetblue Airways and American Airlines combine for more than 50% of the airport's flights.

  - *Modernization and Privatization* – SJU is owned by the Puerto Rico Ports Authority ("Ports Authority") but since 2013 it is managed by Aerostar Airport Holdings, a joint venture between Highstar Capital (acquired by Oaktree Capital Management in 2014) and Mexico's Grupo Aeroportario del Sureste. Oaktree Capital Management sold its stake to Canadian Public Pension Investment Board in March 2017. Aerostar made an initial payment of $615MM to Ports Authority as part of the airport's privatization. As part of the agreement, Aerostar agreed to conduct maintenance projects to improve passenger flow, upgrade roadways and technological infrastructure, reduce security wait times and improve airport retail offerings. In 2008, the airport received major upgrades, including a new terminal (Terminal A), pavement and expansions, new lights and other upgrades. ***How this partnership responds to the damage caused by Hurricane Maria will also be an important test case for the strength of the privatization program and its underlying costs-and-benefits.***

Financial Sponsors of Airport Privatization Programs. Key market participants include high net worth individuals with a vested interest in the underlying municipality such as Larry Tanenbaum in Toronto and the Hilliard Brothers in Hendry County, or institutional investors, as sampled below.

Privatization Case Studies. As additional information, Stifel shares market precedents of successful and unsuccessful airport privatization initiatives implemented by the City's peers.

✓ SUCCESSFUL PRIVATIZATION – Billy Bishop Toronto City Airport ("YTZ"). Billy Bishop Airport is located within the city limits of Toronto, and is Canada's 9th busiest airport. It is owned and operated by PortsToronto. YTZ was built on reclaimed property and has two runways between 2,460 and 3,988 feet long. Total airport revenues were $32MM (with an operating profit of $19MM) in 2011 and $23MM (with an operating profit of $13MM) in 2010. The City of Toronto has a population of over 2.6MM, the largest city in Canada. If expanded to include the entire Toronto Metro area, the population is almost 5.6MM, the 5th most populous city in North America. The Toronto metropolitan area is served by two airports: Lester B. Pearson International Airport (which handles the bulk of air traffic through Toronto) as well as Billy Bishop.

- *Modernization and Privatization*. Having lost all commercial airline service, YTZ resumed commercial operations in 2006 with the launch of Porter Airlines and had passenger traffic of over 2MM in 2012. The Toronto Port Authority ("TPA") spent CAD $8MM in 2010 on a new maintenance building, noise barriers and apron paving. YTZ opened a privately funded new terminal operated by Porter Airlines in 2011. The cost of the terminal, which is owned by City Center Terminal Corp (headed by Porter's CEO), was CAD $50MM. City Center Terminal Corp is required to make space available to Porter's competing carriers. In October 2012 the economic impact of YTZ was estimated at CAD $1.9BN of output. 5,700 jobs were created (1,700 directly associated with YTZ), resulting in $640MM in total GDP ($200MM direct) and $290MM in total wages ($74MM direct). In January 2015, AGF Management Ltd. and billionaire investor Larry Tanenbaum were part of an investment group that paid $750MM to purchase Billy Bishop airport terminal from Porter Airlines.

Key Takeaways for St. Louis

- This example illustrates a situation where private investment from an airline was required to revive a municipal facility that was largely unused, generating very little in revenues and profit for Ports Toronto.
- This privatization demonstrates the fundamental role that the airline partners play in the process, and the importance of developing and implementing plans hand-in-hand with those partners.
- The initial partnership with Porter Airlines allowed Toronto to build up an asset and generate passenger volume → The new Porter Airlines Terminal investment in 2011 allowed Billy Bishop to increase revenues by more than 150% in less than four years, generating multiples in economic activity and impact for the City.
- Also demonstrates the necessity for carefully drafting initial agreements so as not to "throw out the baby with the bath water:" despite the lack of commercial service and very low passenger volume in years leading up to the Porter Airlines partnership, PortsToronto's agreement with Porter retained a long-term vision and included provisions for making space available to competing carriers. This foresight has benefited the City as both Air Canada and Porter now offer travel options through Billy Bishop.

Miller Buckfire has had extensive dealings with airlines, and knows how to approach and initiate conversations to position the privatization with the airlines as a win-win, and the Stifel team would leverage this experience to ensure the greatest possible success for the Airport.

P3 IN PROGRESS – Denver International Airport ("DEN"). DEN is the 6th busiest airport nationally having served 58.3 million passengers in 2016, and the third most active airport for domestic connections. It is owned by the City and County of Denver and operated as an enterprise with $3.9 billion of debt outstanding between its senior and subordinate liens. The airport was opened for service in 1995, and features six runways, including the longest non-military airport at 16,000 feet. The Airport's central piece of architecture is its iconic, tented main building, called Jeppesen Terminal or the "Great Hall," which houses airline check-in, baggage, security and retail. In 2015, DEN opened a hotel and transit center project costing more than $500 million, as a shared expense between the airport and RTD, Denver's regional transit system. From 2018 to 2022, the Airport projects a $3.3 billion capital plan, including a major renovation to the Great Hall. Stifel was recently added to DEN's underwriting team, and will be serving on a $300 million refunding transaction expected to close in Q4-2017.

- *Great Hall Revitalization*. Following 9/11, DEN reallocated the majority of public space in the Great Hall to TSA for passenger screening and baggage handling. In August 2017, the City entered into a 34-year public-private partnership to renovate the terminal, redevelop new concession spaces, consolidate airline ticket counters, and relocate TSA. The P3 contract addresses $650 million of costs to be split between DEN and a consortium of: (1) Ferrovial Airports, which owns and operates four airports in the United Kingdom, including Heathrow, (2) Saunders, a Colorado-based construction company, and (3) JLC Infrastructure, an equity partner founded by Magic Johnson. After the redevelopment, DEN will pay Ferrovial an annual capital and operations amount on a newly created junior lien, and DEN and Ferrovial will split concession revenues on an 80/20 basis.

Key Takeaways for St. Louis

- Without impairing, abandoning, or restructuring DEN's existing debt obligations, this P3 represents a unique approach to accessing private capital and operational expertise for an under-utilized asset.
- As a method of aligning incentives between the Contractor and the airport, DEN will retain the majority of concession revenues during the 30-year operating period of the DBFOM arrangement.

UNSUCCESSFUL PRIVATIZATION – Chicago Midway International Airport ("MDW"). Chicago Midway is a large air carrier hub airport that is located within, and owned and operated by the City of Chicago. Midway is the 26th busiest airport in the U.S., encompassing 840 acres and has five active runways ranging from 3,859 feet to 6,522 feet long. Passenger traffic equals almost 22 million with 253K aircraft operations per year. The airport has 43 gates, with 32 used by Southwest Airlines. Midway also provides over 44,153 square feet of total concessions including 28 food and beverage and 22 retail establishments such as news & gift shops and duty free shopping. MDW serves ~2.7MM residents of Chicago, the third most populous city in the United States. If expanded to include the entire Chicago Metro area, the population is approximately 9.5MM people, the 3rd largest in the U.S.

- *Modernization and Privatization.* The City of Chicago has contemplated privatizing MDW under the FAA APPP. The $2.5BN privatization deal fell through during the financial crisis, however, a revised application was submitted to the FAA in December 2012. The City posted a request for bids to take over MDW with a 40-year lease. The terms of the lease were to require both a substantial upfront payment to the City of Chicago, as well as future annual payments to be shared with the City on an ongoing basis. Initial proceeds were to be used to pay down approximately $1.4BN of debt issued since 1996 to rebuild MDW. It is our understanding that preliminary proposals included substantive concessions by the community that became controversial in light of the City's prior experience with privatization. In 2013, Mayor Rahm Emanuel rejected a possible privatization of MDW due to widespread backlash related to the privatization of parking meters.

Key Takeaways for St. Louis

- The unsuccessful privatization efforts at Midway resulted largely from poorly executed privatizations in the past. Chicago's privatization of its parking meters remains highly controversial for the Chicago community, and is an example of a public private partnership that was not supported by the 5 Pillars. Community members view the parking meters transaction as lacking in fairness, transparency and leadership, and further observe that it restricts future opportunities for City revenues.
- This example illustrates how the concept of asset optimization must be framed in the broad context of a comprehensive strategy; taking each transaction or asset piece-meal may result in asset depletion while also being unfair to community members.
- Developing and maintaining community support throughout the process is integral to success.

B. Stifel Overview

Stifel, Nicolaus & Company, Inc. (“Stifel”) is a wholly owned subsidiary of Stifel Financial Corp., founded in 1890 and ***headquartered in St. Louis, Missouri*** since inception. Stifel is publicly traded (NYSE: SF), providing securities brokerage, investment banking, research, trading, investment advisory, and related financial services to individual investors, professional money managers, businesses, and municipalities throughout the country. The firm has over 7,300 employees globally, with approximately $2.60 billion net revenue as of December 31, 2016.

Stifel: National Footprint

Stifel provides a premier wealth management and investment banking platform for our clients through two primary business arms:

- Global Wealth Management (“GWM”). As of 2016, GWM accounted for approximately 61% of Stifel’s business, with $1.6 billion of annual revenues.
  - *Private Client.* Stifel provides ***the 7th largest retail distribution platform nationally with 2,299 financial advisors in 359 branches managing 1.3 million client accounts with over $227 billion in assets.***
  - *Asset Management.* Four asset management subsidiaries with ***$27 billion in client assets***.
  - *Stifel Bank & Trust.* With ***$12.8 billion of assets across 11.5 million deposits***, Stifel bank maintains high levels of liquidity and has experienced substantial balance sheet growth with low-risk assets.
- Institutional. Stifel’s Institutional platform generated $1 billion of net revenues in 2016 and is among the top-ranked firms nationally across several verticals, including research and investment banking.
  - *Equities Sales & Trading.* ***108 sales and trading professionals*** across North America and Europe with over ***3,500 institutional client accounts globally***
  - *Fixed Income Sales & Trading.* Over 400 professionals across 49 offices in the U.S., London, Zurich and Madrid providing fixed income sales, trading and research and strategy services; platform covers over ***12,000 accounts with annual client trade volume approaching $500 billion***.
  - *Research.* Stifel provides ***the largest U.S. equity research platform***, with roughly 1,300 stocks under coverage.
  - *Investment Banking.* Over 400 professionals with extensive experience across all products and industry vehicles, ***including a #7 ranking in public finance (negotiated municipal senior managers in 2017YTD).***

Growth and Scale. Since 2005 to present, Stifel has grown consistently across all metrics through strategic acquisitions, while simultaneously retaining stability through a balanced business mix. From 2005 to 2017, Stifel’s total capital has grown 6x, revenue almost 10x, retail presence over 3.5x combined with over 9x growth in managed client assets. This exponential growth has been sustained through the financial crisis. Indeed, due to Stifel’s prudent management and low leverage, at a time when most companies were contracting, Stifel was able to expand during the recession and gain greater market traction.

Stifel Growth and Scale

Notable Acquisitions	Stifel Key Statistics			
		Today	2005	Increase
	Total Capital	$1.14 bil	$194 mil	5.9x
	Revenue	$2.60 bil	$270 mil	9.6x
	Employees	7,385	1,800	4.1x
	Institutional S&T	325	88	3.9x
	Client Assets	$227 bil	$26 bil	9.1x
	Retail Prof	2,299	644	3.5x
	Retail Offices	359	92	3.9x
	PubFin Rank	7th	26th	18
	PubFin Bankers	151	19	7.9x

Strong and Stable Capital Base. Stifel's total capital base was approximately $1.1 billion as of June 30, 2017. Our excess net capital was approximately $245 million, which ***is sufficient to underwrite issues of approximately $2.8 billion*** on a sole basis. Stifel routinely commits capital for our clients to facilitate best-in-class execution.

Capital Position, as of 6/30/2017	
Total Capital	$1,178,692,860
Equity Capital	$1,114,683,087
Net Capital	$276,346,822
Excess Net Capital	$245,037,636
Maximum Capacity to Underwrite	$2,829,626,514

Commitment to St. Louis. As the only remaining full service, independent broker/dealer headquartered in the City of St. Louis, Stifel's growth is an asset for the City. Indeed, as the ***#1 ranked underwriter of municipal transactions nationally,*** communities around the country regularly visit our headquarters to structure and price financings, making St. Louis a key hub for municipal finance in the country. Stifel's public finance expertise is demonstrated in our service to the City, having managed *50 financings totaling $1.5 billion* for the City and its affiliates since 2008.

Stifel is an active and engaged civic member of the St. Louis community, both at an institutional and principal level, and in 2011 purchased its downtown headquarters located at 501 North Broadway. ***As a St. Louis-based firm with a 127-year history and 1,487 employees in the St. Louis Metropolitan area, Stifel is proud of our longstanding commitment to the City.*** Stifel is a substantial employer in the region and contributes to the City's tax revenue base through property, corporate earnings, employer payroll, and personal income tax withholdings.

Stifel: History of City Tax Contributions						
	2012	2013	2014	2015	2016	Total
Property Tax	$437,458	$337,935	$289,839	$343,828	$504,815	**$1,913,875**
Employee Withholding Tax (Form W10)	708,913	598,571	795,956	916,023	911,991	**3,931,454**
Payroll and Earnings Taxes	413,197	884,456	777,733	850,867	719,971	**3,646,224**
Total	**$1,559,568**	**$1,820,962**	**$1,863,528**	**$2,110,718**	**$2,136,777**	**$9,491,553**

Stifel also supports the St. Louis community in various ways, including:

a. AMAC, Corporate Sponsor

b. Downtown St. Louis Partnership, Board Involvement

c. Charitable Contributions, a selection of which are presented below.

C. Stifel Public Finance Qualifications

Overview. Public Finance is a core line of business for Stifel. Unlike many of our competitors who have downsized their Public Finance businesses or even closed it altogether due to SEC enforcement actions over the last five years, Stifel has expanded our department through the financial crisis. The firm's commitment to municipal finance is demonstrated by the addition of new offices across the country through strategic acquisitions as well as organic expansion.

Senior Managed Negotiated Par, as of August 31, 2017 ($mil)		
Rank	Firm	Par
1	BAML	$24,577.9
2	Citi	23,322.3
3	JPMorgan	16,716.1
4	RBC	14,721.0
5	Goldman Sachs	13,693.0
6	Morgan Stanley	12,401.7
7	*Stifel*	*11,752.8*

Source: Thomson Reuters, 8/31/2017

Stifel Lead Managed Volume from 2007 to 2016

Stifel's Public Finance department now retains more than 155 experienced investment bankers in 30 public finance offices in 22 states, and our practice ***ranks #1 nationally for negotiated senior transactions, and #7 by par managed.*** Our clients include some of the largest issuers nationally, including the City.

Exp. 2018	*December 2017*	*October 2017*	*October 2017*	*August 2017*	*August 2016*
$700,000,000*	$2,100,000,000*	$104,500,000*	$4,500,000,000*	$1,736,070,000	$600,660,000
City of Chicago	San Jose SRA	St. Louis City IDA	State of Illinois	State of California	State of Wisconsin
Sales Tax Securitization	Tax Allocation Refunding Bonds	Dev Fin Rev Bonds (Ballpark Village)	General Obligation Bonds of 2017	General Obligation Refunding Bonds	GFAABs of 2016, Series A & B
Bookrunner	*Bookrunner*	*Sole Manager*	*Co-Senior*	*Joint Bookrunner*	*Bookrunner*

Staffing Expertise.

As advisor to the City and the Airport, ***Stifel's market-leading Public Finance professionals will bring the following synergy of expertise to the table:***

1. St. Louis Experience. Since 2008, Stifel has served on ***50 financings for the City and its affiliated agencies totaling $1.5 billion in par.***
   - Stifel's team will leverage this unmatched base of knowledge to consider all proposals with a long-term view of the City's financial health, priorities, and asset preservation.
2. Public Private Partnership Experience. In addition to being the ***#1 underwriter for development financings*** since 2007, Stifel's team also brings ***over $3 billion of experience privatizing public infrastructure at the federal and state level.***
   - Our professionals' experience as privatization financers and advisors will provide the Airport with a technically strong foundation for evaluating all options as it considers its next phase of public private partnership initiatives.
3. Airport/Facility Lease Experience. Since 2013, Stifel has led ***30 airport financings totaling $699 million in par for our municipal clients.***
   - Stifel's Airport Finance team has significant experience ***negotiating with airport vendors, airlines, and federal agencies***, as well as broader experience with similar negotiations for other public facilities such as arenas, stadiums and convention centers.

Figure 3 summarizes Stifel's Public Finance team's capabilities, with details on specific expertise included in pertinent sections.

Figure 3. Stifel's Public Finance Staffing for the City and Airport				
		Area of Expertise		
		St. Louis	Public Private Partnership	Airport/Facility Lease
Peter Czajkowski, *Director of Municipals*	St. Louis	✓	✓	✓
Lorenzo Boyd, *Managing Director*	St. Louis	✓		
Omar Daghestani, *Managing Director*	Chicago	✓		
Gary Brandt, *Managing Director*	Annapolis		✓	
Josh Benninghoff, *Managing Director*	Denver		✓	✓
Tim Offtermatt, *Managing Director*	Cleveland		✓	✓

1. St. Louis Experience

Stifel bankers, including **Peter Czajkowski,** *Director of Municipal Finance,* and **Lorenzo Boyd** and **Omar Daghestani,** *Managing Directors* have served the City and its affiliates as senior manager or placement agent across ***50 financings totaling $1.5 billion in par*** since 2008, as detailed in **Figure 4.** In addition to the financings listed in **Figure 3**, Stifel is currently engaged to serve on 10 financings totaling $617.4 million for the City and its affiliates, expected to close between December 2017 and June 2018. This includes financings for Ballpark Village, the Scottrade Center Project, and the Convention Center Project.

Mr. Czajkowski heads Stifel's Municipal Finance Group, overseeing Public Finance, Municipal Underwriting, and Sales & Trading. He has been the lead banker and assisted in the structuring and marketing for many notable St. Louis area projects, including the St. Louis Public Library, Peabody Opera House, Ballpark Village, and the multiple private-public partnership transactions that have developed NorthPark and Cortex. Recently he served as lead banker for the land assembly and remediation financing that allowed the City of St. Louis and State of Missouri to successfully compete for, and land, the National Geospatial Intelligence Agency's $1.7 billion replacement Western Headquarters campus north of downtown St. Louis.

Mr. Boyd is a lead banker for Stifel's coverage efforts for the City, and brings over $7 billion of experience across 300 financings. This includes *11 financings for the City totaling $410.9 million*. Mr. Boyd is an active member of the St. Louis community, and has worked with the St. Louis Summer Finance Institute (1999-2007), POW of St. Louis (2009-2014), The Independence Center of St. Louis (2012-2016), Charter Plus Education Board (Current), Missouri Association of School Business Officials (Current), and Boys and Girls Club of St. Louis (Current).

Mr. Daghestani leads Stifel's upper Midwest and Northeast practices through the Chicago and New York offices, and has senior managed transactions totaling $23.8 billion for issuers including the City of St. Louis and the States of Illinois, Iowa, Kansas, Kentucky, Minnesota and Wisconsin. Three of these transactions received The Bond Buyer's Midwest Deal of the Year award (State of Iowa, 2009; State of Wisconsin, 2004; and State of Illinois, 2003). Mr. Daghestani has covered state, city, county, and authority issuers over his entire career and is well versed in all aspects of state bond acts, constitutional requirements, pension liabilities, and budget processes.

Figure 4. Stifel's Experience with the City of St. Louis and Affiliated Agencies			
Dated Date	Par	Issue Description	Role
City of St. Louis			
11/10/2016	25.000	General Obligation Bonds	Lead
3/10/2016	16.795	GO Refunding Bonds	Lead
7/7/2015	60.000	TRANs	Lead
4/2/2015	6.440	Subordinated Parking Revenue Bonds	Co
7/10/2014	65.000	TRANs	Co
7/11/2012	65.000	TRANs	Lead
7/7/2011	70.000	TRANs	Lead
7/15/2010	65.000	TRANs	Lead
7/14/2009	129.970	Airport Revenue Bonds	Co
7/1/2009	55.000	TRANs	Lead

7/1/2008	50.000	TRANs	Lead
Total	608.205		
St. Louis City Industrial Development Authority			
11/28/2017*	22.000	Tax Increment Revenue Bonds (St Louis Innovation District)	Sole
10/31/2017*	104.500	Development Financing Rev Bonds (Ballpark Village Project)	Sole
3/11/2015	5.050	Tax Increment Refunding Bonds (Southtown Redevelopment Project)	Lead
10/30/2014	13.615	Tax Increment Revenue Bonds (St Louis Innovation District)	Lead
9/25/2012	5.460	Tax Increment Financing Rev Bonds (Tif Pool Project)	Sole
9/25/2012	8.185	Tax Increment Financing Rev Bonds (Tif Pool Project)	Sole
6/24/2011	16.370	Tax Increment Imp Revenue Bonds (Grand Center Redevelopment Project)	Sole
12/30/2010	7.500	Multi-Family Housing Rev Bonds (Council Tower Apartments)	Sole
12/30/2010	1.616	Multi-Family Housing Rev Bonds (Council Tower Apartments)	Sole
6/30/2010	11.175	Leasehold Revenue Bonds (St Louis Public Library Project)	Sole
6/30/2010	25.825	Leasehold Revenue Bonds (St Louis Public Library Project)	Sole
6/30/2010	13.000	Leasehold Revenue Bonds (St Louis Public Library Project)	Sole
12/31/2009	18.500	Hotel Facilities Revenue Bonds (Laurel Embassy Suites Project)	Sole
Total	252.796		
St. Louis Land Clearance for Redevelopment Authority			
9/20/2017	7.000	Bank Loan (C-9 Garage Acquisition)	PA
8/30/2017	20.580	Annual Approp Redev Revenue Bonds (Nat Geospatial-Intelligence Agy Site Imp)	Sole
1/10/2017	93.905	Annual Approp Redev Revenue Bonds (Nat Geospatial-Intelligence Agy Site Imp)	Sole
6/29/2010	1.445	Special Assess Facs Imp Rev Bonds (Kiel Opera House/14Th & Mkt CID)	Sole
6/29/2010	12.700	Special Assess Facs Imp Rev Bonds (Kiel Opera House/14Th & Mkt CID)	Sole
6/29/2010	18.450	Recovery Zone Facs Imp Rev Bonds (Kiel Opera House Project)	Sole
3/18/2010	16.960	Special Obligation Redev Bonds (Contractual Oblig 600 Washington Project)	Sole
Total	171.04		
St. Louis Municipal Finance Corporation			
9/13/2017	25.735	Jr Lien Leasehold Revenue Bonds (Convention Center Capital Imp Projects)	Co
6/22/2016	5.835	Leasehold Revenue Bonds (Refuse Facility Project)	Co
6/22/2016	5.975	Leasehold Revenue Bonds (Refuse Facility & Municipal Garage Proj)	Co
9/1/2015	13.000	Leasehold Revenue Bonds (Line of Credit) (NGA Land Acquisition Project)	PA
4/16/2015	5.195	Refunding Lease COPs	Co
3/16/2010	33.254	Leasehold Revenue Bonds (Convention Center Capital Imp Projects)	Co
7/2/2009	31.017	Leasehold Revenue Bonds (Convention Center Capital Imp Projects)	Lead
11/25/2008	21.850	Lease Revenue Bonds (Convention Center Capital Imp Projects)	Lead
Total	141.861		
St. Louis Public Schools			
2/25/2016	23.535	General Obligation Refunding Bonds	Lead
2/12/2013	14.620	General Obligation Refunding Bonds	Lead
2/12/2013	20.120	Taxable General Obligation Refunding Bonds	Lead
11/27/2012	33.750	General Obligation Refunding Bonds	Lead
10/4/2011	38.355	General Obligation Bonds	Lead
10/4/2011	6.100	GO Refunding Bonds	Lead
10/4/2011	35.000	GO Qualified Zone Academy Bonds	Lead
10/4/2011	38.355	General Obligation Bonds	Lead
12/21/2010	25.000	General Obligation Bonds	Lead
12/21/2010	56.644	General Obligation Bonds	Lead
11/12/2008	39.295	General Obligation Bonds	Lead
Total	330.774		
TOTAL	PAR: $1,504.676	# of TRANSACTIONS: 50	

2. Public Private Partnership Experience

"Public private partnership" as an umbrella covers a broad spectrum of scenarios that involve the sale, use, or development of public infrastructure by private corporations. Development finance, including tax-increment financing, is one such occurrence of public private partnership, and Stifel provides the ***#1 development finance platform nationally.*** Since 2007 to 2016, ***Stifel's development finance experience exceeds the 2nd through 10th ranked firms combined.***

Senior Managed Development Transactions 2016($mil)		
Rank	Firm	Par
1	STIFEL	$2,916.3
2	Citi	890.9
3	Piper Jaffray	591.9
4	Morgan Stanley	415.9
5	FMSbonds	405.6
6	Hilltop	338.7
7	MBS Cap Mkts	194.6
8	RBC	173.7
9	Jefferies	74.3

Source: Thomson Reuters, 8/31/2017

National Development Finance Rankings
2007 to 2016 Lead Managed Issues (Ranked by Par) ($bil)

As the City is aware, **Peter Czajkowski,** *Director of Municipal Finance*, has led Stifel's development finance projects for the City, including such projects as NorthPark, Cortex, and the land remediation for the National Geospatial Intelligence Agency. We highlight a brief case study of the latter transaction to demonstrate our team's commitment to preserving City assets for the long-term, and our ability to navigate federal guidelines to assemble and deliver the required facilities.

National Geospatial-Intelligence Agency Site Improvements Project.

The National Geospatial-Intelligence Agency (NGA) is a combat support and intelligence agency of the U.S. Department of Defense. The NGA's mission is to provide timely, relevant and accurate geospatial intelligence in support of national security. The NGA fulfills national security priorities in partnership with the intelligence community and the Defense Department. The NGA's data and information assist the President of the United States and national policymakers in making crucial decisions on counterterrorism, weapons of mass destruction, global political crises and other issues of national importance.

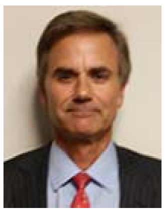
August 2017	*January 2017*
$20,580,000	**$93,905,000**
Land Clearance for RedevAuth of St. Louis	**Land Clearance for RedevAuth of St. Louis**
Annual Approp Redev Bonds	Annual Approp Redev Bonds
Bookrunner	*Bookrunner*

The NGA's west campus is currently located in South St. Louis City. In 2014, the NGA embarked on an official process to search for a new location to construct a new western facility. The City's proposed site competed with a number of other locations. The NGA issued its final Record of Decision on June 2, 2016; definitively selecting the 97 acre north St. Louis City site for the agency's Next NGA West Campus. The campus will be located north of downtown St. Louis and west of the Stan Musial Bridge.

Due to timing restrictions of the project and delays in certain approvals, the Series 2017A bonds needed to be priced in early December. After the presidential election in November, municipal yields shifted upward in all maturities as municipal mutual funds saw significant outflows. In difficult market conditions, the financing plan was divided into two phases to provide enough funds for the on-site projects required to deliver the land to the federal government. Very broad based distribution including smaller institutions, taxable "cross over" buyers and retail led the order flow for the Series 2017A Bonds due to Tier 1 investor liquidity constraints. The Series 2017B Bonds priced in more normal market conditions and allowed Stifel to complete the debt financing part of the funding plan at very attractive rates.

The Bonds are secured by a Financing Agreement among the LCRA, the City of St. Louis and the State of Missouri, which required both State and City specific legislation that was overwhelmingly supported by both entities. The State is making payments based on a schedule of $2.875 million in FY 2017 and $5.75 million in FY 2018 through 2023, $5.85 million in FY 2024 and $5.95 million from FY 2025 through 2046. The City will make payments of $1.5 million per year from FY 2017 through 2046. The Bonds also have fully funded Debt Service Reserve Funds as additional security for the Bonds.

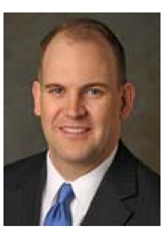
Privatization. In addition to this broader public private partnership expertise, the Stifel team, led by **Gary Brandt** and **Josh Benninghoff**, *Managing Directors,* also offers a wealth of experience with specific privatization financings. Their experience with federal and state-level agencies, as detailed below, illustrates the full scope of services provided by the Stifel team, and we will bring the same to bear in our partnership with the City and the Airport.



Mr. Brandt has served as lead banker on fifteen privatization transactions for military housing totaling over $3 billion of debt. His experience includes creating the first multi-lien structure for the MHPI program that was widely adopted by the industry. This approach resulted in a 60 bp reduction in credit spreads on bonds with forty year maturities and wide investor participation. Mr. Brandt's broad-reaching privatization experience with the federal government is summarized in **Figure 5.**

Figure 5. Gary Brandt Federal Privatization Experience ($mil)

Year	Transaction	Par	Type	Role
2004	Navy Hawaii	$225	New Debt	Sole Manager
2004	Fort Hamilton	43	New Debt	Sole Manager
2005	Fort Belvoir	512	New Debt	Sole Manager
2005	Fort Irwin	420	New Debt	Sole Manager
2005	Hill AFB	39	New Debt	Sole Manager
2006	Navy Midwest	130	New Debt	Sole Manager
2008	Fort Carson	152	New Debt	Sole Manager
2008	Air Force Academy	156	New Debt	Sole Manager
2008	West Point - US Military Academy	134	New Debt	Sole Manager
2011	Air Force Southern Group	172	New Debt	Sole Manager
2011	Navy Southeast	170	Debt Restructure	Advisor
2011	Picerne Military Housing portfolio	1,100	Debt Restructure	Advisor
2011	American Eagle	180	Debt Restructure	Advisor
2015	Freddie Mac Military Housing Bonds Resecuritization Trust	3,366	Resecuritization	Co-manager
Present	Advisor to the Army on Ambac restructuring	NA	Debt Restructure	Advisor
	Total	$6,799		



Mr. Benninghoff is currently engaged as the lead Public-Private Partnership Advisor to the Mississippi Department of Transportation. His service as P3 Advisor to Mississippi DOT serves as an instructive case study for the comprehensive advisory services we are able to provide. Prior to Mr. Benninghoff's engagement with Mississippi, the State had no authorizing legislation for P3s or toll roads, no tolled assets in the state, and no programmatic evaluation methodology for alternative project delivery methods, such as Design-Build.

Current

Mississippi Department of Transportation

Lead P3 Advisor

- Program Design. The State of Mississippi wanted to design a long-term program, not just deliver a single project. Mr. Benninghoff assisted the State in designing a comprehensive project delivery approval matrix, and assisted in drafting state-wide tolling and P3 legislation.
- Financing Options. Mr. Benninghoff's role for Mississippi DOT included leading the bid process for the State's first potential toll P3 project, an 8-mile road connecting downtown Jackson to Jackson International Airport. This process included marshaling how equity investors "teamed" with local roadbuilders, creating

and fostering orderly competition, redrafting project design plans to allow for alternative designs, and hosting teams for an in-depth project marketing event.

- Project Review. While the P3 delivery process may involve more private sector involvement than traditional project delivery plans, it changes the role of the Department of Transportation. With Mississippi DOT, the volume of labor did not decrease. Rather, it changed from project bid review to staff designing a bid process to achieve the highest and best private sector plans and prices. In this case, the project (itself) changed over time, and the Financial Advisor had to be nimble to be able to analyze alternative plans. Similarly, the Department of Transportation may be called on to perform an "apples to oranges" comparison in which there are several criteria under evaluation.

3. Airport and Facility Lease Revenue Experience

Since 2013, Stifel has led ***30 airport financings totaling $699 million in par for our municipal clients,*** as summarized in Figure 6. This includes leading transactions for medium and large hub airports nationally, including Dallas-Fort Worth, LAX, the City of Cleveland, and most recently the City of Tulsa.

Tim Offtermatt, *Managing Director,* leads Stifel's Airport group, and has led transactions for the Cleveland Hopkins International Airport, the James M Cox Dayton International Airport, and also Wilmington Air Park and the Greater Kelly Development Authority (San Antonio, Texas). Most recently, Mr. Offtermatt led a $145 million financing for the City of Cleveland's Airport. This financing included a forward delivery component to help Cleveland Airport avail favorable market conditions and effect a current refunding. More broadly, Mr. Offtermatt has provided numerous financial services to airport finance staff other than those directly related to bond financing transactions.

- Participated in the negotiation of majority in interest clauses (MII) for the Cleveland Hopkins International Airport in 2000.
- Key member of negotiation team related to the purchase of a convention center next to Cleveland Hopkins International Airport in 1999; this convention center is now owned by the airport with bonds paid via the Surplus Fund in the indenture flow of funds.
- Structured and negotiated Cleveland Airport's conversion from auction rate securities to variable rate bonds in 2008.
- Worked with Dayton International Airport and the FAA on structuring a loan for a new control tower, which included in-depth discussions concerning a seldom used loan fund of the FAA similar to an enhanced use lease used in other agencies of the federal government. In the end, the loan ended up not being used and the FAA provided a grant for the tower project.
- Served on negotiating teams with Continental Airlines related to various lease agreements

In addition to his considerable experience working with Airport Systems across a broad spectrum of services, Mr. Offtermatt specializes in structuring and negotiating leases for convention centers, stadiums, arenas and other public facilities used primarily by private corporations (similar to airports). His experience in this domain includes major civic projects in Cleveland, Ohio (all three major professional sports facilities and the new $465 million convention center); Cincinnati, Ohio (City's general Financial Advisor as well as specific advisor to the City-County Convention Facilities Authority related to convention center financing and numerous tax increment finance projects); Columbus, Ohio (downtown AAA International League baseball park and 2007 convention center expansion); Atlanta, Georgia (served the City of Atlanta as underwriter and special advisor related the negotiation of business transactions regarding the downtown arena project); Albuquerque, New Mexico (member of three-person team – with Chief Administrative Officer and Director of Council Services – that negotiated the business and construction arrangements with the ownership of the Isotopes AAA Pacific Coast League franchise and served to structure financing arrangements involving the City and the state); San Diego, California (City financing advisor and negotiating team member on Padres baseball stadium and downtown development projects); St. Louis County, Missouri (new Busch Stadium home of the St. Louis Cardinals); Sacramento, California (downtown AAA Pacific Coast League baseball facility); West Valley City, Utah (underwriter for Olympic arena project); Toledo, Ohio (downtown AAA International League ballpark; multi-purpose arena, convention center); and the Greater

Kelly Development Authority (closing U.S.A.F. base redevelopment finance) among other civic projects featuring sports facilities, economic development, or convention centers.

Figure 6. Stifel's Airport Financing Experience since 2013			
Date	Par	Issuer	Description
12/18/2017*	$36.14	Metropolitan Airport Auth Peoria	GO Airport Refunding Bonds, Series 2017
11/06/2017*	3.00	Metropolitan Airport Auth Peoria	GO Refunding Airport Bonds, Series 2017B & C
09/06/2017	54.18	Tulsa Airports Improvement Trust	General Airport Revenue Bonds, Taxable Series 2017
04/26/2017	1.06	Metropolitan Airport Auth Peoria	GO Airport Bonds, Series 2017A/Series 2017B
12/15/2016	33.05	Dayton, City of	Airport Revenue Bonds (AMT), Series 2016
10/12/2016	4.63	Metropolitan Airport Auth Peoria	Taxable GO Refunding Airport Bonds, Series 2016C & D
10/04/2016	36.24	Cleveland, City of	Airport Revenue Bonds, Series 2016B (FOWARD DELIVERY)
04/26/2016	1.14	Metropolitan Airport Auth Peoria	GO Airport Facility Bonds
04/19/2016	2.93	Liberty County Public Facilities Auth	Refunding Revenue Bond, Series 2016A
04/19/2016	1.40	Liberty County Public Facilities Auth	Taxable Refunding Revenue Bond, Series 2016B
04/19/2016	3.11	Liberty County Public Facilities Auth	Revenue Bond, Series 2016C
02/23/2016	108.12	Cleveland, City of	Airport Revenue Bonds, Series 2016A (Non AMT)
02/16/2016	1.45	Metropolitan Airport Auth Peoria	GO Airport Bonds, Series 2016
12/30/2015	8.45	Dayton, City of	Airport Revenue Bonds, Series 2015 (AMT)
12/30/2015	13.10	Dayton, City of	Airport Revenue Bonds, Series 2015B (Non-AMT)
10/21/2015	0.74	Metropolitan Airport Auth Peoria	Taxable GO Refunding Airport Bonds, Series 2015C
10/21/2015	2.02	Metropolitan Airport Auth Peoria	GO Refunding Airport Bonds, Series 2015D
04/15/2015	0.10	Metropolitan Airport Auth Peoria	Taxable GO Refunding Airport Bonds, Series 2015A
04/15/2015	1.08	Metropolitan Airport Auth Peoria	GO Refunding Airport Bonds, Series 2015B
09/09/2014	22.18	Dayton, City of	(AMT) Airport Revenue Refunding Bonds, Series 2014A
09/09/2014	4.78	Dayton, City of	Airport Revenue Refunding Bonds, Series 2014 B (Non-AMT)
03/06/2014	0.15	Harvey County PBC	Taxable Revenue Bonds Series 2014B
03/06/2014	1.23	Harvey County PBC	Revenue Bonds, Series 2014-A (Subject to AMT)
11/19/2013	71.18	Los Angeles Department of Airports	Subordinate Revenue Bonds 2013 Series B (Non-Amt)
11/19/2013	170.69	Los Angeles Department of Airports	Senior Revenue Bonds 2013 Series A (Amt)
11/14/2013	1.66	Metropolitan Airport Auth Peoria	GO Refunding Airport Bonds Series 2013D
11/14/2013	0.70	Metropolitan Airport Auth Peoria	Taxable GO Refunding Airport Bonds Series 2013C
10/01/2013	109.06	Dallas-Fort Worth International Airport	Joint Revenue Improvement Bonds, Series 2013G (Non-AMT)
04/24/2013	4.66	Joliet Regional Port District	GO Refunding Bonds (AltRev), Series 2013A
04/24/2013	0.87	Joliet Regional Port District	Taxable GO Bonds (AltRev), Series 2013B
Total	$699.07		

August 2017

Tulsa International Airport

$54,180,000
Trustees of the Tulsa Airports Improvement Trust

Bookrunner

Transaction Highlight – Tulsa Airports Improvement Trust. In August 2017, Stifel served the Trustees of the Tulsa Airports Improvement Trust (the "Airport") as lead manager on its $54 million General Airport Revenue Refunding Bonds, Series 2017 (the "Series 2017 Bonds"). The Airport issued the Series 2017 Bonds in order to restructure outstanding debt to achieve debt service relief and improve the alignment of its debt service costs to its operating agreements.

<u>Credit Considerations</u>: The Airport's Series 2017 Bonds received underlying ratings of Baa1 and BBB+ from Moody's Investor Service and Standard and Poor's, respectively. However, Stifel's underwriters and sales force marketed the credit as stronger than its ratings. With over 95% of all enplanements being origination and destination as well as recent enplanement growth and stabilization following five consecutive years of decreases, the Airport has illustrated its growing market share in the regions. Additionally, both rating agencies highlighted the Airports limited long-term debt needs and its extraordinary coverage protection clause, allowing the Airport to adjust its airline rates with only 30 days' notice, if its rate covenant requirements will not be met.

Structural Considerations: In refunding its Series 2009D Bonds, the Airport sought to change the structure of its current debt service to better align its operating agreements to its debt service. Working with the Airport and its Financial Advisor, Stifel was able to customize the structure of the Series 2017 Bonds in order to achieve the Airport's goal, ultimately achieving strong cash flow savings through the final maturity of the Series 2009D Bonds in 2031 and lowering and leveling the debt service thereafter.

Bondholders' Security: In order to increase the Airport's investor pool and bondholder security, Stifel and the Airport ultimately decided to utilize a bond insurance policy, soliciting bids from both Build America Mutual ("BAM") and Assured Guaranty Corporation ("Assured"), bid 65 bps and 68 bps, respectively. Based on the initial bids, Stifel's underwriter felt that marketing the Series 2017 Bonds with an Assured policy saved the Airport 2 bps in comparison to BAM. After negotiating with BAM, they revised their bid to 55bps for an insurance policy on all of the Series 2017 Bonds and Stifel and the Airport chose the BAM policy.

Results: With the positive feedback from the ratings agencies and the BAM insurance policy on the Series 2017 Bonds, Stifel utilized a two-day pricing process, enabling the Airport to come to the market, revise spreads, renegotiate with investors, and revise spreads one more time before locking in spreads and coupons. All of the Airport's maturities were oversubscribed. Ultimately, Stifel's underwriter was able to tighten spreads on all but a few maturities by 15 bps, which ultimately resulted in over 19% net present value savings for the Airport.

D. Miller Buckfire Qualifications

Overview. Miller Buckfire is a leading investment bank focused on providing strategic and financial advisory services in complex situations. Miller Buckfire has a twenty-year history of providing objective and thoughtful advice to financially-troubled companies, initially as part of Wasserstein Perella & Co. and Dresdner Kleinwort Wasserstein, and now as a subsidiary of Stifel Financial.

Services. Miller Buckfire's mission is to provide unbiased and actionable strategic advice to our clients and their constituents. Senior professionals are committed to a "hands on" approach and becoming trusted advisors to our clients. Our 25 professionals have represented more than 170 companies, restructured approximately $349 billion of debt, advised on mergers and acquisitions valued at over $19 billion and raised more than $60 billion in financing. Advisory services are provided to clients in corporate restructuring, merger and acquisition, and privately placed equity and debt financings.

Miller Buckfire Platform of Services

Corporate Restructuring	Financing
	• Bank and second lien loans, high yield and mezzanine financing • Private equity and strategic investments
	Mergers and Acquisitions
	• Sell-side and buy-side advisory • Fairness opinions

Why Miller Buckfire?

Under Mr. Buckfire and Mr. McKenna's leadership, Miller Buckfire has facilitated capital restructurings, mergers and acquisitions, and other debt financings for over 170 clients representing $428 billion of par managed. This includes serving as the Key Advisor to the City of Detroit, a process that entailed a thorough evaluation and analysis of Detroit's Coleman A. Young International Airport. As part of its service to Detroit, Miller Buckfire liaised between the City, the State and the FAA to determine the most suitable path forward for Coleman Airport, including an evaluation of Coleman's eligibility for the FAA APPP. ***This experience working with the FAA APPP will significantly benefit the City and the Airport as they evaluate proposals for St. Louis Lambert International Airport's future public private partnerships.***

1. Experienced Financing Team

KENNETH BUCKFIRE
Co-Founder, President & Managing Director
787 7th Avenue
New York, NY 10019
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Kenneth A. Buckfire is **Co-Founder**, **President** and a **Managing Director** of Miller Buckfire. Over the course of his career he has advised clients in a broad range of industries (including energy, food products, building products, broadcasting and information services) and has also managed principal investments in distressed companies and in the utility industry. Mr. Buckfire advised Calpine Corporation (named "Most Outstanding Mega Turnaround of 2008" by the Turnaround Management Association) in its January 2008 reorganization. In 1998, Mr. Buckfire advised 19 independent power producers in the 1998 restructuring of their $11 billion in power contracts with Niagara Mohawk Power Corporation (named "Energy Deal of 1998" by Investment Dealers Digest). Mr. Buckfire has played a leading role in the restructurings of Standard Pacific Corp., Calpine Corporation, Level (3) Communications, Exide Technologies, McLeodUSA, ICG Communications, PSINet Inc., Sirius Satellite Radio, BTI Telecom, CMS Energy, CenterPoint Energy, General Growth Properties, Mirant Corporation (Creditors' Committee), Horizon Natural Resources (named "Most Outstanding Transaction of 2005" by the Turnaround Management Association), the City of Detroit, the insurance wrap provider for the City of Stockton, CA, Oakwood Homes, TECO Energy, Centennial Communications, Allegheny International, Foamex, Van Camp Seafood, Walter Industries, Burnham Broadcasting, EUA Power Corporation, Dialog Corporation, Imperial Sugar, CRIIMI MAE and Cajun Electric.

Career Background. Prior to founding Miller Buckfire, Mr. Buckfire was a Managing Director at Dresdner Kleinwort Wasserstein and served as Co-Head of the firm's financial restructuring group specializing in the restructuring and refinancing of highly leveraged companies. Before joining DrKW, Mr. Buckfire was a Senior Vice President at Lehman Brothers Inc. Mr. Buckfire is on the board of advisors of the Zell-Lurie Institute at The University of Michigan and is a member of the Board of Directors of the Philharmonic Symphony Society of New York and Neurophage Pharmaceuticals. Mr. Buckfire's past Board positions include ARK Information Services, Bulldog Communications, Great Bay Power Corporation, Van Camp Seafood Corporation and Webfacts. Mr. Buckfire is a former trustee of Orpheus Orchestra and the Browning School and has been a director and co-founder of several public and private corporations. Mr. Buckfire received his M.B.A. from Columbia University (1987) and his B.A. in Economics and Philosophy from The University of Michigan (1980).

Mr. Buckfire's Select Transaction Experience.

- Allegheny International
- BTI Telecom
- Burnham Broadcasting
- Cajun Electric
- Calpine Corporation
- Centennial Communications
- CenterPoint Energy
- CMS Energy
- CRIIMI MAE
- EUA Power Corporation
- Exide Technologies
- Foamex
- General Growth Properties
- Great Bay Power
- Horizon Natural Resources
- ICG Communications
- Imperial Sugar
- Level (3) Communications
- McLeodUSA
- Mirant Corporation
- Niagara Mohawk Power Corporation
- Oakwood Homes
- PG&E Corporation
- PSINet Inc.
- Sirius Satellite Radio
- Standard Pacific Corp.
- TECO Energy
- The City of Detroit
- Van Camp Seafood
- Walter Industries

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John A. McKenna, Jr. is a Co-Head and Managing Director of Miller Buckfire. Over the course of his career, Mr. McKenna has advised clients in a broad range of industries on financial restructuring, M&A and financing transactions. Representative experience includes: Advising the First Lien Noteholders of Caesars Entertainment Operating Company in its restructuring of $26 billion of obligations, iPayment on a series of out-of-court exchanges of $975 million of securities, the Unsecured Creditors Committee of Delta Airlines in its restructuring of $15.0 billion of unsecured claims, Deutsche Bank as $850 million (cdn.) standby underwriter of Air Canada's plan of reorganization, Retirement Systems of Alabama in its purchase of US Airways and restructuring of $10 billion of obligations, Nextel International (now NII Holdings) in its restructuring of $3 billon of obligations and exit financing, Impsat Fiber networks in its financial restructuring, and Paging Network in its combination with Arch Wireless and simultaneous financial restructuring. Additional company-side experience includes advising the Boards of Directors of LodgeNet Interactive Corporation and UniTek Global Services.

Career Background. Mr. McKenna previously served as co-head of the eastern region of Houlihan Lokey Howard & Zukin, where he was responsible for business in the Eastern United States, Latin America, and the United

Kingdom. Mr. McKenna currently serves on the board of directors of the New York Chapter of the Cystic Fibrosis Foundation. Previously, he served on the board of directors of CHC Helicopter, Gate Gourmet Group, Haights Cross Communications, Second Market, Inc. and US Airways. During his board service, each of these companies completed significant business transformations, and financial restructurings. Mr. McKenna graduated, with honors, from Claremont McKenna College in 1989.

Mr. McKenna's Select Transaction Experience.

- AirGate PCS
- Caesars Entertainment
- Delta Airlines
- Deutsche Bank (Air Canada)
- Impsat Fiber
- iPayment
- LodgeNet Interactive
- Memorial Production Partners
- Metrocall
- Nextel International (now NII Holdings)
- Paging Network (merger with Arch Wireless)
- Retirement Systems of Alabama (US Airways)
- UniTek Global Services

2. Relevant Transaction Expertise

Miller Buckfire is uniquely qualified among strategic financial advisors to assist the City of St. Louis as it enters the FAA AAAP. Our firm is an industry leader with a focus on providing governments, leveraged institutions and municipalities and their stakeholders with unconflicted strategic advice and the highest quality execution.

✓ *Successful track record developing and negotiating consensual solutions among stakeholders*

$16,700,000,000 City of Detroit	$1,100,000,000 Excel Maritime Carriers Ltd.	$2,300,000,000 Foxwoods Resort Casino	$1,400,000,000 Standard Pacific Homes	$900,000,000 Advanstar Communications, Inc.

✓ *Expert in sourcing and structuring complex and creative deleveraging financings*

$120,000,000 City of Detroit Post-Petition Financing	$275,000,000 City of Detroit Exit Financing	$790,000,000 Dana Holding Corporation Convertible Preferred Equity Offering	$534,000,000 Standard Pacific Homes Preferred Equity and Rights Offering	$9,600,000,000 General Growth Properties Equity Offering

✓ *Strong experience in executing transactions that maximize value for stakeholders*

$1,600,000,000 Detroit Department of Water & Sewerage	$1,300,000,000 Stolt-Nielsen S.A.	$2,300,000,000 American Capital	$1,400,000,000 Calpine Corporation	$27,800,000,000 General Growth Properties

Transaction Highlight – City of Detroit. Miller Buckfire served as the Principal Strategic Advisor to the City of Detroit following its Chapter 9 Bankruptcy filing in August 2013. The financial condition of Detroit had been consistently deteriorating for many years, with deficits growing as legacy expenditures absorbed additional amounts of resources.

Plan of Adjustment. As Detroit's Advisor, Miller Buckfire helped craft a Plan of Adjustment to help the City navigate the bankruptcy. This Plan permanently eliminated $7.2 billion of debt and unfunded General Fund obligations and positioned the City for growth through significant capital investment and increased oversight. Disputes regarding key civic assets and operations (e.g. DSWD, Detroit Institute of Arts, Belle Isle) were resolved to preserve these assets for the long term. In addition, a Financial Review Commission was established to provide ongoing financial/strategic guidance and supervision. Key components of the Plan included:

- **Extinguishment of $1.8 billion of funded debt, obligations and payables.** This did not include debt backed by distributable state aid ("DSA"), water and sewer revenues ("DSWD Debt"), and City income taxes. New debt issued since has been structured as LTGO.
- **Eliminated $5.5 billion in unfunded pension and OPEB obligations.** General Fund pension contributions were deferred until 2023; trusts funded primarily by the "Grand Bargain" and DWSD in the interim. The actuarial rate was reduced to 6.75% and the City introduced mechanisms to share investment performance with beneficiaries. Further, VEBAs were established and capitalized to address retiree health care to help address $3.8 billion of unfunded OPEB obligations.
- **Provided $1.4 billion of investment for infrastructure and other revitalization initiatives through 2023.** Includes blight removal ($450M), public safety ($440M), services infrastructure ($400M) and transportation ($110M).

DET Evaluation. While representing the City of Detroit in its restructuring, Miller Buckfire completed a comprehensive evaluation of Coleman A. Young International Airport ("DET"). The work done regarding DET included: a comprehensive review of the airport's assets; detailed analysis of various improvement projects; thorough analysis of potential transaction structures, including sale versus lease, public private partnership and ancillary projects; review of the FAA Airport Privatization Program and how it could be utilized regarding DET; formulation of auction process; vetting of potential airline and FBO partners; comprehensive evaluation of potential financial sponsors; and, discussions with the City, the State of Michigan and the FAA regarding alternatives for DET.

While the City of St. Louis' robust fiscal position is far-removed from the Detroit context, this experience with DET provides a template for the process of evaluating financial options and alternatives for the Airport.