NEW ISSUE-FULL BOOK ENTRY **See "RATINGS" herein**

Subject to compliance with certain covenants, in the opinion of Chapman and Cutler LLP and Emile Banks & Associates, LLC, Co-Bond Counsel, under present law, interest on the ***Series 2009A Bonds*** *(i) is excludible from the gross income of the owners thereof for federal income tax purposes, except for interest on any 2009A Bond for any period during which such 2009A Bond is owned by a person who is a substantial user of the Bond Project or any person considered to be related to such person (with the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code")),(ii)* ***is not included*** *as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, and (iii)* ***is not taken*** *into account in computing adjusted current earnings, which is used in determining the federal alternative minimum tax on certain corporations. Subject to the compliance by the County certain covenants, under present law, in the opinion of Co-Bond Counsel, interest on the* ***Series 2009B Bonds*** *is excludible from the gross income of the owners thereof for federal income tax purposes, except for interest on any 2009B Bond for any period during which such 2009B Bond is owned by a person who is a substantial user of the Bond Project or any person considered to be related to such person (with the meaning of Section 147(a) of the Code), but such interest* ***is included*** *as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. The interest on the 2009 Bonds is not exempt from present Wisconsin income or franchise taxes. See "TAX EXEMPTION" herein for a more complete discussion. The 2009 Bonds will not be designated as "Qualified Tax-Exempt Obligations" under Section 265(b)(3) of the Code.*

MILWAUKEE COUNTY, WISCONSIN

$12,690,000
AIRPORT REVENUE BONDS, SERIES 2009A (Non-AMT)

$2,350,000
AIRPORT REVENUE REFUNDING BONDS, SERIES 2009B (AMT)

Dated: Date of Delivery **Principal Due: December 1, as shown on inside cover page**

The Airport Revenue Bonds, Series 2009A (Non-AMT) (the "Series 2009A Bonds") and the Airport Revenue Refunding Bonds, Series 2009B (AMT) (the "Series 2009B Bonds") (collectively referred to as the "2009 Bonds") bear interest at the interest rates specified on the inside cover page of this Official Statement, payable semi-annually on June 1 and December 1, commencing June 1, 2010. The 2009 Bonds are subject to optional redemption prior to maturity, as more fully described herein. The 2009 Bonds are being issued pursuant to the General Bond Resolution adopted by the Milwaukee County Board of Supervisors on June 22, 2000, which established an airport revenue bond program.

The 2009 Bonds will be special obligations of Milwaukee County (the "County"), payable solely from net revenues derived from the ownership and operation by the County of General Mitchell International Airport and Lawrence J. Timmerman Airport (the "Airport System") on a parity with the County's other Airport Revenue Bonds, collectively referred to as the Outstanding Bonds, listed below and any additional airport revenue bonds which may hereafter be issued by the County, as provided in the General Bond Resolution.

- Airport Revenue Bonds, Series 2000A, dated June 1, 2000;
- Airport Revenue Bonds, Series 2003A, dated January 1, 2003;
- Airport Revenue Bonds, Series 2004A, dated March 31, 2004;
- Airport Revenue Bonds, Series 2005A, dated December 22, 2005;
- Airport Revenue Refunding Bonds, Series 2005B, dated December 22, 2005;
- Airport Revenue Bonds, Series 2006A, dated November 16, 2006;
- Airport Revenue Refunding Bonds, Series 2006B, dated November 16, 2006;
- Airport Revenue Bonds, Series 2007A, dated November 15, 2007

The 2009 Bonds will not be a general obligation of the County, nor will the County be obligated to levy any taxes in connection with the 2009 Bonds.

The 2009 Bonds will be issued as fully registered obligations and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository of the 2009 Bonds. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 and integral multiples thereof. Principal and interest will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the 2009 Bonds as described herein.

The 2009 Bonds may not be suitable for all investors. Prospective purchasers of the 2009 Bonds should read this entire Official Statement including information under the section "INVESTMENT CONSIDERATIONS, and the appendices hereto."

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS *NOT* A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

The 2009 Bonds are offered when, as and if issued and received by the Underwriters, subject to the approval of certain legal matters relating to issuance of the 2009 Bonds by Chapman and Cutler LLP and Emile Banks & Associates, LLC, Co-Bond Counsel. Certain legal matters will be passed upon for the County by the Milwaukee County Corporation Counsel Office and for the Underwriters by Perkins Coie LLP. It is expected that the 2009 Bonds in book-entry form will be available for delivery through DTC, on or about December 21, 2009.

Merrill Lynch & Co. **Siebert Brandford Shank & Co., LLC**

The date of this Official Statement is December 10, 2009.

MATURITY SCHEDULES

$12,690,000
Airport Revenue Bonds, Series 2009A (Non-AMT)

Bond Component	Maturity (December 1)	Principal Amount	Interest Rate	Yield	CUSIP*
Serial	2015	$ 490,000	3.000%	3.070%	602248FG6
Serial	2016	505,000	3.250%	3.440%	602248FH4
Serial	2017	520,000	3.500%	3.770%	602248FJ0
Serial	2018	540,000	3.750%	4.000%	602248FK7
Serial	2019	560,000	4.000%	4.180%	602248FL5
Serial	2020	585,000	4.250%	4.300%	602248FM3
Serial	2021	610,000	4.250%	4.460%	602248FN1
Serial	2022	635,000	4.375%	4.520%	602248FP6
Serial	2023	660,000	4.500%	4.590%	602248FQ4
Serial	2024	690,000	4.500%	4.670%	602248FR2
Term	2029	3,985,000	5.000%	5.050%	602248FS0
Term	2032	2,910,000	5.125%	5.280%	602248FT8

$2,350,000
Airport Revenue Refunding Bonds, Series 2009B (AMT)

Bond Component	Maturity (December 1)	Principal Amount	Interest Rate	Yield	CUSIP*
Serial	2010	$ 490,000	2.250%	2.030%	602248FU5
Serial	2011	480,000	2.250%	2.470%	602248FV3
Serial	2012	465,000	3.500%	2.810%	602248FW1
Serial	2013	460,000	3.000%	3.150%	602248FX9
Serial	2014	455,000	4.000%	3.590%	602248FY7

* The CUSIP numbers referenced above have been assigned by an organization that is not affiliated with the County or the Underwriter and are included in this Official Statement solely for the convenience of Bondholders and potential Bondholders.

No assurance can be given that the CUSIP numbers for the Bonds will remain the same after the date of issuance and delivery of the Bonds.

No dealer, broker, salesman or other person has been authorized by the County, the Financial Advisor or the Underwriters to give any information or make any representations other than those contained in this Official Statement and, if given or made, such information and representations must not be relied upon as having been authorized by the County, the Financial Advisor or the Underwriters. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the 2009 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the County and other sources that are believed to be reliable, but it is not to be construed as a representation by the Financial Advisor or the Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made thereafter shall, under any circumstances, create any implication that there has been no change in the affairs of the County or in any other information contained herein, since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE 2009 BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS AFTER THE 2009 BONDS ARE RELEASED FOR SALE, AND THE 2009 BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE 2009 BONDS INTO INVESTMENT ACCOUNTS. IN CONNECTION WITH THE OFFERING OF THE 2009 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2009 BONDS AT A LEVEL ABOVE THE LEVEL THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING ANY INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN REVIEW OF THE TERMS OF THE 2009 BONDS AND THE OFFERING THEREOF, AND THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF ANY OF THE 2009 BONDS IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE IS NOT QUALIFIED, OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE.

TABLE OF CONTENTS

OFFICIAL STATEMENT

MILWAUKEE COUNTY, WISCONSIN

$12,690,000
AIRPORT REVENUE BONDS, SERIES 2009A (Non-AMT)

$2,350,000
AIRPORT REVENUE REFUNDING BONDS, SERIES 2009B (AMT)

INTRODUCTION

This Official Statement is furnished to provide information regarding the $12,690,000 Airport Revenue Bonds, Series 2009A (Non-AMT) (the "2009A Bonds") and the $2,350,000 Airport Revenue Refunding Bonds, Series 2009B (AMT) (the "Series 2009B") of Milwaukee County, Wisconsin. The 2009A Bonds and the 2009B Bonds (collectively, the "2009 Bonds") are issued pursuant to the constitution and laws of the State of Wisconsin, including Section 66.0621 of the Wisconsin Statutes, and resolutions adopted by the County Board of Supervisors.

The County owns and operates General Mitchell International Airport ("GMIA" or "Airport") and Lawrence J. Timmerman Airport ("Timmerman Airport"), which together comprise the Milwaukee County Airport System. The Airport System is a division within the County's Department of Transportation and Public Works, and is accounted for as an enterprise fund in the County's financial statements. See Appendix B "AIRPORT SYSTEM FINANCIAL STATEMENTS."

GMIA, a medium hub airport, is Wisconsin's largest and busiest airport located on approximately 2,200 acres approximately six miles south of downtown Milwaukee. The airfield at GMIA contains two air carrier runways and three other runways. The terminal complex consists of a main terminal building and three concourses with 48 gates. GMIA also contains a six-level parking structure for automobile parking and rental car operations. See "THE AIRPORT SYSTEM" for a description of the Airport System's facilities, governance and operating results.

The Federal Aviation Administration (FAA) preliminary 2008 enplanement data indicates that GMIA was the 50th busiest airport in the United States in 2008 based on passenger boardings. Total passenger traffic at GMIA has grown steadily since 2002, averaging annual 6.1 percent increases. Enplanements for the first nine months of 2009 are down by approximately 253,000 from the first nine months of 2008, which corresponds to an annual decline of 8.1 percent. However, the Airport System's financial consultant anticipates an overall decline in passenger traffic by approximately 2.4 percent in 2009 due to anticipated strong end of year performance. Passenger traffic is expected to grow once again in 2011.

The County has entered into a series of similar lease agreements ("Airline Leases") with 14 airlines (the "Signatory Airlines") providing the terms and conditions upon which the Signatory Airlines use GMIA. The Airline Leases expire in September 2010 and the County anticipates entering into lease negotiations with the Signatory Airlines by the end of this year. See "SOURCES OF REVENUES OF THE AIRPORT SYSTEM – Airline Leases" for a more detailed description of the Airline Leases.

The Series 2009A Bonds are being issued to finance general capital improvements (the "Bond Projects") at GMIA as described in "PLAN OF FINANCE" herein. The Series 2009B are being issued to refund certain outstanding general obligation bonds of the County, which were issued to finance improvements to the Airport System as described in "PLAN OF FINANCE" herein. Unison-Consulting, Inc., the Airport System's financial consultant (the "Financial Consultant") has evaluated the financial feasibility of the issuance of the 2009 Bonds to finance the Bond Projects. A copy of the Financial Consultant's report (the "Financial Feasibility Report") appears as Appendix A and should be read in its entirety.

The 2009 Bonds are being issued pursuant to a General Bond Resolution adopted by the County Board of Supervisors on June 22, 2000, which established an airport revenue bond program (the "General Bond Resolution"), and supplemental resolutions which authorized the issuance of the Series 2009A Bonds and Series 2009B Bonds, respectively (the "Supplemental Resolutions" and together with the General Bond Resolution, the "Resolutions") and which were adopted by the County Board of Supervisors on November 5, 2009. Capitalized terms used herein, which are not defined herein, have the meanings given them in "APPENDIX C – Summary of Certain Provisions of Resolution – Definitions of Certain Terms."

This Official Statement speaks only as of its date, and the information contained herein is subject to change. The information contained in this introduction is qualified by reference to this entire Official Statement (including the cover page, the inside cover page, the preliminary pages and the appendices). This introduction is only a brief description and a full review should be made of this entire Official Statement (including the appendices), as well as the documents summarized or described in this Official Statement. The summaries of and references to all documents, statutes and other instruments referred to in this Official Statement are qualified in their entirety by reference to the full text of each such document, statute or instrument.

DESCRIPTION OF THE 2009 BONDS

General

The 2009 Bonds shall be dated the date of delivery, and shall bear interest at the rates and shall mature on the dates as set forth on the inside cover page of this Official Statement. Interest on the 2009 Bonds is to be computed on the basis of a 360-day year of twelve 30-day months. The payment of interest on the 2009 Bonds shall be made on June 1, 2010 and on each December 1 and June 1 thereafter until maturity or prior redemption (each an "Interest Payment Date"), to the owners listed on the bond register as of the close of business on the fifteenth day of the calendar month next preceding each such Interest Payment Date.

The 2009 Bonds are subject to optional redemption prior to maturity as set forth in the Supplemental Resolution and as described below under the caption "Optional Redemption." The 2009 Bonds are subject to mandatory redemption as described under "Mandatory Redemption."

The 2009 Bonds will be issued as fully registered bonds without coupons in denominations of $5,000 and any integral multiple thereof, and, when issued, will be registered in the name of Cede & Co., as nominee of DTC, New York, New York. DTC will act as securities depository of the 2009 Bonds. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the 2009 Bonds purchased. Principal and interest will be paid to DTC, which will in turn remit such principal and interest payments to its participants, for subsequent disbursement to the beneficial owners of the 2009 Bonds. (See "BOOK-ENTRY-ONLY SYSTEM" herein.) So long as Cede & Co. is the registered owner of the 2009 Bonds as nominee, references herein to the bondholders, owners or registered owners of the 2009 Bonds shall mean Cede & Co., as aforesaid and shall not mean the beneficial owners of the 2009 Bonds.

Optional Redemption

Series 2009A Bonds
The Series 2009 Bonds are not callable for optional redemption prior to December 1, 2019. The Series 2009A Bonds maturing on or after December 1, 2020 are subject to redemption prior to maturity at the option of the County in whole or in part on December 1, 2019, and on any date thereafter, at a redemption price equal to 100 percent of the principal amount of the Series 2009A Bonds to be redeemed plus accrued interest to the date fixed for redemption. The amounts and maturities of the Series 2009A Bonds to be redeemed shall be selected by the County. If less than the entire principal amount of any maturity is to be redeemed, the 2009 Bonds of that maturity to be redeemed shall be selected by lot.

Series 2009B Bonds
The Series 2009B Bonds are not subject to optional redemption prior to maturity

Mandatory Redemption

Series 2009A Bonds
The Series 2009A Bonds maturing on December 1, 2029 and 2032 are subject to mandatory sinking fund redemption in part by lot on December 1 of each of the years and in the principal amounts shown in the tables below, at a redemption price equal to 100 percent of the principal amount of such Series 2009A Bonds so to be redeemed plus accrued interest to the date fixed for redemption.

Series 2009A Bonds
Term Bonds Maturing December 1, 2029

Redemption Date (December 1)	Principal Amount
2025	$ 720,000
2026	760,000
2027	795,000
2028	835,000
2029 (maturity)	875,000

Series 2009A Bonds
Term Bonds Maturing December 1, 2032

Redemption Date (December 1)	Principal Amount
2030	$ 920,000
2031	970,000
2032 (maturity)	1,020,000

Series 2009B Bonds
The Series 2009B Bonds are not subject to mandatory redemption prior to maturity

Notice and Manner of Redemptions

Notice of redemption is to be given by registered or certified mail, overnight express delivery, facsimile or electronic transmission at least 30 days prior to the date fixed for redemption to each registered owner of a Series 2009A Bond called for redemption at the address shown on the registration books of the County. Failure to give such notice to a particular bondholder or any defect in such notice shall not affect the sufficiency of the proceedings for the redemption of other Series 2009A Bonds. In the event that less than all of the Series 2009A Bonds within a maturity are to be redeemed, the Resolutions provide that in the selection by lot of Series 2009A Bonds to be redeemed, the Trustee shall select the particular Series 2009A Bonds to be redeemed in accordance with the instructions of DTC, or, in the absence of such instructions, in a manner which it deems fair.

Transfer, Registration and Exchange of Bonds

The 2009 Bonds are issued in fully registered form and are initially to be registered in the name of Cede & Co., as nominee for DTC, as securities depository for the 2009 Bonds. Purchases by beneficial owners of the 2009 Bonds are to be made in book entry form in the principal amount of $5,000 or any integral multiple thereof. Payment to and transfers by beneficial owners are to be made as described below under "BOOK ENTRY SYSTEM."

If the 2009 Bonds are no longer held in book-entry only forms, the 2009 Bonds would be transferable at the principal office of the Trustee by the registered owner in person or by the owner's attorney duly authorized in writing, upon surrender of the 2009 Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or its duly authorized attorney, and thereupon the County shall issue in the name of the transferee a new registered 2009 Bond or 2009 Bonds of the same aggregate principal amount and series, interest rate and maturity as the surrendered 2009 Bond. The 2009 Bonds may also be exchanged, alone or with other 2009 Bonds of the same series, interest rate and maturity, at the principal office of the Trustee, for a new 2009 Bond or 2009 Bonds of the same aggregate principal amount, series, interest rate and maturity, without transfer to a new registered owner.

Transfers, registrations and exchanges of the 2009 Bonds shall be without expense to the owner except that any taxes or other governmental charges required to be paid with respect to the same shall be paid by the owner requesting the transfer, registration or exchange as a condition precedent to the exercise of the privilege; and no transfers, registrations and exchanges shall be required to be made during the 15 days next preceding an interest payment date for the 2009 Bonds, nor during the 45 days next preceding the date fixed for redemption of the 2009 Bonds.

SECURITY FOR THE 2009 BONDS

Pledge of Revenues

The 2009 Bonds are special obligations of the County, and are being issued on parity with the County's currently outstanding bonds listed below and any additional airport revenue bonds, which may hereafter be issued by the County, as provided in the General Bond Resolution:

- Airport Revenue Bonds, Series 2000A (the "Series 2000A Bonds");
- Airport Revenue Bonds, Series 2003A (the "Series 2003A Bonds");
- Airport Revenue Bonds, Series 2004A (the "Series 2004A Bonds");
- Airport Revenue Bonds, Series 2005A (the "Series 2005A Bonds");
- Airport Revenue Refunding Bonds, Series 2005B (the "Series 2005B Bonds");
- Airport Revenue Bonds, Series 2006A (the "Series 2006A Bonds");
- Airport Revenue Refunding Bonds, Series 2006B (the "Series 2006B Bonds");
- Airport Revenue Bonds, Series 2007A (the "Series 2007A Bonds").

The principal of and premium, if any, and interest on the 2009 Bonds are payable solely from, and are secured equally and ratably by a pledge of Net Revenues derived from the Airport System. For the definition of Net Revenues, see "Appendix C – SUMMARY OF CERTAIN PROVISIONS OF RESOLUTION – Definition of Certain Terms." Under the Supplemental Resolution authorizing the 2009 Bonds, Passenger Facility Charge revenues ("PFC Revenues") are pledged to payment of the 2009 Bonds to the extent that the projects financed or refinanced by the 2009 Bonds are approved for funding with PFC Revenues. In accordance with the Supplemental Resolutions, such PFC Revenues will be deposited in a special account in the Revenue Fund. It is currently expected that 25 percent of the project costs being funded by the 2009A Bonds will be eligible for funding by PFC Revenues. See "SOURCES OF REVENUES OF THE AIRPORT SYSTEM – Passenger Facility Charges" for information regarding PFC Revenues.

Revenues of the Airport System

GMIA accounts for approximately 99 percent of the revenues of the Airport System. The revenues of the Airport System are derived from rentals, fees and charges paid by users of the Airport System, including the Signatory Airlines. See "SOURCES OF REVENUES OF THE AIRPORT SYSTEM." The Signatory Airlines have agreed in the Airline Leases to pay for their usage of GMIA based on a series of formulae designed to allow the County to recover its cost of providing facilities and services for the Airport System. The costs are apportioned among the Signatory Airlines based on usage. See "SOURCES OF REVENUES OF THE AIRPORT SYSTEM" and Appendix F for a more detailed description of the Airline Leases and the cost recovery formulae.

Through a ballot process under the Airline Leases, the Signatory Airlines have approved the Bond Projects and have agreed that the Airline Leases permit the funding of the Bond Projects through general airport revenue bonds

("GARBs") and the inclusion in rates and charges under the Airline Leases of additional amounts necessary to meet the requirements of a GARB financing, including the funding and replenishment of the funds and accounts provided for under the Resolutions. The Airport has approval to include in the rates charged to the Signatory Airlines any amounts necessary to pay principal and interest on the 2009 Bonds as a Debt Service Expense under the Airline Leases. In addition, Airport management intends to pay these costs from PFC Revenues to the extent that the Bond Projects are approved for funding with PFC Revenues. A portion of this amount, approximately $3.0 Million of PFC eligible project costs for the Runway Safety Area project, will be funded from a portion of the Series 2009A Bond Proceeds. Therefore, a portion of the PFC revenues will be pledged to pay part of the debt service of the Series 2009A Bonds. See "SOURCES OF REVENUES OF THE AIRPORT SYSTEM – Passenger Facility Charges" for additional information regarding PFC Revenues.

Rate Covenant

The County has covenanted in the Resolutions to establish and impose such schedule of rates, rentals, fees and charges for the use and services of and the facilities and commodities furnished by the Airport System, and to revise the same from time to time when necessary, and collect the income, rents, receipts and other moneys derived therefrom, so that in each fiscal year the revenues will be at all times at least sufficient to provide for the payment of all amounts necessary to make the required deposits in such fiscal year under the Resolutions.

The Resolutions contain a covenant (the "Rate Covenant") requiring the County to establish and collect such rates, rentals, fees and charges sufficient so that in each fiscal year the Net Revenues, together with Other Available Funds (defined as the amount of unencumbered funds on deposit or anticipated to be on deposit on the first day of the fiscal year in the Coverage Fund and the Surplus Fund in an amount up to 25 percent of debt service in the fiscal year), will be at least equal to 125 percent of debt service on all Outstanding Bonds including, without duplication, any repayment or other obligations incurred by the County in respect of draws or other payments or disbursements made under a credit facility, but only if such obligations have a lien on revenues on the same priority as the lien thereof. PFC Revenues are treated as revenues under the Rate Covenant only to the extent they are specifically designated as revenues in the Supplemental Resolutions authorizing the bonds. PFC Revenues are not included in the revenues pledged to the Series 2000A Bonds and Series 2003A Bonds, but are included in the revenues pledged to the Series 2004A Bonds, Series 2005A and Series 2005B Bonds, Series 2006A and Series 2006B Bonds, 2007A Bonds, and the 2009A Bonds as described under "Revenues of the Airport System" above and "SOURCES OF REVENUES OF THE AIRPORT SYSTEM – Passenger Facility Charges."

Failure to comply with the Rate Covenant does not constitute a default by the County under the Resolutions if (i) the County promptly (a) causes an airport consultant to make a study for the purpose of making recommendations with respect to rates, rentals, fees and charges for the Airport System in order to provide funds for all the payments and other requirements described above; (b) considers the recommendations of the airport consultant; and (c) takes such action as the County, in its discretion, deems necessary to comply with the Rate Covenant, and (ii) in the following fiscal year, Net Revenues, together with Other Available Funds, are at least sufficient to meet the Rate Covenant.

Reserve Account

Under the Resolutions, the County has established a Reserve Account into which is deposited and maintained the reserve requirement, an amount equal to the least of (i) maximum annual debt service on the 2009 Bonds and Outstanding Bonds during the then current or any future fiscal year, (ii) 125 percent of the average annual debt service on the 2009 Bonds and Outstanding Bonds, or (iii) 10 percent of the principal amount (as defined in the Resolutions) of all 2009 Bonds and Outstanding Bonds upon original issuance thereof, but shall not in any event exceed the maximum amount permitted to be on deposit in the Reserve Account pursuant to the Internal Revenue Code of 1986, as amended, and the Regulations issued thereunder. The moneys on deposit in the Reserve Account shall be used and applied to pay principal or mandatory sinking fund installments and interest on the 2009 Bonds and Outstanding Bonds due and owing when a deficiency exists in the amounts on deposit for such purpose in the Interest and Principal Account of the Special Redemption Fund. Investments in the Reserve Account are valued at the market value thereof unless the Trustee determines that a lower valuation is necessary by reason of uncertainty of payment thereof or anticipated loss thereon prior to maturity. Reserve Account monies shall also be transferred to the Interest and Principal Account on the first day of any fiscal year to the extent that principal to come due on the 2009 Bonds and Outstanding Bonds in that fiscal year exceeds the amount of depreciation to be charged to the airlines in that fiscal year. The monies so drawn from the Reserve Account shall be replenished from rates and charges imposed under the Airline Leases in that fiscal year.

In lieu of the deposit of moneys in the Reserve Account, the County, at any time, may cause to be so credited a letter or line of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a financial, insurance or other institution and which provides security and/or liquidity in respect of the 2009 Bonds and Outstanding Bonds (a "Credit Facility") for the benefit of the bondholders equal to the difference between the Reserve Requirement and all other amounts then on deposit in the Reserve Account. The Credit Facility shall be payable on any date on which moneys will be required to be withdrawn from the Reserve Account and applied to the payment of the principal of or interest on any bonds of such series when such withdrawals cannot be made by amounts credited to the Reserve Account.

Flow of Funds

The County will set aside and deposit all Revenues, including PFC Revenues, into the Airport Revenue Fund established by the Resolutions and apply all monies on deposit therein at such times and in accordance with the priorities established in the Resolutions. The County Treasurer may accumulate Revenues as received from time to time and shall cause the transfer of such accumulated Revenues to the funds and accounts established under the Resolutions on a periodic basis. The Special Redemption Fund will be held by the Trustee pursuant to a fiscal agency and trust agreement. Only PFC Revenues specifically designated for the payment of debt service pursuant to a supplemental resolution (and only PFC Revenues which are so pledged) shall be deposited into the Special Redemption Fund. All other funds and accounts will be held by the County. The funds and accounts established by the Resolutions and their priority of payment are set forth in the following table. See "Appendix C – SUMMARY OF CERTAIN PROVISIONS OF RESOLUTION – Definitions of Certain Terms" for a definition of Revenues.

(The remainder of this page has been left blank intentionally.)

MILWAUKEE COUNTY AIRPORT SYSTEM
APPLICATION OF AIRPORT REVENUE

REVENUE FUND

Deposit all Airport Revenues and PFC revenues

PFC REVENUE ACCOUNT

*Deposit all PFC revenues**

OPERATION AND MAINTENANCE FUND

Pay all current O&M Expenses

SPECIAL REDEMPTION FUND

(Includes Interest and Principal Account; Reserve Account; Capitalized Interest Account)

Pay debt service requirements on Bonds and fund any deficiencies in Reserve Account

GENERAL OBLIGATION BOND FUND

Pay debt service on general obligation bonds

O&M RESERVE FUND

Maintain reserve equal to one-sixth (1/6) of estimated annual O&M Expenses

COVERAGE FUND

Maintain an amount equal to 25 percent of annual debt service

CAPITAL IMPROVEMENT RESERVE FUND

Fund capital improvements in accordance with airline lease agreement and pay debt service on subordinate debt

SURPLUS FUND

May be used for any lawful Airport purpose

*Any PFC Revenues specifically designated for the payment of debt service pursuant to a supplemental resolution (and only PFC Revenues which are so pledged) shall be deposited monthly into the Interest and Principal Account within the Special Redemption Fund. All other PFC Revenues shall be used for any lawful purpose, in accordance with all applicable federal regulations.

The Resolutions provide that, except as otherwise provided therein, all income from the investment of any fund or account established under the Resolutions (including net profit from the sale of any investment) shall be retained in that fund or account until such fund or account is fully funded in accordance with the terms of the Resolutions, and, thereafter, shall be treated as Revenues and deposited in the Revenue Fund, except that all income from the investment of the Reserve Account, when the reserve requirement is on deposit therein, shall be transferred to the Interest and Principal Account and used for the purposes thereof. For the period until the date of substantial completion of a project financed by bonds (or until the project is discontinued) income accruing from investment of the proceeds of bonds issued to finance or refinance the project which have been deposited in the Capitalized Interest Account, the Construction Fund or the Reserve Account, including income on the income, shall when received be deposited in the Construction Fund, or, if so directed by the County, in the Interest and Principal Account, or as otherwise provided by the supplemental resolution under which the bonds are issued for the project. Any loss from investment of a fund or account shall be charged to the fund or account but, unless otherwise made up, shall be set off against income from investment of the fund or account, which would otherwise be deposited in another fund, or account. See "Appendix C - SUMMARY OF CERTAIN PROVISIONS OF RESOLUTION - Creation of funds; Flow of Funds."

Additional Bonds

The Resolutions permit the issuance of one or more additional series of bonds on parity with the 2009 Bonds and any other Outstanding Bonds ("Additional Bonds") upon certain conditions. Any such series of Additional Bonds may be issued only upon the filing of the following with the Trustee:

(1) (a) A certificate of the County that to the best of the knowledge and belief of the authorized officer executing the certificate, no event of default exists and, (b) a certificate of the Trustee that there is no event of default of which it has actual knowledge;

(2) A certificate of the County, executed on its behalf by an authorized officer, setting forth (a) the Net Revenues for the last audited fiscal year and (b) the maximum debt service (including, without duplication, related Credit Facility Obligations) on all Outstanding Bonds and the bonds to be issued in any fiscal year; and demonstrating that such Net Revenues, together with Other Available Funds, equal an amount not less than 125 percent of such debt service (including, without duplication, related Credit Facility Obligations); or, alternatively, a certificate prepared and signed by an airport consultant, setting forth for each of the three fiscal years commencing with the fiscal year following that in which the projects financed by such Additional Bonds are estimated to be completed, the projected Net Revenues, the projected Other Available Funds, and the maximum debt service on all Outstanding Bonds and the Additional Bonds to be issued in any fiscal year; and demonstrating that for each such fiscal year the projected Net Revenues, together with the projected Other Available Funds, will be in an amount not less than 125 percent of such debt service (including, without duplication, related Credit Facility Obligations);

(3) A certified copy of the supplemental resolution providing for the issuance of the Additional Bonds; and

(4) An opinion of bond counsel that the conditions precedent to the issuance of the Additional Bonds have been satisfied.

The certificates required by subparagraph (2) above shall not be required in connection with the issuance of Additional Bonds to pay costs of completing a project for which bonds have been previously issued; provided that the principal amount of such Additional Bonds issued under this paragraph shall not exceed 15 percent of the original principal amount of the bonds previously issued for such project; and provided further that Additional Bonds shall not be issued under this paragraph unless there has been filed with the Trustee a certificate of the consulting engineer (i) stating that the project has not materially changed from its description in the supplemental resolution authorizing the bonds initially issued to pay the project costs of the project, (ii) estimating the revised aggregate project costs of the project, (iii) stating that the revised aggregate project costs of such project cannot be paid in full with moneys available for such project in the Construction Fund, and (iv) stating that the issuance of the Additional Bonds is necessary to provide funds for the completion of the project.

The certificates required by subparagraph (2) above shall not be required in connection with the issuance of bonds to refund bonds, provided that the average annual debt service on the refunding bonds shall not be greater than the average annual debt service on the bonds being refunded, but such certificates shall be required in the case of bonds issued to refund obligations other than bonds (including the issuance of bonds to retire notes issued in anticipation of bonds) as if the bonds were being issued for the projects financed by the refunded obligations.

Issuance of Subordinate Securities and Special Facility Bonds

The Resolutions provide that the County may issue subordinate lien securities for the purpose of the Airport System payable from the revenues deposited in the Capital Improvement Reserve Fund. The Resolutions also include provisions under which the County may issue Special Facility Bonds for the purpose of constructing a special facility at the Airport. A special facility is any facility, structure, equipment or other property, real or personal, which is at the Airport System or a part of any facility or structure at the Airport System and which is designated as a special facility by a supplemental resolution. Such supplemental resolution shall provide that revenues earned by the County from or with respect to such special facility shall constitute Special Facility Revenues and shall not be included as revenues. Any such Special Facility Bonds are required to be payable solely from Special Facility Revenues and will not be a charge or claim against the Revenue Fund or any other fund or account designated in the Resolutions. For a summary of the conditions for the issuance of Special Facility Bonds, see "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF RESOLUTION – Issuance of Subordinate Securities and Special Facility Bonds."

PLAN OF FINANCE

Authorization

On November 5, 2009 the Milwaukee County Board of Supervisors adopted the Supplemental Resolutions authorizing the issuance of the 2009 Bonds to fund the Bond Projects and to refund certain obligations of the County. It is pursuant to that authorization that the 2009 Bonds are being issued. The 2009 Bonds are being issued on a parity with currently outstanding Series 2000A Bonds, Series 2003A Bonds, Series 2004A Bonds, Series 2005A and Series 2005B Bonds, Series 2006A and Series 2006B Bonds, and Series 2007A Bonds.

Purpose of the Series 2009A Bonds

The projects to be funded in whole or in part with the proceeds of the Series 2009A Bonds consist of the capital improvements described below.

1. **Terminal Heating Ventilation and Air Conditioning (HVAC) Replacement** – GMIA commissioned a study of all HVAC systems serving the main terminal/concourse complex in late 2005 in response to prolonged and widespread complaints about building comfort. The first milestone of this study, delivered March 16, 2006, consisted of an evaluation of 71 HVAC units. The study included a review of existing documents to assess original design intent, a field study of each piece to assess its condition and remaining useful life and a review of present operations to assess the appropriateness of the equipment for its present operation.

   This review concluded that 25 of the 71 pieces of equipment were beyond their useful life and required replacement. This evaluation further showed that, of the 25 units, nine were no longer the appropriate equipment for their present use.

   The HVAC systems study recommended replacing the 25 units identified in two phases with each phase being implemented over several years. The first phase was designed in 2006 with construction in 2007 and 2008. The second phase was designed in 2008 with construction anticipated in 2009 and 2010.

   Units replaced in 2007 included Air Handling Unit #1 (AHU-1) in Concourse E and AHUs-16, 18, 19 & 20 in the Main Terminal. In 2008, the Main Terminal Mezzanine AHUs-2 through 10 and Concourse E Roof Top Unit for Northwest VIP Room (RTU-VIP) were replaced. Units to be replaced in 2009 and 2010 include the balance (10 AHU and AC units) in various locations in the concourses, terminal, and administration buildings. This project is not eligible for PFC financing. Therefore, the project will be financed with general airport revenue bonds and debt service cost will be paid through airline rates and charges.

2. **Runway Safety Area Improvements** – Runway Safety Areas (RSAs) are areas of land surrounding runways that are required to be clear of objects, roadways, buildings and other obstructions for aircraft "overruns" and "undershoots." These RSAs must be capable of supporting the weight of an aircraft without the aircraft incurring significant damage. The FAA Airport District Office conducted RSA evaluations for all runways at GMIA and determined that the ends of three runways (1L-19R, 7R-25L and 13-31), due to topographical features, did not meet the current FAA RSA standards. Due to these deficiencies, the FAA ordered action to be taken by GMIA to modify these runway ends to provide compliance with its current safety standards. This FAA ordered action is part of a nationwide effort to bring all deficient RSAs of commercial service airports into compliance with current design standards by 2015.

   For runway 13-31, the RSA deficiency was resolved in 2007 through a change in its airport reference code classification (County Board File No. 07-338). However, the remaining RSA deficiencies for runways 7R-25L and 1L-19R require more intensive corrective measures to bring them into compliance.

   Preferred RSA improvement alternatives for runways 1L-19R and 7R-25L are identified in the Environmental Assessment (EA) document that was prepared by Mead & Hunt. The FAA approved this document in June of 2008. For runway 1L-19R, the preferred RSA improvement is the construction of a tunnel structure over East College Avenue that would create a properly graded safety area immediately south of the runway (refer to capital improvement project WH082 – East College Avenue). The top of the tunnel would consist of an asphalt blast pad, with the remaining area turf creating an overrun/undershoot area that is capable of supporting the weight of an aircraft. The usable length of the runway will be reduced by 610 feet for northbound takeoffs and landings to allow for the required RSA on the north end near East Layton Avenue. A second element of this project will extend the runway and taxiway pavement to the south by approximately 300 feet. When all elements are completed, the total usable takeoff length of runway 1L-19R will be 310 feet (610 feet - 300 feet = an overall reduction in length of 310 feet) less than the present runway length, but will have FAA compliant RSAs on each approach end. This solution was selected as the preferred alternative based on several criteria, including impacts to the airport users, environmental impacts to the surrounding communities, cost, construction feasibility, and fulfilling the overall purpose and need of the action.

   For runway 7R-25L, the preferred RSA improvement is to relocate or shift the entire runway 539 feet west. The impetus for shifting runway 7R-25L is to create a compliant RSA on the east end of the runway without modifying the existing railroad line. Approximately 539 feet of runway will be added to the west end of 7R-25L and the east end of 7R-25L will be shortened by 539 feet. Shifting the runway to the west will require the relocation of South Sixth Street (City of Milwaukee) and moving the runway takeoff/landing threshold for the 7R-25L (west) approach. Several modifications to connecting taxiways, navigational aids and lighting will also be required as part of the RSA improvement project. By shifting the runway west, and relocating South Sixth Street, the resulting RSAs will meet current FAA design standards with no loss of available runway length.

   This project is eligible for PFC financing. The Airport has received significant Airport Improvement Program (AIP) funding, American Reinvestment and Recovery Act (ARRA) funding and state funding to assist with project costs. The County's share of project costs will be financed with PFC-backed general airport revenue bonds and debt service cost will be paid through PFC Revenues.

3. **Parking Structure 6th Floor Membrane** - Each year inspection is undertaken on the GMIA Parking Structure to determine the general maintenance and repair that needs to be performed. The general maintenance and repair is financed by the Airport's annual operating budget and is performed to keep the parking structure in top condition and preserve its useful life.
   An inspection conducted in the spring of 2008 revealed that the application of a waterproofing membrane on the sixth floor of the structure, which was constructed in 1980, was needed to protect the slab's

embedded reinforcing steel from the penetration of water and salts carried into the structure from vehicles. The slab was just beginning to show signs of bleeding of rust and spalling and the installation of a waterproofing membrane will slow the degradation of the floor slab and preserve the useful life of this structure. This project is not eligible for PFC financing. Therefore, the project will be financed with general airport revenue bonds and debt service cost will be paid through airline rates and charges.

4. **Concourse D Hammerhead Restroom Remodel** – The three sets of restrooms on the Concourse D Hammerhead are original to the Hammerhead addition constructed in 1990. Since that time no changes have been made to the restrooms. The restrooms are showing signs of age and the wall coverings, floor and countertops have deteriorated due to extensive use and damage. Finishes are worn and unserviceable and are difficult to sanitize. In addition, the restrooms do not fully comply with current Americans with Disabilities Act (ADA) standards. Design for the remodel was completed in 2009 and construction is anticipated for 2010. The project will be financed with general airport revenue bonds and debt service cost will be paid through airline rates and charges.

5. **Terminal South Escalator Reorientation** – The existing escalators at the south end of the ticketing level of the terminal currently travel up to the terminal mall in a southerly direction, depositing passengers at the entrance to the Concourse E security checkpoint. The Concourse E security checkpoint was recently expanded, reducing the area available for passenger circulation at the escalator landing. Congestion often occurs during busy periods with the checkpoint queuing line interfering with passenger movement both to and from the escalator.

   The design for this project included reorienting the escalators from a southerly direction to a northerly direction. The landing of the reoriented escalators would open towards the terminal mall, rather than into the checkpoint area. The reconstruction would also include modifying a door at the end of the ticketing level, which currently opens into the area of the new escalator. This project is not eligible for PFC financing. Therefore, the project will be financed with general airport revenue bonds and debt service cost will be paid through airline rates and charges.

Project Approval

The Airline Leases provide for an Airline Airport Affairs Committee ("AAAC") comprised of representatives of each of the Signatory Airlines. All capital improvement projects with a cost in excess of $100,000 or which together aggregate in excess of $200,000 must be submitted to the AAAC for approval. The Airport is required to submit a report to the AAAC, which includes an estimate of the construction and operating costs of the project, a description of the work proposed, its benefits and funding source. Projects having an impact on Airport rates and charges must be approved by 51 percent of the Signatory Airlines, which collectively pay more than 51 percent of the terminal rents and 51 percent of the landing fees during the most recent six-month period. If a project does not receive airline approval in the first request, the Airport staff may re-submit the project in the following year. If a project is denied in the second year, the Airport staff may proceed with the project in the third year.

The projects for which PFC backed GARBs are issued, that will not affect rates and charges, do not require ballot approval. While it was, and is, the intent to use PFC funds to finance the GARBs issued for PFC eligible projects, the Signatory Airlines have previously approved the use of PFC funded GARBs to provide "double barrel" backing with general airport revenues to enhance the strength of the issue. As described under "SECURITY FOR THE BONDS – Revenues of the Airport System," it is expected that 25.0 percent of the debt service on the 2009A Bonds (Runway Safety Area Improvements) will be paid from PFC Revenues.

Purpose of the Series 2009B Bonds

The proceeds of the Series 2009B Bonds will be used to refund on the call date below, certain of the Outstanding Obligations of the County as presented below (the "Refunded Obligations"), and to pay the cost of issuing the Series 2009B Bonds.

Dated	Issue	Maturities Outstanding	Maturities Refunded	Amount Refunded	Call Date
5/1/1999	General Obligation Airport Bonds, Series 1999A (AMT)	2010-2014	2010-2014	$ 2,275,000	02/01/2010

PROJECT COSTS

The following table shows the major projects to be funded by the Series 2009A Bonds.

Project Description	Construction Cost
Terminal HVAC Replacement	$ 4,151,000.00
Runway Safety Area Improvements	3,009,500.00
Parking Structure 6th Floor Membrane	761,250.00
Concourse D Restroom Remodel	2,190,000.00
Terminal South Escalator Reorientation	1,915,000.00
Project Fund Deposit	$ 12,026,750.00

SOURCES AND USES OF FUNDS

The estimated sources and uses for the 2009 Bonds are as follows.

Estimated Sources:	Series A Bonds	Series B Bonds	Total
Par Amount	$ 12,690,000.00	$ 2,350,000.00	$ 15,040,000.00
Net OIP/OID	(162,141.90)	13,824.15	(148,317.75)
Refunded Obligations Interest Payment	--	35,717.50	35,717.50
Total Sources of Funds	$ 12,527,858.10	$ 2,399,541.65	$ 14,927,399.75

Estimated Uses:	Series A Bonds	Series B Bonds	Total
Project Fund Deposit	$ 12,026,750.00	--	$ 12,026,750.00
Refunded Bonds Principal Payment	--	$ 2,275,000.00	2,275,000.00
Refunded Bonds Interest Payment	--	35,717.50	35,717.50
DSRF Deposit	239,285.28	44,312.09	283,597.37
Estimated Cost of Issuance *	258,352.34	42,447.66	300,800.00
Additional Proceeds	3,470.48	2,064.40	5,534.88
Total Uses of Funds	$ 12,527,858.10	$ 2,399,541.65	$ 14,927,399.75

* Costs of issuance include underwriters' discount and other issuance costs.

Future Airport System Capital Improvement Projects

The Airport System's Capital Improvement Program ("CIP"), for the years 2009 through 2014, contains 131 capital improvement projects with a total estimated cost of approximately $311.0 million. The CIP projects include those identified in GMIA's current Part 150 Study and the Airport System's ongoing capital improvement program as identified by Airport System staff. Prior to implementing individual CIP projects, the projects must be approved by the County Executive and the County Board of Supervisors, as well as the Signatory Airlines as specified in the Airline Lease Agreement.

It is anticipated that the CIP cost during the forecast period 2009 through 2014 will be funded with federal grants, state grants, PFC revenues, a portion of the 2009 Bonds, future bond issues and moneys in the Airport's Capital Improvement Reserve Account.

BOOK-ENTRY-ONLY SYSTEM

The information contained in the following paragraphs of this subsection "Book-Entry-Only System" has been extracted from a schedule prepared by Depository Trust Company ("DTC") entitled "SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE." The County makes no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2009Bonds. The 2009 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each annual maturity of the 2009 Bonds, each in the aggregate principal amount of such annual maturity, and such certificates will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of 2009 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2009 Bonds on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2009 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2009 Bonds, except in the event that use of the book-entry system for the 2009 Bonds is discontinued.

To facilitate subsequent transfers, all 2009 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2009 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2009 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2009 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the 2009 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2009 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2009 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the 2009 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2009 Bonds at any time by giving reasonable notice to the County or Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates for the 2009 Bonds are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the 2009 Bonds will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

NEITHER THE COUNTY NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE 2009 BONDS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO CERTIFICATEHOLDERS; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS CERTIFICATEHOLDER; OR (5) THE SELECTION BY DTC, ANY DTC

PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNER TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE 2009 BONDS.

THE COUNTY

General

The County is located in southeastern Wisconsin on the Lake Michigan shoreline. The County covers an area of approximately 242 square miles and consists of ten cities and nine villages. The City of Milwaukee, which is the County seat, contains approximately 63.0 percent of the County's population and 48 percent of its taxable property value. The County serves as the population, economic and financial center of the state.

The County was first incorporated in 1835 by the Michigan Territorial Government. In 1837, territory was removed by the Wisconsin Territorial Legislature. Nine years later, territory was removed again, and the County attained its present size.

Government and Administration

The County is governed by a County Executive and a 19-member County Board of Supervisors. The County Executive and the County Board are elected to nonpartisan four-year terms. Each supervisor is elected from a district with an average population of approximately 49,000. In addition, six constitutional officers are elected on a partisan basis to serve two-year terms or four-year terms as shown below.

County Officials

(Year sworn into office follows name)

County Executive:	**Scott Walker (2002)**
County Clerk (2-year term):	*Joseph J. Czarnezki (2009)*
Register of Deeds (2-year term):	*John La Fave (2003)*
Treasurer (2-year term):	*Dan Diliberti (2005)*
Clerk of Circuit Court (4-year term):	*John Barrett (1999)*
Sheriff (4-year term):	*David A. Clarke, Jr. (2002)*
District Attorney (2-year term):	*John T. Chisholm (2007)*

Board of Supervisors

Lee Holloway – Chairperson (1992)

Michael Mayo, Sr. - 1st Vice Chairperson (1994)
Peggy West - 2nd Vice Chairperson (2004)

Mark A. Borkowski (1992)	*Patricia Jursik (2007)*
Gerry P. Broderick (2002)	*Christopher J. Larson (2008)*
Paul M. Cesarz (2002)	*Theodore A. Lipscomb (2008)*
Toni M. Clark (2003)	*Joseph A. Rice (2004)*
Elizabeth M. Coggs (1988)	*Joe Sanfelippo (2008)*
Lynne D. De Bruin (1992)	*James J. Schmitt (1998)*
Marina Dimitrijevic (2004)	*Johnny L. Thomas (2008)*
Willie Johnson, Jr. (2000)	*John F. Weishan, Jr. (2000)*

County Executive's Office

The County was the first county in the state of Wisconsin to establish an executive branch. The following five cabinet officers are appointed by the County Executive to assist in carrying out these executive functions:

- Director - Department of Administrative Services
- Director - Department of Health and Human Services
- Director - Department of Administrative Services - Human Resources
- Director - Department of Parks, Recreation and Culture
- Director - Department of Transportation and Public Works

In addition, the County Executive appoints and manages heads of the following departments:

- Zoological Gardens
- Department on Aging
- Veterans Service Office
- Medical Examiner
- Labor Relations
- Child Support
- Corporation Counsel
- Office for Persons with Disabilities

Functions of the County Executive's office include: coordination and direction of administrative and management functions of the County government not otherwise vested by law in boards, commissions or other elected officers; appointment of department heads, except where statute provides otherwise, and members of boards and commissions, subject to confirmation by the County Board; preparation and submission of an annual County budget to the County Board; submission annually, and otherwise if necessary, of a message to the County Board setting forth the condition of the County and recommending changes and improvements in County programs and services; and review for approval or veto of all resolutions and ordinances enacted by the County Board.

Legislative

The County Board determines County policy and directs the activities of County government by the adoption of ordinances and resolutions, under authority vested in it by the Wisconsin Statutes. At its annual meeting in November of each year, the County Board adopts the next calendar year's budget. It meets on a monthly basis to transact official business, and its committees meet regularly during the monthly cycles to hold hearings, gather information and take testimony preparatory to making recommendations to the full County Board.

The Chairperson of the County Board is elected by the members of the County Board following their election every four years and is responsible for presiding at County Board meetings; ruling on procedural matters; representing the County Board at official functions; and making appointments to County Board committees, special subcommittees, boards and commissions.

The standing committees of the County Board meet periodically and make recommendations to the County Board, which formally approves, modifies or disapproves those recommendations. Standing committees include:

- Finance and Audit
- Personnel
- Health and Human Needs
- Intergovernmental Relations
- Parks, Energy and Environment
- Transportation, Public Works and Transit
- Economic and Community Development
- Judiciary, Safety and General Services
- Committee of the Whole

Recommendations concerning the Airport System are approved, modified or denied by the Transportation, Public Works and Transit Committee.

THE AIRPORT SYSTEM

General

The County owns and operates GMIA and Timmerman Airport, which together comprise the Milwaukee County Airport System. GMIA is the major air carrier airport in Wisconsin, serving a primary air service area of approximately 1.61 million people. Timmerman Airport is a general aviation reliever airport for GMIA, containing two paved runways and three instrument approaches.

The County began operating its first airport in 1919. In 1927, GMIA opened the County's first terminal and Northwest Airlines began offering flights from Milwaukee to Chicago and Minneapolis. A two-story terminal building was constructed in 1940, and a new two-level terminal with 23 gates was added in 1955. In 1985, a greatly expanded terminal complex with larger concession, ticketing, and baggage claim areas was built. In 1990, 16 additional gates were added to Concourse D and a moving walkway to transport travelers to the new gate areas was installed. In early 2000 the Airport began several terminal concourse improvement projects, which included improvements for Concourses C, D, and E that started in 2005 and are essentially complete. In addition to terminal improvements, in 1980 a 4,440-space parking garage was completed, which was expanded to approximately 5,900 spaces in 1990. By late 2002, Phase I of a further parking garage expansion was completed, which increased the supply of public parking spaces in the parking garage to approximately 7,800. Phase II, when constructed, is estimated to add an additional 1,700 parking spaces.

The Airport System is operated as an enterprise fund of the County, and the Airport System's financial statements are prepared on a full accrual basis. (See Appendix B "AIRPORT SYSTEM FINANCIAL STATEMENTS" for excerpts from the County's audited financial statements.) The Airport System is economically self-sustaining and operates solely on revenue generated from operations and concessions, and federal and state funding. For financial purposes, and in the calculation of airline rates and charges, the County combines the financial operations of GMIA and Timmerman Airport.

General Mitchell International Airport

Seven major airlines and 16 regional commuter airlines provide scheduled passenger service at GMIA. Midwest Airlines operates a hub and its maintenance base at GMIA. The seven major air carriers operating at GMIA are AirTran, Continental, Delta, Frontier, Midwest, Southwest and US Airways. The 16 regional commuter airlines as of November 2009 include: Air Canada Jazz, Air Wisconsin (US Airways), American Eagle, Atlantic Southeast, Chautauqua, Comair (Delta Connection), Compass (Northwest Airlink), Expressjet (Continental Express), Great Lakes Aviation, Mesaba (Northwest Airlink), Piedmont (US Airways), Pinnacle, PSA (US Airways), Republic (Midwest Connect), Skyway, and Trans States (American Connection).

GMIA has always enjoyed a broad base of air service providers with no single airline capturing a majority share of traffic, except in 2006 and 2007 when Midwest and its affiliates together carried 50.6 percent and 54.5 percent of total enplanements.

- Midwest and its affiliates continue to hold the largest share of enplanements at the Airport. This share increased from 38.0 percent in 2002 to 50.6 percent in 2006, reaching a peak of 54.5 percent in 2007 before decreasing to 47.6 percent in 2008 and 34.5 percent during the first nine months of 2009.

- Before Delta's acquisition of Northwest in October 2008, Northwest and its affiliates held the second largest share of Airport enplanements; and Delta and its affiliates the third largest share through 2006 and the fourth largest share thereafter. The two airlines' operations combined account for the second largest share in 2008, 19.4 percent, and 21.8 percent through September 2009.

- AirTran has expanded its presence at GMIA to become the third largest airline in the Airport's market. Its share of enplanements increased from a mere 1.7 percent in 2002 to 13.2 percent in 2008 and 22.4 percent during the first nine months of 2009. The expansion of a low-cost, low-fare airline like AirTran bodes well for inducing air travel demand at GMIA.

- Another airline that provides low-fare service at the Airport is Frontier. Frontier has maintained a small but steadily increasing market share, from 1.0 percent in 2003 to 3.0 percent in 2008 and 3.3 percent through September 2009. Southwest, the leading low-cost, low-fare airline, began service at GMIA November 2009, joining Frontier and AirTran in providing low-fare alternatives to the Airport's passengers.

- As a group, mainline carriers had maintained a share of more than 60 percent of the Airport's enplanements until this year. Data for the first nine months of 2009 show a combined market share of 55.5 percent for mainline carriers.

- As a group, regional/commuter airlines have accounted for a 32-36 percent share of enplanements; data for the first nine months of 2009 show a significant increase in this share to 43.6 percent. The strong and expanding presence of regional/commuter carriers at GMIA is part of an industry-wide strategy of mainline air carriers to transfer routes with less demand to their regional affiliates to maintain a wide market reach while keeping operating costs down. It also indicates that the hub-and-spoke business model will remain a dominant one.

Management

An Airport Director manages the Airport System. The County Executive appoints the Director of Transportation and Public Works, who appoints the Airport Director. The Airport Director oversees approximately 216 full-time equivalent employees. Key members of the Airport System Staff include the Airport Director; Deputy Airport Director, Finance and Administration; Deputy Airport Director, Operations and Maintenance; Airport Engineer; and the Accounting Manager. Biographical data concerning the Airport Director and other key officials of the Airport System is set forth below.

Airport Director. Barry Bateman was appointed Airport Director in 1982. Prior to his position as Airport Director, he served as the Assistant Director of Aviation at McCarran International Airport (Las Vegas) for eight years and also as an Administrative Assistant at Blue Grass Airport in Lexington, Kentucky. He is currently a member of the American Association of Airport Executives; he also holds a commercial pilot certificate and is a certified Flight Instructor. Mr. Bateman is a graduate of the University of Kentucky, holds an MBA from Cardinal Stritch University, and is an Accredited Airport Executive.

Deputy Airport Director, Finance and Administration. Anthony D. Snieg was appointed Deputy Airport Director in 1991. Mr. Snieg began his career at Milwaukee County in 1972. Beginning in 1976, he served as a Budget Analyst in Milwaukee County's Department of Administrative Services. In 1983, he joined the Airport staff in the position of Airport Business Manager, and in 1991 was appointed to his current position of Deputy Airport Director for Finance and Administration. Mr. Snieg is a graduate of Dominican College and he also holds an MBA from Marquette University.

Deputy Airport Director, Operations and Maintenance. Terry Blue was appointed Deputy Airport Director in 2008, following ten years of experience at various levels in the Airport Operations Division at Denver International Airport. His last position was Aviation Operation Manager, which he held for two years before leaving for his current position. Mr. Blue earned a BS in Aviation Management at Southern Illinois University and a Masters Degree in Public Administration from the University of Illinois.

Airport Engineer. Ed Baisch was appointed Airport Engineer in 2007 after serving as Acting Airport Engineer since 2004. Mr. Baisch previously served Milwaukee County as a Civil Engineer for the previous 13 years. Mr. Baisch is a registered Professional Engineer and holds a BS degree in Engineering from Michigan State University, a Master of Science in Civil Engineering from Marquette University, and has been a practicing engineer for 31 years.

Accounting Manager. Tom Heller was appointed Accounting Manager in 2005 after having been the Airport Fiscal Coordinator since 1997. Mr. Heller is in charge of all accounting functions for the Airport, including billing and accounts payable and is responsible for airport budgeting and its PFC program. From 1991 to 1997, Mr. Heller was the Fiscal and Budget Manager for the Milwaukee County Sheriff's Department. Prior to his employment with Milwaukee County, he worked for over 20 years in the private sector in various financial, treasury, and controller positions. Mr. Heller, who is a Certified Public Accountant, earned a BBA with an accounting major and an MBA from Marquette University in 1970 and 1980, respectively.

Airline Airport Affairs Committee

The Airline Leases provide for an Airline Airport Affairs Committee (AAAC) comprised of one representative per Signatory Airline who is authorized to represent and vote on items subject to AAAC review, approval, or concurrence. Each Signatory Airline advises the County's Airport Director of the name of the principal representative and not more than two alternate representatives to the AAAC. Disapproval of a project requires at least 51 percent in number of the Signatory Airlines that have collectively paid more than 51 percent of the following:

(1) Terminal rentals, fees, and charges payable directly to the County by all Signatory Airlines during the most recent six-month period; and

(2) Landing fees payable directly to the County by all Signatory Airlines during the most recent six-month period during which none of the Signatory Airlines experienced schedule reductions at the Airport because of labor disputes.

As to capital improvement projects, the Airline Leases require that the AAAC be provided an opportunity to review and, in certain circumstances, approve projects that are estimated to cost in excess of $100,000 or which together aggregate in excess of $200,000 (a "Capital Improvement Project") by the AAAC. The County's Airport Director submits a report on those Capital Improvement Projects projected to result in an increase in rates and charges to the AAAC. AAAC approval is not required for projects to be funded solely with PFC Revenues. However, as described below, AAAC approval was obtained with respect to the Bond Projects expected to be paid through PFC Revenues so that general airport revenue bonds could be issued to finance them. The report for each project includes an estimate of its construction and operating costs, description of work proposed, and its benefits and funding source. To disapprove, the AAAC must provide written disapproval of each Capital Improvement Project to the Airport Director, within 30 days of submitting the project for approval to the AAAC. For a more complete discussion of the AAAC, see "APPENDIX F – SUMMARY OF AIRLINE LEASES - Article XVI Airline Airport Affairs Committee."

The reports describing the bond eligible projects and the funding for Bond Projects through the issuance of GARBs were submitted to the Signatory Airlines. Through a ballot process, those projects having an impact on Airport rates and charges were approved. Those projects for which PFC backed GARBs are issued, which will not affect rates and charges, do not require ballot approval. While it was, and is, the intent to use PFC funds to finance the GARBs issued for PFC eligible projects, the Signatory Airlines had previously approved the use of PFC funded GARBs to provide "double-barrel" backing with General Airport Revenues to enhance the strength of the 2009 Bonds.

Facilities and Services

Airfield and Aircraft Parking Aprons. GMIA's existing airfield configuration consists of two air carrier runways and three other runways, as follows:

RUNWAY DESCRIPTIONS

	Runway 1L-19R	Runway 7R-25L	Runway 1R-19L	Runway 7L-25R	Runway 13-31
Length (ft)	9,690	8,010	4,182	4,800	5,269
Width (ft)	200	150	150	150	150
Instrumentation	CAT I	CAT I	CAT II	CAT II	NONE
Pavement Material	Concrete	Concrete	Concrete	Concrete	Concrete

Runways 1L-19R and 7R-25L accommodate all air carrier operations, while Runways 1R-19L and 7L-25R serve smaller jet aircraft and general aviation propeller aircraft. Runway 13-31 is available for smaller general aviation aircraft under specific wind conditions. The taxiway system provides access between all runway ends. Runways 1L-19R and 7R-25L are serviced by partial parallel taxiways and either crossing runways or taxiways. All of the taxiways are 75 feet wide, except one, which is 50 feet wide. The terminal apron area surrounds the three concourses in the main terminal complex and totals approximately 70 acres.

Terminal Facilities. GMIA's main terminal complex contains an estimated 880,700 square feet and is comprised of a central terminal building and three passenger concourses with 48 gates and corresponding hold-room areas. The terminal building has the capacity to expand to a total of 80 gates. Bridge structures connect the main level of the central terminal building to the three concourses. The central terminal building consists of four levels. The basement level contains the inbound baggage delivery system, mechanical and utility equipment rooms, concession and Airport storage rooms, and a tornado shelter. The ground or lower level contains ticketing operations, airline offices, outbound baggage and support systems, baggage claim, and baggage service offices. The second level contains concessions, the hold-room areas located in the three concourses, administrative offices, a first aid center, a nursery, and an aviation museum. The Airport operations offices and the control center room are located on the mezzanine level. Located west of Concourse C is a separate 15,100 square-foot International Arrivals Terminal.

Two pedestrian bridges connect the main level of the central terminal building to the six-level automobile parking structure. GMIA has separate enplaning and deplaning roadways, which provide curbside access to the main terminal complex. A spur roadway off the main terminal departure road provides ground transportation access to the International Arrivals Terminal.

GMIA has several significant capital improvement projects that have either been completed or are currently in process. A major C Concourse widening and expansion was completed and opened effective July 2007. This involved the completion of Phase II of this project, which included the Hammerhead expansion on the northeast end of the present concourse, along with the addition of eight new gates, six new aircraft parking positions, additional operating areas, expanded rest rooms and a retail area. The first phase, completed in April 2006, included the design and construction of the C Concourse stem improvements, widening of the concourse to provide additional holdroom areas, and security checkpoint improvements. The Concourse E remodeling project is underway, which involves the remodeling of the public areas in this concourse and includes the provision of increased electrical equipment and service to accommodate the airline's 400 MHz ground power units. This project remains on schedule to be completed by the end of calendar year 2009.

Public Parking. The Airport currently has approximately 11,000 public parking spaces, including approximately 7,800 spaces in the parking garage (short-term and long-term) and approximately 3,388 surface spaces. Of the spaces in the surface lots, 528 spaces are located in a lot near the Terminal complex, and the remainder is located in remote lots serviced by parking shuttle buses. Although not fully developed and not considered a part of the Airport's parking supply, there is a graveled parking lot referred to as Remote Lot C that is adjacent to Lot B, which is available for use during peak periods. Once completely developed, Remote Lot C could potentially provide an additional 700 public parking spaces. The Airport does not currently have plans to further develop this lot until parking demand requires it.

AMTRAK Services. An Amtrak station, which opened in January 2005, is located on the western edge of the Airport along the Canadian Pacific Railway lines. The station serves rail passengers using the Airport for travel, along with rail-only passengers using Amtrak's Hiawatha Service that provides seven daily round trips between Milwaukee and Chicago. The County and the Airport provide a free shuttle bus connection between the Airport and the Amtrak station, which includes a vehicle parking facility.

Other Facilities. Other facilities located at GMIA include rental car, general aviation, air cargo, and aviation support facilities. GMIA has seven on-Airport rental car companies that lease rental car parking spaces in the parking garage. General aviation facilities include corporate hangars, a maintenance building and office buildings. Air cargo facilities include building and apron facilities. Aviation support facilities include an aircraft rescue and fire fighting (ARFF) facility, a hydrant fuel service system and underground storage tanks, and an air traffic control tower. Midwest Airlines, Midwest Connect, and Air Wisconsin operate maintenance hangars at the Airport. Also located within the Airport's perimeter fence is land that was previously used by the 440th Air Force Reserve Station, following its closure in February 2008. Following the closure, the 440th Local Redevelopment Authority (LRA) was created for the purpose of identifying local redevelopment needs and assisting the military department in considering the proper way to dispose of this land. After considerable analysis the LRA selected Aviation Reuse as the most appropriate plan for the redevelopment of the 102 acre site. The site can be used for any aviation purpose, including leasehold arrangements for non-aviation activities as long as all revenues are retained by the Airport. The recommended conveyance will be via the Public Benefit Conveyance (PBC) at no cost to the County for use by GMIA. The final conveyance is anticipated to be completed by the no later than the first quarter of 2010.

Competition

On September 20, 2007, the Federal Aviation Administration (FAA) approved Milwaukee County's 2007 Competition Plan update for GMIA. The 2007 update indicates that GMIA has made strides toward formalizing its ability to increase competition through developing preferential-use leases that replaced exclusive use leases. The County was commended by the FAA for including "pro-competitive" policies and practices in its overall Competition Plan including:

- Accommodating expansion by two incumbent carriers;
- Accommodating services by two charter seasonal carriers, through direct airport intervention;
- Converting exclusive use gates to preferential use in conjunction with the use of PFC funding for new gates, jet bridges and other capacity expansions and improvements;
- Relocating existing carriers from exclusive use to largely preferentially leased gates on the newly constructed "C" Concourse (utilizing PFC financing);
- Keeping four PFC-financed gates under airport control, on an unassigned basis temporarily until they may be leased on a preferential basis;
- Establishing a gate usage protocol by airport management to help monitor and make determinations about when preferential leased gates will be available for new entrants or expanding carriers;
- Installing a Com-Net flight information display system that provides airport staff with the additional online capability of monitoring the usage of all gates to accommodate new entrants, expanding carriers and seasonal entrant needs; and,
- Providing a welcome letter to new entrant carriers to inform them of the airport's gate availability and assignment policy.

SOURCES OF REVENUES OF THE AIRPORT SYSTEM

Airline Leases

The County has entered into a series of lease agreements ("Airline Leases") with 14 airlines (the "Signatory Airlines"). Signatory Airlines are required to pay to the Airport System certain rentals, fees, and charges in accordance with the airline rates and charges methodology summarized in Appendix F, "SUMMARY OF AIRLINE LEASES." The following are the Signatory Airlines: AirTran, Delta, Frontier, Midwest, US Airways, Continental, Southwest (effective November 2009), Air Wisconsin, American Eagle, Comair (d.b.a. Delta Connection), Republic, Expressjet (d.b.a. Continental Express), Skywest (d.b.a. Delta Connection and Midwest), and Chautauqua (d.b.a. Delta Connection and Midwest). There are two types of Airline Leases: exclusive use leases and preferential use leases. In recent years, the County has utilized preferential use leases (which give the airlines priority in using the leased premises but not exclusive use of them) in order to provide open access to the Airport and achieve efficient use of its facilities. Of the 14 Signatory Airlines that lease gates, 13 have entered into preferential use leases for some or all of the gates they use, and seven have exclusive use leases for some or all of the gates they use (six of the airlines lease gates on both a preferential use basis and an exclusive use basis). Of the 9 Signatory Airlines that lease ticket counter space, two have preferential use leases and eight have exclusive use leases (one has ticket counter space on a preferential and exclusive basis.)

The Airline Leases specify the terms and conditions of the Signatory Airlines' use of GMIA facilities and their operations at GMIA. The primary airline rates charged by GMIA are landing fees, terminal rents, and apron fees. The revenues generated by these fees are used to finance the activities of GMIA, including operating and maintaining the terminal complex and the airfield and apron facilities. The methodology for calculating these fees and charges, as specified in the Airline Leases, is residual-based and is discussed below.

Prior to the issuance of the Series 2000A Bonds, the Airline Leases provided for the recovery of the costs of capital projects from depreciation payments to a Capital Improvement Fund. When bonds were issued to fund capital project costs, interest on the bonds was charged to the Signatory Airlines as an operations and maintenance expense, and depreciation payments were applied to the payment of principal. As the more typical manner of repaying airport revenue bonds is through the repayment of principal and interest, the Signatory Airlines unanimously approved an amendment to their leases to allow the Airport to include General Airport Revenue Bond principal repayments in airport rates and charges, as reflected in "Approved Amendment to Airline Leases" below.

Approved Amendment to Airline Leases. Subsequent to the issuance of the Series 2000A Bonds, the Signatory Airlines approved an amendment to the Airline Leases which (i) provides for principal on the outstanding Bonds to be charged directly to the Signatory Airlines rather than charged to them as depreciation and (ii) explicitly authorized the County to collect, through the charges made to the Signatory Airlines, Revenues sufficient to permit the County to satisfy the debt service coverage requirement for the outstanding Bonds.

Expiration of Airline Leases. There is no assurance that future leases will contain airline fees and charges provisions similar to those contained in the Airline Leases. However, the expiration or termination of the Leases does not release the County from its obligations under the Resolution, including the obligations described herein under "Security for the 2009 Bonds – Rate Covenant."

Landing Fees. The Signatory Airlines are responsible for paying landing fees in an amount necessary to recover the Airfield net deficit, which is defined in the Airline Lease Agreement as total annual Airfield expenses, minus a credit for non-signatory airline revenues and non-airline revenues. Airfield expenses are listed below:

- Administration
- Operations
- Fire Protection
- Security
- Repairs and Maintenance
- Contract Services
- Insurance
- Materials and Supplies
- Professional Services
- Equipment Rental
- Utilities
- Architectural and Engineering
- Depreciation
- Principal (for Bonds issued in 2000 and subsequent years)
- Interest

The Airfield net deficit used for purposes of establishing the landing fee rate is computed by reducing the Airfield expenses listed above by the following revenue credits:

- General aviation, military and non-signatory airline landing fees
- Fuel flowage fees
- Hangar Rent
- Fixed Base Operators Rent
- Tank Farm
- Catering
- Utilities
- Miscellaneous

Terminal Rents. The Signatory Airlines pay annual Terminal rent in an amount necessary to recover the Terminal net deficit. The Terminal net deficit is computed by aggregating all expenses for the Terminal cost center and the Roads and Grounds cost center, and deducting certain revenues that are used to offset these expenses. Expenses for both the Terminal Cost Center and the Roads and Grounds Cost Center are listed below:

- Annual Terminal Cost Recovery amount
- Bond (Principal for General Airport Revenue Bonds issued after 2000)
- Interest
- Administration
- Operations
- Fire Protection
- Maintenance
- Security
- Repairs and Maintenance
- Contract Services
- Insurance
- Materials and Supplies
- Equipment Rental
- Utilities
- Architectural and Engineering
- Depreciation

The Terminal net deficit is computed by reducing the aggregate Terminal and Roads and Grounds expenses listed above by the following revenue credits:

- Non-Airline terminal rentals
- Terminal Concession
- Public parking
- Hangar Rent
- Rental Cars
- Taxi/Limo
- Non-Aviation Lands
- Utility Resale
- Government Rent
- Miscellaneous

Apron Fees. The Signatory Airlines pay annual Apron fees equal to the net deficit for the Apron cost center. The net deficit is calculated as total Apron expenses minus non-airline revenues and adjustments. The Apron fee rate is calculated as the Apron net deficit divided by the linear footage of gate positions. Apron expenses are listed below:

- Administration
- Bond (Principal for General Airport Revenue Bonds issued after 2000)
- Interest
- Operations
- Maintenance
- Security
- Repairs and Maintenance
- Contract Services
- Insurance
- Materials and Supplies
- Equipment Rental
- Depreciation
- Architectural and Engineering

Non-signatory airlines pay a landing fee, terminal fee and apron fee rate that is 120 percent of the rate charged to the Signatory Airlines.

Prior to the beginning of each year, GMIA estimates each Cost Center's net deficit for the year based on budgeted expenses and the offsetting revenue credits. GMIA conducts a mid-year review in July of each year to compare the budgeted amounts with actual expenses and revenues received to date. If the review indicates that there will be a variance of ten percent or more, GMIA makes rate adjustments as needed. Within 75 days after the end of the year, the actual expenses and revenues are compared to the amounts collected during the previous year. Any deficiency in the amounts collected from the airlines is added to the airlines' monthly payments due during the last six months of the current year. If the amount collected was higher than the actual net deficit, the difference is credited against the airlines' payments due during the last six months of the current year. A comparison of actual and budgeted Cost Center expenses and revenue credits is made at mid-year, and within 75 days after the end of each year, and GMIA makes rate adjustments accordingly.

The interim term of the Airline Leases began on April 1, 1980 at the start of GMIA's major terminal expansion project. The primary term of the Airline Leases became effective on October 1, 1985, at the date of beneficial occupancy of the major terminal expansion, and will expire on September 30, 2010.

Non-airline Revenues

Concessions. Concession revenues consist of fees collected from Terminal concession operators. Primary concession revenues at GMIA are derived from Car Rentals, Gifts and Novelties, Food and Beverage. Other concession revenues consist of fees received from the following concessions: display advertising, travel agents, automated teller machines, shoe shine stands, insurance services, pay telephones, and a golf driving range. The Airport recently engaged a new master concessionaire, which is implementing an improved concession program. Concession revenues totaled approximately $13.5 million in 2008.

Public Parking. Public Parking revenue, net of sales tax, totaled approximately $26.9 million in 2008.

Passenger Facility Charges

The Aviation Safety and Capacity Expansion Act of 1990 (P.L. 101-508) (the "1990 Act") allows public agencies controlling commercial service airports with regularly scheduled service and enplaning passengers of 2,500 or more annually to charge each enplaning passenger using the airport a $1.00, $2.00 or $3.00 facility charge, referred to as a "PFC". The Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (P.L. 106-181) ("AIR 21," and together with the 1990 Act, the "Federal Act") increased the maximum allowable PFC that may be charged by qualifying airports from $3.00 to $4.50.

Public agencies wishing to impose and use PFCs are required to apply to the Federal Aviation Administration (the "FAA") for such authority and meet the requirements specified in the legislation and regulations issued by the FAA. Regardless of the number of PFC applications that have been approved by the FAA, an airport can collect a maximum of $4.50 on each enplaning passenger.

The purpose of the charge is to develop additional capital funding resources for the expansion of the national airport system. The proceeds from PFCs must be used to finance eligible airport-related projects that serve or enhance the safety, capacity or security of the national airport transportation system, reduce noise from an airport that is part of such system, or furnish opportunities for enhanced competition between or among air carriers.

GMIA currently collects a PFC of $3.00 per enplaned passenger and has been approved to collect $309 million of PFCs through an estimated expiration date of July 1, 2026. In the future, GMIA may apply to increase the PFC per enplaned passenger to $4.50, the maximum amount currently allowed by the FAA, in order to fund future capital projects. Any such change would require approval by the County Executive and the County Board of Supervisors. PFCs are not defined as Revenues in the General Bond Resolution unless pledged as Revenues in a supplemental resolution adopted by the County. Under the Supplemental Resolution authorizing the 2009 Bonds, PFC Revenues are pledged to payment of the 2009 Bonds to the extent that the projects financed by the 2009 Bonds are approved for PFC funding. PFCs are currently being used to pay debt service on PFC-approved projects financed with the Series 2004A, 2005A, 2005B, 2006A, 2006B, and 2007A Bonds, with general obligation airport bonds and on a pay-as-you-go basis for other FAA-approved projects.

The Airport System's PFC program includes PFC Pay-As-You-Go ("PFC PAYGO") amounts and PFC revenues anticipated to be used to pay debt service on bonds, including the 2009 Bonds. The bond debt service costs included in the Airport System's PFC program include bond principal amounts and bond financing and interest costs.

Other Revenues

Other revenues received by GMIA include reimbursements from the airlines for GMIA's security costs, rents collected for Airport lands and building space used for highway maintenance and other miscellaneous purposes and other miscellaneous revenues.

The following table presents GMIA revenues for the fiscal years 2004-2008:

MILWAUKEE COUNTY AIRPORT SYSTEM
HISTORICAL AIRPORT REVENUE
FOR YEARS 2004-2008

Airport Revenues	ACTUAL [1]					Avg. Annual Growth Rate
	2004	2005	2006	2007	2008	2004-2008
Total Airfield Revenues	$12,164,027	$13,810,290	$12,826,634	$13,293,718	$15,106,450	5.6%
Total Terminal Revenues	$34,520,727	$35,817,287	$38,474,271	$39,309,523	$46,672,775	7.8%
Total Apron Revenues	$1,099,512	$1,112,411	$973,713	$1,069,808	$1,163,945	1.4%
Total Other Revenues	$3,386,778	$4,204,612	4,809,656	$5,244,413	$5,749,246	30.6%
PFC Revenues *	983,120	2,259,771	3,983,334	6,256,704	6,950,332	N/A
TOTAL AIRPORT REVENUES	$52,154,164	$57,204,371	$61,067,608	$65,174,166	$75,642,748	9.7%

1 Based on schedules prepared by the Airport System. Certain amounts can be referenced to the County's audited Statement of Revenues, Expenses, and Changes in Retained Earnings.

2 The Supplemental Resolution for the Series 2004A, Series 2005A, Series 2005B, Senes 2006A, Series 2006B, and Series 2007A the payment of debt service on the Series 2004A, Series 2005A, Senes 2005B, Senes 2006A, Series 2006B, and Series 2007A Bonds to the extent that the projects funded with the bond proceeds are approved for PFC funding. Therefore, PFCs collected that were used to pay debt service on these bond issues are included in Revenues.

Airport System O&M Expenses are the expenses incurred in the operation and maintenance of the Airport System. The following table shows the historical O&M Expenses from 2004 through 2008. Total O&M Expenses increased from approximately $35.9 million in 2004 to approximately $54.3 million in 2008, averaging an annual growth rate of 10.9 percent. The largest increases in O&M Expenses during this period occurred in Salaries and Fringe Benefits, which increased by $7.9 million, and Contractual Services by $7.7 million. The increase in Salaries and Fringe Benefits was primarily due to resolving a labor contract settlement that was awarded and accrues in 2006. The majority of the increase in Contractual Services was due to the changes in utility usage and costs, increase in security alerts and repair and maintenance projects. Finally, the increase in Intra County Services was primarily due to increases in fleet maintenance and private security expenses.

In 2008, the Airport System's largest expense category was Salaries and Fringe Benefits, which accounted for approximately 38.5 percent of the Airport System's total O&M Expenses, followed by Contractual Services, which accounted for approximately 34.1 percent of total O&M Expenses.

The following table also allocates O&M Expenses to the Airport System's four cost centers that are used for airline ratemaking purposes. In 2008, Terminal expenses accounted for the largest share of total O&M Expenses (61.8 percent), followed by Airfield expenses (31.6 percent), the Flexible Response Security cost center (4.1 percent), and Apron expenses (2.6 percent).

MILWAUKEE COUNTY AIRPORT SYSTEM
TOTAL AIRPORT SYSTEM O&M EXPENSES
FOR YEARS 2004-2008

	ACTUAL [1]					Avg. Annual Growth Rate
Airport Expenses	2004	2005	2006	2007	2008	2004-2008
BY EXPENSE CATEGORY						
Salaries and Fringe Benefits	$12,966,060	$14,082,269	$15,506,781	$18,753,859	$20,894,000	12.7%
Contractual Services						
Utilities	$2,562,466	$2,952,700	$3,760,649	$3,740,945	$4,758,954	16.7%
Repairs/Maintenance	1,621,868	2,093,790	2,122,063	2,852,860	3,489,495	21.1%
Prof. Services/Admin	4,859,217	5,342,766	5,551,929	5,818,407	7,306,053	10.7%
Other	1,624,532	1,810,260	2,310,649	2,343,637	2,917,302	15.8%
Subtotal	$10,668,083	$12,199,516	$13,745,290	$14,755,849	$18,471,804	14.7%
Intra-County Services						
Sheriff [2]	$5,596,932	$5,584,729	$6,003,668	$6,162,798	$6,547,463	4.0%
Fleet Maintenance	865,196	1,107,863	1,102,060	1,098,811	1,056,631	5.1%
Prof. Service	280,543	390,100	254,657	281,279	329,082	4.1%
Insurance	826,241	788,433	565,625	635,475	667,164	-5.2%
Other [2]	1,648,519	1,368,338	1,607,771	1,569,692	2,099,981	6.2%
Subtotal	$9,217,431	$9,239,461	$9,533,781	$9,748,055	$10,700,321	3.8%
Commodities	$1,241,967	$1,762,895	$1,998,154	$2,399,535	$3,182,811	26.5%
Major Maintenance	$265,976	$579,769	$602,048	$56,952	$438,760	13.3%
Other	$1,533,395	$1,045,293	$457,372	$247,674	$577,878	-21.6%
Total O&M Expenses	**$35,892,912**	**$38,909,204**	**$41,843,426**	**$45,961,924**	**$54,265,575**	**10.9%**
Terminal	$21,921,236	$24,106,984	$25,723,677	$27,754,045	$33,556,484	11.2%
Airfield	11,886,707	12,656,423	13,656,133	14,955,092	17,166,225	9.6%
Apron	987,871	1,047,204	1,090,528	1,186,336	1,371,560	8.5%
Flexible Response Security	1,097,098	1,098,592	1,373,088	2,066,452	2,171,306	18.6%
Total O&M Expenses	**$35,892,912**	**$38,909,203**	**$41,843,426**	**$45,961,925**	**$54,265,575**	**10.9%**

1 Based on schedules prepared by the Airport System. Certain amounts can be referenced to the County's audited Statement of Revenues, Expenses, and Changes in Retained Earnings.

2 Security expenses are included in the "Sheriff" and "Other" line items within the "Intra-County Services" category. The "Other" line item includes the expenses for the private security firm that provides staffing for vehicular checkpoints at the Airport.

HISTORICAL AND FORECAST ENPLANEMENTS

Between 1999 and 2008, enplaned passengers at GMIA increased at an average annual rate of 3.6 percent.

- GMIA's above-average enplanement growth trends resulted in an increase in GMIA's share of U.S. total system revenue enplanements from 0.45 percent in 1999 to 0.53 percent in 2008.
- Federal Aviation Administration (FAA) data show that GMIA is one of only seven medium hub airports that did not post a decline in enplanements in 2008, out of the 36 medium hub airports in the United States.
- During the first half of 2009, GMIA experienced proportionately larger losses in enplanements (-13.9 percent) than the U.S. system as a whole (-5.0 percent) from the recent U.S. economic recession and airline capacity cuts. The trends at GMIA in recent months do show an improvement with year-over-year comparables: -2.7 percent in July, -1.0 percent in August, +9.0 percent in September, bringing the year-to-date percentage decrease to -80. percent through September

DOMESTIC AND INTERNATIONAL ENPLANEMENTS

1999-2008, and January - September 2009

	Domestic		International		TOTAL	
Year	Enplanements	Share	Enplanements	Share	Enplanements	% Change
1999	2,872,149	98.8%	34,040	1.2%	2,906,189	4.1%
2000	2,998,622	98.6%	41,340	1.4%	3,039,962	4.6%
2001	2,766,037	98.4%	45,917	1.6%	2,811,954	-7.5%
2002	2,742,210	98.2%	49,077	1.8%	2,791,287	-0.7%
2003	3,018,180	98.2%	56,242	1.8%	3,074,422	10.1%
2004	3,276,639	98.4%	54,616	1.6%	3,331,255	8.4%
2005	3,573,759	98.5%	55,795	1.5%	3,629,554	9.0%
2006	3,588,223	98.5%	53,280	1.5%	3,641,503	0.3%
2007	3,810,637	98.5%	57,461	1.5%	3,868,098	6.2%
2008	3,946,712	98.6%	54,053	1.4%	4,000,765	3.4%
Jan-Sept. 2008	3,121,979	99.0%	32,432	2.6%	3,154,411	-
Jan-Sept. 2009	2,869,726	98.9%	31,434	2.6%	2,901,160	-8.0%
Average Annual Growth Rates						
1999-2008	3.6%	-	5.3%	-	3.6%	-
Jan-Sept. 2009	-8.1%	-	-3.1%	-	-8.0%	-

Source: Airport management records.

(The remainder of this page is left blank intentionally.)

The following table shows the trends in airline market shares at the Airport for the years 2002, 2006, 2008, and the first nine months of 2009. Airline market share is discussed in detail in Appendix A "FINANCIAL FEASIBILITY REPORT," Section IV – Airline Market Shares.

GENERAL MITCHELL INTERNATIONAL AIRPORT
AIRLINE MARKET SHARES
2002, 2006, 2008, and January-September 2009

	Enplanements				Market Share			
Airline	**2002**	**2006**	**2008**	**Jan-Sep 2009**	**2002**	**2006**	**2008**	**Jan-Sep 2009**
Mainline Carrier								
AirTran	48,231	149,162	526,510	649,299	1.7%	4.1%	13.2%	22.4%
America West	66,796	76,235	0	0	2.4%	2.1%	0.0%	0.0%
Continental	0	0	263	417	0.0%	0.0%	0.0%	0.0%
Delta	217,808	65,457	57,954	47,265	7.8%	1.8%	1.4%	1.6%
Frontier	0	78,345	121,463	97,138	0.0%	2.2%	3.0%	3.3%
Midwest	761,595	1,403,709	1,187,388	340,546	27.4%	38.5%	29.7%	11.7%
Northwest	499,157	646,315	518,965	410,052	17.9%	17.7%	13.0%	14.1%
US Airways	140,737	0	80,123	66,542	5.1%	0.0%	2.0%	2.3%
Subtotal - Mainline	**1,734,324**	**2,419,223**	**2,492,666**	**1,611,259**	**62.4%**	**66.4%**	**62.3%**	**55.5%**
Regional/Commuter Carrier								
Air Canada Jazz	22,988	15,767	13,402	9,481	0.8%	0.4%	0.3%	0.3%
Chicago Express (ATA Connection)	56,832	0	0	0	2.0%	0.0%	0.0%	0.0%
American Eagle (American Connection)	124,938	116,886	96,728	89,198	4.5%	3.2%	2.4%	3.1%
Chautauqua (American Connection)	59,711	14,325	20,129	16,984	2.1%	0.4%	0.5%	0.6%
Trans States (American Connection)	0	27,574	17,205	0	0.0%	0.8%	0.4%	0.0%
Subtotal-American Connection	184,649	158,785	134,062	106,182	6.6%	4.4%	3.4%	3.7%
Continental Express (ExpressJet)	102,385	149,931	157,996	118,325	3.7%	4.1%	3.9%	4.1%
Atlantic Southeast (Delta Connection)	5,446	85,267	82,647	43,895	0.2%	2.3%	2.1%	1.5%
Chautauqua (Delta Connection)	0	17,651	25,410	36,143	0.0%	0.5%	0.6%	1.2%
Comair (Delta Connection)	38,086	54,541	36,214	13,535	1.4%	1.5%	0.9%	0.5%
Pinnacle (Delta Connection)	0	0	11,776	21,900	0.0%	0.0%	0.3%	0.8%
Shuttle America (Delta Connection)	0	0	6,344	0	0.0%	0.0%	0.2%	0.0%
SkyWest (Delta Connection)	0	5,816	9,554	32,632	0.0%	0.2%	0.2%	1.1%
Subtotal-Delta Connection	43,532	163,275	171,945	148,105	1.6%	4.5%	4.3%	5.1%
Great Lakes Airlines	0	0	4,015	4,052	0.0%	0.0%	0.1%	0.1%
Chautauqua (Midwest Connect)				16,429				
Republic (Midwest Connect)	0	0	70,048	333,633	0.0%	0.0%	1.8%	11.5%
Skyway (Midwest Connect)	294,345	438,319	75,170	0	10.6%	12.0%	1.9%	0.0%
Sky West (Midwest Connect)	0	0	573,597	327,811	0.0%	0.0%	14.3%	11.3%
Subtotal-Midwest Connect	294,345	438,319	718,815	677,873	10.6%	12.0%	18.0%	22.8%
Compass (NW Airlink)	0	0	2,679	9,916	0.0%	0.0%	0.1%	0.3%
Mesaba (NW Airlink)	0	1,233	25,776	16,931	0.0%	0.0%	0.6%	0.6%
Pinnacle (NW Airlink)	0	2,500	93	2,993	0.0%	0.1%	0.0%	0.1%
Subtotal-Northwest Airlink	0	3,733	28,548	29,840	0.0%	0.1%	0.7%	1.0%
Air Wisconsin (United Express)	186,784	4,019	0	0	6.7%	0.1%	0.0%	0.0%
Mesa (United Express)	0	4,217	7,799	20,451	0.0%	0.1%	0.2%	0.7%
Shuttle America (United Express)	0	0	64	0	0.0%	0.0%	0.0%	0.0%
SkyWest (United Express)	0	106,743	72,106	76,921	0.0%	2.9%	1.8%	2.7%
Trans States (United Express)	0	22,768	42,919	2,925	0.0%	0.6%	1.1%	0.1%
Subtotal-United Express	186,784	137,747	122,888	100,297	6.7%	3.8%	3.1%	3.5%
Air Wisconsin (US Airways Express)	0	91,846	83,735	56,980	0.0%	0.0%	2.1%	2.0%
Chautauqua (US Airways Express)	7,470	0	0	0	0.3%	0.0%	0.0%	0.0%
Mesa (US Airways Express)	22,435	0	4,930	0	0.8%	0.0%	0.1%	0.0%
PSA (US Airways Express)	0	27	582	12,372	0.0%	0.0%	0.0%	0.4%
Republic (US Airways Express)	0	0	7,403	182	0.0%	0.0%	0.2%	0.0%
Trans States (US Airways Express)	0	0	0	0	0.0%	0.0%	0.0%	0.0%
Subtotal-US Airways Express	29,905	91,873	96,650	69,534	1.1%	0.0%	2.4%	2.4%
Subtotal - Regional/Commuter	**921,420**	**1,159,430**	**1,448,321**	**1,263,689**	**33.1%**	**31.8%**	**36.2%**	**43.6%**
Subtotal - Charter	**125,308**	**62,850**	**59,778**	**26,212**	**4.5%**	**1.7%**	**1.5%**	**0.9%**
TOTAL - ALL AIRLINES	**2,781,052**	**3,641,503**	**4,000,765**	**2,901,160**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Signatory Airlines	2,294,078	3,294,213	3,621,118	2,635,945	87.8%	90.5%	90.5%	90.9%
Non-signatory Airlines	486,974	347,290	379,647	265,215	17.5%	9.5%	9.5%	9.1%

Source: Airport management records.

GMIA primarily serves originating and destination (O&D) passenger traffic, providing non-stop and direct service to over 90 cities and one-stop service to cities throughout the world. Seven major airlines and 16 regional commuter airlines provide scheduled passenger service at GMIA.

O&D enplanements, which constituted most of the traffic at GMIA, increased at an average annual rate of 2.2 percent over the 1999 – 2008 period. The following table presents the distribution of enplanements at GMIA by type of service:

O&D AND CONNECTING ENPLANEMENTS [1]
1999-2008, and January - September 2009

	O&D		Connecting		Total
Year	Enplanements	Share	Actual	Share	Enplanements
1999	2,684,898	92.4%	221,291	7.6%	2,906,189
2000	2,805,445	92.3%	234,518	7.7%	3,039,962
2001	2,542,132	90.4%	269,823	9.6%	2,811,954
2002	2,501,964	89.6%	289,324	10.4%	2,791,287
2003	2,739,291	89.1%	335,132	10.9%	3,074,422
2004	2,901,637	87.1%	429,619	12.9%	3,331,255
2005	3,017,230	83.1%	612,324	16.9%	3,629,554
2006	3,041,268	83.5%	600,236	16.5%	3,641,503
2007	3,223,998	83.3%	644,101	16.7%	3,868,099
2008	3,263,527	81.6%	737,239	18.4%	4,000,766
Jan-Sept. 2008	2,536,093	80.4%	618,318	19.6%	3,154,411
Jan-Sept. 2009	2,324,672	80.1%	576,488	19.9%	2,901,160
Average Annual Growth Rate					
1999-2008	2.2%	-	14.3%	-	3.6%
Jan-Sept. 2009	-8.3%	-	-6.8%	-	-8.0%

1 Connecting enplanements are calculated as one-half of on-line transfer passengers. O&D

Forecasts of enplanements and related commercial aircraft departures and landed weight are presented in the Financial Feasibility Report, which is found in Appendix A herein, and prepared by the Airport's Financial Consultant. The Financial Consultant used a multivariate regression model relating enplanements to key air travel demand drivers, together with the latest airline flight schedules from July 2009 through June 2010, to generate three alternative forecast scenarios. These alternative forecast scenarios differed in growth outlook for 2010, setting three alternative paths for forecast activity at GMIA from 2010 onwards:

Base forecast scenario. Under the base forecast scenario, full-year estimates of 2009 activity are based on actual performance and published airline schedules. After 2009, growth in annual enplanements is based on the forecast results from the multivariate regression model linking enplanement trends with trends in the explanatory variables described above. The base forecast shows annual enplanements continuing to decrease in 2010, consistent with independent economic projections that real incomes and local employment will continue to decline through 2010. Airline schedules for the first half of 2010 are used to help anticipate any changes in airline shares of forecast enplanements.

Low forecast scenario. The low forecast scenario simulates what might happen to air traffic at GMIA if Midwest, its hub carrier, were to discontinue service. Like other airlines, Midwest faced financial difficulties that led to recent changes in ownership. The low forecast scenario assumes no loss in O&D traffic if Midwest were to discontinue service – O&D enplanements will remain the same as forecast under the base case. O&D traffic is germane to the local market, and Midwest's share is likely to be captured by the other airlines continuing to provide service at GMIA. However, the low forecast scenario assumes that Midwest's share of connecting traffic (approximately 82 percent) will be lost in its entirety.

High forecast scenario. The high forecast scenario shows a sharp rebound in enplanements (nearly 15 percent) at GMIA based on a significant increase in scheduled seats in 2010 (21 percent), as indicated by published airline schedules for the first half of 2010.

To develop the forecasts, the Airport System Financial Consultant used a combination of a capacity-based forecasting approach for the near-term (July 2007 through June 2008) and a demand-based multivariate regression modeling approach for the long-term (2008-2012).

FORECASTS OF O&D AND CONNECTING ENPLANEMENTS
BASE CASE AND LOW CASE
2008-2014

	BASE CASE[1]				
	O&D		Connecting		Total
Year	Enplanements (000's)	% of Total	Enplanements (000's)	% of Total	Enplanements
Historical					
2008	3,264	81.6%	737	18.4%	4,001
Forecast					
2009	3,182	81.5%	724	18.5%	3,906
2010	3,117	81.5%	709	18.5%	3,826
2011	3,139	81.5%	714	18.5%	3,853
2012	3,258	81.5%	741	18.5%	3,999
2013	3,349	81.5%	762	18.5%	4,111
2014	3,430	81.5%	781	18.5%	4,211
			Average Annual Growth Rate		
2008-2014	0.8%	-	1.0%	-	0.9%
	LOW CASE[2]				
	O&D		Connecting		Total
Year	Enplanements (000's)	% of Total	Enplanements (000's)	% of Total	Enplanements
Historical					
2008	3,264	81.6%	737	18.4%	4,001
Forecast					
2009	3,182	81.5%	724	18.5%	3,906
2010	3,117	96.1%	128	3.9%	3,245
2011	3,139	96.1%	129	3.9%	3,268
2012	3,258	96.0%	134	4.0%	3,392
2013	3,349	96.1%	137	3.9%	3,486
2014	3,430	96.1%	141	3.9%	3,571
			Average Annual Growth Rate		
2008-2014	0.8%	-	-24.1%	-	-1.9%

[1] Based on actual performance during the first half of 2009 and published airline schedules for the remainder of the year.

[2] Includes shares held by former Northwest Airline and Northwest Airlink operators.

All forecasts are subject to uncertainty. The above forecasts are based on the results of Unison's regression model and information available at the date of this Report. Unexpected events may occur and some of the underlying assumptions of the analysis may not be realized. Therefore, actual results may vary from the forecasts and the variations may be material.

FINANCIAL MANAGEMENT

Financial Statements

The Airport System is an enterprise fund within Milwaukee County. The Airport System includes the operations of GMIA and Timmerman airports. Baker Tilly Virchow Krause, LLP is the independent auditor that audited the basic financial statements of the County as a whole for the fiscal years ending December 31, 2004 through 2008. The accounts of the Airport System are not separately audited.

Included within Appendix B to this Official Statement are the Statement of Revenues, Expenses and Changes in Retained Earnings (Fund Net Assets) and Balance Sheet of the Airport System excerpted from the County's audited basic financial statements audited by Baker Tilly Virchow Krause, LLP for the years ended December 31, 2004 through 2008.

Other Post-Employment Benefits (OPEB)

The County receives biennial actuarial reports of Other Post-employment Benefits (OPEB) under Governmental Accounting Standards Board (GASB) Statement #45 – "Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions." The County has chosen a "pay as you go basis" for its OPEB liabilities, but under the GASB #45 rules, is required to accrue for the cost of the Annual Required Contribution (ARC) for Proprietary Funds, and footnote the cost associated with Governmental Funds. The County began budgeting for the OPEB liability for Proprietary Funds in 2007 and the liability for the General Fund and Proprietary Funds are reflected in the 2008 financial statements.

The County discontinued providing post-retirement health care for most employees who began work with the County after January 1, 1994. Employees who started prior to this date and worked 15 years with the County are eligible for post-retirement health care.

An actuarial valuation report was prepared as of January 1, 2008 for Milwaukee County. The County's total actuarial accrued liability for OPEB for all funds, excluding the Milwaukee County Transit System, is estimated at $1.5 billion, based on a 6 percent discount rate. The estimated liability for Proprietary Funds totals $12.3 million of the total actuarial accrued liability. Within the Proprietary Funds, the total estimated liability for the Airport is $4.1 million.

The ARC for the County is $130.7 million. Normal cost is $18.3 million and amortization of the unfunded liability is $112.4 million. The amortization of the unfunded liability assumes a 30-year amortization using a level dollar amount. The net ARC cost is $59.5 million, which excludes the retiree health costs that are separately budgeted by the County. The County estimates that the Proprietary Fund portion of the net ARC cost is $6.2 million for 2008, including $2.2 million for the Airport. The County has no plans to establish a post-retirement trust for health care or make contributions to a trust, but only plans to accrue the costs associated with proprietary fund departments.

Other Debt Paid From Airport Revenues

The County has issued general obligation bonds, which are paid from Airport System Revenues. The debt service on these general obligation bonds will be paid from the General Obligation Bond Fund described in "Appendix C-Summary of Certain Provisions of Resolution – Creation of Funds; Flow of Funds." As described in Appendix C and depicted in the diagram regarding "Application of Airport Revenue" under the caption SUMMARY OF CERTAIN PROVISIONS OF RESOLUTION, Revenues are deposited in the General Obligation Bond Fund only after the required deposits to the Operation and Maintenance Fund and the Special Redemption Fund (for payment of debt service on the 2009 Bonds and the Outstanding Bonds) are made. The following table presents principal and interest payments on general obligation County debt issued for Airport System purposes and the Series 2000A, 2003A, 2004A, 2005A, 2005B, 2006A, 2006B, 2007A and 2009 Bonds.

Outstanding Airport Debt Service

	General Obligation Airport Bonds			Airport Revenue Bonds [1]			Series 2009 Bonds (this issue)				
Year	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**	**Total D.S.**	**Year**
2010	$584,162	$184,208	$768,370	$7,375,000	$8,734,721	$16,109,721	$490,000	$613,670	$1,103,670	$17,981,762	2010
2011	619,666	156,406	776,072	7,500,000	8,376,834	15,876,834	480,000	638,744	1,118,744	17,771,649	2011
2012	875,773	135,641	1,011,414	7,635,000	7,994,034	15,629,034	465,000	627,944	1,092,944	17,733,391	2012
2013	1,099,579	107,616	1,207,195	7,775,000	7,595,009	15,370,009	460,000	611,669	1,071,669	17,648,873	2013
2014	1,103,156	71,330	1,174,487	7,915,000	7,189,215	15,104,215	455,000	597,869	1,052,869	17,331,570	2014
2015	301,836	33,823	335,659	8,075,000	6,775,765	14,850,765	490,000	579,669	1,069,669	16,256,093	2015
2016	298,706	22,957	321,663	7,900,000	6,340,553	14,240,553	505,000	564,969	1,069,969	15,632,184	2016
2017	297,588	11,606	309,194	8,090,000	5,914,240	14,004,240	520,000	548,556	1,068,556	15,381,991	2017
2018	-	-	-	8,290,000	5,468,828	13,758,828	540,000	530,356	1,070,356	14,829,184	2018
2019	-	-	-	8,505,000	5,018,821	13,523,821	560,000	510,106	1,070,106	14,593,928	2019
2020	-	-	-	8,720,000	4,558,140	13,278,140	585,000	487,706	1,072,706	14,350,846	2020
2021	-	-	-	8,940,000	4,090,446	13,030,446	610,000	462,844	1,072,844	14,103,290	2021
2022	-	-	-	9,185,000	3,620,521	12,805,521	635,000	436,919	1,071,919	13,877,440	2022
2023	-	-	-	9,060,000	3,138,621	12,198,621	660,000	409,138	1,069,138	13,267,759	2023
2024	-	-	-	9,325,000	2,663,628	11,988,628	690,000	379,438	1,069,438	13,058,065	2024
2025	-	-	-	9,595,000	2,175,628	11,770,628	720,000	348,388	1,068,388	12,839,015	2025
2026	-	-	-	6,215,000	1,676,903	7,891,903	760,000	312,388	1,072,388	8,964,290	2026
2027	-	-	-	6,510,000	1,382,709	7,892,709	795,000	274,388	1,069,388	8,962,096	2027
2028	-	-	-	6,820,000	1,074,515	7,894,515	835,000	234,638	1,069,638	8,964,153	2028
2029	-	-	-	7,145,000	751,890	7,896,890	875,000	192,888	1,067,888	8,964,778	2029
2030	-	-	-	4,940,000	413,855	5,353,855	920,000	149,138	1,069,138	6,422,993	2030
2031	-	-	-	2,595,000	174,250	2,769,250	970,000	101,988	1,071,988	3,841,238	2031
2032	-	-	-	890,000	44,500	934,500	1,020,000	52,275	1,072,275	2,006,775	2032
2033	-	-	-	-	-	-	-	-	-	-	2033
2034	-	-	-	-	-	-	-	-	-	-	2034
2035	-	-	-	-	-	-	-	-	-	-	2035
2036	-	-	-	-	-	-	-	-	-	-	2036
Total	5,180,467	723,587	5,904,054	169,000,000	95,173,624	264,173,624	15,040,000	9,665,683	24,705,683	294,783,361	

1. Indudes Series 2000A, 2003A, 2004A, 2005A, 2005B, 2006A, 2006B, 2007A Bonds

REPORT OF THE AIRPORT SYSTEM FINANCIAL CONSULTANT

The County has retained Unison-Consulting, Inc. ("Unison" or the "Airport System Financial Consultant") to prepare the report attached hereto as Appendix A "FINANCIAL FEASIBILITY REPORT," which describes, among other matters, the County's capital plans for the Airport System, an analysis of the Airport's service area and economic base, a summary of historical and projected air traffic at the Airport, and a financial analysis, including estimates of revenues, operation and maintenance expenses and annual debt service coverage following the issuance of the 2009 Bonds (the "Financial Feasibility Report"). The Financial Feasibility Report should be read in its entirety for an explanation of the assumptions and forecasts used therein.

The conclusions, forecasts, and much of the other information included in the Financial Feasibility Report are based on the assumptions stated therein. Such assumptions are based on present circumstances and information currently available, which was furnished by the County and other sources. Unison expresses no opinion as to the accuracy of the financial source data or other materials utilized in preparing the Financial Feasibility Report. Prospective purchasers should be aware that there might be differences between the projected and actual results, because events and circumstances may not occur as expected and those differences may be material. The achievement of any financial forecast is dependent upon future events that cannot be assured.

The assumptions described above and the analyses contained in the attached report have resulted in the findings described below:

- The local demographic and economic trends reflect a diverse and growing socio-economic base that will continue to support growth in air travel demand.

- Under the base forecast, annual enplanements are projected to initially decrease from 4.0 million in 2008 to 3.8 million in 2010, and then gradually increase to 4.2 million in 2014, representing an average annual growth rate of 0.9 percent between 2008 and 2014. Under the low forecast, annual enplanements are projected to decrease relatively more sharply to 3.2 million in 2010, and then gradually increase to 3.6 million in 2014, representing an average annual rate of -1.9 percent between 2008 and 2014.

- Total Airport System Revenues, based on the base enplanement forecast, are projected to increase from approximately $73.2 million in 2009 to approximately $94.2 million in 2014.

- The airline cost per enplaned passenger, under the base enplanement forecast, is projected to increase from $4.86 in 2009 to $6.01 in 2014.

- Annual net discretionary cash flow is projected to fluctuate from approximately $0.9 million in 2009 to approximately $0.4 million in 2014.

- Debt service coverage, based on the base enplanement forecast, is projected to decrease from 1.50 in 2009 to 1.33 in 2014. Therefore, debt service coverage is projected to remain above the 1.25 minimum requirement throughout the forecast period.

Based on the assumptions and analysis presented in the Financial Feasibility Report, the Airport System Financial Consultant forecasts that the Airport System will be able to comply with the provisions of the Resolution and Supplemental Resolution relating to the 2009 Bonds.

MILWAUKEE COUNTY AIRPORT SYSTEM
CASH FLOW AND DEBT SERVICE COVERAGE
FOR YEARS 2008 - 2014

Cash Flow and Debt Service Coverage	Actual 2008	Estimated 2009	Budget 2010	PROJECTED 2011	2012	2013	2014
AIRPORT SYSTEM REVENUES [1]							
TOTAL REVENUES	$75,642,748	$73,207,088	$79,980,512	$81,261,762	$85,269,175	$86,229,787	$94,222,687
O&M EXPENSES	$54,265,575	$52,431,540	$58,187,719	$59,876,827	62,510,355	65,245,321	67,864,710
NET REVENUES	$21,377,173	$20,775,548	$21,792,793	$21,384,935	$22,758,821	$20,984,466	$26,357,977
NET DISCRETIONARY CASH FLOW							
Net Revenues	$21,377,173	$20,775,548	$21,792,793	$21,384,935	$22,758,821	$20,984,466	$26,357,977
Less. Debt Service							
G.O. Bonds	$1,471,791	$1,420,489	$768,370	$776,072	$1,011,414	$1,207,195	$1,174,486
Series 2000A & 2003A Bonds	8,166,419	7,942,919	7,735,919	7,527,981	7,300,731	7,063,356	6,825,513
Series 2004A Bonds	2,542,900	2,539,400	2,540,150	2,539,900	2,542,150	2,541,650	2,538,400
Series 2005A Bonds	1,545,390	1,541,390	1,537,390	1,533,390	1,534,390	1,535,190	1,535,790
Series 2005B Bonds	1,035,200	1,038,800	1,041,000	1,046,800	1,046,000	1,043,800	1,045,200
Series 2006A Bonds	1,837,500	1,837,700	1,841,900	1,839,900	1,836,900	1,837,900	1,837,700
Series 2006B Bonds	822,000	764,500	478,250	454,750	436,500	413,250	390,250
Series 2007A Bonds	931,956	935,363	935,113	934,113	932,363	934,863	931,363
Series 2009A Bonds		0	547,465	579,669	579,669	579,669	579,669
Series 2009B Bonds			556,206	539,075	513,275	492,000	473,200
Future GARBs	0	0	0	2,329,953	2,329,953	2,386,667	8,212,995
Less: Deposits to O&M Reserve Fund	967,073	0	1,077,400	155,148	472,327	431,151	416,952
Less: Deposits to Coverage Fund [2]	48,541	0	247,700	14,179	1,456,582	0	0
Less: Reimbursement of Tax Levy	1,966,274	1,903,131	1,231,739	0	0	0	0
Net Discretionary Cash Flow	$42,128	$851,857	$1,254,191	$1,114,006	$766,567	$517,775	$396,460
COVERAGE CALCULATION [3]							
Net Revenues	$21,377,173	$20,775,548	$21,792,793	$21,384,935	$22,758,821	$20,984,466	$26,357,977
Add Other Available Funds:							
Series 2000 & 2003 A Bonds	$2,041,605	$1,985,730	$1,933,980	$1,881,995	$1,825,183	$1,765,839	$1,706,378
Series 2004A Bonds	635,725	634,850	635,038	634,975	635,538	635,413	634,600
Series 2005A Bonds	386,348	385,348	384,348	383,348	383,598	383,798	383,948
Series 2005B Bonds	258,800	259,700	260,250	261,700	261,500	260,950	261,300
Series 2006A Bonds	459,375	459,425	460,475	459,975	459,225	459,475	459,425
Series 2006B Bonds	205,500	191,125	119,563	113,688	109,125	103,313	97,563
Series 2007A Bonds	232,989	233,841	233,778	233,528	233,091	233,716	232,841
Series 2009A Bonds		0	136,866	144,917	144,917	144,917	144,917
Series 2009B Bonds			139,052	134,769	128,319	123,000	118,300
Future GARBs	0	0	0	582,488	582,488	596,667	2,053,249
Net Revenues plus Other Available Funds	$25,597,514	$24,925,566	$26,096,141	$26,216,317	$27,521,803	$25,691,552	$32,450,497
Debt Service:							
Series 2000A & 2003A Bonds	$8,166,419	$7,942,919	$7,735,919	$7,527,981	$7,300,731	$7,063,356	$6,825,513
Series 2004A Bonds	2,542,900	2,539,400	2,540,150	2,539,900	2,542,150	2,541,650	2,538,400
Series 2005A Bonds	1,545,390	1,541,390	1,537,390	1,533,390	1,534,390	1,535,190	1,535,790
Series 2005B Bonds	1,035,200	1,038,800	1,041,000	1,046,800	1,046,000	1,043,800	1,045,200
Series 2006A Bonds	1,837,500	1,837,700	1,841,900	1,839,900	1,836,900	1,837,900	1,837,700
Series 2006B Bonds	822,000	764,500	478,250	454,750	436,500	413,250	390,250
Series 2007A Bonds	931,956	935,363	935,113	934,113	932,363	934,863	931,363
Series 2009A Bonds		0	547,465	579,669	579,669	579,669	579,669
Series 2009B Bonds			556,206	539,075	513,275	492,000	473,200
Future GARBs	0	0	0	2,329,953	2,329,953	2,386,667	8,212,995
Total GARB Debt Service	$16,881,365	$16,600,071	$17,213,392	$19,325,531	$19,051,931	$18,828,345	$24,370,079
DEBT SERVICE COVERAGE	1.52	1.50	1.52	1.36	1.44	1.36	1.33

[1] In the Supplemental Resolutions for the Series 2004A, 2005A, 2005B, 2006A, 2006B and 2007A and 2009A Bonds, PFC revenues are pledged to the payment of those bonds to the extent that the projects funded with the bond proceeds are approved for PFC funding. Therefore, PFCs projected to be used to pay debt service on those bonds are included in Airport System Revenues.

[2] Increases to the Coverage Fund Balance not funded with PFCs.

[3] Debt service coverage is calculated as Airport System Revenues (including PFCs pledged for debt service), plus other Available Funds, divided by annual GARB debt service. Other Available Funds, as defined in the Bond Resolution, include amounts on deposit in the Coverage Fund and the Surplus Fund. However, Other Available Funds included in the debt service coverage calculation shall not exceed 25% of annual debt service costs.

MILWAUKEE COUNTY AIRPORT SYSTEM
PROJECTED AIRLINE COST PER ENPLANED PASSENGER
For Years 2008 - 2014

Year	Landing Fees [1]	Terminal Rents & Charges	Apron Fees	Total Airline Payments [2]	Enplaned Passengers	Cost Per Enplaned Passenger
2009	$12,271,980	$5,361,463	$1,363,062	$ 18,996,505	3,906,330	$4.86
2010	$14,713,361	$6,491,118	$1,699,858	$ 22,904,337	3,826,532	$5.99
2011	$13,745,932	$4,624,096	$1,694,792	$ 20,064,820	3,853,851	$5.21
2012	$14,524,454	$4,915,585	$1,778,325	$ 21,218,364	3,998,878	$5.31
2013	$15,043,442	$2,806,389	$1,853,906	$ 19,703,738	4,111,529	$4.79
2014	$16,090,344	$7,285,281	$1,926,869	$ 25,302,494	4,211,001	$6.01

[1] Exclude landing fees paid by cargo carriers and military aircraft.

[2] Airline payments projected based on amounts to be included in the airline rate base, which exclude debt service costs paid with PFCs.

The airline cost per enplanement is used as an industry measure to assess the reasonableness of an airport's airline rates and charges. It is calculated by dividing the total amount that is charged to the airlines by the total number of enplaned passengers. The airline charges include Signatory Airline Landing Fees and Terminal Rentals and charges, excluding Landing Fees paid by cargo carriers. The table above shows that the Airport's airline cost per enplanement is projected to increase from $4.86 in 2009 to $6.01 in 2014. However, these cost per enplanement estimates assume that the Airport will be successful in receiving FAA and County Board approvals to increase the PFC collection rate to $4.50 from the current $3.00. If the required approvals do not materialize, it is estimated that the airline cost per enplanement will increase to $6.68 by 2014. Both sets of cost per enplanement estimates are based on actual data for 2008 and does include the impact of future capital programs.

According to a survey conducted by Unison, the airline cost per enplanement for other U.S. medium-hub airports with annual enplanements between 1.3 million and 5.3 million ranged from a low of $1.65 to a high of $14.40. Therefore, GMIA's projected airline cost per enplanement does not seem unreasonable for a medium-hub airport during the forecast period.

INVESTMENT CONSIDERATIONS

Purchase of the 2009 Bonds is subject to certain risks. Prospective purchasers of the 2009 Bonds are urged to read this Official Statement, including all of the Appendices, in its entirety, giving particular attention to the following matters:

Expiration of Airline Leases

The Airline Leases will expire on September 30, 2010. All of the debt service on the 2009 Bonds with the exception of the June 1, 2010 interest payment is due after such date. There is no assurance that future leases with the airlines will contain airline fees and charges provisions similar to those contained in the Airline Leases. However, under the Resolution the County has covenanted to establish and impose a schedule of rates and charges for the use of the Airport System so that in each fiscal year the Revenues will be sufficient to pay operation and maintenance expenses of the Airport System, to pay debt service on the 2009 Bonds and the Outstanding Bonds and to make the required deposits to the other funds established under the Resolution. See "SECURITY FOR THE 2009 BONDS – Rate Covenant."

The Competition Plan update that has been submitted to and approved by the FAA indicates that one of the actions GMIA staff intends to implement is the preparation of a new lease agreement to replace the 25 year lease due to expire on September 30, 2010, that will:

- Have a relatively short duration.
- Facilitate the Airport's direct intervention for the accommodation of new/expanding carriers seeking space.
- Give the airport the capability of approving or disallowing ground handling agreements that may be objectionable, such as those in which an airline signatory requires a sub-lessee to use the signatory exclusively as a ground handler.
- Eliminate express authority for a lessee to refuse to sub-lease with a direct competitor.
- Include dispute resolution capability for airport staff.
- Include a provision for the airport to recover gates if found necessary by airport staff to accommodate new entrants.
- Provide for preferentially leased space with recall provisions and "use it or lose it" clauses, and for airport-controlled gates.

Use of Financial Assumptions by the County

Operations of the Airport System and the setting of rates and charges by the County with respect to the Airport System are based on a number of assumptions, which the County believes are reasonable, although one or more of these assumptions may prove incorrect. Such assumptions include, among others, that (a) the Airline Leases will continue in effect or be replaced by other mechanisms which will effect a similar rate and charge structure for use of the Airport System, (b) there will not be significant reductions in the level of aviation activity at the Airport, or if there are, that rates and charges to airlines operating at the Airport can be adjusted upward to offset any such reduction, (c) airlines operating at the Airport will remain able to pay amounts owing under the Airline Leases, (d) various federal airport funding programs (including Airport Improvement Programs and Passenger Facility Charges) will continue, (e) projections of operations and maintenance expenses and non-airline revenues for the Airport System are reasonably accurate and (f) there are not significant changes in the airline industry generally which adversely affect the Airport System. Any significant variation in any of these and other assumptions could have a material adverse effect on the Airport System, the financial condition of the Airport System and the forecasts contained in Appendix A hereto.

Assumptions in the Report of the Airport System Financial Consultant

The Report of the Airport System Financial Consultant incorporates numerous assumptions as to the utilization of the Airport and other matters and states that any forecast is subject to uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the forecast period will vary, and the variations may be material. See "REPORT OF THE AIRPORT SYSTEM FINANCIAL CONSULTANT" and APPENDIX A "FINANCIAL FEASIBILITY REPORT."

Certain Adverse Air Transportation Industry Factors

The forecasts of aviation activity have been developed based on specific assumptions about the availability and characteristics of airline service at the Airport, key measurable factors that drive demand for air travel, and information available at the time of the analysis. There are broader factors affecting the entire aviation industry and introduce risk and uncertainty into the forecasts. Some of these factors are discussed below.

National Economic Conditions

The demand for air travel and related services is affected by prevailing economic conditions. Economic expansion increases income, boosts consumer confidence, stimulates business activity, and increases demand. In contrast, economic recession reduces income, diminishes consumer confidence, dampens business activity, and weakens demand. The National Bureau of Economic Research (NBER) Business Cycle Dating Committee, responsible for keeping a chronology of the beginning and ending dates of U.S. recessions, determined that the U.S. economy peaked in December 2007 and entered another period of recession. Compared to the 2001 recession, which was mild and brief, the 2008-09 recession was deeper and longer. The U.S. real GDP showed a modest expansion during the second quarter of 2008, before declining during the following four quarters. The deepest declines occurred during the fourth quarter of 2008 (-5.4 percent) and the first quarter of 2009 (-6.4 percent). In its most recent review of the economy in August, the U.S. Office of Management and Budget (OMB) noted that the U.S. economy was "still in the midst of a serious economic downturn." Real GDP continued to decrease at an annual rate of 0.7 percent during second quarter of 2009.

According to independent economic forecasts, economic recovery is expected to begin in the third quarter of CY 2009 and would be sluggish through 2010. The economy is predicted to return to a more traditional growth path beginning in 2011.

U.S. Airlines' Financial Performance

Financial weakness and volatility has characterized the U.S. airline industry especially over the past decade. U.S. airlines posted net losses during five consecutive years from 2001 through 2005, with cumulative losses totaling $35.4 billion. In 2006, the industry began to see positive results, which continued to improve in 2007 despite record high oil prices. U.S. airlines realized a net profit of $3.1 billion in 2006 and $5.0 billion in 2007. However, jet fuel prices continued to escalate through June 2008, forcing some airlines into bankruptcy and liquidation, and others into reducing staff and seat capacity nationwide. Jet fuel prices have since fallen significantly providing airlines with cost relief, but the demand for air travel has continued to weaken with the national and global economic slowdown. Consequently U.S. airlines again incurred losses in 2008 totaling $9.5 billion.

The Air Transport Association (ATA) reports a quarterly composite cost index, which includes three main components: labor, fuel, and payments by mainline carriers to their regional partners to transport passengers and cargo on behalf of the mainline carriers. The ATA recently reported that the composite cost index decreased 22 percent between the first quarter of 2008 and the first quarter of 2009. Although fuel prices have decreased significantly in 2009, increases in nonfuel costs and decreases in passenger revenue have resulted in continued unprofitability for the airline industry. The ATA's Chief Economist reported that "airlines remain focused on seeking every feasible opportunity to realize cost savings and generate new streams of revenue."

Price of Jet Fuel

The financial health of the airline industry is affected by the price of jet fuel. Volatile fuel prices increased airline costs dramatically during the first seven months of 2008 and contributed to airline industry losses for that year. The price of fuel has begun to drop since July 2008, providing airlines substantial cost relief during the second half of the year.

From 2000 to 2008, the price of jet fuel more than tripled, while the U.S. Consumer Price Index – the price of a representative basket of U.S. goods and services – increased only 25.0 percent. As a result, according to the Air Transport Association (ATA), fuel expenses, which historically ranged from 10 to 15 percent of U.S. passenger airline operating costs, now run between 30 and 50 percent. Fuel prices have fallen dramatically since July 2008, but they are beginning to rise again.

U.S. AVERAGE JET FUEL PRICE AND THE U.S. CONSUMER PRICE INDEX 2000 - 2008

Year	U.S. Jet Fuel Price (Cents per gallon)	U.S. CPI (1982-84=100)
2000	90.1	172.2
2001	74.7	177.1
2002	70.9	179.9
2003	85.7	184.0
2004	120.8	188.9
2005	172.7	195.3
2006	197.0	201.6
2007	216.5	207.3
2008	298.0	215.3
	Percent Change	
2000-2008	230.7%	25.0%

Source: Data from Energy Information Administration compiled by Air Transport Association.

Aviation Security Concerns and Related Costs

Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of the current hostilities in Iraq and elsewhere in the Middle East, other potential hostilities and the threat of terrorist attacks, may influence passenger travel behavior and air travel demand. These concerns remain intense in the aftermath of the events of September 11, 2001 with the ongoing prosecution of the Iraq war. Travel behavior may be affected by anxieties about the safety of flying and by the inconveniences and delays associated with more stringent security screening procedures, both of which may give rise to the avoidance of air travel generally and the switching from air to surface travel.

Government agencies, airlines and airport operators have escalated security precautions since the events of September 11, 2001. These precautions include the strengthening of aircraft cockpit doors, the federal program to allow and train domestic commercial airline pilots to carry firearms during flights, changes to prescribed flight crew responses to attempted hijackings, increased presence of armed air marshals, federalization of airport security functions under the Transportation Security Administration (TSA), revised procedures and techniques for the screening of baggage for weapons and explosives and technology for the screening of passengers, such as the United States Visitor and Immigration Status Indicator Technology (US VISIT). No assurance can be given that these precautions will be successful. Also, the possibility of international hostilities and/or further terrorists attacks involving or affecting commercial aviation are a continuing concern that may affect future travel behavior and airline passenger demand.

Because of the implementation of the Congressional mandate, effective January 1, 2003, requiring the screening of all checked baggage for explosives, as well as the impact on airport operations of procedures mandated under "Code Orange" (high) or "Code Red" (severe) national threat levels are declared by the Department of Homeland Security under the Homeland Security Advisory System, there is the potential for significantly increased inconvenience and delays at many airports.

The financial condition of GMIA could be adversely affected if the Airline System incurs substantial increases in security costs in the future. There can be no assurance that GMIA will have sufficient resources to absorb the impact of such costs. In addition, if the airlines were required to pay substantial security costs, it would place an additional financial burden on many already financially troubled airlines, which, in turn, could have a negative impact on the operations of the Airport and its revenues. The Airport cannot predict the likelihood or impact of any future government-required security measures.

Travel Substitutes

Teleconference, videoconference and web-based meetings have improved in quality and price and are often considered satisfactory alternatives to face-to-face business meetings. Events such as the terrorist attacks of September 11, 2001 have accelerated this trend. Although the impact cannot be accurately quantified, it is possible that business travel to and from the GMIA may be negatively affected by this trend.

Loss of PFCs

The FAA has the power to terminate the authority to impose PFCs if the County's PFCs are not used for approved projects, if project implementation does not commence within the time period specified in the FAA's regulations or if the County otherwise violates FAA regulations. The County's plan of funding for the Bond Projects is premised on certain assumptions with respect to the timing and amounts of the County's PFC applications, and the availability of PFCs to fund the Bond Projects. If PFCs are lower than those expected or certain portions of the Bond Projects are not determined to be PFC-eligible, the County may elect to delay certain projects or seek alternative sources of funding, including the possible issuance of additional bonds. See "SECURITY FOR THE 2009 BONDS – Additional Bonds." It is not possible to predict whether future restrictions or limitations on airport operations will be imposed, whether future legislation or regulations will affect anticipated federal funding or PFC revenue collections for capital projects for the Airport or whether such restrictions or legislation or regulations would adversely affect Gross Revenues.

Additional Funding Needs of the Airport System

The estimated costs of, and the projected schedule for, the Bond Projects, including improvements to the passenger terminal complex, depend on various sources of funding, including federal and state grants, and are subject to a number of uncertainties. The ability of the County to complete the various Bond Projects may be adversely affected by various factors including (i) estimating errors, (ii) design and engineering errors, (iii) changes to the scope of the projects, (iv) delays in contract awards, (v) material and/or labor shortages, (vi) unforeseen site conditions, (vii) adverse weather conditions, (viii) contractor defaults, (ix) labor disputes, (x) unanticipated levels of inflation and (xi) environmental issues, including environmental approvals that the County has not obtained at this time. A delay in the completion of certain projects could delay the collection of revenues in respect of such projects, increase the costs for such projects, and may cause the rescheduling of other projects. There can be no assurance that the cost of the Bond Projects will not exceed the currently projected dollar amount or that the completion of the Bond Projects will not be delayed beyond the currently projected completion dates. Any schedule delays or cost increases could result in the need to issue additional bonds and may result in increased costs per enplaned passenger to the airlines, which may place GMIA at a competitive disadvantage to other airports.

Issuance of Future Indebtedness to Fund Capital Projects

As described in Appendix A "FINANCIAL FEASIBILITY REPORT," the County anticipates issuing additional debt to fund future capital improvement projects. In particular, the County intends to submit an application to the FAA in 2010 for approval of a baggage claim expansion project that would also necessitate an approval to increase the PFC charge from $3.00 to $4.50. The FINANCIAL FEASIBILITY REPORT includes an estimate of $47 million for the project, which will be financed and constructed over a multiple year period with an estimated funding split of 50 percent PFC-backed GARBs and 50 percent GARBs backed by airline rates and charges. In addition to FAA approval, the Signatory Airlines must approve the anticipated increases in airline rates and charges. Finally, the County Executive and County Board of Supervisors must also approve the baggage claim expansion project and corresponding increase in the PFC charge.

Regulations and Restrictions Affecting the Airport System

The operations of the Airport System are affected by a variety of contractual, statutory and regulatory restrictions and limitations including, without limitation, the provisions of the Airline Leases, the federal acts authorizing the imposition and collection of PFCs and extensive federal legislation and regulations applicable to all airports in the United States. In the aftermath of the events of September 11, 2001, the Airport also has been required to implement enhanced security measures mandated by the FAA, the TSA and Airport management. Refer to "Aviation Security Concerns and Related Costs."

Presence of Other Airports in the GMIA Primary Service Area

GMIA is the major commercial airport in the State of Wisconsin. The Airport's primary ASA covers the southeastern region of Wisconsin. Strategically located within 95 miles of Chicago O'Hare International Airport and Chicago Midway Airport, GMIA is in a position to benefit from increased connecting passenger traffic as further route rationalization takes place among the large air carriers serving the airport. Other airports in the GMIA air service area include Austin-Straebel International Airport in Green Bay, which is 115 miles north of GMIA; Outagamie County Airport in Appleton, which is 100 miles north of GMIA, and Dane County Regional Airport in Madison, which is 75 miles west of GMIA.

Forward-Looking Statements

This Official Statement, and particularly the information contained under the captions "INTRODUCTION," "PLAN OF FINANCE," "THE AIRPORT SYSTEM," "SOURCES OF REVENUES OF THE AIRPORT SYSTEM," "PROJECT COSTS," "REPORT OF THE AIRPORT SYSTEM FINANCIAL CONSULTANT," and APPENDIX A "FINANCIAL FEASIBILITY REPORT," contain statements relating to future results that are "forward looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "projection," "intend," "expect," and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. Among the factors that may cause projected revenues and expenditures to be materially different from those anticipated are an inability to incur debt at assumed rates, construction delays, increases in construction costs, general economic downturns, factors affecting the airline industry in general, federal legislation and/or regulations, and regulatory and other restrictions, including but not limited to those that may affect the ability to undertake the timing or the costs of certain projects.

INFORMATION ABOUT CERTAIN AIRLINES SERVING GMIA

The information provided below regarding the financial condition of certain airlines serving GMIA has been obtained from publicly available information available as of the date hereof, including information publicly filed by such airlines or their parent corporations with the Securities and Exchange Commission. The information below, however, is not a complete summary of such publicly filed information. Information publicly filed by the airlines or their parent corporations may be examined and copies may be obtained at the places and in the manner set forth in the section captioned "Airline Information" below. Neither the County nor the Underwriters undertake any responsibility for and make no representations as to the accuracy or completeness of the content of such information or undertake any obligation to update such information, whether as a result of new information, future events or otherwise.

General

The County derives a substantial portion of its operating revenues from landing and facility rental fees paid by airlines using the Airport System. The financial strength and stability of these airlines, together with numerous other factors, influence the level of aviation activity within the Airport System and revenues, including PFCs, realized by the County. Individual airline decisions regarding level of service, particularly hubbing activity at GMIA, also affect total enplanements.

Performance of Major Airlines at GMIA

Midwest Airlines had the largest market share of enhancements at GMIA, accounting for 29.8 percent of total enplanements in 2008. Midwest, Skyway, and SkyWest together accounted for 47.8 percent of total enplanements at the Airport in 2008. Skyway stopped operating Midwest Connect in April 2008, and SkyWest is scheduled to stop operating in December 2009. According to published schedules, Republic and Chautauqua will operate Midwest Connect. Northwest Airlines, together with its affiliates, accounted for 13.7 percent of total enplanements in 2008. AirTran was ranked third, with a market share of 13.2 percent in 2008. Delta Air Lines and Delta

Connection affiliates accounted for 5.8 percent of total 2008 enplanements. In October 2008, Northwest merged with Delta, with Northwest becoming a wholly owned subsidiary of Delta. Beginning in February 2009, the two airlines began consolidating gates and ticket counters at airports where both airlines operate. Delta plans to complete the consolidation by February 2010. Once all consolidations are completed, the combined two airlines will likely have the second largest market share at the Airport. Southwest will begin service at GMIA in November 2009, joining AirTran and Frontier in providing low-fare service at the Airport.

It is reasonable to expect the future operational and financial performances of Midwest, AirTran, Delta (with its wholly owned subsidiary, Northwest), and Southwest to have immediate implications for activity level at GMIA. Highlights of recent developments at these mainline carriers are presented below.

Midwest Airlines

On July 31, 2009, Midwest Airlines was acquired by Republic Airways Holdings. As a result of the acquisition, Midwest is a wholly owned subsidiary of Republic, and continues to operate as a branded carrier. Republic, based in Indianapolis, is an airline holding company that also owns Chautauqua Airlines, Republic Airlines, Mokuele Airlines, and Shuttle America. On August 14, 2009, Republic was declared the winning bidder to acquire Frontier Airlines. Republic agreed to purchase 100 percent of the stock of Frontier Holdings when it emerges from bankruptcy, pending the satisfaction of certain conditions.

On September 2, 2009, a codeshare arrangement between Midwest and Frontier was announced. The arrangement will allow Frontier's Denver passengers to travel to destinations served by Midwest, such as Cleveland and Pittsburgh, by transferring to a Midwest flight at GMIA. The two air carriers' passengers will also be able to participate in both airlines' frequent flyer programs.

Midwest's financial operations were significantly affected by the industry conditions in 2008. In that year, Midwest reduced its service system-wide by 40 percent, and reported a loss of $477 million. The airline's operating expenses increased 64 percent in 2008, mainly due to increased fuel costs. Republic loaned Midwest $25 million in September 2008, and an additional $6 million in June 2009. Concurrent with the second loan, Midwest also borrowed $6 million from TPG Capital, a private equity firm.

On August 15, 2009, Midwest announced that it would eliminate approximately 100 positions from its Milwaukee area workforce. The company stated that some of the eliminated jobs were back-office and administrative positions that are no longer needed due to Republic's acquisition of Midwest. However, the layoff notices included pilots and flight attendants, due to Midwest's fleet transition from Boeing 717s to Embraer 190s. The Embraer 190s are operated by crews from Republic. Prior to the layoffs, Midwest's workforce totaled approximately 1,600, with 1,100 of those jobs in the Milwaukee area. The company's announcement stated that about 160 Milwaukee-area employees would receive layoff notices, but that some of those employees would be offered positions with Republic. Midwest is negotiating with the pilot and flight attendant unions over plans to combine the seniority lists of Midwest and Republic. On September 2, 2009, Midwest notified the state of Wisconsin that the company will furlough 26 pilots and 33 flight attendants in October, due to the company's continuing fleet transition to Embraer 190s.

In recent months, Midwest has announced expanded service from GMIA, including:

- A second nonstop flight between GMIA and Los Angeles beginning October 1, with a special introductory one-way fare of $79.

- The return of nonstop service between GMIA and Louisville, which was effective in August, with a special round-trip fare of $136.

- Service to destinations in the Rocky Mountain region, through the codeshare agreement with Frontier Airlines, with special introductory fares that were effective September 8. The codeshare agreement enables Midwest passengers to travel to destinations such as Albuquerque, Billings, Bozeman, Colorado Springs, Durango, and Rapid City.

AirTran Airways

AirTran is a low fare airline headquartered in Orlando. Most of AirTran's flights originate or terminate in Atlanta, its largest hub. AirTran grew significantly from 2000 to 2007, but its growth slowed considerably in 2008 due to the industry environment. During the last four months of 2008 the company reduced its capacity by seven percent, compared to the comparable period in 2007. AirTran is continuing to reduce system capacity in 2009, but not at GMIA. AirTran's scheduled seats at GMIA increased 99.5 percent during the second half of 2009 compared to the same period in 2008, and is expected to increase 23.7 percent during the first half of 2010 compared to the same period in 2009.

As mentioned above, AirTran had the second largest market share at GMIA in 2008. Its 2008 market share of 13.2 percent was a significant increase over its 2007 market share of 6.4 percent. AirTran's increased market share at GMIA reflects its efforts to diversify its traffic base. Since 2001, the airline has diversified its network by increasing its operations in various markets, including Baltimore/Washington, New York LaGuardia, GMIA, Chicago Midway, and Indianapolis. From 2001 to 2008, Atlanta's share of AirTran's network traffic decreased from 90 percent to 62 percent. AirTran views this diversification as a protection against potential risks that could impact individual markets. In September 2009, the airline announced that it would add service to the Bahamas and Aruba, beginning in December 2009, and to Jamaica beginning in February 2010. Since mid-2008, the airline has added new service from GMIA to several destinations, including Denver, Minneapolis, and St. Louis.

AirTran reported a net income of $78.4 million for the quarter ended June 30, 2009, which represented a significant improvement over the $14.8 million net loss the airline had reported for the quarter ended June 30, 2008. Included in the June 30, 2009 net income was a $31 million unrealized gain on AirTran's future fuel hedge portfolio. In its press release announcing the quarterly financial results, AirTran stated that its on-going initiatives include "reducing and reallocating capacity, enhancing liquidity, selling and deferring aircraft, and unwinding fuel hedges." The airline also reported that it had increased capacity at GMIA by over 30 percent compared to the quarter ended June 30, 2008.

Northwest Airlines and Delta Air Lines

On May 31, 2007, Northwest Airlines emerged from Chapter 11 bankruptcy protection, which it had filed for in September 2005. On October 29, 2008, Delta Air Lines completed its merger with Northwest Airlines, making Delta the largest commercial air carrier in the world. In February 2009, Delta and Northwest began consolidating gates and ticket counters at airports where both airlines operate. Delta plans to complete the consolidation by February 2010. According to the Delta Air Lines 2008 financial statements, Delta believes the merger will enhance the carrier's ability to "manage through economic cycles and volatile fuel prices," invest in the air carrier's fleet, improve customer service, and achieve the company's strategic objectives.

Delta made the following disclosures regarding its financial operations for the quarter ended June 30, 2009:

- Delta's operating revenue increased 27 percent, to $27 billion, compared to the comparable quarter in the prior year, due to Delta's merger with Northwest.
- For the combined financials of Delta and Northwest, passenger revenue decreased 25 percent, or $2 billion, compared to the quarter ended June 30, 2008. Delta attributes the decrease to the global economic recession, the impact of the H1N1 virus, and a 7 percent capacity reduction.
- Cargo revenue recognized by Delta and Northwest was 54 percent, or $200 million, lower than in the comparable quarter in 2008 due to a decrease in volume and yield attributed to the global recession.
- Other net revenue increased 15 percent, or $123 million, compared to the quarter ended June 30, 2008, mainly due to increases in baggage fee revenue and revenue from Delta's affinity card agreement with American Express.

On September 16, 2009, Delta announced that it is planning a private offering of $500 million in senior secured notes that will be due in 2014. The airline plans to use the net proceeds of the offering, together with other borrowing, to repay all of the outstanding borrowings under Northwest's senior corporate credit facility.

In a press release dated June 11, 2009, Delta observed that "declining revenues will overtake the more than $6 billion in total benefits we expected this year from lower year-over-year fuel prices, merger synergies and capacity reductions." The press release continued with the announcement of "additional steps to align our capacity with market demand, preserve liquidity, and ensure Delta's long-term success." The air carrier announced its plans to reduce its international capacity due to reduced demand for international travel. However, Delta stated that the current economic environment would not have a negative effect on its merger integration with Northwest. Delta pledged to accelerate its plans "to rebrand and consolidate facilities, repaint aircraft, and ramp-up our frontline training activities."

Southwest Airlines

Southwest Airlines is among the few U.S. Airlines that maintained its profitability through the difficult period following the U.S. economic recession of 2001 and the terrorist attacks of September 11, 2001. Southwest Airlines reported a net loss of $16 million for the third quarter of 2009. However, excluding a $27 million charge for employee early retirement costs and a $12 million charge related to the airline's fuel hedge portfolio, Southwest earned a net profit of $23 million. Southwest reported that during the first three quarters of 2009, it eliminated 10% of its flights, which represented their unprofitable and less popular flights. The airline's fleet remained flat in 2009. Aircraft freed up from the elimination of unprofitable and less popular flights were utilized to serve new markets, including Minneapolis/St. Paul, New York La Guardia, and Boston Logan. On November 1, Southwest began service at GMIA.

Southwest has reported new revenue initiatives in 2009 to enhance revenues, including charges for pets, unaccompanied minors, and early check-in options. Additionally, the airline reported a positive effect on revenue resulting from its post-Labor Day fare sale. Southwest cautions that it is still working to contain operating costs. Although its energy prices were lower in the third quarter of 2009 compared to the comparable quarter in 2008, other operating expenses (excluding fuel and special items) were 6.6% higher in the third quarter of 2009 than in the third quarter of 2008. Southwest plans to implement an 8% year-over-year capacity reduction during the fourth quarter of 2009; however, at GMIA they are initiating 12 daily non-stop flights to six cities.

Effect of Bankruptcy on Airline Leases

In the event of bankruptcy proceedings involving one or more of the airlines operating at GMIA, the debtor or its bankruptcy Trustee must determine within a time period determined by the court whether to assume or reject the applicable Airline – Airport Use and Lease Agreement or other lease agreements or operating agreements. In the event of assumption, the debtor would be required to cure any prior defaults and to provide adequate assurance of future performances under the relevant agreements. Rejection of a lease or an executory contract by any of such airlines would give rise to an unsecured claim of the Authority for damages, the amount of which in the case of a lease is limited by the Bankruptcy Code.

The PFC Act was amended in 1996 to provide that PFCs that are held by an airline constitute a trust fund that is held for the beneficial interest of the eligible agency imposing the PFC and that the Collecting Airline holds neither legal nor equitable interest in the PFC revenues, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFC collections separately and to disclose in their financial statements the existence and amount of funds regarded as trust funds. The airlines, however, are permitted to commingle PFC collections until such PFC collections must be remitted. If an air carrier is in liquidation or bankruptcy proceedings, however, it is prohibited from commingling PFC collections with other revenue and from granting a security interest in PFC collections to a third party.

On October 17, 2005, amendments to the United States Bankruptcy Code took effect. The amendments were partially established as a result of bankruptcies of airlines. Among other things, the amendments will force companies to reorganize and emerge from Chapter 11 protection more quickly. Companies will have up to 18 months during which they must submit a reorganization plan and are protected from takeover attempts. The amendments also require companies to make decisions within 120 days about whether they want to reject leases of their vendors or partners.

Pension overhaul legislation signed into law by President George W. Bush on August 17, 2006, gives airlines that have filed for bankruptcy and have frozen their defined-benefit pension plans up to 17 years to fully fund those plans. This provision directly benefited Delta and Northwest Airlines.

Airline Information

Midwest, AirTran, Delta, and Southwest Airlines, the airlines with the highest market shares at GMIA, along with certain other major and national airlines serving GMIA or their respective parent corporations are subject to the periodic reporting requirements of the Exchange Act and, in accordance therewith, file reports and other information with the Securities and Exchange Commission. Certain information, including financial information, as of particular dates concerning such airlines or their respective parent corporations is disclosed in certain reports and statements filed with the Commission. Such reports and statements can be inspected in the Public Reference Room of the Commission at 450 Fifth St., N.W., Washington, D.C. 20549, and at the Commission's regional offices at 500 West Madison Street, Suite 1400, Chicago, Illinois 60661; and copies of such reports and statements can be obtained from the Public Reference Section of the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Additional information with respect to the filings of the airlines may be retrieved at the SEC.gov site using EDGAR. In addition, each airline is required to file periodic reports of financial and operating statistics with the Department of Transportation. Such reports can be inspected at the following location: Office of Aviation Information Management, Data Requirements and Public Reports Division, Research and Special Programs Administration, Department of Transportation, 400 7th Street, S.W., Washington, D.C. 20590.

Neither the County nor the Underwriters undertake any responsibility for and make no representations as to the accuracy or completeness of the content of information available from the Securities and Exchange Commission or the U.S. Department of Transportation as discussed in the preceding paragraph, including, but not limited to, updates of such information or links to other internet sites accessed through the Commission's website.

LITIGATION

In the opinion of the Milwaukee County Corporation Counsel, there is no litigation of any nature, either pending or, to the best of the Corporation Counsel's knowledge, threatened, which would affect the issuance and delivery of the Bonds or the collection of Revenues pledged to the payment of the principal and interest thereon, and neither the corporate existence nor the boundaries of the County nor the title of its present or former officers to their respective offices is being contested.

There are lawsuits pending before the United States Court of Appeals for the Seventh Circuit, the United States District Courts for the Eastern and Western Districts of Wisconsin, other federal courts and state courts of Wisconsin involving the County, as a body corporate, or naming officers of the County as defendants. Based upon past experience, the Milwaukee County Corporation Counsel does not believe that such litigation will be determined so as to result individually or in the aggregate in a final judgment against the County, which would materially affect the County's financial position. However, as with all litigation, it is difficult to give a comprehensive prediction of exposure until a case is prepared for trial.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the 2009 Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, and Emile Banks & Associates, LLC, Milwaukee, Wisconsin, Co-Bond Counsel (the "Co-Bond Counsel"), who have been retained by, and act as, Co-Bond Counsel to the County. Co-Bond Counsel have not been retained or consulted on disclosure matters, and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the 2009 Bonds, and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that in their capacity as Co-Bond Counsel, Chapman and

Cutler LLP and Emile Banks & Associates, LLC, have, at the request of the County, supplied the information under the heading " TAX EXMPTION."

TAX EXEMPTION

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States of America, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The County has covenanted to comply with all requirements that must be satisfied in order for the interest on the 2009 Bonds to be excludible from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause the interest on the 2009 Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the 2009 Bonds.

Subject to the compliance by the County with the above-referenced covenants, under present law, in the opinion of Co-Bond Counsel, interest on the **Series 2009A Bonds** (i) is excludible from the gross income of the owners thereof for federal income tax purposes, except for interest on any Series 2009A Bond for any period during which such 2009A Bond is owned by a person who is a substantial user of the Bond Project or any person considered to be related to such person (within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code")), (ii) **is not included** as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, and (iii) **is not taken** into account in computing adjusted current earnings, as described below.

Subject to the compliance by the County with the above-referenced covenants, under present law, in the opinion of Co-Bond Counsel, interest on the **Series 2009B Bonds** is excludible from the gross income of the owners thereof for federal income tax purposes, except for interest on any Series 2009B Bond for any period during which such 2009B Bond is owned by a person who is a substantial user of the Bond Project or any person considered to be related to such person (within the meaning of Section 147(a) of the Code) (ii) **is included** as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations.

In rendering their opinion, Co-Bond Counsel will rely upon certifications of the County with respect to certain material facts within the knowledge of the County relating to the applications of the proceeds of the 2009 Bonds. The opinion of Co-Bond Counsel represents their respective legal judgment based upon their respective review of the law and the facts that they each deem relevant to render such opinions, and are not a guarantee of result.

The Internal Revenue Code of 1986, as amended (the "*Code*"), includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT for a corporation, if any, depends upon the alternative minimum taxable income of the corporation ("AMTI"), which is the taxable income of the corporation with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of the "adjusted current earnings" of the corporation over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would generally include certain tax-exempt interest, but does not include interest on the 2009A Bonds.

Ownership of the 2009 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the 2009 Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "Issue Price") for each maturity of the 2009 Bonds is the price at which a substantial amount of such maturity of the 2009 Bonds is first sold to the public. The Issue Price of a maturity of the 2009 Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page of this Official Statement.

If the Issue Price of a maturity of the 2009 Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the 2009 Bonds (the "OID Bonds") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the Issue Price for such maturity, and who holds such OID Bond to its stated maturity, subject to the condition that the County complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludible from the gross income of the owner thereof for federal income tax purposes (except an owner who is a substantial user of the Bond Project or any person considered to be related to such person within the meaning of Section 147(a) of the Code) ; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount with respect to the 2009A Bonds is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but such original issue discount with respect to the 2009B Bonds is included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code; (d) such original issue discount with respect to the 2009A Bonds is not taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations under the Code, as described above; and (e) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of the 2009 Bonds who dispose of 2009 Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase 2009 Bonds in the initial public offering, but at a price different from the Issue Price or purchase 2009 Bonds subsequent to the initial public offering should consult their own tax advisors.

If a 2009 Bond is purchased at any time for a price that is less than the stated redemption price of such 2009 Bond at maturity or, in the case of an OID Bond, its Issue Price plus accreted original issue discount (the "Revised Issue Price"), the purchaser will be treated as having purchased a 2009 Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income, and is recognized when a 2009 Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the election of the purchaser, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such 2009 Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the 2009 Bonds.

An investor may purchase a 2009 Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium," and must be amortized by an investor on a constant yield basis over the remaining term of the 2009 Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt obligation. As bond premium is amortized, it reduces the basis of the investor in the 2009 Bond. Investors who purchase a 2009 Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the basis of the 2009 Bond for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the 2009 Bond.

There are or may be pending in the Congress of the United States of America legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the 2009 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations issued prior to enactment. Prospective purchasers of the 2009 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Co-Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the 2009 Bonds. If an audit is commenced, under current procedures the Service may treat the County as a taxpayer, and the owners of the 2009 Bonds may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the 2009 Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the 2009 Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any owner of a 2009 Bond who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any owner of a 2009 Bond who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

The 2009A Bonds are treated as issued in 2009 or 2010 for purposes of Section 265(b)(7) of the Code relating to interest expense deductibility for financial institutions. The treatment of interest expense for financial institutions owning the 2009A Bonds may be more favorable than the treatment provided to owners of tax-exempt obligations issued before January 1, 2009, but may be less favorable than treatment provided to owners of bank qualified obligations. Financial institutions should consult their tax advisors concerning such treatment.

The Series 2009B Bonds are treated as issued before 2009 for purposes of Section 265(b)(7) of the Code relating to interest expense deductibility for financial institutions because the Series 2009B Bonds refund bonds issued before 2009. The treatment of interest expense for financial institutions owning the Series 2009B Bonds may be less favorable than the treatment provided to owners of tax-exempt bonds issued in 2009 or 2010. Financial institutions should consult their tax advisors concerning such treatment.

NOT BANK-QUALIFIED OBLIGATIONS

The 2009 Bonds will not be designated "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

UNDERWRITING

The 2009 Bonds are being purchased by Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") on behalf of the group of Merrill Lynch and Siebert Brandford Shank & Co., LLC (the "Underwriters"), subject to certain terms and conditions set forth in the Bond Purchase Agreement between the County and Merrill Lynch, including the approval of certain legal matters by Co-Bond Counsel and the existence of no material adverse change in the condition of the Airport System's finances from that set forth in this Official Statement.

The aggregate purchase price payable by the Underwriters for the 2009 Bonds is $14,800,300.85 which takes into account a net original issue discount of $148,317.75 and Underwriters' discount of $91,381.40. The 2009 Bonds are offered for sale to the public at the prices producing the yields set forth on the inside cover page of this Official Statement. The 2009 Bonds may be offered and sold to certain dealers at prices lower than such public offering prices, and the Underwriters may change such offering prices, from time to time. The County has been advised that one or more of the Underwriters expect to make a market in the 2009 Bonds. The making of a market may be discontinued at any time.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934 (the "Rule"), the County shall covenant pursuant to a Resolution adopted by the Governing Body to enter into an undertaking (the "Undertaking") for the benefit of holders including beneficial holders of the 2009 Bonds to provide certain financial information and operating data relating to the County annually to the Municipal Securities Rulemaking Board (the "MSRB"), and to provide notices of the occurrence of certain events enumerated in the Rule electronically or in the manner otherwise prescribed by the MSRB to the MSRB. The details and terms of the Undertaking, as well as the information to be contained in the annual report or the notices of material events, are set forth in the Continuing Disclosure

Certificates to be executed and delivered by the County at the time the 2009 Bonds are delivered. Such Certificates will be in substantially the forms attached hereto as Appendix C. The County has never failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of material events. A failure by the County to comply with the Undertaking will not constitute an event of default on the 2009 Bonds (although holders will have the right to obtain specific performance of the 2009 Bonds under the Undertaking). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2009 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2009 Bonds and their market price.

On December 8, 2008, the Securities and Exchange Commission (the "Commission") approved an amendment to the Rule designating the MSRB as the central repository to continuing disclosure by state and local government debt issuers, including the County. Under a separate MSRB rule change, the MSRB designated its Electronic Municipal Market Access ("EMMA") system as the system to be used for continuing disclosures to investors. The Commission and MSRB rule changes took effect on July 1, 2009. As a result, the County will be required to file its continuing disclosure information using the EMMA system. Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

FINANCIAL ADVISOR

The County has retained Public Financial Management Inc. and Peralta Garcia Solutions as co-financial advisor (the "Financial Advisors") in conjunction with the issuance of the 2009 Bonds. The Financial Advisors have relied upon governmental officials, and other sources, which have access to relevant data to provide accurate information for the Official Statement, and the Financial Advisors have not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Financial Advisors are not public accounting firms and have not been engaged by the County to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Financial Advisors will not participate in the underwriting of the 2009 Bonds.

Requests for information concerning the County may be addressed to Public Financial Management Inc., 115 South 84th Street, Suite 100, Milwaukee, WI 53214, (866/462-8259).

RATINGS

The 2009 Bonds have been assigned the municipal bond ratings of "A+" by Fitch Ratings ("Fitch"), One State Street Plaza, New York, New York and "A1" by Moody's Investors Service, Inc. ("Moody's"), 99 Church Street, New York, New York.

The ratings do not constitute a recommendation by the rating agencies to buy, sell or hold the 2009 Bonds. A further explanation of the significance of the ratings must be obtained from the rating agencies. The ratings are subject to revision or withdrawal at any time by the respective rating agency, and there is no assurance that a rating will continue for any period of time or that it will not be revised or withdrawn. Any downward revision or withdrawal of a rating may have an adverse effect on the market price of the 2009 Bonds.

CERTIFICATION

As of the date of the settlement of the 2009 Bonds, the Underwriter will be furnished with a certificate signed by the Director, Department of Administrative Services, or her designee. The certificate will state that, as of the date of this Official Statement, this Official Statement did not and does not, as of the date of the certificate, contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

APPENDIX A

FINANCIAL FEASIBILITY REPORT

UNISON Consulting, Inc.

December 10, 2009

Mr. Lee Holloway, Chairman
Milwaukee County Board of Supervisors
901 North Ninth Street
Milwaukee, Wisconsin 53233

Re: Report of the Airport Consultant
Financial Feasibility of the Milwaukee County Airport Revenue Bonds Series 2009A (Non-AMT) and Series 2009B (AMT) (the "2009 Bonds")

Dear Mr. Holloway:

UNISON-CONSULTING, INC. ("Unison") is pleased to submit this Report of the Airport Consultant in support of the intent of Milwaukee County (the "County") to issue the Airport Revenue Bonds, Series 2009A (Non-AMT) (the "Series 2009A Bonds") and the Airport Revenue Refunding Bonds, Series 2009B (AMT) (the "Series 2009B Bonds") (collectively the "2009 Bonds") in the approximate aggregate principal amount of $15.0 million. The Series 2009A Bonds are being issued to finance the construction of various airfield, terminal and landside capital improvements (the "Series 2009A Bond Projects") at General Mitchell International Airport ("GMIA" or the "Airport"). The Series 2009B Bonds are being issued to refund certain General Obligation Bonds (the "GO Bonds") that were issued by the County in 1999 to finance various improvements at the Airport. On November 5, 2009 the Board of Supervisors (the "Board") approved supplemental resolutions for both the Series 2009A Bonds (the "2009A Supplemental Resolution") and the Series 2009B Bonds (the "2009B Supplemental Resolution") (collectively the "2009 Supplemental Resolution"). The Bond Resolution and the supplemental resolutions are collectively referred to in the attached report as the "Bond Resolutions."

The 2009 Bonds are special obligations of the County, payable solely from the Revenues of the Milwaukee County Airport System (the "Airport System"), and amounts on deposit in certain funds and accounts established under the Bond Resolutions. The 2009 Supplemental Resolution includes PFC revenues as Airport System Revenues to the extent that the projects funded with the proceeds of those bonds are approved for PFC funding.

409 West Huron • Suite 400 • Chicago, Illinois 60654-3401 • (312) 988-3360 • Fax: (312) 988-3370

CHICAGO • LOS ANGELES • NEWARK • NEW YORK • SAN ANTONIO • ST. LOUIS

Airport System management anticipates using PFC revenues to pay a portion of the debt service for the Series 2009A Bonds (corresponding to the costs of the Series 2009A Bond Projects that are PFC-eligible). The 2009 Bonds are being issued on a parity with the currently outstanding Series 2000A Bonds, Series 2003A Bonds, Series 2004A Bonds, Series 2005A, Series 2005B Bonds, Series 2006A Bonds, Series 2006B Bonds and Series 2007A Bonds.

The County owns and operates GMIA and Lawrence J. Timmerman Airport ("Timmerman Airport"), which together comprise the Airport System. GMIA, which handled approximately 4.0 million enplanements in 2008 and approximately 2.9 million enplanements for the first nine months of 2009, is the major air carrier airport in the state of Wisconsin, serving a primary air service area ("MSA") of approximately 1.6 million people in 2008.

The Series 2009A Bond Projects

The Series 2009A Bond Projects consist of the following capital improvements, which are described in more detail in the attached report:

- *RSA – Runway 1L-19R and 7R-25L - Construction*
- *Terminal HVAC Replacement*
- *Concourse D Hammerhead Restroom Remodel*
- *Terminal South Escalator Reorientation*
- *Parking Structure 6th Floor Membrane*

Rate Covenant

Pursuant to the Bond Resolution, the County covenants to establish and maintain rental rates, fees, and charges for the use of the facilities and for the commodities furnished by the Airport System, so that Net Revenues in each year are equal to at least 125% of the annual Debt Service on the current outstanding General Airport Revenue Bonds ("GARBs"), the 2009 Bonds, and any additional bonds issued on a parity with the current outstanding GARBs. This requirement is known as the Rate Covenant. Net Revenues are defined in the Bond Resolution to equal Airport System Revenues less operation and maintenance expenses ("O&M Expenses"), which do not include depreciation or bond principal and interest payments. One of the objectives of the attached Report is to determine the County's ability to fulfill the Rate Covenant during the forecast period (2011 through 2014).

Additional Bonds Test

The Bond Resolution permits the issuance of additional series of bonds ("Additional Bonds") on a parity with bonds that are currently outstanding (the "Outstanding Bonds"), provided that certain conditions are met (the "Additional Bonds Test"). One of the conditions of the Additional Bonds Test is certification by the County that the Net Revenues for the last audited Fiscal Year, together with Other Available Funds, were in an amount not less than 125 percent of maximum annual Debt Service on all Outstanding Bonds and the Additional Bonds to be issued.

Airline Leases

The County has entered into similar lease agreements ("Airline Leases") with 14 airlines (the "Signatory Airlines"). The Airline Leases specify the terms and conditions of the Signatory Airlines' use of Airport facilities and their operations at the Airport. The agreement was initially executed including an interim term that began April 1, 1980, and continued through the date of beneficial occupancy of the major terminal expansion project. On October 1, 1985, the date of beneficial occupancy of the major terminal expansion, the primary term, having an expiration date of September 30, 2010, was instituted. The Airline Leases established a residual airline rates and charges methodology whereby the Signatory Airlines are responsible for paying landing fees, terminal rentals, and apron rentals to recover the annual net deficits in the Airfield, Terminal, and Apron cost centers, respectively. In addition, the Signatory Airlines are required to reimburse the Airport System for the cost of providing flexible response security services. The financial analyses in the attached Report are based on the current methodology (fully residual) continuing throughout the forecast period discussed in Section V.

Report Organization

Unison has conducted this financial feasibility study to evaluate the ability of the Airport System to generate sufficient Net Revenues and meet the financial requirements established by the Bond Resolution, including the Rate Covenant and the Additional Bonds Test. In conducting the study, we analyzed the relevant aspects of the Airport System's operations, as well as various factors that can affect Airport System operations. The summary of the components of the report below provides an overview of the comprehensive analysis performed for this study:

Section I: Introduction. Section I provides background information regarding the Airport System and its facilities, the County and its officials, and the key Airport System staff members.

Section II: The Airport System's Capital Improvement Program. Section II describes the sources of funding, followed by a summary of the Airport System's Capital Improvement Program (the "CIP") cost and sources of funding, and finally a review of the 2009A Bond Projects.

Section III: Local Economic Base of the Airport. Section III defines the Airport's air service area and discusses the relevant local demographic and economic trends. The assessment of the local economic base provides the context for the analysis and forecast of air traffic activity in Section IV.

Section IV: Aviation Activity Analysis and Forecast. Section IV reviews the historical aviation activity at the Airport by examining passenger traffic, aircraft operations, and air cargo data from 1999 through September 2009. It presents forecasts of aviation activity for the remainder of 2009 through December 2014 and explains the factors underlying historical and forecast aviation activity trends. This section presents three forecast scenarios: base, low and high. The base and low forecasts are used as input to the financial analysis in Section V.

Section V: Financial Analysis. Section V describes the framework for the financial operation of the Airport System. It analyzes the Airport System's historical revenue and expenses and presents forecasts of revenues, O&M Expenses, debt service, Net Revenues, and debt service coverage for the Airport System through 2014.

Assumptions

In developing aviation activity forecasts and financial projections, we have made a number of assumptions regarding the following: the financing structure of the 2009 Bonds; future trends of factors that influence aviation activity; Airport System operating plans; and general price inflation. The assumptions used in each component of the study are explained in the Report, and the major assumptions are listed below:

1. The 2009 Bonds will be issued in the aggregate principal amount of $15.0 million.
2. The 2009 Bonds will fully mature in year 2032.
3. To forecast passenger enplanements, Unison used a combination of a capacity-based forecasting approach for the near-term (using published schedules as of September 14, 2009) and a demand-based multivariate regression modeling approach for the long-term. The following growth trends were assumed for the regression model explanatory variables: Local non-agricultural employment would decrease at an average annual rate of 4.2 percent in 2009 and 2010, and thereafter increase at an average annual rate of 2.0 percent through 2014. The real passenger yield[1] at GMIA is projected to decrease at an average annual rate of 8.9 percent in 2009 and 2010, and thereafter continue decreasing at an

[1] The real passenger yield represents total airline revenues divided by the revenue passenger miles, adjusted for inflation.

average annual rate of 1.6 percent through 2014. The U.S. real per capital Gross Domestic Product ("GDP") is expected to decrease at an average annual rate of 1.4 percent in 2009 and 2010, and thereafter increase at an average annual rate of 2.9 percent through 2014.

4. The Airport will submit a PFC application requesting approval of a $4.50 PFC that will become effective for CY 2012.
5. Annual inflation is assumed at approximately 2.0 percent over the forecast period.

The Report presents alternative forecasts of air traffic activity. The base and the low forecasts, used in the financial analysis, differed in growth outlook for 2010, setting alternate growth paths for forecast activity at GMIA. Beyond 2010, the same annual enplanement growth rates apply under both scenarios, driven by projected long-term trends in the key demand drivers. The base and low forecast scenarios are as follows:

- *Base forecast.* The base forecast shows annual enplanements continuing to decrease in 2010, consistent with independent economic projections that real incomes and local employment will continue to decline through 2010.
- *Low forecast.* The low forecast scenario simulates what might happen to air traffic at GMIA if Midwest, its hub carrier, were to discontinue service effective January 2010. The low forecast assumes no loss in O&D traffic, which is germane to the local market and likely to be served by other airlines. However, the low forecast scenario assumes that Midwest's share of connecting traffic (approximately 82 percent) will be lost in its entirety.

The analysis and forecasts contained in the attached report are based upon certain data, estimates and assumptions that were provided by the County, and certain data and projections from other independent sources. The attached report should be read in its entirety for an understanding of the forecasts and the underlying assumptions. In our opinion, the data, estimates, and assumptions used in the attached report are reliable and provide a reasonable basis for our forecast. However, any forecast is subject to uncertainties. Inevitably, some assumptions will not be realized, and unanticipated events and circumstances may occur. Therefore, the actual results achieved may vary from the forecasts and the variations could be material.

Findings

The assumptions described above and the analyses contained in the attached report have resulted in the findings described below.

- The local demographic and economic trends reflect a diverse and growing socio-economic base that will continue to support growth in air travel demand.

- Under the base forecast, annual enplanements are projected to initially decrease from 4.0 million in 2008 to 3.8 million in 2010, and then gradually increase to 4.2 million in 2014, representing an average annual growth rate of 0.9 percent between 2008 and 2014. Under the low forecast, annual enplanements are projected to decrease relatively more sharply to 3.2 million in 2010, and then gradually increase to 3.6 million in 2014, representing an average annual rate of -1.9 percent between 2008 and 2014.
- Total Airport System Revenues, based on the base enplanement forecast, are projected to increase from approximately $73.2 million in 2009 to approximately $94.2 million in 2014.
- The airline cost per enplaned passenger, under the base enplanement forecast, is projected to increase from $4.86 in 2009 to $6.01 in 2014.
- Annual net discretionary cash flow is projected to fluctuate from approximately $0.9 million in 2009 to approximately $0.4 million in 2014.
- Debt service coverage, based on the base enplanement forecast, is projected to decrease from 1.50 in 2009 to 1.33 in 2014. Therefore, debt service coverage is projected to remain above the 1.25 minimum requirement throughout the forecast period.

Conclusion

Based upon the assumptions and analyses presented in the Report, we forecast that the County will be able to comply with the provisions of the Resolution relating to the 2009 Bonds. Accordingly, we conclude that it is financially feasible for the County to proceed with the issuance of the 2009 Bonds.

Sincerely,

UNISON-CONSULTING, INC.

GENERAL MITCHELL INTERNATIONAL AIRPORT
Financial Feasibility Report

December 10, 2009

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

SECTION I
INTRODUCTION

The purpose of this Report is to evaluate the financial feasibility of the proposed issuance of the Airport Revenue Bonds, Series 2009A Non-AMT (the "Series 2009A Bonds") and the Airport Revenue Refunding Bonds, Series 2009B AMT (the "Series 2009B Bonds") (collectively the "2009 Bonds") by Milwaukee County, Wisconsin (the "County"). The Series 2009A Bonds are being issued to finance the construction of various airfield, terminal and landside capital improvements (the "2009A Bond Projects") at the General Mitchell International Airport ("GMIA" or the "Airport"). The Series 2009B Bonds are being issued to refund certain General Obligation Bonds (the "GO Bonds") that had been issued by the County in 1999 to finance various improvements at GMIA. This Report further discusses the estimated capital costs being financed with the Series 2009A Bonds in Section II, and in Section V it discusses the impact on the financial position of the Airport based on the issuance of the 2009 Bonds.

The County owns and operates GMIA and Lawrence J. Timmerman Airport ("Timmerman Airport"), which together comprise the Milwaukee County Airport System (the "Airport System"). The Bond Projects, and their estimated capital costs and funding sources, are described in Section II of this Report.

This section provides background information regarding the Airport System and its facilities, the County and its officials, and the key Airport System staff members. Following are brief descriptions of the remaining sections of the Report:

Section II: The Airport System's Capital Improvement Program. Section II describes the sources of funding, followed by a summary of the Airport System's Capital Improvement Program ("CIP") costs and sources of funding, and finally provides a description of the Series 2009A Bond Projects.

Section III: Local Economic Base of the Airport. Section III defines the Airport's air service area and discusses the relevant local demographic and economic trends. The assessment of the local economic base provides the context for the analysis and forecast of air traffic activity in Section IV.

Section IV: Aviation Activity Analysis and Forecast. Section IV reviews the historical aviation activity at the Airport by examining passenger traffic, aircraft operations, and air cargo data from 1999 through September 2009. It presents forecasts of aviation activity for the period September 2009 through December 2014, and explains the factors underlying historical and forecast aviation activity trends. This section presents three forecast scenarios: base, low and high. The base and low forecasts are used as input to the financial analysis in Section V.

Section V: Financial Analysis. Section V describes the framework for the financial operation of the Airport System. It analyzes the Airport System's historical revenues and expenses and presents forecasts of revenues, O&M Expenses, debt service, Net Revenues, and debt service coverage for the Airport System through 2014.

The financial projections presented in this section are based on the "base" enplanement forecast developed in Section IV. However, a sensitivity analysis is also discussed at the end of this section which presents the financial projections based on an alternative enplanement forecast. In addition, all forecasts are based on the current rate methodology (full residual), even though the current Airline Use and Lease Agreement (AUA), which expires September 30, 2010, is currently being renegotiated with the Airlines.

A. THE MILWAUKEE COUNTY AIRPORT SYSTEM

Encompassing approximately 2,331 acres, which includes the 440th Air Force Reserve Station[1], the Airport is located approximately six miles south of Milwaukee's downtown area and one mile east of Interstate 94, which connects to the Airport via a spur freeway. GMIA is the major air carrier airport in the State of Wisconsin, serving a primary air service area ("MSA") of approximately 1.61 million people.[2] As of November 2009 the Airport was served by, 7 major/national air carriers and 16 regional/commuter air carriers. In 2008, the Airport accommodated approximately 4.0 million enplanements, which represented a 3.4 percent increase over the total enplanements for 2007. Enplanements for the first nine months of 2009 totaled approximately 2.9 million, which represented a 8.0 percent decline in total enplanements versus approximately 3.2 million for the first nine months of 2008. However, the recent year over year trends for the most recent quarter ending September 2009 are showing a smaller decline as further discussed in Section IV of this report. According to statistics compiled by the Airports Council International ("ACI"), GMIA was ranked 52nd in the U.S. in terms of the number of passengers accommodated in 2008.

Timmerman Airport is a general aviation reliever airport for GMIA, containing two paved runways and three instrument approaches. For financial statement purposes, and in the calculation of airline rates and charges, the County combines the financial operations of GMIA and Timmerman Airport.

The County began operating its first airport in 1919. In 1926 the County started airmail service and also purchased a new airport facility, and the next year the Airport opened its first terminal, with Northwest Airlines offering flights from

[1] This site was vacated by the Air Force Reserve in February 2008 and is currently anticipating final conveyance by the Public Benefit Conveyance during the first quarter of 2010. The land is currently being evaluated to determine the optimum use for the parcel.
[2] U.S. Bureau of the Census, at www.census.gov, annual population estimates dated July 1st

Milwaukee to Chicago and to Minneapolis. In 1940, the Airport constructed a new two-story terminal building. The following year, the Airport was officially named General Mitchell Field, in honor of General William Mitchell who served in the U.S. armed services during the World War I era. Air flight operations increased significantly after the completion of the first terminal and ultimately led to the construction of a new, two-level concourse with 23 gates in 1955. In 1985, the Airport completely renovated the terminal building with new concession, ticketing, and baggage claim areas. In 1990, 16 additional gates were added to Concourse D and a moving walkway to transport travelers to the new gate areas was installed. In early 2000 the Airport began several terminal concourse improvement projects, which included improvements for Concourses C, D and E that started in 2005 and are essentially complete. In addition to terminal improvements, in 1980 a 4,440-space parking garage was completed, which was expanded to approximately 5,900 spaces in 1990. By late 2002, Phase I of the parking garage expansion was completed, which increased the supply of public parking spaces in the parking garage to approximately 7,800.

The Federal Aviation Administration ("FAA") classifies the Airport as a medium hub airport. A medium hub airport is defined as an airport that enplanes between 0.25 percent and one percent of the total U.S. enplaned revenue passengers on certificated route air carriers.

1. Terminal Facilities

GMIA's main terminal complex contains an estimated 880,700 square feet and is comprised of a central terminal building and three passenger concourses with 48 gates and corresponding hold-room areas. The terminal building has the capacity to expand to a total of 80 gates. Bridge structures connect the main level of the central terminal building to the three concourses. The central terminal building consists of four levels. The basement level contains the inbound baggage delivery system, mechanical and utility equipment rooms, concession and Airport storage rooms, and a tornado shelter. The ground or lower level contains ticketing operations, airline offices, outbound baggage and support systems, baggage claim, and baggage service offices. The second level contains concessions, the hold-room areas located in the three concourses, administrative offices, a first aid center, a nursery, and an aviation museum. The Airport operations offices and the control center room are located on the mezzanine level. Located west of Concourse C is a separate 15,100 square-foot International Arrivals Terminal.

Two pedestrian bridges connect the main level of the central terminal building to the existing six-level automobile parking structure. The Airport has separate enplaning and deplaning roadways, which provide curbside access to the main terminal complex. A spur roadway off the main terminal departure road provides access to the International Arrivals Terminal.

The Concourse C expansion was completed and opened in July 2007. This involved the completion of Phase II of this project which included the hammerhead expansion on the northeast end of the present concourse, along with the addition of eight new gates, six new aircraft parking positions, additional operation areas, expanded rest rooms and a retail area. The first phase, completed in April 2006, included the design and construction of the Concourse C stem improvements, widening of the concourse to provide additional holdroom areas, and security check point improvements. In addition, the Airport completed the construction of a second lower level boarding area on Concourse D during 2006. Lastly, the Concourse E remodeling project is nearing completion, which involves the remodeling of the public areas in this concourse, including increased electrical equipment and service to accommodate the airlines 400 MHz ground power units. This project remains on schedule to be completed by the end of calendar year 2009.

2. Airfield and Aircraft Parking Aprons

GMIA's existing airfield configuration consists of two air carrier runways and three other runways, as follows:

TABLE I-1
RUNWAY DESCRIPTIONS

	Runway 1L-19R	Runway 7R-25L	Runway 1R-19L	Runway 7L-25R	Runway 13-31
Length (ft)	9,690	8,010	4,182	4,800	5,269
Width (ft)	200	150	150	150	150
Instrumentation	CAT I	CAT I	CAT II	CAT II	NONE
Pavement Material	Concrete	Concrete	Concrete	Concrete	Concrete

Runways 1L-19R and 7R-25L accommodate all air carrier operations, while Runways 1R-19L and 7L-25R serve smaller jet aircraft and general aviation propeller aircraft. Runway 13-31 is available for smaller jet aircraft and general aviation aircraft under specific wind conditions. The taxiway system provides access between all runway ends. In addition, Runways 1L-19R and 7R-25L are serviced by partial parallel taxiways and the other runways are served by either crossing runways or taxiways. All of the taxiways are 75 feet wide, except one, which is 50 feet wide. The terminal apron area surrounds all three concourses and totals approximately 70 acres.

3. Public Parking

The Airport currently has approximately 11,000 public parking spaces, including approximately 7,800 spaces in the parking garage (short-term and long-term) and approximately 3,388 surface spaces. Of the spaces in the surface lots, 528 spaces are located in a lot near the Terminal complex, and the remainder are located in remote lots serviced by parking shuttle buses. Although not fully developed and not considered a part of the Airport's parking supply, there is a graveled parking lot referred to as Remote Lot C that is adjacent to Lot B, which is available for use during peak periods. Once completely developed, Remote Lot C could potentially provide an additional 700 public parking spaces. The Airport does not currently have plans to further develop Remote Lot C or Phase II of the parking garage until parking demand requires it.

4. Amtrak Station

An Amtrak station, which opened in January 2005, is located on the western edge of the Airport along the Canadian Pacific Railway lines. The station serves rail passengers using the Airport for travel, along with rail-only passengers using Amtrak's Hiawatha Service that provides seven daily round trips between Milwaukee and Chicago. The County and the Airport provide a free shuttle bus connection between the Airport and the Amtrak station, which includes a vehicle parking facility.

5. Other Facilities

Other facilities located at GMIA include rental car, general aviation, air cargo, and aviation support facilities. GMIA has seven on-Airport rental car companies that lease rental car parking spaces in the parking garage. General aviation facilities include corporate hangars, a maintenance building and office buildings. Air cargo facilities include building and apron facilities. Aviation support facilities include an aircraft rescue and fire fighting (ARFF) facility, a hydrant fuel service system and underground storage tanks, and an air traffic control tower. Midwest Airlines, Midwest Connect, and Air Wisconsin operate maintenance hangars at the Airport. Also located within the Airport's perimeter fence is land that was previously used by the 440th Air Force Reserve Station, following its closure in February 2008. Following the closure, the 440th Local Redevelopment Authority (LRA) was created for the purpose of identifying local redevelopment needs and assisting the military department in considering the proper way to dispose of this land. After considerable analysis the LRA selected Aviation Reuse as the most appropriate plan for the redevelopment of the 102 acre site. The site can be used for any aviation purpose, including leasehold arrangements for non-aviation activities as long as all revenues are retained by the Airport. The recommended conveyance will be via the Public Benefit Conveyance (PBC) at no cost to the County for use by GMIA. The final conveyance is anticipated to be completed by no later than the first quarter of 2010.

B. MILWAUKEE COUNTY

Located in southeastern Wisconsin on the Lake Michigan shoreline, Milwaukee County occupies approximately 242 square miles and contains 10 cities and nine villages. As of July 1, 2008, the County's population estimate for 2008 was approximately 953,000[3]. Interstate Highway 94 links Milwaukee County with Chicago to the south, Madison to the west, and other cities. Interstate Highway 43 and U.S. Highways 41 and 45 also provide access to the County from the north.

The County is governed by a County Executive and a 19-member Board of Supervisors (the "Board"). The County Executive and the Supervisors are elected on a non-partisan basis every four years. The most recent elections for the County Executive and the Supervisors were held on April 8, 2008. In addition, six constitutional officers are elected to serve four-year terms on a partisan basis.

The Board is primarily responsible for legislating County policy and directing the activities of the County government by adopting ordinances and resolutions, under the authority vested in it by State Statutes. A Chairperson is elected by fellow Board members to: preside over Board meetings; rule on procedural matters; make appointments to County Board committees; represent the Board at official functions; and make appointments to Board committees, special subcommittees, boards, and commissions.

The Board receives policy recommendations from various standing committees comprised of members of the Board. The Board formally approves, modifies, or disapproves the recommendations of the standing committees. Airport System policy is determined and adopted by the Board after reviewing recommendations from the Transportation, Public Works and Transit Committee.

The County Executive is responsible for the coordination and direction of the administrative and management functions of the County not otherwise vested by law in boards, commissions, or other elected officers; appointment of department heads, except where statute provides otherwise, and members of boards and commissions, subject to confirmation by the Board; preparation and submission of an annual County budget to the Board; submission of an annual message to the Board; and review for approval or veto of all resolutions and ordinances enacted by the Board. The current County Executive was first elected to the post in April 2002, and was re-elected in April 2008. His current term will end in April 2012.

The Airport System is a division within the County's Department of Transportation and Public Works. The County Executive appoints the Director of Transportation, who appoints an Airport Director, who is responsible for managing the day-to-day operations of the Airport System.

C. AIRPORT SYSTEM KEY STAFF MEMBERS

The Airport Director has an experienced staff to aid him in carrying out the responsibilities of his position. Key members of the Airport System staff include the Airport Director; the Deputy Airport Director of Finance and Administration; the

[3] Source: U.S. Bureau of the Census, www.census.gov; annual population estimates dated July 1.

Deputy Airport Director of Operations and Maintenance, the Airport Engineer; and the Accounting Manager.

Airport Director

C. Barry Bateman was appointed Airport Director in 1982. Prior to his appointment as Airport Director, he served as the Assistant Director of Aviation at Las Vegas McCarran International Airport for eight years and also as an Administrative Assistant at Blue Grass Airport in Lexington, Kentucky. He is currently a member of the American Association of Airport Executives, and he also holds a commercial pilot certificate and is a certified Flight Instructor.

Mr. Bateman is a graduate of the University of Kentucky, holds an M.B.A. from Cardinal Stritch University, and is an Accredited Airport Executive.

Deputy Airport Director, Finance and Administration

Anthony D. Snieg was appointed Deputy Airport Director in 1991. Mr. Snieg began his finance career in 1976 as a Budget Analyst in Milwaukee County's Department of Administration. In 1983 he joined the Airport staff as Airport Business Manager, and in 1991 he was appointed to his current position of Deputy Airport Director for Finance and Administration. Mr. Snieg is a graduate of Dominican College and he also holds a Master Degree in Business Administration from Marquette University.

Deputy Airport Director, Operations and Maintenance

Terry Blue was appointed Deputy Airport Director in 2008, following ten years of experience at various levels in the Airport Operations Division at Denver International Airport. His last position was Aviation Operation Manager, which he held for two years before leaving for his current position. Mr Blue earned a BS in Aviation Management at Southern Illinois University and a Masters Degree in Public Administration from the University of Illinois.

Airport Engineer

Ed Baisch was appointed Airport Engineer in 2007 after serving as Acting Airport Engineer since 2004. Mr. Baisch previously served Milwaukee County as a Civil Engineer 4 for the previous 13 years. Mr. Baisch holds a BS degree in Engineering from Michigan State University and a Master of Science in Civil Engineering from Marquette University. He has been a practicing engineer for over 31 years.

Accounting Manager

Tom Heller was appointed Accounting Manager in 2005 after working previously as Airport Fiscal Coordinator at the Airport since 1997. From 1991 to 1997, Mr. Heller was the Fiscal and Budget Manager for the Milwaukee County Sheriff's Department.

Prior to his employment with Milwaukee County, he worked for over 20 years in the private sector in various financial, treasury, and controller positions. Mr. Heller, who is a Certified Public Accountant, earned a BBA with an accounting major and an MBA from Marquette University in 1970 and 1980, respectively.

SECTION II
THE AIRPORT SYSTEM'S CAPITAL IMPROVEMENT PROGRAM

This section discusses the financing plan for the Airport System's CY 2009 – CY 2014 Capital Improvement Program (CY 2009 – CY 2014 CIP). This describes the funding sources that are anticipated to fund the CY 2009 – CY 2014 CIP, and provides an overview of the specific projects being financed with the Series 2009A Bonds.

A. FUNDING SOURCES

The financing plan for the CY 2009 – CY 2014 CIP anticipates using the following funding sources:

- **Airport Capital Improvement Reserve Account (ACIRA)**
- **Passenger Facility Charges (PFCs)**
- **General Airport Revenue Bonds (GARBs)**
- **Federal Grants**
  - Airport Improvement Program (AIP)
  - General Aviation (GA)
  - Transportation Security Administration (TSA)
- **State Grants**

1. Airport Capital Improvement Reserve Account

The ACIRA represents an amount equal to the depreciation payments received pursuant to the AUA less other adjustments as further defined in the Bond Resolution. Moneys in this fund can be used for Airport System capital projects or to pay debt service on subordinate airport obligations.

2. Passenger Facility Charges

Section 40117 of Title 49 of the United States Code allows public agencies controlling commercial service airports (those with regularly scheduled service and enplaning 2,500 or more passengers annually) to charge enplaning passengers using the airport a $1, $2, $3, $4 or $4.50 charge, referred to as a Passenger Facility Charge,("PFC.") The purpose of the charge is to provide additional capital funding for the expansion of the national airport system. The proceeds generated from PFCs are to be used to finance eligible airport-related projects that preserve or enhance safety, capacity, or security of the national air transportation system, reduce noise from an airport that is part of such system, or furnish opportunities for enhanced competition between or among air carriers.

The PFC proceeds and the interest earned thereon (collectively referred to as PFC revenues) may be used in two ways: 1) to pay direct costs of FAA approved projects (referred to as "pay-as-you-go" funding) and 2) to pay debt service on bonds issued for approved PFC projects (referred to as "leveraging" the PFC revenue stream.) A portion of the CY 2009 – CY 2014 CIP contains eligible PFC projects that are planned to be funded on a pay-as-you go and leverage basis as further listed on **Table II-1**.

The CY 2009 to CY 2014 CIP anticipates the use of approximately $134.7 million of PFC Revenues, for various airfield, terminal, landside and parking and other projects. A portion of this amount approximately, $3.0 million of PFC eligible project costs for the Runway Safety Area (RSA) Runway project, will be funded from a portion of the 2009A Bond proceeds. Therefore, a portion of the PFC revenues will be pledged to pay part of the debt service of the 2009A Bonds. On July 28, 2009, the County submitted to the FAA PFC application number 15 that included a request for approval to provide approximately $7.9 million in bond proceeds (and an estimated $9.0 million of bond financing and interest costs) to partially fund the RSA – Runway 1L-19R and 1R-25L – Construction project. The FAA has until January 4, 2010, to approve or disapprove the application. The application will provide PFC funding for the debt service on the portion of the 2009A Bonds to be used to fund the RSA project.

Table II-1 projects the sources and uses of PFC funds for the current forecast period ending in CY 2014. Total sources for the period CY 2009 to CY 2014 are projected to be approximately $143.5 million, which consists of a beginning balance of $27.3 million, PFC revenues totaling $84.1 million, 2009A Bond proceeds equaling $3.0 million, future bond proceeds totaling $27.2 million and interest income equaling $1.9 million.

Total uses for the period CY 2009 to CY 2014 are estimated to be approximately $134.7 million, which include approximately $53.8 million for PFC Pay-As-You-Go projects, approximately $30.2 for PFC Bond-Funded projects, approximately $50.1 million for GARB Debt Service Paid with PFCs and approximately $0.6 million for the PFC Bond Debt Service Coverage Fund.

In CY 2014, there is a projected balance in the PFC fund of approximately $8.7 million. This fund balance plus future PFC collections will be utilized for debt service payments on the PFC-Backed Bonds.

Table II-1
General Mitchell International Airport
Sources and Uses of PFC Funds
For Calendar Years 2009-2014
(in $ 000s)

		2009	2010	2011	2012	2013	2014	Total
PFC Beginning Balance [1]		$27,322	$16,589	$31,757	$4,520	$7,581	$13,974	$27,322
PFC Sources :								
Enplaned Passengers		3,906	3,827	3,854	3,999	4,112	4,211	–
Percentage Increase (Decrease)		-2.59%	-2.04%	0.71%	3.76%	2.82%	2.42%	
Eligible Enplaned Passengers	96.0%	3,750	3,673	3,700	3,839	3,947	4,043	–
PFC Collections [2]		$11,250	$11,020	$11,099	$17,275	$17,762	$18,192	$86,598
Less : Airline Collection Fee	$0.11	(413)	(404)	(407)	(422)	(434)	(445)	(2,525)
PFC Revenues [2]		$10,838	$10,616	$10,692	$16,853	$17,328	$17,747	$84,074
Series 2009 Bond Proceeds [3]		3,010	0	0	0	0	0	3,010
Future PFC Bonds [4]		0	27,194	0	0	0	0	27,194
Interest Income [5]	2.00%	439	483	363	121	216	227	1,849
Total Sources		$14,286	$38,293	$11,055	$16,974	$17,543	$17,974	$116,125
PFC Uses :								
Pay-As-You-Go [6]								
Approved Projects		($13,849)	($835)	($5,865)	($432)	($436)	($413)	($21,830)
2009 PFC Projects		(2,546)	(6,618)	(1,361)	(238)	(80)	0	(10,843)
Future PFC Projects		0	(2,468)	(171)	(3,262)	(1,552)	(13,699)	(21,151)
PFC Bond-Funded Projects								
2009 Bond Projects		(1,753)	(1,257)	0	0	0	0	(3,010)
Future PFC Bonds		0	(5,117)	(21,197)	(880)	0	0	(27,194)
GARB Debt Service Paid with PFCs								
Series 2004A Bonds [7]		(2,258)	(2,258)	(2,258)	(2,260)	(2,260)	(2,444)	(13,737)
Series 2005A Bonds [7]		(1,413)	(1,409)	(1,406)	(1,407)	(1,407)	(1,470)	(8,512)
Series 2005B Bonds [7]		(295)	(295)	(297)	(297)	(296)	(123)	(1,603)
Series 2006A Bonds [7]		(1,599)	(1,603)	(1,601)	(1,599)	(1,600)	(1,816)	(9,818)
Series 2006B Bonds [7]		(566)	(354)	(337)	(323)	(306)	(63)	(1,949)
Series 2007A Bonds [7]		(741)	(740)	(740)	(740)	(740)	(740)	(4,441)
Series 2009 Bonds [8]		0	(137)	(145)	(145)	(145)	(145)	(717)
Future PFC Bonds [9]		0	0	(2,330)	(2,330)	(2,330)	(2,330)	(9,320)
PFC Bond Debt Service Coverage Fund [10]								
Series 2009 Bonds		0	(34)	(3)	0	0	0	(37)
Future PFC Bonds		0	0	(582)	0	0	0	(582)
Total		($25,019)	($23,125)	($38,292)	($13,912)	($11,150)	($23,243)	($134,742)
PFC Ending Balance in PFC Fund		$16,589	$31,757	$4,520	$7,581	$13,974	$8,705	$8,705

[1] Source: PFC Quarterly Report of 12/31/08 for 2009 beginning balance

[2] Calculated by Unison. Assumes a $3 00 PFC collection rate through 2011 and a $4 50 PFC collection rate thereafter

[3] In 2009, includes approximately $3.0 million for RSA - Runway 1L-19R and 7R-25L - Construction In order to complete the project, an additional approximate $4 9 million will need to be issued in 2010

[4] In 2010, includes approximately $4.9 million for RSA - Runway 1L-19R and 7R-25L - Construction, approximately $5 5 million for Inline Baggage Security - Construction, approximately $3.5 million for Expansion of Fleet Portion of Combined Maintenance Facility - Construction, and approximately $13 3 million for Equipment Storage Building for Snow Plows - Construction

[5] Calculated assuming 2% of average annual balance

[6] Source: CIP

[7] Source: Bond Payment Schedule for PFC Backed Airport Bonds provided by Airport Management.

[8] Source: Final Bond Pricing documents for 2009 Bonds provided by Merrill Lynch.

[9] The debt service projection assumes a 25-year bond, issued at a 6.0% interest rate with 1-year debt service reserve. Projection by Unison.

[10] Coverage deposit for PFC debt service calculated based upon PFC eligible debt service multiplied by 25%.

3. General Airport Revenue Bonds

The GARBs (which includes the 2009 Bonds) are revenue bonds issued by the County that are payable solely from the Revenues of the Airport System as further defined in the Resolution. The County can issue additional bonds for additional projects under the Resolution as long as the proposed bonds meet the Additional Bonds Test, upon filing the following with the Trustee: 1) a certificate of the County executed by an Authorized Officer that to the best of the knowledge and belief of the Authorized Officer no Event of Default exists, or of which he has knowledge, 2) a certificate of the County executed by an Authorized Officer that: a) the Net Revenues for the last audited fiscal year and b) the maximum debt service (including related credit facility obligations) on all outstanding bonds and the bonds to be issued in any fiscal year, demonstrates that such net revenues, together with other available funds, equal an amount not less than 125% of such debt service, 3) a certified copy of the supplemental resolution providing for the issuance of additional bonds, and 4) an opinion of bond counsel that the conditions precedent to issuance of the additional bonds have been satisfied.

4. Federal Grants

The Airport has three types of federal grants to provide funding for the CY 2009 – 2014 CIP. Each is discussed below

a) Airport Improvement Program Grants
The AIP was established by the Airport and Airway Improvement Act (AAIA) of 1982. This Act authorized funding from the AIP for airport development and planning and noise compatibility planning programs. An AIP grant is awarded to airports in two ways: 1) Entitlement grants, which are awarded annually based on a formula applied to the most recent calendar year enplanements reduced by 50 percent if the Airport collects a \$3.00 PFC or 75 percent if the Airport collects a \$4.50 PFC; 2) Discretionary grants, which are awarded on a competitive basis for capital projects that enhance safety, security and noise compatibility. While doing so, the Airport must preserve the existing infrastructure, meet critical expansion needs, and attain compatibility with neighboring communities.

b) General Aviation Grants
The GA grant program was established in 1989. States that participate in the State Block Grant Program assume responsibility for administering AIP grants at airports classified as "other than primary" airports — that is, non-primary commercial service, reliever, and general aviation airports.[1]

[1] Per the FAA's website.

The funds are used to hire engineers, planners and contractors to complete projects at these airports.[2]

In 2000, Congress created General Aviation Entitlement Grants to provide funding up to $150,000 per fiscal year to individual general aviation airports. These grants fund capital improvements and repair projects.[3]

c) Transportation Security Administration Grants
The TSA, following the tragic events of September 11, 2001, created new security initiatives that were established to improve the safety of the traveling public on airplanes flown from U.S. airports.

5. State Grants

This program from the Wisconsin Department of Transportation provides state funding to airports for capital improvement projects. For projects receiving AIP grants, the Wisconsin Department of Transportation will provide up to one-half of the local share. For projects not receiving federal monies, the state typically pays 80% of the cost of airside development and 50% of costs associated with landside development projects.[4]

B. OVERVIEW OF CY 2009 – CY 2014 CAPITAL IMPROVEMENT PROGRAM

The Airport System's CY 2009 – CY 2014 CIP consists of 131 capital improvement projects with a total estimated cost of approximately $311.5 million, as summarized on **Table II-2**. Prior to implementing the CIP projects, the projects must be approved by the County Executive and the County Board of Supervisors.[5] Projects that will impact the airline rates and charges must go through the airline approval process specified in the AUA.[6] Projects that are funded with PFCs go through an airline consultation process and must be approved by the Federal Aviation Administration (FAA).[7]

[2] Per Wisconsin Department of Transportation website.
[3] Per the Government Accountability Office's website.
[4] Per the Wisconsin Department of Transportation website.
[5] The budget or amended budget for each project in the CIP will be submitted to the Board for approval as part of the County budgetary process.
[6] The Airline Lease Agreement specifies that capital projects must be submitted to the Signatory Airlines for review. The projects being funded by the Series 2009A Bonds have been approved by the Signatory Airlines if required.
[7] The RSA airfield project to be funded with the Series 2009A Bonds and future PFC bonds has been consulted with the airlines. An application was submitted to the FAA on July 28, 2009 and FAA approval is expected by January 4, 2010.

Table II-2
Milwaukee County Airport System
Capital Improvement Program
Estimated Project Costs and Funding Sources (000s)
For Years 2009 through 2014 [1]

Category	Estimated Costs	FAA Grants [2]	State Grants	PFC PAYGO	ACIR Account	TSA Funds	2009A Bonds		Future Bonds	
							GARBs	PFC [3]	GARBs	PFC [3]
Airfield:										
RSA - Runway 1L-19R and 7R-25L - Construction	$63,425	$47,569	$7,928	$0	$0	$0	$0	$3,010	$0	$4,919
Other	$36,313	$18,460	$3,327	$9,436	$3,718	$1,372	$0	$0	$0	$0
Total	$99,738	$66,029	$11,255	$9,436	$3,718	$1,372	$0	$3,010	$0	$4,919
Terminal:										
Terminal HVAC Replacement	$4,151	$0	$0	$0	$0	$0	$4,151	$0	$0	$0
Concourse D Hammerhead Restroom Remodel	$2,190	$0	$0	$0	$0	$0	$2,190	$0	$0	$0
Terminal South Escalator Reorientation	$1,915	$0	$0	$0	$0	$0	$1,915	$0	$0	$0
Other	$90,331	$2,038	$339	$13,102	$6,686	$16,611	$0	$0	$46,018	$5,537
Total	$98,587	$2,038	$339	$13,102	$6,686	$16,611	$8,256	$0	$46,018	$5,537
Land and Noise	$47,010	$33,286	$4,162	$4,162	$0	$0	$0	$0	$5,400	$0
Landside & Parking:										
Parking Structure 6th Floor Membrane	$761	$0	$0	$0	$0	$0	$761	$0	$0	$0
Other	$59,434	$4,624	$2,625	$26,646	$3,064	$0	$0	$0	$5,737	$16,738
Total	$60,195	$4,624	$2,625	$26,646	$3,064	$0	$761	$0	$5,737	$16,738
Other [4]	$5,941	$3,336	$534	$478	$1,594	$0	$0	$0	$0	$0
TOTAL CIP	**$311,471**	**$109,314**	**$18,915**	**$53,823**	**$15,061**	**$17,983**	**$9,017**	**$3,010**	**$57,155**	**$27,194**

[1] Excludes financing and project costs from 2008 and prior.
[2] Includes Airport Improvement Program (AIP) Entitlement, Discretionary and Noise Discretionary grants, and General Aviation (GA) Entitlement and Block grants for general aviation projects
[3] PFCs are being used to pay for the debt service costs associated with PFC eligible project costs
[4] "Other" includes project classified as Cargo, Timmerman Airport, and Other

Table II-2 shows the summary of the anticipated sources of funds that will be used to fund the CY 2009 – CY 2014 CIP. The total estimated cost of approximately $311.5 million is comprised of approximately $109.3 million of FAA grants (AIP and GA), approximately $18.9 million of state grants, approximately $53.8 million of PFC pay-as-you-go, approximately $15.1 million of ACIRF, approximately $18.0 million of TSA funds, approximately $12.0 million from proceeds from the Series 2009A Bonds, and approximately $84.4 million from future bonds.

The funding plan for the CY 2009 – CY 2014 CIP was developed to: 1) place maximum reliance on PFCs, federal grants, and the Airport System's equity resources, and 2) minimize the issuance of bonds. The sources of funds identified in the financing plan are further described below:

1. Airport Capital Improvement Reserve Account (ACIRA)

The Airport anticipates approximately $15.1 million from the ACIRA will be used to fund a portion of the CY 2009 – CY 2014 CIP. This fund is primarily funded from depreciation charges paid by the Airlines through the annual rates and charges. These funds are earmarked to fund approximately $3.7 million of various airfield projects, $6.7 million of terminal projects and $4.7 million of landside and parking projects.

2. Passenger Facility Charges

The Airport estimates that PFC revenues will be used to fund $84.0 million of the CY 2009 – CY 2014 CIP consisting of $53.8 million pay-as-you-go, and additional PFCs used to pay the debt service on $3.0 million of the 2009A Bonds and on $27.2 million of the future bonds. The PFC revenues will be used to fund a portion of the following projects in the CY 2009 – CY 2014 CIP: $53.8 million of pay-as-you-go and for various projects included in airfield, terminal and landside and parking cost centers.

3. General Airport Revenue Bonds

The County plans to issue the Series 2009A Bonds and future GARBs to generate approximately $96.4 million in project fund proceeds to finance a portion of the CY 2009 – CY 2014 CIP. Currently, approximately $12.0 million is anticipated to be generated from the Series 2009A Bonds, of which $3.0 million will be pledged to be repaid from PFC revenues as discussed above. The Series 2009A Bond proceeds are planned to fund a portion of several projects such as; $4.1 million for the Terminal HVAC Replacement, $2.2 million for the Concourse D Hammerhead Restroom remodeling, $1.9 million for the South Terminal Escalator Reorientation, $0.8 million for the 6th Floor Parking Structure Membrane and $3.0 million for a portion of the RSA Runway. The future bond issues total approximately $84.4 million in proceeds, of which $27.2 million is anticipated to be repaid with PFC revenues.

4. Federal Grants

The County has estimated approximately $127.3 million of federal grants will be available to fund a portion of the CY 2009 – CY 2014 CIP, comprised of $109.3 of AIP and GA grants and $18.0 million of TSA grants. The AIP and GA grants are planned to fund a portion of the RSA Runway project ($47.6 million) with the balance going toward funding various other airfield, taxiway and landside projects. The TSA grants are planned for inline baggage screening and a firehouse garage addition.

5. State Grants

The County anticipates approximately $18.9 million in state grants to fund a portion of the CY 2009 – CY 2014 CIP. The state grants will be used to fund a portion of the RSA Runway ($7.9 million) with the balance of the grant moneys going toward funding various other airfield, terminal and landside projects.

C. THE 2009A BOND PROJECTS TO BE FUNDED WITH THE SERIES 2009A BOND PROCEEDS

The 2009A Bond Projects to be funded in whole or in part with the proceeds of the Series 2009A Bonds consist of the capital improvements described below.

1. Runway Safety Area (RSA) - Runway 1L-19R and 7R-25L – Construction

Improvements to RSA's are a high national priority with the FAA in order to reduce the potential for injuries to persons or damage due to aircraft running off of the runway pavement. The runway safety area project consists of the following components:

- **a.** Re-aligning 6th Street approximately 1,100 feet to the west from 1,000 feet south of Runway 7R to Grange Avenue to the north
- **b.** Extending Runway 7R by 539 feet to the west and constructing new taxiways (M & N) at that end of Runway 25L
- **c.** Constructing a tunnel for College Avenue
- **d.** Extending Runway 1L and Taxiway R by 300 feet to the south
- **e.** Associated utility and navaid relocations

2. Terminal HVAC Replacement

The Airport commissioned a study of all HVAC systems serving the main terminal/concourse complex. This study concluded that twenty-five (25) of the seventy-one (71) pieces of equipment were beyond their useful life and required replacement.

There will be two phases, with each phase being implemented over several years. The first phase was designed in 2006 and constructed in 2007 and 2008. The second phase was designed in 2008 and will be constructed in 2009 through 2010.

3. Concourse D Hammerhead Restroom Remodel

This project will renovate three sets of restrooms that are located on the Concourse D Hammerhead. The remodeling will include updating the general layout of the restrooms, changing the wall coverings, creating larger restroom stalls and replacing the countertops, baby changing stations and flooring. The renovations will comply with Americans with Disabilities Act (ADA) standards.

4. Terminal South Escalator Reorientation

The existing escalators at the south end of the ticketing level of the Terminal building currently travel up to the Terminal Mall in a southerly direction, depositing passengers at the entrance of the E Concourse security checkpoint. With the recent expansion of the E checkpoint, the room for passenger circulation at the top of this escalator has been greatly reduced. Severe congestion occurs during busy periods with the check point line interfering with passenger movement both to and from the escalator.

This project will reorient the up escalators to travel in a northerly direction from the ticketing level to the Terminal Mall. This orientation will place the top of the escalators away from the E Concourse checkpoint and toward the open mall area. On the ticketing level, the bottom of the escalators will be placed at the far south end of the building. A door on that end of ticketing will be relocated slightly north of its present location.

5. Parking Structure 6th Floor Membrane

Each year an inspection is performed on the GMIA Parking Structure in order to keep the parking structure in top condition and preserve its useful life. An inspection conducted in the spring of 2008 revealed that the slab was beginning to show signs of bleeding of rust and some spalling of concrete. The application of a waterproofing membrane on the 6th floor of the structure is needed to protect the slab's embedded reinforcing steel from the penetration of water and salts carried into the structure from vehicles in order to slow the degradation of the floor slab and to extend its life.

SECTION III
LOCAL ECONOMIC BASE

The origin and destination (O&D) segment of passenger traffic at an airport depends on local factors such as population, labor market conditions, personal income, and the overall business environment. GMIA is primarily an O&D airport, with O&D passengers accounting for 81.6 percent of total enplanements at the Airport in 2008. This section defines the Airport's air service area and discusses the relevant local demographic and economic trends.

A. THE AIRPORT'S AIR SERVICE AREA

The Airport's primary and secondary air service areas (ASAs) cover the southeastern region of Wisconsin shown in **Figure III-1**. The primary ASA is defined by the boundaries of the Milwaukee-Waukesha-West Allis Metropolitan Statistical Area (the Milwaukee MSA). According to the 2006 classification by the Office of Management and Budget (OMB), the MSA includes the counties of Milwaukee, Ozaukee, Washington, and Waukesha, and West Allis City. The secondary ASA extends to include the counties of Dodge, Fond du Lac, Jefferson, Kenosha, Racine, Sheboygan, and Walworth. The subsequent subsections focus on the demographic and economic trends in the Airport's primary ASA.

B. POPULATION

The local population of the Milwaukee MSA offers a stable source of air travel demand. **Table III-1** shows the population trends in the Airport's primary ASA from 2002 through 2008:

- The MSA population increased from 1.58 million in 2002 to 1.61 million in 2008, representing 28.6 percent of Wisconsin's 2008 population. Compared to the state's and the nation's annual population growth rates of 0.6 and 0.9 percent, respectively, the Milwaukee MSA's annual population growth rate was slow but steady, averaging 0.3 percent.

- Population growth was uneven among the four counties and one city that make up the MSA. Waukesha County posted the largest gain in number, while Washington County posted the highest growth rate. West Allis City is the only locality that experienced a decline in population over the study period.

- Milwaukee County, home of the Airport, accounts for the largest population share in the MSA – 59.3 percent in 2008 (**Figure III-2**).

FIGURE III-1
GENERAL MITCHELL INTERNATIONAL AIRPORT
AIR SERVICE AREA

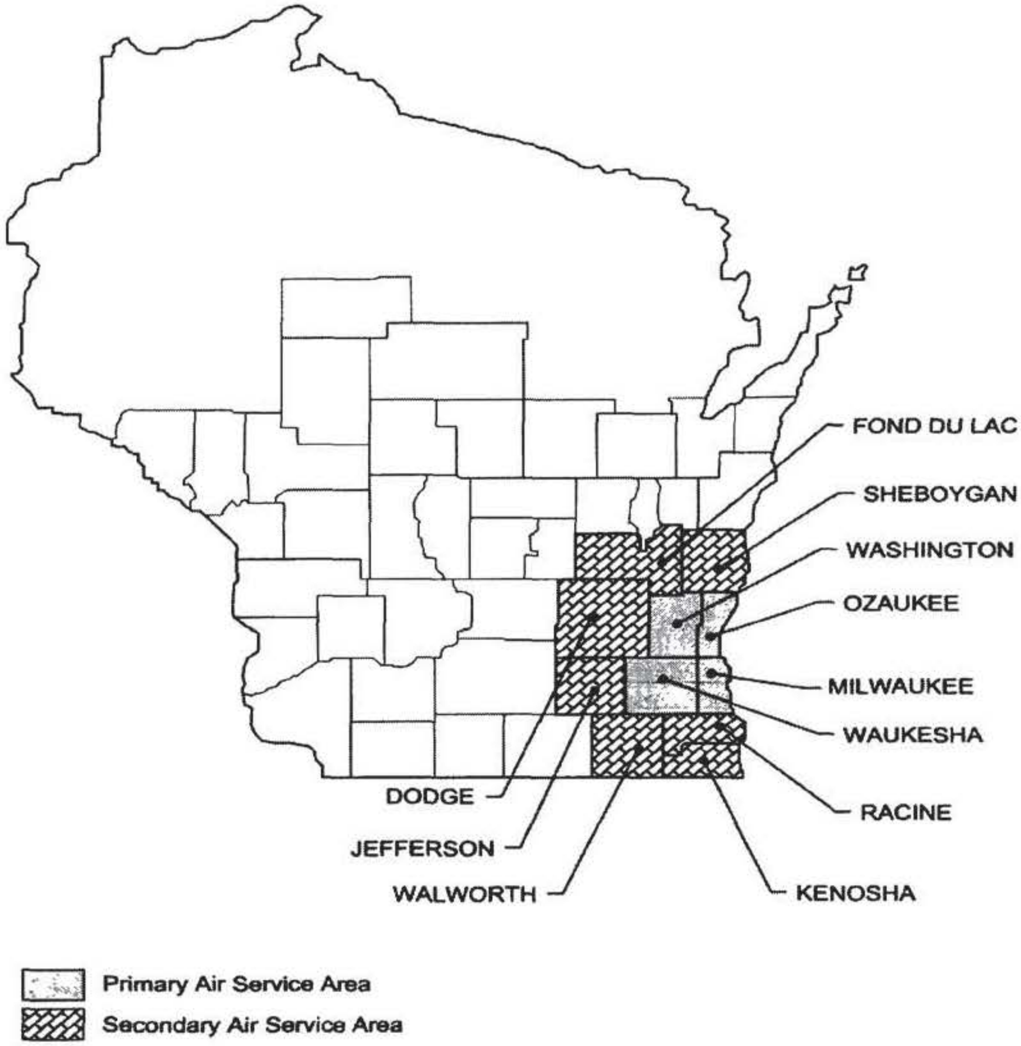
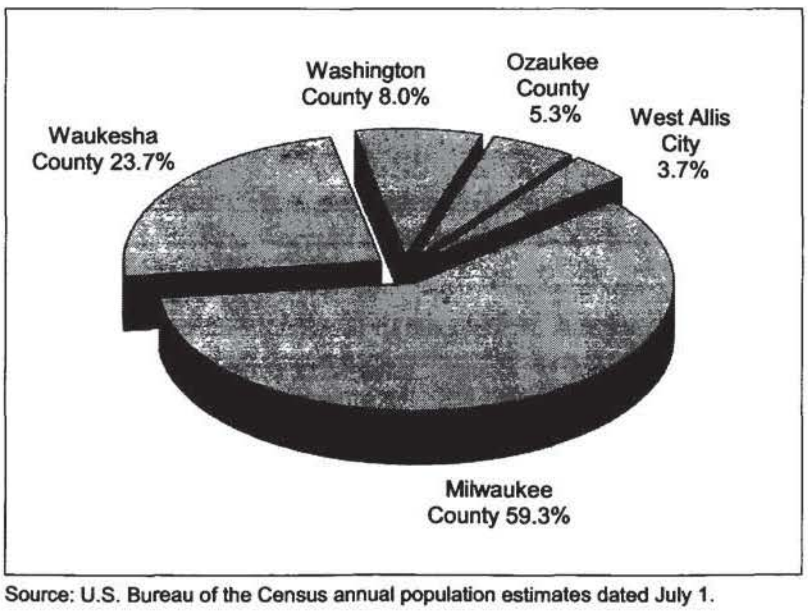


TABLE III-1
POPULATION TRENDS IN MILWAUKEE-WAUKESHA-WEST ALLIS MSA, WISCONSIN AND THE UNITED STATES
2002-2008

County/Area	Population Estimates as of July 1 of each year							Avg. Annual Growth Rate
	2002	2003	2004	2005	2006	2007	2008	2002-2008
Milwaukee-Waukesha-West Allis, WI MSA								
Milwaukee County	946,707	949,209	950,238	949,251	951,334	951,331	953,328	**0.1%**
Ozaukee County	83,553	84,164	84,905	84,995	85,104	85,378	85,874	**0.5%**
Washington County	120,517	121,694	123,476	124,992	126,450	128,014	129,477	**1.2%**
Waukesha County	368,541	371,344	373,137	374,924	375,833	378,655	380,629	**0.5%**
West Allis City	61,170	61,004	60,446	59,634	59,472	59,346	59,416	**-0.5%**
Total-Milwaukee MSA	**1,580,488**	**1,587,415**	**1,592,202**	**1,593,796**	**1,598,193**	**1,602,724**	**1,608,724**	**0.3%**
Wisconsin	**5,444,638**	**5,474,360**	**5,508,789**	**5,538,806**	**5,568,505**	**5,598,893**	**5,627,967**	**0.6%**
United States	**287,726,647**	**290,210,914**	**292,892,127**	**295,560,549**	**298,362,973**	**301,290,332**	**304,059,724**	**0.9%**

Source: U.S. Bureau of the Census.

FIGURE III-2
MILWAUKEE-WAUKESHA-WEST ALLIS, WI MSA
POPULATION DISTRIBUTION
2008



Source: U.S. Bureau of the Census annual population estimates dated July 1.

C. INCOME

Residents of the Milwaukee MSA have historically had incomes higher than the average for Wisconsin and the United States, as can be seen in the comparative data on per capita personal income from 1998 through 2007 in **Table III-2**. The local per capita personal income increased at a slightly faster rate than Wisconsin's but more slowly than the U.S. per capita personal income.

TABLE III-2
PER CAPITA PERSONAL INCOME TRENDS IN
MILWAUKEE-WAUKESHA-WEST ALLIS MSA, WISCONSIN, AND THE UNITED STATES
1998-2007

Year	Milwaukee-Waukesha-West Allis MSA	Wisconsin	United States
1998	$29,985	$26,175	$26,883
1999	$31,176	$27,135	$27,939
2000	$32,718	$28,572	$29,847
2001	$33,704	$29,380	$30,582
2002	$34,237	$29,994	$30,838
2003	$34,663	$30,710	$31,530
2004	$35,863	$31,705	$33,157
2005	$37,193	$32,706	$34,690
2006	$39,697	$34,461	$36,794
2007	$41,774	$36,272	$38,615
	Average Annual Growth Rate		
1998-2007	3.8%	3.7%	4.1%

Source: U.S. Bureau of Economic Analysis. As of September 2009, data on per capita personal income were available through 2007.

D. LABOR MARKET

The labor market trends over the past 10 years show no growth and no dramatic declines, reflecting stability in the employment base with unemployment generally tracking national trends:

- The labor force stood at 804,000 in 2008, decreasing slightly from 818,000 in 1999 (**Table III-3**). The number employed also decreased slightly from 793,000 in 1999 to 765,000 in 2008.

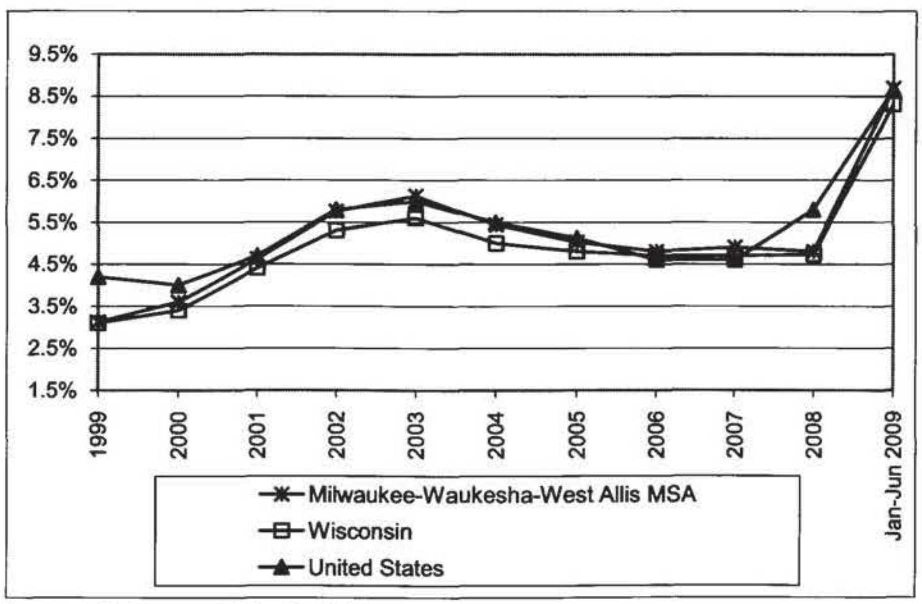
- The number of unemployed increased relatively more significantly from approximately 26,000 in 1999 to nearly 39,000 in 2008. The unemployment rate in the MSA, which increased from 3.1 percent in 1999 to 4.8 percent in 2008, generally tracked that of the state and the nation (**Figure III-3**), following national economic trends. The effects of the recent U.S. recession on the local economy can be seen in the sharp increase (85.8 percent) in unemployment during the first half of 2009 compared to the same period in the prior year, and the rise in the unemployment rate to 8.7 percent during the first half of 2009 as experienced nationwide.

TABLE III-3
MILWAUKEE-WAUKESHA-WEST ALLIS, WI MSA
CIVILIAN LABOR FORCE
1999-2008 and January-June 2009

Year	Labor Force			Unemployment Rate
	Total	Employed	Unemployed	
1999	818,126	792,547	25,579	3.1%
2000	807,508	778,443	29,065	3.6%
2001	807,198	769,926	37,272	4.6%
2002	796,950	751,062	45,888	5.8%
2003	792,981	744,304	48,677	6.1%
2004	786,461	743,732	42,729	5.4%
2005	785,622	746,230	39,392	5.0%
2006	796,611	758,157	38,454	4.8%
2007	807,420	768,082	39,338	4.9%
2008	804,253	765,322	38,931	4.8%
Jan-Jun 2009	790,623	721,894	68,730	8.7%
	Annual Growth Rate			
1999-2008	-0.2%	-0.4%	4.8%	
Jan-Jun 2009	-1.3%	-5.5%	85.8%	-

Source: U.S. Bureau of Labor Statistics.

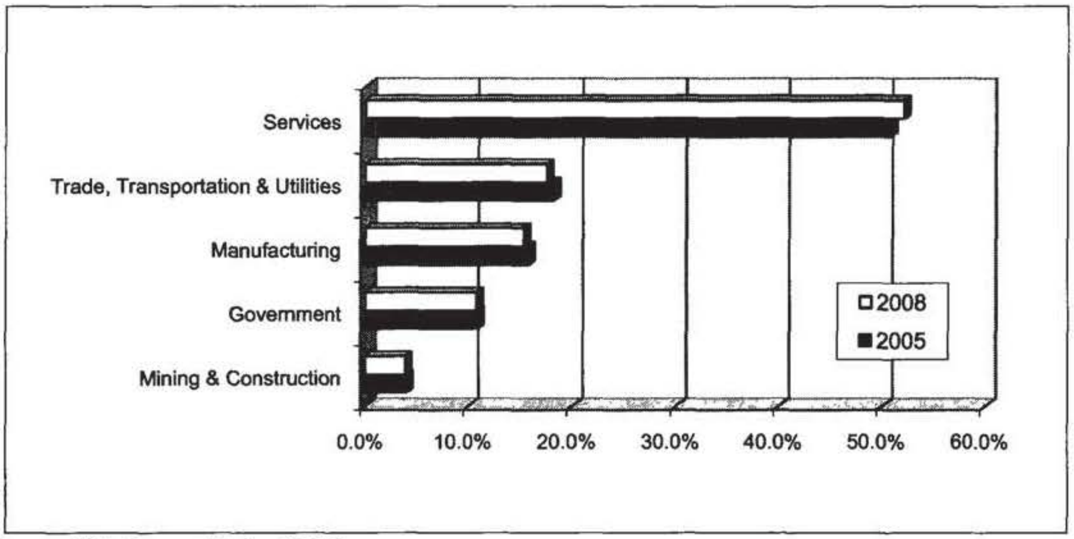
FIGURE III-3
UNEMPLOYMENT RATES IN THE MILWAUKEE MSA, WISCONSIN AND THE UNITED STATES
1999-2008 and January-June 2009



Source: U.S. Bureau of Labor Statistics.

Figure III-4 shows the major industry sectors along with their shares of non-agricultural employment in the Milwaukee MSA in 2005 and 2008. There has been no marked change in the relative employment shares by industry sector, indicating stability in the economic base. *Services* are the leading industry sector, providing for more than 50 percent of total non-agricultural employment. The *Services* sector includes education and health, financial, information, leisure and hospitality, and professional services.

FIGURE III-4
MILWAUKEE-WAUKESHA-WEST ALLIS, WI MSA
NON-AGRICULTURAL EMPLOYMENT BY SECTOR
2005 and 2008



Source: U.S. Bureau of Labor Statistics.

E. MAJOR EMPLOYERS AND CORPORATE HEADQUARTERS

Table III-4 is a partial list of major public and private employers by county in 2007. The companies were selected from the list of the top 25 large employers compiled by the Wisconsin Department of Workforce Development (WDWD), based on the number of employees located in the respective counties.

TABLE III-4
MILWAUKEE-WAUKESHA-WEST ALLIS, WI MSA
SELECTED MAJOR EMPLOYERS BY COUNTY
2007

County/Employer	Industry
Milwaukee County:	
Aurora Health Care Metro, Inc.	Services (healthcare)
Children's Health System Group	Services (healthcare)
City of Milwaukee	Government
Columbia St. Mary's Group	Services (healthcare)
County of Milwaukee	Government
Froedtert Hospital	Services (healthcare)
Medical College of Wisconsin, Inc.	Services (education/healthcare)
Milwaukee Public School	Services (education)
Northwestern Mutual Life Insurance	Financial (insurance)
University of Wisconsin, Milwaukee	Services (higher education)
Ozaukee County:	
Cedarburg School District	Services (education)
Charter Manufacturing Company, Inc.	Manufacturing
Columbia St. Mary's Group	Services (healthcare)
Concordia University Wisconsin, Inc.	Services (higher education)
County of Ozaukee	Government
Leggett & Platt, Inc.	Manufacturing (foundries)
Mequon-Thiensville Public School	Services (education)
Port Washington-Saukville School District	Services (education)
Rockwell Automation Inc.	Manufacturing (machinery)
Simplicity Manufacturing, Inc.	Manufacturing (lawn and garden equipment)
Washington County:	
Benevolent Corp Cedar Community	Services (healthcare)
Broan-Nutone, LLC	Manufacturing
County of Washington	Government
Germantown Public School	Services (education)
Quad/Graphics Inc.	Services
Saint Joseph's Community Hospital	Services (healthcare)
Serigraph, Inc.	Services
Wal-Mart	Retail Trade
West Bend Joint School District #1	Services (education)
West Bend Mutual Insurance Company	Services
Waukesha County:	
County of Waukesha	Government
GE Medical Systems, LLC	Manufacturing
Kohl's Department Stores, Inc.	Retail Trade
Quad/Graphics, Inc.	Services (business)
School District of Waukesha	Service (education)
Starbucks Coffee	Retail Trade (food)
Target Corporation	Retail Trade
Ultra Mart Foods	Retail Trade
Wal-Mart	Retail Trade
Waukesha Memorial Hospital Inc.	Services (healthcare)

Source: Wisconsin Department of Workforce Development

According to the Metropolitan Milwaukee Association of Commerce (MMAC), the central geographical location of the Milwaukee MSA makes it an attractive corporate headquarters. As shown in **Table III-5**, 12 Fortune 1000 companies have headquarters in the Airport's metropolitan area.

TABLE III-5
MILWAUKEE-WAUKESHA-WEST ALLIS, WI MSA
FORTUNE 1000 COMPANIES HEADQUARTERED IN MSA
2008

Company	Fortune Ranking	Business
Johnson Controls	58	Controls systems
Northwestern Mutual	118	Insurance
Manpower	119	Employment Services
Kohl's Corp.	152	Department Stores
Harley-Davidson	412	Motorcycles
Rockwell Automation	429	Industrial automation
Fiserv, Inc.	482	Data processing & software
Wisconsin Energy Corp.	515	Electricity and gas
Marshall & Ilsley Corp.	550	Banking
Joy Global Inc.	626	Manufacturing - mining machinery
Bucyrus International	775	Construction and Farm Machinery
A.O. Smith Corp.	822	Manufacturing - electric motors & water heaters

Source: Fortune Magazine.

On November 10, the chairman, president and Chief Executive Officer of Republic Airways Holdings, Inc., the parent company of Midwest Airlines and Frontier Airlines, announced plans to move up to 800 new jobs to the Milwaukee area, adding to the existing 800 jobs. These jobs include flight crews, heavy aircraft maintenance and technical support, and reservations call center positions. According to the company's chairman, "the announcement reflects the company's commitment to the Milwaukee area". The Republic Airways Holdings' chairman also expressed appreciation to state officials "for making Milwaukee such a great place to do business".[1]

F. TOURISM AND LEISURE ACTIVITIES

The Leisure and Hospitality sector makes a vital contribution not only in generating employment and revenues for the local economy but also in creating a positive image for the local area. Counties in the Airport's primary ASA offer an array of year-round tourist attractions and leisure activities drawing visitors to the area. According to the tourism impact report prepared for the Wisconsin Department of

[1] Ed Sealover, "Republic moving 800 jobs to Milwaukee," *The Business Journal of Milwaukee*, November 10, 2009.

Tourism[2], Milwaukee County ranked first in terms of visitor spending in 2008. Travelers to the County spent an estimated $1.73 billion in 2008. The economic impact of these visitor expenditures includes 43,028 full-time equivalent jobs and $276.3 million in state and local tax revenues.

Major cultural attractions, including museums and performing arts, cater to the diverse interests of visitors. Metro area museums include the Betty Brinn Children's Museum, The Charles Allis and Villa Terrace Art Museums, The James Lovell Museum, Eisner Museum of Advertising and Design, International Clown Hall of Fame, Milwaukee Art Museum, Milwaukee Public Museum, Mitchell Gallery of Flight located at GMIA, Old World Wisconsin, and the Waukesha County Historical Museum. Local area performing arts groups include Bel Canto Chorus of Milwaukee, Chamber Theatre, Danceworks Performance Company, Florentine Opera Company, the Milwaukee Symphony Orchestra, and the Renaissance Theaterworks.

The Milwaukee metro area boasts various points of interest around which tours have emerged. Brewery and winery tours, which include the area's famous Lakefront Brewery and Miller Brewing Company, are popular group events. Other places of interest include the Harley-Davidson Museum, Harley-Davidson Plant, Discovery World at Pier Wisconsin, Milwaukee County Zoo, Mitchell Park Horticultural Conservatory, and Wehr Nature Center.

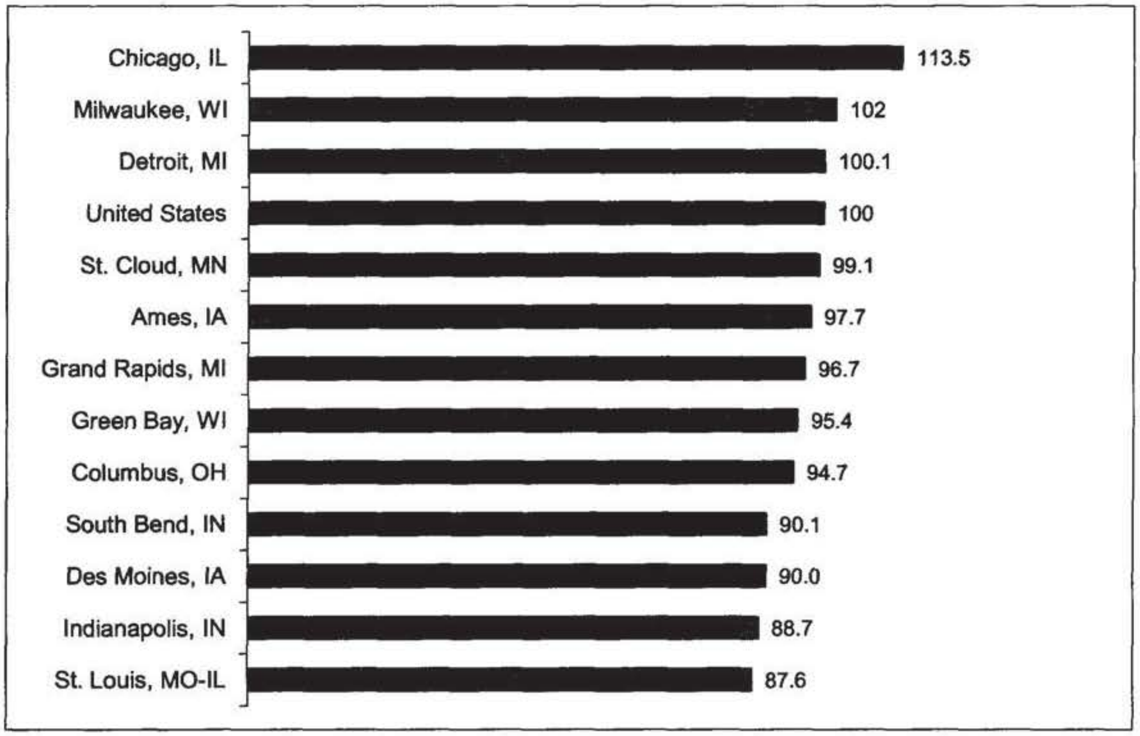
Professional and recreational sports offer a variety of outdoor and indoor events that draw visitors to the Airport's ASA. Various festivals held year-round to celebrate the diverse ethnic heritage of the primary ASA residents also have appeal beyond the local boundaries.

G. COST OF LIVING

A commonly used measure of the cost of living in an area is the quarterly index calculated by the Council for Community and Economic Research (formerly known as American Chamber of Commerce Researchers Association (ACCRA)). The index is based on six components: Grocery Items, Housing, Utilities, Transportation, Health Care, and Miscellaneous. **Figure III-5** compares the composite ACCRA index for the Milwaukee-Waukesha metropolitan area with the index for selected Midwest metro areas. During the first quarter of 2009, the cost of living index in the Milwaukee MSA was 102, which places the area slightly above the national average of 100, making it the second highest among the comparable metropolitan areas shown in **Figure III-5.** This represents an increase over the 2008 cost of living index of 99.5 for the Milwaukee MSA.

[2] Wisconsin Department of Tourism, *The Economic Impact of Expenditures by Travelers on Wisconsin – Calendar Year 2008*, April 2009.

FIGURE III-5
COST OF LIVING COMPARISON - SELECTED MIDWEST METROPOLITAN AREAS [1]
First Quarter 2009



[1] The cost of living index measures the relative price levels of consumer goods and services in participating areas. The national average is set at 100.

Source: The Council for Community and Economic Research (C2ER) ACCRA *Cost of Living Index - Comparative Data for 309 Urban Areas*, First Quarter 2009, May 2009.

H. SUMMARY

The Milwaukee MSA provides a stable population and economic base for O&D air travel demand:

- The local population has been growing slowly but steadily. In 2008, the Milwaukee MSA had approximately 1.61 million residents, accounting for 28.6 percent of the population of Wisconsin.
- Local residents enjoy incomes higher than the state and national averages.
- Local labor market trends reflect stability in the employment base with unemployment generally tracking national trends.

- Services, the leading industry sector in the Milwaukee MSA, provides a broad base for job creation. Economic diversity is also reflected in the variety of major businesses and Fortune 1000 corporate headquarters that provide employment in the local area.

- Milwaukee MSA is a popular destination that offers a variety of cultural attractions, places of interest, and recreational activities that draw visitors to the area. The area's cultural diversity is celebrated through a variety of year-round events and festivals.

- The cost of living in the Milwaukee-Waukesha metropolitan area is only slightly above the national average, as of the first quarter of 2009.

SECTION IV
AVIATION ACTIVITY ANALYSIS AND FORECASTS

This section reviews the historical trends in passenger traffic and aircraft operations at the Airport and presents forecasts of enplanements and related commercial aircraft departures and landed weight. The section also discusses the factors underlying both historical and forecast trends, including relevant recent industry-wide developments.

A. HISTORICAL AVIATION ACTIVITY

The FAA classifies GMIA as a medium hub commercial airport, which is the class of airports that enplane between 0.25 percent and 0.99 percent of annual total U.S. air passengers.[1] As of November 2009, there were seven mainline air carriers, and 16 regional/commuter airlines providing scheduled passenger service at the Airport. In addition, several seasonal charter passenger airlines operate at GMIA. Collectively, these passenger airlines provide scheduled and non-scheduled service to destinations across the United States, to Toronto, Canada, and to resort locations in the Caribbean and Mexico. Both scheduled and charter cargo services are offered by several airlines at the Airport.

Table IV-1 lists the passenger airlines that provide scheduled service at GMIA as of November 2009, and also indicates those that are parties to the Airline Agreement ("Signatory Airlines"). The list shows affiliations between mainline and regional/commuter airlines that have facilitated industry-wide operational changes, including increased code sharing and route transfers. These changes have resulted in regional/commuter carriers, as a group, gaining a strong market position at the Airport.

[1] U.S. Bureau of Transportation Statistics, Air Traffic Hubs 2009.

TABLE IV-1
GENERAL MITCHELL INTERNATIONAL AIRPORT
AIR CARRIERS THAT PROVIDE SCHEDULED SERVICE AT THE AIRPORT
As of November 2009

Airline Category	Signatory	Non-Signatory
Mainline Carrier		
AirTran	x	
Delta[1]	x	
Frontier	x	
Midwest	x	
US Airways	x	
Continental	x	
Southwest	x	
Regional/Commuter		
Air Canada Jazz		x
Air Wisconsin (US Airways Express)	x	
American Eagle	x	
Atlantic Southeast (Delta Connection)		x
Chautauqua (American Connection)	x	x
Chautauqua (Delta Connection)	x	
Chautauqua (Midwest Connect)	x	
Comair (Delta Connection)	x	
Compass (Northwest Airlink[1])		x
Expressjet (Continental Express)	x	
Great Lakes Aviation		x
Mesaba (Northwest Airlink[1])		x
Piedmont (US Airways)		x
Pinnacle (Delta Connection)		x
Pinnacle (Northwest Airlink[1])		
PSA (US Airways Express)		x
Republic (Midwest Connect)	x	
Sky West (Delta Connection)	x	
Sky West (Midwest Connect)	x	
Sky West (United Express)	x	
Trans States (American Connection)		x

[1] Merged with Northwest on October 29, 2008.
Source: Airport records and OAG schedules.

A review of trends in different aspects of aviation activity at the Airport follows.

1. Overall Enplanement Trends

U.S. airports and airlines faced major challenges over the past 10 years, including: (1) the economic recession in 2001, which was brief but was followed by a very slow recovery; (2) the terrorist attacks of September 11, 2001 and the precipitous decline in air travel that followed; (3) the financial crisis in the airline industry that led to dramatic structural changes including industry exits, airline mergers, mainline-to-regional route transfers, significant capacity cuts, and other extreme cost-cutting measures, all with adverse effects on airports; (4) international issues such as the severe acute respiratory syndrome (SARS) epidemic in late 2002 and early 2003, the recent H1N1 virus outbreak, and the Iraq and Afghanistan Wars; and (5) the recent U.S. economic recession beginning in December 2007 – this time deep, long-lasting and far-reaching to other parts of the world. GMIA has not been immune to the effects of these issues, but historical enplanement data in **Table IV-2** and **Figure IV-1** show that, until the first half of 2009, GMIA has weathered these challenges better than most U.S. airports:

- Total enplanements at the Airport increased from approximately 2.91 million in 1999 to 4.00 million in 2008 at an average annual growth rate of 3.6 percent, outpacing the 1.7 percent average annual growth in U.S. system revenue enplanements.

- Year-over-year percentage changes in enplanements in **Figure IV-1** also show GMIA performing better than the U.S. system as a whole during seven out of the past 10 years.

- GMIA's above-average enplanement growth trends resulted in an increase in GMIA's share of U.S. total system revenue enplanements from 0.45 percent in 1999 to 0.53 percent in 2008.

- Federal Aviation Administration (FAA) data in **Table IV-3** show that GMIA is one of only seven medium hub airports that did not post a decline in enplanements in 2008, out of the 36 medium hub airports in the United States.

- During the first seven months of 2009, GMIA experienced proportionately larger losses in enplanements (-12.0 percent) than the U.S. system as a whole (-8.1 percent) from the recent U.S. economic recession and airline capacity cuts. However, the trends at GMIA in recent months show a definite improvement with year-over-year enplanement percentage decreases becoming smaller in July (-2.7 percent) and August (-1.0 percent). In September 2009, enplanements increased 17.1 percent compared to September 2008, bringing the year-to-date percentage decrease to -8.0 percent through September. Comparable data for the U.S. system for August and September are not yet available as of this Report's date.

- Year-over-year percentage changes in quarterly enplanements at the Airport in **Figure IV-2** show that enplanements have been on the decline since the 4th quarter of 2008.

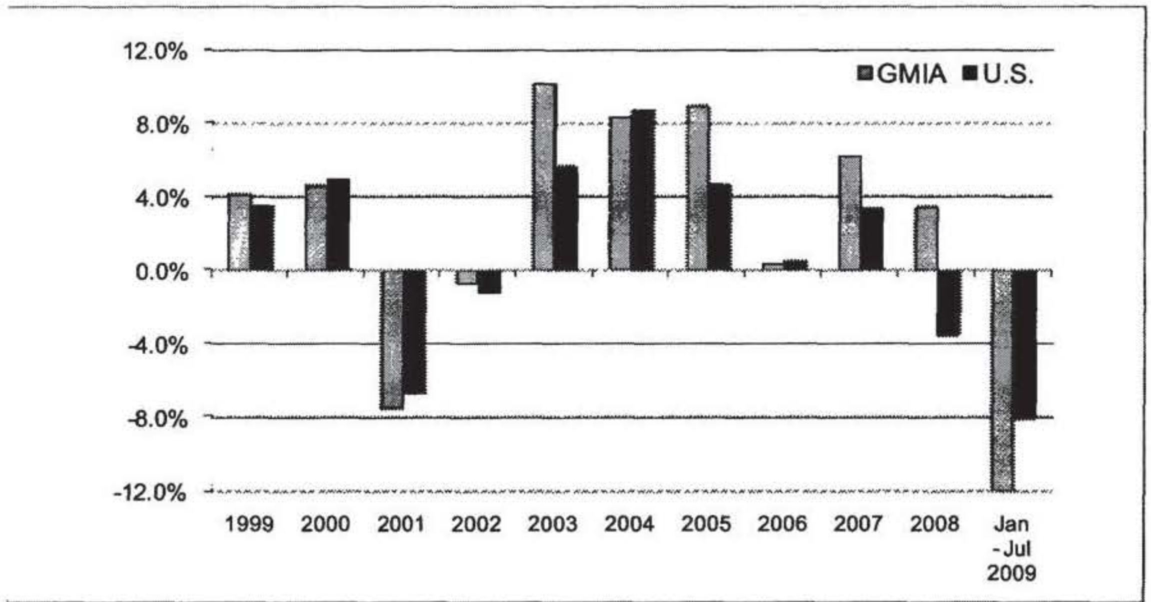
TABLE IV-2
GMIA AND U.S. ENPLANEMENTS
1999 - 2008 and January - July 2009

Year	GMIA Enplanements [1]	U.S. Enplanements [2]	GMIA's Market Share
1999	2,906,189	642,408,000	0.45%
2000	3,039,962	674,201,000	0.45%
2001	2,811,954	629,149,000	0.45%
2002	2,791,287	621,505,000	0.45%
2003	3,074,422	656,726,000	0.47%
2004	3,331,255	714,014,000	0.47%
2005	3,629,554	747,171,000	0.49%
2006	3,641,503	750,791,000	0.49%
2007	3,868,098	775,986,000	0.50%
2008	4,000,765	748,470,000	0.53%
Jan-July 2008	2,477,860	453,109,000	0.55%
Jan-July 2009	2,180,631	416,470,000	0.52%
	Average Annual Growth Rate		
1999-2008	3.6%	1.7%	-
Jan-July 2009	-12.0%	-8.1%	-

[1] Source: Airport management records.

[2] Source: Bureau of Transportation Statistics, U.S. system revenue passenger enplanements.

FIGURE IV-1
ANNUAL GROWTH RATES IN GMIA AND U.S. SYSTEM ENPLANEMENTS
1999 - 2008 and January - July 2009



See Table IV-2 for source data.

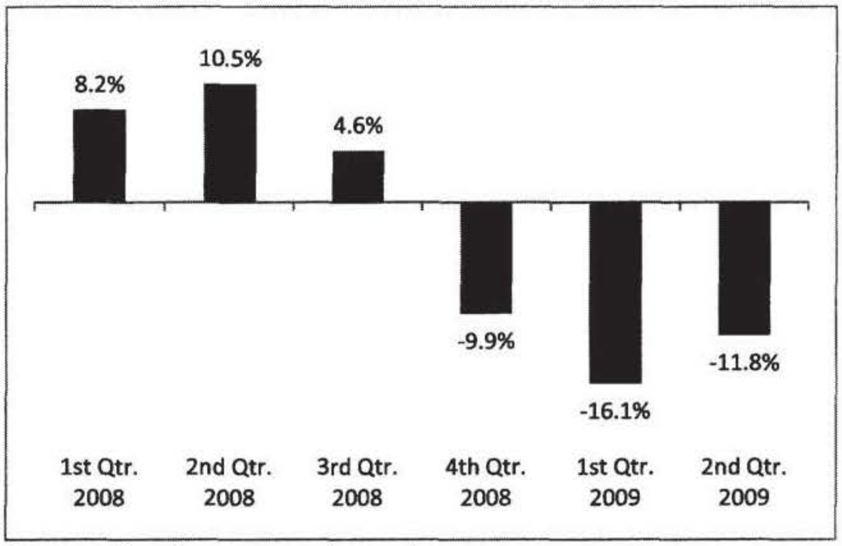
TABLE IV-3
U.S. MEDIUM HUB AIRPORTS
YEAR-OVER-YEAR CHANGE IN ENPLANEMENTS BASED ON PRELIMINARY TRAFFIC DATA
2008

State	City	Location ID	Airport Name	% Change	Rank
LA	Metairie	MSY	Louis Armstrong New Orleans International	5.64%	1
TX	San Antonio	SAT	San Antonio International	2.66%	2
WI	**Milwaukee**	**MKE**	**General Mitchell International[1]**	**2.33%**	**3**
TX	Austin	AUS	Austin-Bergstrom International	1.97%	4
NY	Buffalo	BUF	Buffalo Niagara International	1.91%	5
TX	Dallas	DAL	Dallas Love Field	1.12%	6
TX	Houston	HOU	William P Hobby	0.19%	7
AK	Anchorage	ANC	Ted Stevens Anchorage International	-0.71%	8
NE	Omaha	OMA	Eppley Airfield	-1.32%	9
IN	Indianapolis	IND	Indianapolis International	-1.41%	10
NM	Albuquerque	ABQ	Albuquerque International Sunport	-2.83%	11
OR	Portland	PDX	Portland International	-2.85%	12
TN	Memphis	MEM	Memphis International	-2.88%	13
NC	Raleigh	RDU	Raleigh-Durham International	-4.02%	14
OH	Cleveland	CLE	Cleveland-Hopkins International	-5.02%	15
TN	Nashville	BNA	Nashville International	-5.12%	16
AZ	Tucson	TUS	Tucson International	-5.29%	17
FL	Fort Myers	RSW	Southwest Florida International	-5.44%	18
FL	Jacksonville	JAX	Jacksonville International	-5.70%	19
RI	Warwick	PVD	Theodore Francis Green State	-6.52%	20
MO	St. Louis	STL	Lambert-St Louis International	-6.82%	21
FL	West Palm Beach	PBI	Palm Beach International	-6.98%	22
CT	Windsor Locks	BDL	Bradley International	-7.39%	23
CA	Sacramento	SMF	Sacramento International	-7.74%	24
MO	Kansas City	MCI	Kansas City International	-8.10%	25
CA	San Jose	SJC	Norman Y. Mineta San Jose International	-9.33%	26
CA	Santa Ana	SNA	John Wayne Airport-Orange County	-9.79%	27
PR	San Juan	SJU	Luis Munoz Marin International	-9.97%	28
CA	Burbank	BUR	Bob Hope	-10.28%	29
PA	Pittsburgh	PIT	Pittsburgh International	-12.09%	30
NV	Reno	RNO	Reno/Tahoe International	-12.69%	31
OH	Columbus	CMH	Port Columbus International	-13.85%	32
CA	Ontario	ONT	Ontario International	-14.31%	33
HI	Kahului	OGG	Kahului	-15.57%	34
KY	Covington	CVG	Cincinnati/Northern Kentucky International	-16.04%	35
CA	Oakland	OAK	Metropolitan Oakland International	-22.14%	36

[1] The actual year-over-year percentage change in enplanements in 2008 at GMIA based on Airport management records is 3.4 percent – higher than what is shown above.

Source: Federal Aviation Administration, preliminary revenue passenger enplanements data for CY 2008.

FIGURE IV-2
GENERAL MITCHELL INTERNATIONAL AIRPORT
YEAR-OVER-YEAR CHANGE IN QUARTERLY ENPLANEMENTS
1st Quarter 2008 - 2nd Quarter 2009



Source: Airport management records.

2. Domestic and International Enplanements

Table IV-4 shows that most of the passengers using GMIA are domestic travelers. Domestic passengers have consistently accounted for over 98 percent of annual enplanements. While international enplanements have increased at a faster rate (5.3 percent annually) than domestic enplanements (3.6 percent annually), they continue to account for a very small share of less than two percent.

TABLE IV-4
GENERAL MITCHELL INTERNATIONAL AIRPORT
DOMESTIC AND INTERNATIONAL ENPLANEMENTS
1999 - 2008 and January - September 2009

	Domestic[1]		International		Total
Year	Enplanements	Share	Enplanements	Share	Enplanements
1999	2,872,149	98.8%	34,040	1.2%	2,906,189
2000	2,998,622	98.6%	41,340	1.4%	3,039,962
2001	2,766,037	98.4%	45,917	1.6%	2,811,954
2002	2,742,210	98.2%	49,077	1.8%	2,791,287
2003	3,018,180	98.2%	56,242	1.8%	3,074,422
2004	3,276,639	98.4%	54,616	1.6%	3,331,255
2005	3,573,759	98.5%	55,795	1.5%	3,629,554
2006	3,588,223	98.5%	53,280	1.5%	3,641,503
2007	3,810,637	98.5%	57,461	1.5%	3,868,098
2008	3,946,712	98.6%	54,053	1.4%	4,000,765
Jan-Sep 2008	3,121,979	99.0%	32,432	1.0%	3,154,411
Jan-Sep 2009	2,869,726	98.9%	31,434	1.1%	2,901,160
	Average Annual Growth Rates				
1999-2008	3.6%	-	5.3%	-	3.6%
Jan-Sep 2009	-8.1%	-	-3.1%	-	-8.0%

[1] Includes enplanements by Air Canada Jazz.
Source: Airport management records.

3. O&D and Connecting Enplanements

A breakdown of annual enplanements into O&D and connecting segments is presented in **Table IV-5.** The predominantly O&D traffic at GMIA provides a strong and stable market base for air travel demand. In 2008 O&D traffic accounted for 81.6 percent of total enplanements, a decrease from 92.4 percent in 1999. However, the decrease in O&D share is not the result of a decrease in O&D enplanements, but rather an increase in connecting enplanements. O&D enplanements increased at an average annual rate of 2.2 percent, from 2.68 million in 1999 to 3.26 million in 2008.

There was a significant increase in connecting traffic at the Airport during the past 10 years, attributable to the growth in the operations of Midwest Airlines and its regional/commuter partners at the Airport. For example, in 2008, these airlines accounted for 93 percent of connecting enplanements at GMIA. Overall, connecting enplanements at GMIA increased from 221,291 in 1999 to 737,239 in 2008, representing a 14.3 percent average annual growth rate over the 10-year period. The corresponding share of connecting enplanements increased from 7.6 percent in 1999 to 18.4 percent in 2008.

Data for the first nine months of 2009 show that both O&D and connecting traffic suffered percentage declines from the recent U.S. economic recession and airline capacity cuts. The O&D and connecting segments maintained their relative shares; however, Midwest Airlines and its regional/commuter affiliates lost share of connecting traffic to AirTran and Delta (formerly Northwest and Northwest Airlink operations). During the first nine months of 2009, Midwest and its regional/commuter affiliates accounted for 76.4 percent of connecting enplanements, AirTran accounted for 16.1 percent, and Delta accounted for 7.6 percent.

TABLE IV-5
GENERAL MITCHELL INTERNATIONAL AIRPORT
O&D AND CONNECTING ENPLANEMENTS [1]
1999 - 2008 and January - September 2009

	O&D		Connecting		Total
Year	Enplanements	Share	Actual	Share	Enplanements
1999	2,684,898	92.4%	221,291	7.6%	2,906,189
2000	2,805,445	92.3%	234,518	7.7%	3,039,962
2001	2,542,132	90.4%	269,823	9.6%	2,811,954
2002	2,501,964	89.6%	289,324	10.4%	2,791,287
2003	2,739,291	89.1%	335,132	10.9%	3,074,422
2004	2,901,637	87.1%	429,619	12.9%	3,331,255
2005	3,017,230	83.1%	612,324	16.9%	3,629,554
2006	3,041,268	83.5%	600,236	16.5%	3,641,503
2007	3,223,998	83.3%	644,101	16.7%	3,868,098
2008	3,263,527	81.6%	737,239	18.4%	4,000,765
Jan-Sep 2008	2,536,093	80.4%	618,318	19.6%	3,154,411
Jan-Sep 2009	2,324,672	80.1%	576,488	19.9%	2,901,160
	Average Annual Growth Rate				
1999-2008	2.2%	-	14.3%	-	3.6%
Jan-Sep 2009	-8.3%	-	-6.8%	-	-8.0%

[1] Connecting enplanements are calculated as one-half of on-line transfer passengers. O&D enplanements are calculated as the difference between total enplanements and connecting enplanements.
Source: Airport management records.

4. Airline Market Shares

GMIA has always enjoyed a broad base of air service providers with no single airline capturing a majority share of traffic, except in 2006 and 2007 when Midwest and its affiliates together carried 50.6 percent and 54.5 percent of total enplanements respectively. **Table IV-6** shows Airport enplanements and share by airline in 2002, 2006, 2008, and through September 2009. The following trends are noteworthy:

- Midwest and its affiliates continue to hold the largest share of enplanements at the Airport. This share increased from 38.0 percent in 2002 to 50.6 percent in 2006, reaching a peak of 54.5 percent in 2007 (not shown in the table) before decreasing to 47.6 percent in 2008 and 34.5 percent during the first nine months of 2009. On November 10, Midwest announced that it will add nonstop service between Milwaukee and both San Francisco International Airport (effective April 19, 2010) and Raleigh/Durham International Airport (effective April 1, 2010), affirming "Midwest's commitment to the Milwaukee community," according to Midwest's director of advertising and brand. With the new service, Midwest will provide nonstop service from GMIA to 34 cities.[2]

- Before Delta's acquisition of Northwest in October 2008, Northwest and its affiliates held the second largest share of Airport enplanements; and Delta and its affiliates the third largest share through 2006 and the fourth largest share thereafter. The two airlines' operations combined account for the second largest share in 2008, 19.4 percent, and 21.9 percent through September 2009.

- AirTran has expanded its presence at GMIA to become the third largest airline in the Airport's market. Its share of enplanements increased from a mere 1.7 percent in 2002 to 13.2 percent in 2008 and 22.4 percent during the first nine months of 2009. AirTran continues to expand service at GMIA. On November 4, AirTran announced the following additions to the airline's growing Milwaukee route network: new nonstop service from GMIA to Dallas-Fort Worth International Airport and expanded service to Ronald Reagan Washington National Airport, beginning April 6, 2010. AirTran also announced a new marketing partnership with SkyWest Airlines to support its Milwaukee focus. SkyWest will offer regional jet service between GMIA and six destinations: Pittsburgh, Lambert-St. Louis, Akron/Canton, Indianapolis, Des Moines, and Omaha, with seats on these flights to be sold in conjunction with AirTran Airways flights. Service under the new marketing partnership will begin in December 2009. Once fully implemented in February 2010, SkyWest will offer 18 daily non-stop flights from GMIA to the six destinations. AirTran's expanded service adds more low-fare competition to the Airport market.[3]

- Another airline that provides low-fare service at the Airport is Frontier, acquired on October 1, 2009 by Republic Airways Holdings, Inc., the parent company of Midwest Airlines. Frontier has maintained a small but steadily increasing market share, from 1.0 percent in 2003 (not shown in Table IV-6) to 3.0 percent in 2008 and 3.3 percent through September 2009. As discussed in Section III, the Republic Airways Holdings' recent acquisition of Frontier will add new jobs to the company's Milwaukee operations.

- Southwest, the leading low-cost, low-fare airline began service at GMIA on November 1, 2009, joining Frontier and AirTran in providing low-fare

[2] "Midwest adds service to San Francisco, Raleigh/Durham," *The Business Journal of Milwaukee*, November 10, 2009.
[3] "AirTran to expand service again in Milwaukee," *BizTimes Daily*, November 4, 2009.

alternatives to the Airport's passengers. Southwest initially is providing service to six cities from GMIA and is open to growing its GMIA operations if customers support the airline, according to Southwest's chief executive officer.[4]

- As a group, mainline carriers had maintained a share of more than 60 percent of the Airport's enplanements until this year. Data for the first nine months of 2009 show a combined market share of 55.5 percent for mainline carriers.

- As a group, regional/commuter airlines have accounted for 32-36 percent share of enplanements; data for the first nine months of 2009 show a significant increase in this share to 43.6 percent. The strong and expanding presence of regional/commuter carriers at GMIA is part of an industry-wide strategy of mainline air carriers to transfer routes with less demand to their regional affiliates to maintain a wide market reach while keeping operating costs down. It also indicates that the hub-and-spoke business model will remain a dominant one.

- The recent economic recession, which began in December 2007, ushered in another round of structural adjustments in the airline industry leading to significant capacity cuts at many of the nation's airports, including GMIA, and an increased reliance on regional/commuter carriers to continue providing service especially to markets that have experienced significant declines in traffic due to overall weakness in air travel demand.

- Signatory airlines, as a group, have maintained between 87.8 and 90.5 percent in share of total Airport enplanements.

[4] "Southwest CEO: Airline to alter airport landscape," *The Business Journal of Milwaukee*, November 6, 2009.

TABLE IV-6
GENERAL MITCHELL INTERNATIONAL AIRPORT
AIRLINE MARKET SHARES
2002, 2006, 2008, and January - September 2009

	Enplanements				Market Share			
Airline	**2002**	**2006**	**2008**	**Jan-Sep 2009**	**2002**	**2006**	**2008**	**Jan-Sep 2009**
Mainline Carrier								
AirTran	48,231	149,162	526,510	649,299	1.7%	4.1%	13.2%	22.4%
America West	66,796	76,235	0	0	2.4%	2.1%	0.0%	0.0%
Continental	0	0	263	417	0.0%	0.0%	0.0%	0.0%
Delta	217,808	65,457	57,954	47,265	7.8%	1.8%	1.4%	1.6%
Frontier	0	78,345	121,463	97,138	0.0%	2.2%	3.0%	3.3%
Midwest	761,595	1,403,709	1,187,388	340,546	27.4%	38.5%	29.7%	11.7%
Northwest	499,157	646,315	518,965	410,052	17.9%	17.7%	13.0%	14.1%
US Airways	140,737	0	80,123	66,542	5.1%	0.0%	2.0%	2.3%
Subtotal - Mainline	**1,734,324**	**2,419,223**	**2,492,666**	**1,611,259**	**62.4%**	**66.4%**	**62.3%**	**55.5%**
Regional/Commuter Carrier								
Air Canada Jazz	22,988	15,767	13,402	9,481	0.8%	0.4%	0.3%	0.3%
Chicago Express (ATA Connection)	56,832	0	0	0	2.0%	0.0%	0.0%	0.0%
American Eagle (American Connection)	124,938	116,886	96,728	89,198	4.5%	3.2%	2.4%	3.1%
Chautauqua (American Connection)	59,711	14,325	20,129	16,984	2.1%	0.4%	0.5%	0.6%
Trans States (American Connection)	0	27,574	17,205	0	0.0%	0.8%	0.4%	0.0%
Subtotal-American Connection	184,649	158,785	134,062	106,182	6.6%	4.4%	3.4%	3.7%
Continental Express (ExpressJet)	102,385	149,931	157,996	118,325	3.7%	4.1%	3.9%	4.1%
Atlantic Southeast (Delta Connection)	5,446	85,267	82,647	43,895	0.2%	2.3%	2.1%	1.5%
Chautauqua (Delta Connection)	0	17,651	25,410	36,143	0.0%	0.5%	0.6%	1.2%
Comair (Delta Connection)	38,086	54,541	36,214	13,535	1.4%	1.5%	0.9%	0.5%
Pinnacle (Delta Connection)	0	0	11,776	21,900	0.0%	0.0%	0.3%	0.8%
Shuttle America (Delta Connection)	0	0	6,344	0	0.0%	0.0%	0.2%	0.0%
SkyWest (Delta Connection)	0	5,816	9,554	32,632	0.0%	0.2%	0.2%	1.1%
Subtotal-Delta Connection	43,532	163,275	171,945	148,105	1.6%	4.5%	4.3%	5.1%
Great Lakes Airlines	0	0	4,015	4,052	0.0%	0.0%	0.1%	0.1%
Chautauqua (Midwest Connect)				16,429				
Republic (Midwest Connect)	0	0	70,048	333,633	0.0%	0.0%	1.8%	11.5%
Skyway (Midwest Connect)	294,345	438,319	75,170	0	10.6%	12.0%	1.9%	0.0%
Sky West (Midwest Connect)	0	0	573,597	327,811	0.0%	0.0%	14.3%	11.3%
Subtotal-Midwest Connect	294,345	438,319	718,815	677,873	10.6%	12.0%	18.0%	22.8%
Compass (NW Airlink)	0	0	2,679	9,916	0.0%	0.0%	0.1%	0.3%
Mesaba (NW Airlink)	0	1,233	25,776	16,931	0.0%	0.0%	0.6%	0.6%
Pinnacle (NW Airlink)	0	2,500	93	2,993	0.0%	0.1%	0.0%	0.1%
Subtotal-Northwest Airlink	0	3,733	28,548	29,840	0.0%	0.1%	0.7%	1.0%
Air Wisconsin (United Express)	186,784	4,019	0	0	6.7%	0.1%	0.0%	0.0%
Mesa (United Express)	0	4,217	7,799	20,451	0.0%	0.1%	0.2%	0.7%
Shuttle America (United Express)	0	0	64	0	0.0%	0.0%	0.0%	0.0%
SkyWest (United Express)	0	106,743	72,106	76,921	0.0%	2.9%	1.8%	2.7%
Trans States (United Express)	0	22,768	42,919	2,925	0.0%	0.6%	1.1%	0.1%
Subtotal-United Express	186,784	137,747	122,888	100,297	6.7%	3.8%	3.1%	3.5%
Air Wisconsin (US Airways Express)	0	91,846	83,735	56,980	0.0%	0.0%	2.1%	2.0%
Chautauqua (US Airways Express)	7,470	0	0	0	0.3%	0.0%	0.0%	0.0%
Mesa (US Airways Express)	22,435	0	4,930	0	0.8%	0.0%	0.1%	0.0%
PSA (US Airways Express)	0	27	582	12,372	0.0%	0.0%	0.0%	0.4%
Republic (US Airways Express)	0	0	7,403	182	0.0%	0.0%	0.2%	0.0%
Trans States (US Airways Express)	0	0	0	0	0.0%	0.0%	0.0%	0.0%
Subtotal-US Airways Express	29,905	91,873	96,650	69,534	1.1%	0.0%	2.4%	2.4%
Subtotal - Regional/Commuter	**921,420**	**1,159,430**	**1,448,321**	**1,263,689**	**33.1%**	**31.8%**	**36.2%**	**43.6%**
Subtotal - Charter	**125,308**	**62,850**	**59,778**	**26,212**	**4.5%**	**1.7%**	**1.5%**	**0.9%**
TOTAL - ALL AIRLINES	**2,781,052**	**3,641,503**	**4,000,765**	**2,901,160**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Signatory Airlines	2,294,078	3,294,213	3,621,118	2,635,945	87.8%	90.5%	90.5%	90.9%
Non-signatory Airlines	486,974	347,290	379,647	265,215	17.5%	9.5%	9.5%	9.1%

Source: Airport management records.

5. Top O&D Markets

Table IV-7 lists the top 20 O&D destinations from GMIA in the 12 months ended December 31, 2008. Served by 61 non-stop or direct departure airports, on average, these destinations are large metropolitan areas located throughout the United States. Collectively, service to the top 20 destinations accounted for 69.0 percent of O&D enplanements at GMIA in 2008. The top five destinations, in terms of individual O&D market share, were Orlando, New York, Las Vegas, Atlanta, and Phoenix.

TABLE IV-7
GENERAL MITCHELL INTERNATIONAL AIRPORT
TOP 20 O&D DESTINATIONS
For the 12 Months Ended December 31, 2008

Rank[1]	City	Airports	O&D Market Share[2]	Avg. Daily Nonstop Departures[3]	Air Miles from Milwaukee[4]
1	Orlando, FL	MCO	6.9%	4	1,060
2	New York, NY	LGA, EWR	6.4%	13	730
3	Las Vegas, NV	LAS	6.3%	2	1,520
4	Atlanta, GA	ATL	5.3%	13	669
5	Phoenix, AZ	PHX	5.0%	5	1,458
6	Los Angeles, CA	LAX, SNA	4.0%	2	1,751
7	Denver, CO	DEN	3.6%	7	892
8	Tampa, FL	TPA	3.3%	2	1,077
9	Boston, MA	BOS	3.2%	5	857
10	Washington, DC	DCA	3.1%	5	632
11	Dallas/Ft. Worth, TX	DFW	3.0%	6	852
12	South Florida	FLL, MIA	2.5%	1	1,251
13	San Francisco, CA	SFO	2.4%	1	1,840
14	Baltimore, MD	BWI	2.3%	4	639
15	Ft. Myers, FL	RSW	2.3%	1	1,180
16	Minneapolis/St. Paul, MN	MSP	2.3%	10	296
17	Philadelphia, PA	PHL	2.2%	7	688
18	Seattle, WA	SEA	1.9%	1	1,694
19	San Diego, CA	SAN	1.6%	0	1,734
20	Kansas City, MO	MCI	1.3%	6	436
	DESTINATIONS LISTED	-	**69.0%**	**94**	-
	OTHER TOP DESTINATIONS	-	**31.0%**	**104**	-
	TOTAL	-	**100.0%**	**198**	-

[1] Ranking is based on enplanement share among the top 50 O&D destinations.
[2] BACK Aviation Solutions and U.S. Department of Transportation OD1A Database, as of September 18, 2009.
[3] BACK Aviation Solutions and Official Airline Guide, Inc. The number of daily nonstop departures equals annual scheduled nonstop departures divided by 365.
[4] OAG *Flight Guide - North America,* and Bureau of Transportation Statistics.

Table IV-8 shows the trends in scheduled passenger air service at GMIA from 2002 through 2008:

- *Domestic service.* The number of airport destinations served with non-stop flights remained essentially the same at 53 over the past seven years. There was a net decrease in the number of scheduled flights from a daily average of 202 in 2002 to 194 in 2008, but the number of seats increased from a daily average of 13,660 in 2002 to 14,889 in 2008. This is likely due to the increasing market share of regional/commuter carriers at GMIA.

- *International service.* Scheduled international service expanded from one destination (Toronto, Canada) to eight (including resort destinations in Mexico and the Caribbean). There was a net decrease in the average number of flights per day from five in 2002 to four in 2008, but the average number of seats per day increased from 170 in 2002 to 302 in 2008.

TABLE IV-8
GENERAL MITCHELL INTERNATIONAL AIRPORT
SCHEDULED PASSENGER AIR SERVICE TRENDS
2002, 2005 and 2008

Air Service Measure	2002	2005	2008
Domestic			
Number of non-stop airport destinations	53	54	53
Average daily departures[1]	202	223	194
Average daily seats[1]	13,660	15,163	14,889
International			
Number of non-stop airport destinations	1	5	8
Average daily departures[1]	5	6	4
Average daily seats[1]	170	251	302
Total			
Number of non-stop airport destinations	54	59	61
Average daily departures[1]	206	229	198
Average daily seats[1]	13,830	15,414	15,192

[1] Annual total divided by 365 days.

Source: OAG schedules database.

6. Air Cargo

The Airport handles a large volume of air cargo, comprised of freight and mail (**Table IV-9**). However, there have been significant fluctuations in tonnage since 1999. Stringent security measures implemented post-September 11, 2001, contributed to the downward trend in the volume of enplaned cargo. Although there was an increase in 2008, air cargo activity at GMIA remains below pre-

2001 levels. Total enplaned cargo decreased from approximately 139.0 million pounds in 1999 to 99.7 million pounds in 2008, representing an average annual decrease of 3.6 percent over that period. Air freight consistently accounted for the bulk of air cargo handled at the Airport – at least 82 percent of annual air cargo between 1999 and 2001, over 90 percent thereafter. In 2008, air freight represented 95.4 percent of total air cargo.

TABLE IV-9
GENERAL MITCHELL INTERNATIONAL AIRPORT
ENPLANED CARGO
1999 - 2008 and January - September 2009

	Freight		Mail		Total
Year	(000 lbs)	Share	(000 lbs)	Share	(000 lbs)
1999	115,257	82.9%	23,766	17.1%	139,023
2000	102,147	82.3%	21,909	17.7%	124,056
2001	88,903	83.0%	18,194	17.0%	107,097
2002	91,720	91.4%	8,646	8.6%	100,366
2003	88,544	92.4%	7,259	7.6%	95,804
2004	97,429	92.6%	7,742	7.4%	105,171
2005	91,263	94.7%	5,152	5.3%	96,416
2006	92,939	94.2%	5,711	5.8%	98,650
2007	90,089	95.4%	4,342	4.6%	94,431
2008	95,204	95.4%	4,538	4.6%	99,742
Jan-Sep 2008	70,954	95.2%	3,555	4.8%	74,509
Jan-Sep 2009	54,148	96.9%	1,707	3.1%	55,855
	Average Annual Growth Rate				
1999-2008	-2.1%		-16.8%		-3.6%
Jan-Sep 2009	-23.7%		-52.0%		-25.0%

Source: Airport management records.

7. Aircraft Operations

FAA tower records of all categories of aircraft operations at GMIA from 1999 through 2008 and the first nine months of 2009 are presented in **Table IV-10**. There were fluctuations in annual aircraft operations during the 10-year period, including a measurable decrease since 2000. Overall, total aircraft operations at the Airport decreased at an average annual rate of 2.1 percent between 1999 and 2008, and total aircraft operations through September 2009 were 13.1 percent lower than total operations at the Airport during the first nine months of 2008.

TABLE IV-10
GENERAL MITCHELL INTERNATIONAL AIRPORT
AIRCRAFT OPERATIONS
1999 - 2008 and January - September 2009

Year	Large Air Carrier [1]	Small Air Carrier	General Aviation	Military	Total Operations
1999	86,751	84,340	45,592	5,183	221,866
2000	85,893	92,044	39,695	4,223	221,855
2001	74,073	98,034	34,520	4,885	211,512
2002	43,261	135,399	32,105	4,814	215,579
2003	50,332	127,424	29,344	4,318	211,418
2004	67,973	120,160	24,040	3,057	215,230
2005	70,791	122,988	22,817	2,518	219,114
2006	69,941	109,060	20,945	2,559	202,505
2007	66,762	110,691	20,396	2,356	200,205
2008	63,904	100,864	16,404	2,106	183,278
Jan-Sep 2008	51,507	77,868	13,062	1,666	144,103
Jan-Sep 2009	37,346	75,894	10,569	1,440	125,249
	Average Annual Growth Rate				
1999-2008	-3.3%	2.0%	-10.7%	-9.5%	-2.1%
Jan-Sep 2009	-27.5%	-2.5%	-19.1%	-13.6%	-13.1%

[1] Includes operations by aircraft with 60 or more seats.

Source: Airport management records (based on FAA tower reports).

The trends in commercial air carrier aircraft operations reflect, among other things, changes in the composition of air carriers at GMIA, mainline-to-regional carrier route transfers implemented post-September 11, 2001, and other industry-wide fleet adjustments. According to the FAA, however, since September 11, 2001, mainline carriers have been successfully negotiating the relaxation of existing scope clauses with their pilot unions, leading to a shift in both the type and size of aircraft operated by the regional/commuter carriers. Increasingly, regional/commuter carriers are operating larger regional jets, while some of the mainline carriers are shifting to smaller equipment – a trend described by the FAA as a "convergence of the U.S. airline fleet".[5] Growing competition from low-cost carriers in the long-haul markets that were traditionally served primarily by the legacy carriers has led to the legacy carriers shifting capacity from domestic markets to more profitable international markets where there is less low-cost carrier competition.[6]

The impact of those recent system-wide fleet and route adjustments is reflected in the decrease in large air carrier aircraft operations and corresponding increase

[5] FAA, *Aerospace Forecasts, FY 2005-2016*, March 2005, pages IV-1 and IV-2.
[6] FAA, *Aerospace Forecasts, FY 2006-2017*, March 2006, pages 11 and 19.

in small air carrier aircraft operations at GMIA. For the purpose of tracking aircraft operations at GMIA, the category "large air carrier" is defined as operations by aircraft with 60 or more seats. Between 1999 and 2008, large air carrier operations decreased at an average annual rate of 3.3 percent, while small air carrier operations increased at an average annual rate of 2.0 percent.

General aviation covers a broad range of aircraft activity, including recreational flying, flying for corporate business, pilot training, and the movement of large or heavy loads by helicopter. In addition to the general aviation activity at GMIA, nearby County-owned Timmerman Airport acts as the general aviation reliever airport for GMIA. Military operations represent the activity of the U.S. Department of Defense in the vicinity of an airport.

8. Commercial Aircraft Landed Weight

Table IV-11 presents annual commercial landed weight at GMIA from 2006 through 2008 and for the first nine months of 2009. Annual commercial landed weight at GMIA increased by 3.0 percent, from approximately 5.70 billion pounds in 2006 to 5.87 billion pounds in 2008.

Tracking landed weight by airline category confirms the implications of recent trends in commercial aircraft fleet and operations at the Airport discussed in the preceding subsection. With the exception of AirTran and Frontier, the mainline air carriers reported decreases in landed weight in 2008 compared to 2006. Overall, mainline landed weight decreased by 7.0 percent, from 3.49 billion pounds in 2006 to 3.25 billion pounds in 2008. Mainline air carriers collectively accounted for the largest share of total landed weight at GMIA, 55.3 percent in 2008, down from 61.2 percent share in 2006 and 58.3 percent in 2007. Mainline landed weight has continued to decline, accounting for 50.1 percent of total commercial landed weight at the Airport during the first nine months of 2009.

The significant increase in activity by regional/commuter carriers in 2007 and 2008 is reflected in 24.5 percent increase in landed weight, from 1.57 billion pounds in 2006 to 1.95 billion pounds in 2008. The corresponding category share for regional/commuter landed weight at GMIA grew from 27.5 percent in 2006 to 33.2 percent in 2008. Regional/commuter landed weight accounted for 42.0 percent of total commercial landed weight at the Airport through September 2009.

Signatory airlines account for the large majority share of total landed weight that has ranged between 79.9 and 84.9 percent since 2006.

TABLE IV-11
GENERAL MITCHELL INTERNATIONAL AIRPORT
COMMERCIAL AIRCRAFT LANDED WEIGHT BY AIRLINE
2006 - 2009 and January 2009 - September 2009

	Landed Weight (000 lbs.)				Percent Change
Airline	**2006**	**2007**	**2008**	Jan-Sep 2009	**2006-08**
Mainline Carrier					
AirTran	194,320	301,904	645,168	792,720	232.0%
American	0	0	5,494	3,048	n.a.
America West	83,321	7,068	0	0	-100.0%
Continental	0	0	1,918	3,857	n.a.
Delta	87,094	68,013	64,787	55,305	-25.6%
Frontier	105,966	120,107	141,215	108,743	33.3%
Jet Blue	0	0	907	97	n.a.
Midwest	2,157,913	2,094,209	1,646,931	423,600	-23.7%
Northwest	863,015	668,209	639,910	520,732	-25.9%
Southwest	0	0	868	0	n.a.
United	0	0	771	2,183	n.a.
US Airways	0	81,290	96,689	76,343	n.a.
USA 3000	0	0	3,128	25,312	n.a.
Subtotal - Mainline	**3,491,629**	**3,340,800**	**3,247,785**	**2,011,939**	**-7.0%**
% of Total Landed Weight	**61.2%**	**58.3%**	**55.3%**	**50.1%**	**-**
Regional/Commuter					
Air Canada Jazz	27,654	27,727	27,367	20,485	-1.0%
Air Wisconsin (United Express)	16,365	0		0	-100.0%
Air Wisconsin (US Airways Express)	109,497	106,032	98,747	69,748	-9.8%
American Eagle (American Connection)	130,192	98,957	121,988	106,856	-6.3%
Atlantic Southeast	103,452	96,144	88,951	50,049	-14.0%
Chautauqua (American Connection)	16,824	32,280	31,031	22,492	84.4%
Chautauqua (Midwest Connect)					
Chautauqua (US Airways Express)	0	0	75	0	n.a.
Chautauqua (Delta Connection)	23,686	24,740	26,840	36,675	13.3%
Comair (Delta Connection)	67,616	41,564	38,402	15,454	-43.2%
Compass (NW Airlink)	0	0	3,595	11,909	n.a.
Continental Express (ExpressJet)	178,342	182,302	181,982	133,399	2.0%
Great Lakes Airlines				16,998	n.a.
Mesa (United Express)	5,190	141	11,001	27,076	112.0%
Mesa (US Airways Express)	0	0	4,851	74	n.a.
Mesaba (NW Airlink)	27,200	0	34,651	19,000	27.4%
Piedmont (US Airways Express)	0	0		68	n.a.
Pinnacle (Delta Connection)	0	0	13,391	27,771	n.a.
Pinnacle (NW Airlink)	24,035	0	235	3,261	-99.0%
PSA (US Airways)	47	3,196	705	13,500	1400.0%
Republic (Midwest Connect)	0	0	105,142	458,385	n.a.
Republic (US Airways Express)	0	0	8,459	3,042	n.a.
Shuttle America (Delta Connection)	0	0	8,037	1,420	n.a.
Shuttle America (United Express)	0	0	145	217	n.a.
Skyway (Midwest Connect)	627,218	604,667	119,541	345,309	-80.9%
SkyWest (Delta Connection)	7,746	59,552	11,392	35,038	47.1%
SkyWest (United Express)	132,796	133,652	90,215	87,111	-32.1%
SkyWest (Midwest Connect)	0	254,411	850,324	177,143	n.a.
Trans States (American Connection)	37,313	30,678	25,870	0	-30.7%
Trans States (United Express)	29,869	34,720	46,123	3,191	54.4%
Subtotal - Regional/Commuter	**1,565,042**	**1,730,762**	**1,949,059**	**1,685,671**	**24.5%**
% of Total Landed Weight	**27.5%**	**30.2%**	**33.2%**	**42.0%**	**-**
Subtotal - Charter/Other	**91,609**	**112,095**	**115,878**	**33,133**	**26.5%**
% of Total Landed Weight	**1.6%**	**2.0%**	**2.0%**	**0.8%**	**-**
Subtotal - All Cargo	**552,859**	**544,579**	**559,033**	**285,271**	**1.1%**
% of Total Landed Weight	**9.7%**	**9.5%**	**9.5%**	**7.1%**	**-**
TOTAL - ALL AIRLINES	**5,701,140**	**5,728,237**	**5,871,755**	**4,016,014**	**3.0%**
Signatory Airlines	**4,552,605**	**4,705,956**	**4,789,056**	**3,355,450**	**5.2%**
% of Total Landed Weight	**79.9%**	**82.2%**	**81.6%**	**83.6%**	**-**
Non-signatory Airlines	**1,148,534**	**1,022,280**	**1,082,699**	**660,564**	**-5.7%**
% of Total Landed Weight	**20.1%**	**17.8%**	**18.4%**	**16.4%**	**-**

"n.a.." stands for not applicable due to the airline's recent entry into or exit from the GMIA market.

Source: Airport management records (based on airlines' reports to the Airport).

B. FORECASTS OF AVIATION ACTIVITY

This sub-section presents forecasts of annual commercial aviation activity at the Airport for the years 2009-2014. We developed the forecasts using a hybrid modeling approach that is capacity driven in the near term and demand driven in the long term:

- The latest published airline schedules (as of September 14, 2009) were used to develop near-term projections of enplanements, aircraft departures (landings). The airline schedules reflect airlines' expectations about and their responses to near-term economic and demand conditions, taking into account available fleet and other resources. The schedules are typically published for 12 months into the future, and are revised every two weeks. Forecasts for the full year 2009 activity are based on actual performance and published airline schedules, taking into account the typical flight cancellation rate (the difference between actual and scheduled departures) and trends in boarding load factors. Forecasts for 2010 are based on both available airline schedules and the outlook for economic and air travel demand recovery in 2010.

- To forecast aviation activity over the long-term, we developed a multivariate regression model that relates enplanements to long-term demand drivers, such as trends in economic activity and the price of air travel. The results of this regression model are used to project annual growth rates in enplanements. The resulting forecast annual enplanement levels are then used to project aircraft departures (or landings), which in turn serve as the basis for projecting landed weight. Assumptions regarding changes in boarding load factors, aircraft gauge (seats per aircraft), and average aircraft landed weight follow FAA projections of industry trends.

1. Forecast Enplanements

A number of techniques are available for forecasting, with each one presenting certain advantages and disadvantages. As discussed above, the projections of annual enplanements for 2009 and 2010 are based, in part, on published airline schedules as of September 2009. Long-term forecasts are based on the results of a multivariate regression model. For comparison and forecast evaluation, this study also presents the latest Terminal Area Forecasts (TAF) developed by the FAA for the Airport, as well as other enplanement forecasts developed using market share analysis and univariate time series regression (a trend extrapolation technique).

Multivariate regression analysis

Multivariate regression analysis provides a systematic framework to incorporate a number of explanatory variables in modeling and forecasting air travel demand, and quantify the effects of various explanatory variables on demand. By design, regression analysis reduces subjective inputs and minimizes forecast errors. The regression model of enplanements at the Airport was specified with the explanatory variables described below. These explanatory variables were selected based on our knowledge of the underlying principles of consumer demand, our analysis of historical enplanement trends at the Airport, our understanding of the Airport market, and our assessment of the demographic and economic trends in the air service area. The explanatory variables include:

- *Price of air travel.* The demand for air travel is inversely related to its price. Holding all other factors constant, more people travel and do so more frequently when air fares go down, and fewer people travel and do so less frequently when air fares go up. Airfares, in real terms, have followed a long-term trend of decline since the 1978 deregulation, stimulating growth in air travel. A variety of factors have combined to reduce airfares: productivity growth, competition particularly from low-cost carriers, price transparency on the Internet, and growing price consciousness among both leisure and business travelers. In the regression model, the average domestic real passenger yield at GMIA was used as a measure of the price of air travel, using historical data from the U.S. Department of Transportation and yield trends projected by the FAA for the entire industry. The average domestic real passenger yield at GMIA declined at an average annual rate of 2.7 percent between 1981 and 2008. It is projected to continue declining sharply at an average annual rate of 8.9 percent through 2010 and at a more moderate average annual rate of 1.6 percent during the remainder of the forecast period.

- *Income.* The demand for air travel increases with income because income growth boosts consumer spending and stimulates business activity. We used real U.S. per capita Gross Domestic Product (GDP) as a measure of income. Historical and forecast data were obtained from Moody's economy.com, an independent economic forecasting firm. The real U.S. per capita GDP increased at an average annual rate of 1.9 percent between 1981 and 2008. It is projected to decrease at an average annual rate of 1.4 percent in 2009 and 2010 – consistent with the deepening of the U.S. economic recession during the first half of 2009 and the sluggish recovery that is expected to follow. Positive growth in real U.S. per capita GDP is projected to be restored beginning in 2011 and average 2.9 percent per year through 2014. The national economic trends that drive per capita income growth trends will be discussed further at the end of the section.

- *Local employment.* Local employment is an indicator of local economic activity. As discussed in Section III, local economic trends play an important role in generating O&D traffic. Historical and forecast data on non-agricultural employment in the Milwaukee-Waukesha-West Allis MSA were obtained from Moody's economy.com. Local non-agricultural employment increased at an average annual rate of 0.9 percent between 1981 and 2008. Employment growth is projected to average -4.2 percent per year in 2009 and 2010, and +2.0 percent per year during the remainder of the forecast period.

- *Post-September 11, 2001 structural changes.* Since the estimation period used in regression modeling extended back to years prior to the September 11, 2001 events, a variable was included to account for the structural changes that occurred in the market and the industry following the September 11, 2001 events.

In addition to the above explanatory variables, the regression model included autoregressive factors to correct for serial correlation typically observed in time series data. The regression model yielded an adjusted R-squared of 0.99, meaning that the model specification explains 99 percent of the historical trends in passenger enplanements at GMIA.

Alternative forecast scenarios

The regression model results were used together with the latest airline flight schedules from July 2009 through June 2010 to generate three alternative forecasts of enplanements. These alternative forecasts differed in growth outlook for 2010, setting three alternative paths for forecast activity at GMIA from 2010 onwards. Beyond 2010, the same annual enplanement growth rates apply to the three scenarios, driven by projected long-term trends in the key demand drivers as described above. The three forecast scenarios are described below:

- *Base forecast scenario.* Under the base forecast scenario, full-year estimates of 2009 activity are based on actual performance and published airline schedules. After 2009, growth in annual enplanements is based on the forecast results from the multivariate regression model linking enplanement trends with trends in the explanatory variables described above. The base forecast shows annual enplanements continuing to decrease in 2010, consistent with independent economic projections that real incomes and local employment will continue to decline through 2010. Airline schedules for the first half of 2010 are used to help anticipate any changes in airline shares of forecast enplanements.

- *Low forecast scenario.* The low forecast scenario simulates what might happen to air traffic at GMIA if Midwest, its hub carrier, were to discontinue service. Like other airlines, Midwest faced financial difficulties that led to recent changes in ownership. The low forecast scenario assumes no loss in

O&D traffic if Midwest were to discontinue service – O&D enplanements will remain the same as forecast under the base case. O&D traffic is germane to the local market, and Midwest's share is likely to be captured by the other airlines continuing to provide service at GMIA. However, the low forecast scenario assumes that Midwest's share of connecting traffic (approximately 82 percent) will be lost in its entirety.

- *High forecast scenario.* The high forecast scenario shows a sharp rebound in enplanements (nearly 15 percent) at GMIA based on a significant increase in scheduled seats in 2010 (21 percent), as indicated by published airline schedules for the first half of 2010.

Enplanement forecasts using alternative sources and methodologies

For comparison, forecast results using alternative sources and methodologies are presented below:

- *FAA Terminal Area Forecasts (TAF).* The FAA develops activity for each airport annually for use in planning, budgeting, and staffing, and the most recent TAF was published in December 2008. The TAF contains forecasts of enplanements, aircraft operations, instrument operations, and based aircraft. The TAF is convenient to use because it is readily available. However, it can be outdated by the time of its publication because it takes about a year for the TAF to be produced, approved and published.

- *Trend extrapolation.* Trend extrapolation examines the historical enplanement growth trend and projects this trend into the future. It can be performed with a varying degree of sophistication from simple growth rate extrapolation to univariate time series regression with correction for serial correlation to establish a trendline. Trend extrapolation requires only historical data on airport enplanements. Its major shortcoming, however, is that it relies on the assumption that historical trends will be replicated in the future. The results may be flawed if future market conditions deviate significantly from the past. A number of factors influence enplanement levels, and the future trends of these factors could differ from their past trends. In the absence of a link between forecasts and explanatory factors, the uncertainty associated with the forecasts tends to increase – and consequently forecast errors also tend to be larger – with time. Hence, the reliability of trendline forecasts is limited within the short term when the underlying explanatory variables are relatively less dynamic.

- *Market share analysis.* Market share analysis (also called ratio analysis) is a top-down approach to forecasting airport activity, allocating aggregate activity – for example, national, state or regional – to the airport level. The FAA national forecasts of enplanements, updated and published annually, provide a convenient basis for implementing market share analysis. For example, the

Airport's share of annual U.S. system revenue enplanements averaged 0.51 percent over the past three years. Future enplanements at the Airport can be projected by applying this average share to the latest national forecasts – those published in March 2009 – as of the date of this Report. Market share analysis is also easy to implement. Like trend extrapolation, however, it does not take into account trends in local market factors that could affect enplanement growth.

The above forecasting techniques and the FAA TAF produce a range of enplanement forecasts as shown in **Table IV-12**. Given the relative merits of the hybrid approach – combining the use of airline schedules and multivariate regression analysis – over the other forecasting techniques, we use the enplanement forecasts based on the hybrid approach as the basis for financial analysis and for projecting other relevant measures of aviation activity also needed in the financial analysis in Section V.

TABLE IV-12
GENERAL MITCHELL INTERNATIONAL AIRPORT
ALTERNATIVE FORECASTS OF ENPLANEMENTS
2008 - 2014

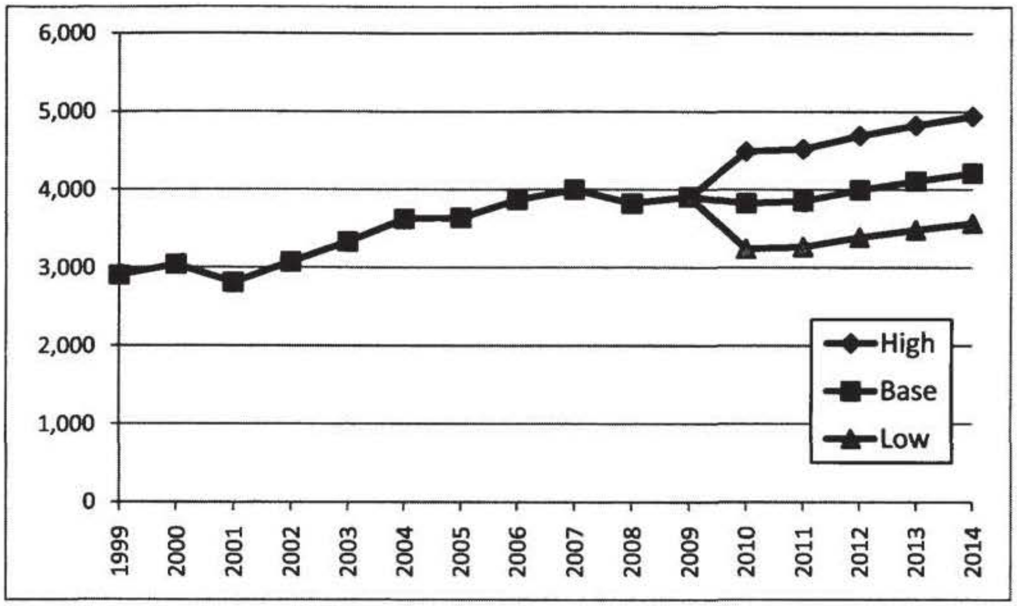
	Feasibility Report 2009 Hybrid Model Forecasts[1]											
	Base		Low		High		FAA TAF		Trendline		Market Share	
Year[2]	EP (000)	AGR	EP (000)	AGR	EP (000)	AGR	EP (000)	AGR	EP (000)	AGR	EP (000)	AGR
2008 (Actual)	4,001	3.4%	4,001	3.4%	4,001	3.4%	4,001	3.4%	4,001	3.4%	4,001	3.4%
2009[3]	3,906	-2.4%	3,906	-2.4%	3,906	-2.4%	3,275	-18.1%	3,974	-0.7%	3,554	-11.2%
2010	3,827	-2.0%	3,245	-16.9%	4,490	14.9%	3,326	1.6%	3,964	-0.2%	3,626	2.0%
2011	3,854	0.7%	3,268	0.7%	4,522	0.7%	3,430	3.1%	4,024	1.5%	3,778	4.2%
2012	3,999	3.8%	3,391	3.8%	4,692	3.8%	3,538	3.1%	4,130	2.6%	3,965	4.9%
2013	4,112	2.8%	3,487	2.8%	4,824	2.8%	3,649	3.1%	4,247	2.8%	4,155	4.8%
2014	4,211	2.4%	3,571	2.4%	4,941	2.4%	3,764	3.1%	4,354	2.5%	4,278	3.0%
	Average Annual Growth Rate											
2008-2014	0.9%		-1.9%		3.6%		-1.0%		1.4%		1.1%	

EP - Enplanements AGR - Annual growth rate
[1] Based on the recently published airline schedules and the multivariate regression model.
[2] The regression model-based forecasts and the trendline forecast are on a calendar year basis, and the FAA TAF and market share forecasts are based on the federal fiscal year ending September 30.
[3] Based on actual performance during the first half of 2009 and published airline schedules for the remainder of the year.

All forecasts are subject to uncertainty. The above forecasts are based on information available at the date of this Report. Various factors other than those explicitly considered in generating the above forecasts can influence future traffic. Unexpected events may occur and some of the underlying assumptions of the analysis may not be realized. Therefore, actual results may vary from the forecasts and the variations may be material.

Figure IV-3 shows historical enplanement trends and the three growth paths projected under the base, low and high forecast scenarios.

FIGURE IV-3
GENERAL MITCHELL INTERNATIONAL AIRPORT
BASE, LOW AND HIGH ENPLANEMENT FORECASTS
1999 - 2014



See schedules & regression model-based forecasts in **Table IV-12**.

Tables IV-13A, B and **C** present forecast enplanements broken down between mainline and regional airline categories and between O&D and connecting traffic.

TABLE IV-13A
GENERAL MITCHELL INTERNATIONAL AIRPORT
BASE FORECAST SCENARIO: FORECAST ENPLANEMENTS BY AIR CARRIER CATEGORY AND TRAFFIC SEGMENT
2008 - 2014

Air Carrier Catergory/ Traffic Segment	Actual 2008	Forecast 2009[1]	2010	2011	2012	2013	2014	AAGR 2008-14
	Enplanements (000)							
Mainline								
Midwest	1,187	486	405	408	424	436	446	-15.1%
Delta[2]	577	606	514	518	537	552	566	-0.3%
AirTran	527	889	1,037	1,044	1,084	1,114	1,141	13.8%
Other[3]	251	321	438	441	458	471	482	11.5%
Subtotal-Mainline[4]	**2,542**	**2,301**	**2,395**	**2,412**	**2,503**	**2,573**	**2,635**	**0.6%**
Regional								
Midwest Connect	719	845	764	770	799	821	841	2.7%
Delta Connection[2]	200	224	198	199	207	213	218	1.4%
Other	529	531	464	467	485	498	511	-0.6%
Subtotal-Regional[4]	**1,448**	**1,600**	**1,426**	**1,437**	**1,491**	**1,533**	**1,570**	**1.4%**
Charter	11	6	5	5	6	6	6	-9.2%
Total Enplanements[4]	**4,001**	**3,906**	**3,827**	**3,854**	**3,999**	**4,112**	**4,211**	**0.9%**
Annual Growth Rate	3.4%	-2.4%	-2.0%	0.7%	3.8%	2.8%	2.4%	
O&D	**3,264**	**3,182**	**3,117**	**3,139**	**3,258**	**3,349**	**3,430**	**0.8%**
Connecting	**737**	**724**	**709**	**714**	**741**	**762**	**781**	**1.0%**
	Percentage Shares							
Mainline	63.5%	58.9%	62.6%	62.6%	62.6%	62.6%	62.6%	
Regional	36.2%	41.0%	37.3%	37.3%	37.3%	37.3%	37.3%	
Charter	0.3%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	
O&D	81.6%	81.5%	81.5%	81.5%	81.5%	81.5%	81.5%	
Connecting	18.4%	18.5%	18.5%	18.5%	18.5%	18.5%	18.5%	

AAGR - Average annual growth rate
[1] Based on actual performance and published airline schedules.
[2] Includes shares held by former Northwest Airline and Northwest Airlink operators.
[3] Southwest Airlines accounts for approximately 55 percent of the subtotal for mainline "other" beginning in 2010.
[4] Details may not add to total due to rounding.

All forecasts are subject to uncertainty. The above forecasts are based on information available at the date of this Report. Various factors other than those explicitly considered in generating the above forecasts can influence future traffic. Unexpected events may occur and some of the underlying assumptions of the analysis may not be realized. Therefore, actual results may vary from the forecasts and the variations may be material.

TABLE IV-13B
GENERAL MITCHELL INTERNATIONAL AIRPORT
LOW FORECAST SCENARIO: FORECAST ENPLANEMENTS BY AIR CARRIER CATEGORY AND TRAFFIC SEGMENT
2008 - 2014

Air Carrier Catergory/ Traffic Segment	Actual 2008	Forecast 2009[1]	2010	2011	2012	2013	2014	AAGR 2008-14
	Enplanements (000)							
Mainline								
Midwest	1,187	486	0	0	0	0	0	-100.0%
Delta[2]	577	606	628	632	656	675	691	3.1%
AirTran	527	889	1,267	1,276	1,324	1,361	1,394	17.6%
Other[3]	251	321	536	539	560	576	589	15.3%
Subtotal-Mainline[4]	**2,542**	**2,301**	**2,431**	**2,448**	**2,540**	**2,612**	**2,675**	**0.9%**
Regional								
Midwest Connect	719	845	0	0	0	0	0	-100.0%
Delta Connection[2]	200	224	242	244	253	260	266	4.8%
Other	529	531	567	571	592	609	624	2.8%
Subtotal-Regional[4]	**1,448**	**1,600**	**809**	**815**	**845**	**869**	**890**	**-7.8%**
Charter	11	6	5	5	6	6	6	-9.2%
Total Enplanements[4]	**4,001**	**3,906**	**3,245**	**3,268**	**3,391**	**3,487**	**3,571**	**-1.9%**
Annual Growth Rate	3.4%	-2.4%	-16.9%	0.7%	3.8%	2.8%	2.4%	
O&D	**3,264**	**3,182**	**3,117**	**3,139**	**3,258**	**3,349**	**3,430**	**0.8%**
Connecting	**737**	**724**	**128**	**129**	**134**	**137**	**141**	**-24.1%**
	Percentage Shares							
Mainline	63.5%	58.9%	74.9%	74.9%	74.9%	74.9%	74.9%	
Regional	36.2%	41.0%	24.9%	24.9%	24.9%	24.9%	24.9%	
Charter	0.3%	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%	
O&D	81.6%	81.5%	96.1%	96.1%	96.1%	96.1%	96.1%	
Connecting	18.4%	18.5%	3.9%	3.9%	3.9%	3.9%	3.9%	

AAGR - Average annual growth rate

[1] Based on actual performance and published airline schedules.

[2] Includes shares held by former Northwest Airline and Northwest Airlink operators.

[3] Southwest Airlines accounts for approximately 55 percent of the subtotal for mainline "other" beginning in 2010.

[4] Details may not add to total due to rounding.

All forecasts are subject to uncertainty. The above forecasts are based on information available at the date of this Report. Various factors other than those explicitly considered in generating the above forecasts can influence future traffic. Unexpected events may occur and some of the underlying assumptions of the analysis may not be realized. Therefore, actual results may vary from the forecasts and the variations may be material.

TABLE IV-13C
GENERAL MITCHELL INTERNATIONAL AIRPORT
HIGH FORECAST SCENARIO: FORECAST ENPLANEMENTS BY AIR CARRIER CATEGORY AND TRAFFIC SEGMENT
2008 - 2014

Air Carrier Catergory/	Actual	Forecast						AAGR
Traffic Segment	2008	2009[1]	2010	2011	2012	2013	2014	2008-14
	Enplanements (000)							
Mainline								
Midwest	1,187	486	393	396	411	423	433	-15.5%
Delta[2]	577	606	510	513	533	548	561	-0.5%
AirTran	527	889	1,412	1,422	1,475	1,517	1,553	19.8%
Other[3]	251	321	661	666	691	711	728	19.4%
Subtotal-Mainline[4]	**2,542**	**2,301**	**2,976**	**2,997**	**3,110**	**3,197**	**3,275**	**4.3%**
Regional								
Midwest Connect	719	845	822	828	859	884	905	3.9%
Delta Connection[2]	200	224	207	208	216	222	228	2.1%
Other	529	531	479	482	500	514	527	-0.1%
Subtotal-Regional[4]	**1,448**	**1,600**	**1,508**	**1,519**	**1,576**	**1,620**	**1,659**	**2.3%**
Charter	11	6	6	6	7	7	7	-6.8%
Total Enplanements[4]	**4,001**	**3,906**	**4,490**	**4,522**	**4,692**	**4,824**	**4,941**	**3.6%**
Annual Growth Rate	3.4%	-2.4%	14.9%	0.7%	3.8%	2.8%	2.4%	
O&D	**3,264**	**3,182**	**3,658**	**3,684**	**3,822**	**3,930**	**4,025**	**3.6%**
Connecting	**737**	**724**	**832**	**838**	**870**	**894**	**916**	**3.7%**
	Percentage Shares							
Mainline	63.5%	58.9%	66.3%	66.3%	66.3%	66.3%	66.3%	
Regional	36.2%	41.0%	33.6%	33.6%	33.6%	33.6%	33.6%	
Charter	0.3%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	
O&D	81.6%	81.5%	81.5%	81.5%	81.5%	81.5%	81.5%	
Connecting	18.4%	18.5%	18.5%	18.5%	18.5%	18.5%	18.5%	

AAGR - Average annual growth rate
[1] Based on actual performance and published airline schedules.
[2] Includes shares held by former Northwest Airline and Northwest Airlink operators.
[3] Southwest Airlines accounts for approximately 69 percent of the subtotal for mainline "other" beginning in 2010.
[4] Details may not add to total due to rounding.

All forecasts are subject to uncertainty. The above forecasts are based on information available at the date of this Report. Various factors other than those explicitly considered in generating the above forecasts can influence future traffic. Unexpected events may occur and some of the underlying assumptions of the analysis may not be realized. Therefore, actual results may vary from the forecasts and the variations may be material.

2. Forecast Commercial Aircraft Departures (Arrivals)

The following factors were considered in projecting the number of passenger aircraft departures needed to accommodate forecast enplanements:

- *Scheduled aircraft departures and seats by airline.* Published airline schedules in the Official Airline Guide (OAG) database were used to establish the baseline data on the number of flights and fleet mix for 2008, 2009 and 2010.

- *Actual and forecast enplanements.* Actual data on enplanements by airline in 2008 and 2009, along with data on aircraft departures and seats, were used to establish the baseline boarding load factors in 2008 and 2009. Forecast enplanements served as the basis for projecting aircraft departures from 2010 through 2015.

- *Boarding load factors.* Over the long-term, boarding load factors were projected to improve following forecast industry trends according to the FAA Aerospace Forecasts as of March 2009.

- *Aircraft fleet mix.* The forecasts took into account any changes in aircraft fleet mix as indicated by airline flight schedules for GMIA in 2008, 2009 and 2010, as well as the projected industry trends in the FAA Aerospace Forecasts as of March 2009.

Table IV-14A, **B** and **C** present the detailed forecasts of aircraft departures under the three forecast scenarios. Aircraft departures are assumed to equal aircraft arrivals for purposes of projecting commercial aircraft landed weight.

TABLE IV-14A
GENERAL MITCHELL INTERNATIONAL AIRPORT
BASE FORECAST SCENARIO: FORECAST COMMERCIAL AIRCRAFT DEPARTURES
BY AIR CARRIER CATEGORY AND TRAFFIC SEGMENT
2008 - 2014

Air Carrier Catergory/ Traffic Segment	Actual 2008	Forecast 2009[1]	2010	2011	2012	2013	2014	AAGR 2008-14
	Aircraft Departures							
Mainline								
Midwest	15,121	5,214	5,649	5,689	5,856	6,002	6,165	-13.9%
Delta[2]	5,355	5,520	4,881	4,916	5,064	5,193	5,334	-0.1%
AirTran	5,403	9,887	11,565	11,647	11,985	12,280	12,614	15.2%
Other[3]	2,186	2,700	3,979	4,008	4,129	4,235	4,350	12.2%
Subtotal-Mainline	**28,065**	**23,321**	**26,074**	**26,260**	**27,035**	**27,710**	**28,463**	**0.2%**
Regional								
Midwest Connect	23,863	24,754	22,714	22,876	23,401	23,793	24,057	0.1%
Delta Connection[2]	3,788	4,243	4,000	4,029	4,122	4,191	4,238	1.9%
Other	15,194	15,536	13,998	14,098	14,421	14,662	14,825	-0.4%
Subtotal-Regional	**42,845**	**44,533**	**40,712**	**41,003**	**41,944**	**42,646**	**43,120**	**0.1%**
Charter	1,148	626	616	621	636	649	660	-8.8%
All-cargo	7,804	5,898	5,805	5,846	5,995	6,115	6,222	-3.7%
Total Departures	**79,862**	**74,378**	**73,207**	**73,729**	**75,611**	**77,119**	**78,465**	**-0.3%**
Annual Growth Rate	-6.3%	-6.9%	-1.6%	0.7%	2.6%	2.0%	1.7%	
	Percentage Shares							
Mainline	35.1%	31.4%	35.6%	35.6%	35.8%	35.9%	36.3%	
Regional	53.6%	59.9%	55.6%	55.6%	55.5%	55.3%	55.0%	
Charter	1.4%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	
All-cargo	9.8%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	

AAGR - Average annual growth rate
[1] Based on actual performance and published airline schedules.
[2] Includes shares held by former Northwest Airline and Northwest Airlink operators.
[3] Southwest Airlines accounts for approximately 59 percent of the subtotal for mainline "other" beginning in 2010.

All forecasts are subject to uncertainty. The above forecasts are based on information available at the date of this Report. *Various factors other than those explicitly considered in generating the above forecasts can influence* future traffic. Unexpected events may occur and some of the underlying assumptions of the analysis may not be realized. Therefore, actual results may vary from the forecasts and the variations may be material.

TABLE IV-14B
GENERAL MITCHELL INTERNATIONAL AIRPORT
LOW FORECAST SCENARIO: FORECAST COMMERCIAL AIRCRAFT DEPARTURES
BY AIR CARRIER CATEGORY AND TRAFFIC SEGMENT
2008 - 2014

Air Carrier Catergory/ Traffic Segment	Actual 2008	Forecast 2009[1]	2010	2011	2012	2013	2014	AAGR 2008-14
	Aircraft Departures							
Mainline								
Midwest	15,121	5,214	0	0	0	0	0	-100.0%
Delta[2]	5,355	5,520	5,964	6,006	6,188	6,345	6,518	3.3%
AirTran	5,403	9,887	14,131	14,232	14,645	15,006	15,413	19.1%
Other[3]	2,186	2,700	4,862	4,897	5,046	5,174	5,315	16.0%
Subtotal-Mainline	**28,065**	**23,321**	**24,957**	**25,135**	**25,879**	**26,525**	**27,246**	**-0.5%**
Regional								
Midwest Connect	23,863	24,754	0	0	0	0	0	-100.0%
Delta Connection[2]	3,788	4,243	4,888	4,923	5,036	5,121	5,178	5.3%
Other	15,194	15,536	17,104	17,226	17,621	17,916	18,115	3.0%
Subtotal-Regional	**42,845**	**44,533**	**21,992**	**22,149**	**22,658**	**23,037**	**23,293**	**-9.7%**
Charter	1,148	626	616	621	636	649	660	-8.8%
All-cargo	7,804	5,898	5,805	5,846	5,995	6,115	6,222	-3.7%
Total Departures	**79,862**	**74,378**	**53,370**	**53,751**	**55,168**	**56,326**	**57,422**	**-5.3%**
Annual Growth Rate	-6.3%	-6.9%	-28.2%	0.7%	2.6%	2.1%	1.9%	
	Percentage Shares							
Mainline	35.1%	31.4%	46.8%	46.8%	46.9%	47.1%	47.4%	
Regional	53.6%	59.9%	41.2%	41.2%	41.1%	40.9%	40.6%	
Charter	1.4%	0.8%	1.2%	1.2%	1.2%	1.2%	1.2%	
All-cargo	9.8%	7.9%	10.9%	10.9%	10.9%	10.9%	10.8%	

AAGR - Average annual growth rate
[1] Based on actual performance and published airline schedules.
[2] Includes shares held by former Northwest Airline and Northwest Airlink operators.
[3] Southwest Airlines accounts for approximately 59 percent of the subtotal for mainline "other" beginning in 2010.

All forecasts are subject to uncertainty. The above forecasts are based on information available at the date of this Report. Various factors other than those explicitly considered in generating the above forecasts can influence future traffic. Unexpected events may occur and some of the underlying assumptions of the analysis may not be realized. Therefore, actual results may vary from the forecasts and the variations may be material.

TABLE IV-14C
GENERAL MITCHELL INTERNATIONAL AIRPORT
HIGH FORECAST SCENARIO: FORECAST COMMERCIAL AIRCRAFT DEPARTURES
BY AIR CARRIER CATEGORY AND TRAFFIC SEGMENT
2008 - 2014

Air Carrier Catergory/	Actual	Forecast						AAGR
Traffic Segment	2008	2009[1]	2010	2011	2012	2013	2014	2008-14
	Aircraft Departures							
Mainline								
Midwest	15,121	5,214	4,458	4,490	4,632	4,753	4,883	-17.2%
Delta[2]	5,355	5,520	4,946	4,982	5,131	5,260	5,403	0.1%
AirTran	5,403	9,887	16,346	16,463	16,933	17,345	17,816	22.0%
Other[3]	2,186	2,700	5,850	5,894	6,075	6,231	6,401	19.6%
Subtotal-Mainline	**28,065**	**23,321**	**31,600**	**31,828**	**32,770**	**33,589**	**34,502**	**3.5%**
Regional								
Midwest Connect	23,863	24,754	25,984	26,170	26,770	27,217	27,520	2.4%
Delta Connection[2]	3,788	4,243	4,358	4,389	4,490	4,566	4,617	3.4%
Other	15,194	15,536	14,910	15,016	15,360	15,617	15,790	0.6%
Subtotal-Regional	**42,845**	**44,533**	**45,252**	**45,575**	**46,621**	**47,400**	**47,927**	**1.9%**
Charter	1,148	626	709	714	732	747	761	-6.6%
All-cargo	7,804	5,898	5,805	5,846	5,995	6,115	6,222	-3.7%
Total Departures	**79,862**	**74,378**	**83,366**	**83,964**	**86,119**	**87,851**	**89,411**	**1.9%**
Annual Growth Rate	-6.3%	-6.9%	12.1%	0.7%	2.6%	2.0%	1.8%	
	Percentage Shares							
Mainline	35.1%	31.4%	37.9%	37.9%	38.1%	38.2%	38.6%	
Regional	53.6%	59.9%	54.3%	54.3%	54.1%	54.0%	53.6%	
Charter	1.4%	0.8%	0.9%	0.9%	0.9%	0.9%	0.9%	
All-cargo	9.8%	7.9%	7.0%	7.0%	7.0%	7.0%	7.0%	

AAGR - Average annual growth rate

[1] Based on actual performance and published airline schedules.

[2] Includes shares held by former Northwest Airline and Northwest Airlink operators.

[3] Southwest Airlines accounts for approximately 71 percent of the subtotal for mainline "other" beginning in 2010.

All forecasts are subject to uncertainty. The above forecasts are based on information available at the date of this Report. Various factors other than those explicitly considered in generating the above forecasts can influence future traffic. Unexpected events may occur and some of the underlying assumptions of the analysis may not be realized. Therefore, actual results may vary from the forecasts and the variations may be material.

3. Forecast Commercial Aircraft Landed Weight

The forecast of aircraft departures served as the basis for developing the forecast of aircraft landed weight. In projecting aircraft landed weight, the following factors were considered:

- Current and projected allocation of aircraft departures by airline and between mainline and regional carriers.

- Actual landings and landed weight in 2008 and 2009. Actual aircraft landings and landed weight were used to establish the baseline data on the average aircraft landed weight by airline.

- *Aircraft fleet mix.* Changes in the aircraft fleet mix as indicated by airline flight schedules for airline flight schedules for GMIA in 2008, 2009 and 2010, as well as the projected industry trends in the FAA Aerospace Forecasts as of March 2009, point to the substitution of larger aircraft for smaller aircraft.

Table IV-15A, B and **C** present the detailed forecasts of aircraft landed weight under the three forecast scenarios.

TABLE IV-15A
GENERAL MITCHELL INTERNATIONAL AIRPORT
BASE FORECAST SCENARIO: FORECAST COMMERCIAL AIRCRAFT LANDED WEIGHT
BY AIR CARRIER CATEGORY AND TRAFFIC SEGMENT
2008 - 2014

Air Carrier Catergory/ Traffic Segment	Actual 2008	Forecast 2009[1]	2010	2011	2012	2013	2014	AAGR 2008-14
	Landed Weight (1,000 lbs.)							
Mainline								
Midwest	1,646,931	521,400	564,895	568,928	583,722	595,729	609,834	-15.3%
Delta[2]	704,696	736,861	650,546	655,191	672,790	687,004	703,296	0.0%
AirTran	645,168	1,159,707	1,356,484	1,366,168	1,401,240	1,429,760	1,463,592	14.6%
Other[3]	297,024	375,070	556,156	560,127	575,242	587,442	601,376	12.5%
Subtotal-Mainline[4]	**3,293,819**	**2,793,039**	**3,128,081**	**3,150,414**	**3,232,994**	**3,299,934**	**3,378,098**	**0.4%**
Regional								
Midwest Connect	1,075,007	1,242,902	1,242,373	1,251,243	1,298,025	1,334,302	1,366,310	4.1%
Delta Connection[2]	225,493	269,309	266,069	267,969	278,006	285,794	292,667	4.4%
Other	662,745	672,674	573,553	577,648	599,260	616,023	630,815	-0.8%
Subtotal-Regional[4]	**1,963,246**	**2,184,884**	**2,081,995**	**2,096,859**	**2,175,292**	**2,236,120**	**2,289,791**	**2.6%**
Charter	55,657	32,397	33,908	34,150	35,198	36,029	36,887	-6.6%
All-cargo	559,033	383,062	400,927	403,789	416,179	426,011	436,157	-4.1%
Total Landed Weight[4]	**5,871,755**	**5,393,383**	**5,644,911**	**5,685,212**	**5,859,663**	**5,998,095**	**6,140,933**	**0.7%**
Annual Growth Rate	3.4%	-8.1%	4.7%	0.7%	3.1%	2.4%	2.4%	
	Percentage Shares							
Mainline	56.1%	51.8%	55.4%	55.4%	55.2%	55.0%	55.0%	
Regional	33.4%	40.5%	36.9%	36.9%	37.1%	37.3%	37.3%	
Charter	0.9%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	
All-cargo	9.5%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	

AAGR - Average annual growth rate

[1] Based on actual performance and published airline schedules.

[2] Includes shares held by former Northwest Airline and Northwest Airlink operators.

[3] Southwest Airlines accounts for approximately 60 percent of the subtotal for mainline "other" beginning in 2010.

[4] Details may not add to total due to rounding.

All forecasts are subject to uncertainty. The above forecasts are based on information available at the date of this Report. Various factors other than those explicitly considered in generating the above forecasts can influence future traffic. Unexpected events may occur and some of the underlying assumptions of the analysis may not be realized. Therefore, actual results may vary from the forecasts and the variations may be material.

TABLE IV-15B
GENERAL MITCHELL INTERNATIONAL AIRPORT
LOW FORECAST SCENARIO: FORECAST COMMERCIAL AIRCRAFT LANDED WEIGHT
BY AIR CARRIER CATEGORY AND TRAFFIC SEGMENT
2008 - 2014

Air Carrier Catergory/	Actual	Forecast						AAGR
Traffic Segment	2008	2009[1]	2010	2011	2012	2013	2014	2008-14
	Landed Weight (1,000 lbs.)							
Mainline								
Midwest	1,646,931	521,400	0	0	0	0	0	-100.0%
Delta[2]	704,696	736,861	794,914	800,589	822,094	839,462	859,370	3.4%
AirTran	645,168	1,159,707	1,657,511	1,669,345	1,712,200	1,747,049	1,788,389	18.5%
Other[3]	297,024	375,070	679,577	684,429	702,899	717,805	734,832	16.3%
Subtotal-Mainline[4]	**3,293,819**	**2,793,039**	**3,132,002**	**3,154,363**	**3,237,193**	**3,304,317**	**3,382,591**	**0.4%**
Regional								
Midwest Connect	1,075,007	1,242,902	0	0	0	0	0	-100.0%
Delta Connection[2]	225,493	269,309	325,114	327,436	339,701	349,217	357,615	8.0%
Other	662,745	672,674	700,834	705,838	732,247	752,730	770,803	2.5%
Subtotal-Regional[4]	**1,963,246**	**2,184,884**	**1,025,949**	**1,033,273**	**1,071,948**	**1,101,947**	**1,128,419**	**-8.8%**
Charter	55,657	32,397	27,061	27,254	28,044	28,677	29,358	-10.1%
All-cargo	559,033	383,062	319,963	322,248	331,598	339,072	347,132	-7.6%
Total Landed Weight[4]	**5,871,755**	**5,393,383**	**4,504,975**	**4,537,138**	**4,668,783**	**4,774,012**	**4,887,500**	**-3.0%**
Annual Growth Rate	3.4%	-8.1%	-16.5%	0.7%	2.9%	2.3%	2.4%	
	Percentage Shares							
Mainline	56.1%	51.8%	69.5%	69.5%	69.3%	69.2%	69.2%	
Regional	33.4%	40.5%	22.8%	22.8%	23.0%	23.1%	23.1%	
Charter	0.9%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	
All-cargo	9.5%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	

AAGR - Average annual growth rate
[1] Based on actual performance and published airline schedules.
[2] Includes shares held by former Northwest Airline and Northwest Airlink operators.
[3] Southwest Airlines accounts for approximately 60 percent of the subtotal for mainline "other" beginning in 2010.
[4] *Details may not add to total due to rounding.*

All forecasts are subject to uncertainty. The above forecasts are based on information available at the date of this Report. Various factors other than those explicitly considered in generating the above forecasts can influence future traffic. Unexpected events may occur and some of the underlying assumptions of the analysis may not be realized. Therefore, actual results may vary from the forecasts and the variations may be material.

TABLE IV-15C
GENERAL MITCHELL INTERNATIONAL AIRPORT
HIGH FORECAST SCENARIO: FORECAST COMMERCIAL AIRCRAFT LANDED WEIGHT
BY AIR CARRIER CATEGORY AND TRAFFIC SEGMENT
2008 - 2014

Air Carrier Catergory/ Traffic Segment	Actual 2008	Forecast 2009[1]	2010	2011	2012	2013	2014	AAGR 2008-14
	Landed Weight (1,000 lbs.)							
Mainline								
Midwest	1,646,931	521,400	445,800	449,000	461,640	471,779	482,994	-18.5%
Delta[2]	704,696	736,861	657,684	662,427	680,022	694,255	710,710	0.1%
AirTran	645,168	1,159,707	1,917,324	1,931,023	1,979,720	2,019,432	2,067,177	21.4%
Other[3]	297,024	375,070	821,933	828,094	850,708	868,928	889,552	20.1%
Subtotal-Mainline[4]	**3,293,819**	**2,793,039**	**3,842,740**	**3,870,545**	**3,972,089**	**4,054,393**	**4,150,432**	**3.9%**
Regional								
Midwest Connect	1,075,007	1,242,902	1,410,377	1,420,480	1,473,571	1,514,737	1,551,056	6.3%
Delta Connection[2]	225,493	269,309	286,264	288,324	299,122	307,499	314,892	5.7%
Other	662,745	672,674	612,592	616,932	640,008	657,906	673,697	0.3%
Subtotal-Regional[4]	**1,963,246**	**2,184,884**	**2,309,234**	**2,325,735**	**2,412,701**	**2,480,142**	**2,539,645**	**4.4%**
Charter	55,657	32,397	40,038	40,326	41,553	42,528	43,540	-4.0%
All-cargo	559,033	383,062	400,927	403,789	416,179	426,011	436,157	-4.1%
Total Landed Weight[4]	**5,871,755**	**5,393,383**	**6,592,939**	**6,640,396**	**6,842,523**	**7,003,074**	**7,169,774**	**3.4%**
Annual Growth Rate	3.4%	-8.1%	22.2%	0.7%	3.0%	2.3%	2.4%	
	Percentage Shares							
Mainline	56.1%	51.8%	58.3%	58.3%	58.1%	57.9%	57.9%	
Regional	33.4%	40.5%	35.0%	35.0%	35.3%	35.4%	35.4%	
Charter	0.9%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	
All-cargo	9.5%	7.1%	6.1%	6.1%	6.1%	6.1%	6.1%	

AAGR - Average annual growth rate

[1] Based on actual performance and published airline schedules.

[2] Includes shares held by former Northwest Airline and Northwest Airlink operators.

[3] Southwest Airlines accounts for approximately 71 percent of the subtotal for mainline "other" beginning in 2010.

[4] Details may not add to total due to rounding.

All forecasts are subject to uncertainty. The above forecasts are based on information available at the date of this Report. Various factors other than those explicitly considered in generating the above forecasts can influence future traffic. Unexpected events may occur and some of the underlying assumptions of the analysis may not be realized. Therefore, actual results may vary from the forecasts and the variations may be material.

C FORECAST UNCERTAINTY AND RISK FACTORS

The forecasts of aviation activity have been developed based on specific assumptions about the availability and characteristics of airline service at the Airport, key measurable factors that drive demand for air travel, and information available at the time of the analysis. There are broader factors affecting the entire aviation industry and introduce risk and uncertainty into the forecasts. Some of these factors are discussed below.

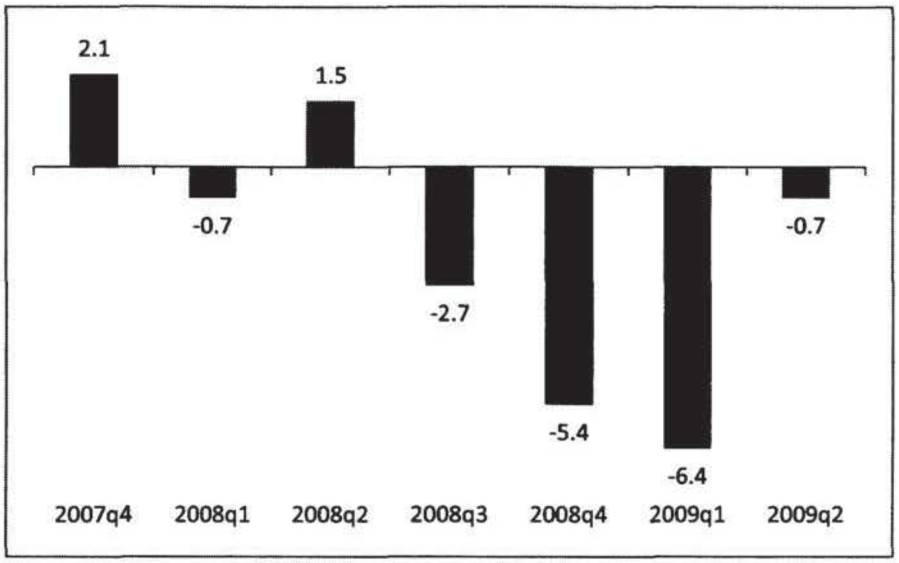
1. National Economic Conditions

The demand for air travel and related services is affected by prevailing economic conditions. Economic expansion increases income, boosts consumer confidence, stimulates business activity, and increases demand. In contrast, economic recession reduces income, diminishes consumer confidence, dampens business activity, and weakens demand. The National Bureau of Economic Research (NBER) Business Cycle Dating Committee, responsible for keeping a chronology of the beginning and ending dates of U.S. recessions, determined that the U.S. economy peaked in December 2007 and entered another period of recession. Compared to the 2001 recession, which was mild and brief, the 2008-09 recession was deeper and longer. **Figure IV-4** shows the actual percent changes in U.S. real GDP, a broad measure of economic activity, from the fourth quarter of 2007 through the second quarter of 2009, as reported by the U.S. Bureau of Economic Analysis. **Figure IV-4** shows that the U.S. economy began contracting during the first quarter of 2008. The U.S. real GDP showed a modest expansion during the second quarter of 2008, before declining during the following four quarters. The deepest declines occurred during the fourth quarter of 2008 (-5.4 percent) and the first quarter of 2009 (-6.4 percent). In its most recent review of the economy in August, the U.S. Office of Management and Budget (OMB) noted that the U.S. economy was "still in the midst of a serious economic downturn."[7] **Figure IV-4** shows that real GDP continued to decrease at an annual rate of 0.7 percent during second quarter of 2009.

According to independent economic forecasts, economic recovery is expected to begin in the third quarter of CY 2009 and would be sluggish through 2010. The economy is predicted to return to a path of robust growth beginning in 2011. **Table IV-16** shows the economic growth forecasts of the Administration (for the FY 2010 U.S. budget), the Congressional Budget Office, and the Blue Chip Consensus for the years 2009-2014.

[7] OMB, *Mid-Session Review – Budget of the U.S. Government, FY 2010*, August 25, 2009.

FIGURE IV-4
PERCENT CHANGE IN U.S. REAL GROSS DOMESTIC PRODUCT[1]
FOURTH QUARTER 2007 – SECOND QUARTER 2009



[1] Percent change from preceding period based on chained 2005 dollars; seasonally-adjusted annual rates.
Source: U.S. Bureau of Economic Analysis.

TABLE IV-16
FORECAST PERCENT CHANGE IN REAL U.S. GROSS DOMESTIC PRODUCT
2009-2014

Source	2009	2010	2011	2012	2013	2014
US Budget FY 2010, Feb-09	-1.2	3.2	4.0	4.6	4.2	2.9
Congressional Budget Office, Mar-09	-3.0	2.9	4.0	4.1	4.0	3.5
Blue Chip Consensus, Apr-09	-2.6	1.8	3.4	3.4	3.0	2.9

2. U.S. Airlines' Financial Performance

Financial weakness and volatility have characterized the U.S. airline industry especially over the past decade. As shown in **Figure IV-5**, U.S. airlines posted net losses during five consecutive years from 2001 through 2005, with cumulative losses totaling $35.4 billion. In 2006, the industry began to see positive results, which continued to improve in 2007 despite record high oil prices. U.S. airlines realized a net profit of $3.1 billion in 2006 and $5.0 billion in

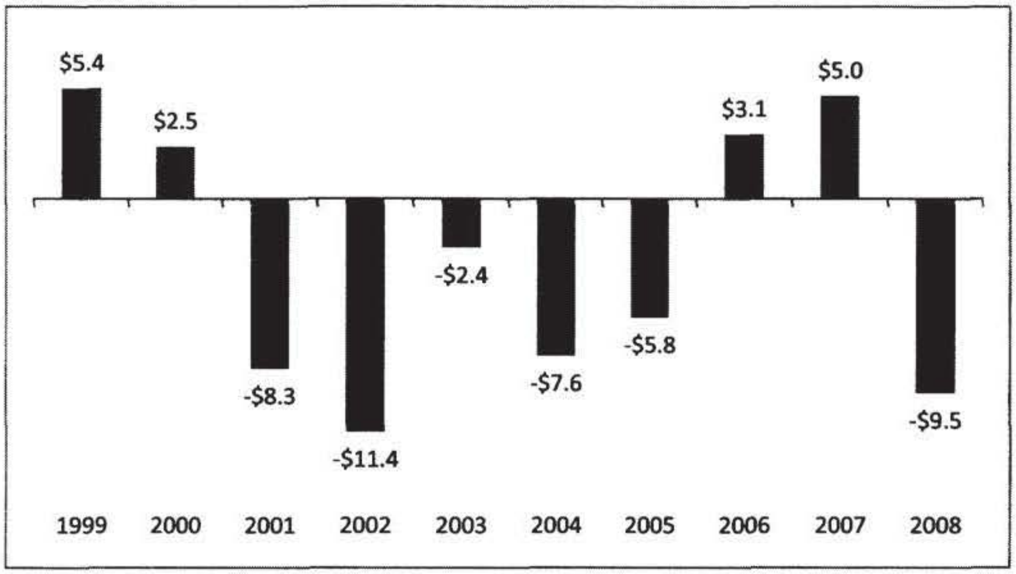
2007. However, jet fuel prices continued to escalate through June 2008, forcing some airlines into bankruptcy and liquidation, and others into reducing staff and seat capacity nationwide. Jet fuel prices have since fallen significantly providing airlines with cost relief, but the demand for air travel has continued to weaken with the national and global economic slowdown. Consequently U.S. airlines again incurred losses in 2008 totaling $9.5 billion.

The Air Transport Association (ATA) reports a quarterly composite cost index, which includes three main components: labor, fuel, and payments by mainline carriers to their regional partners to transport passengers and cargo on behalf of the mainline carriers. The ATA recently reported that the composite cost index decreased 22 percent between the first quarter of 2008 and the first quarter of 2009.[8] Although fuel prices have decreased significantly in 2009, increases in nonfuel costs and decreases in passenger revenue have resulted in continued unprofitability for the airline industry. The ATA's Chief Economist reported that "airlines remain focused on seeking every feasible opportunity to realize cost savings and generate new streams of revenue." [9]

Capacity rationalization and cost containment will likely continue to be a primary focus of the industry, especially for mainline legacy carriers and their regional partners. Growing competition from low-cost carriers is likely to continue to motivate route rationalization among the network carriers, including route transfers to their regional/commuter partners, reduction in service to certain markets, shifting service from domestic to international markets, and the elimination of service to markets deemed unprofitable. Restructuring into simplified and smaller fleets, and flexibility in schedule and fare adjustments are strategies that are likely to continue as the industry struggles to return to profitability.

[8] Air Transport Association, *News Release*, at www.airlines.org, dated July 10, 2009.
[9] *Ibid.*

FIGURE IV-5
U.S. PASSENGER AND CARGO AIRLINES' ANNUAL PROFIT ($BILLIONS)
1999-2008



Source: Air Transport Association.

3. Price of Jet Fuel

The financial health of the airline industry is affected by the price of jet fuel. Volatile fuel prices increased airline costs dramatically during the first seven months of 2008 and contributed to airline industry losses for that year. The price of fuel has begun to drop since July 2008, providing airlines substantial cost relief during the second half of the year.

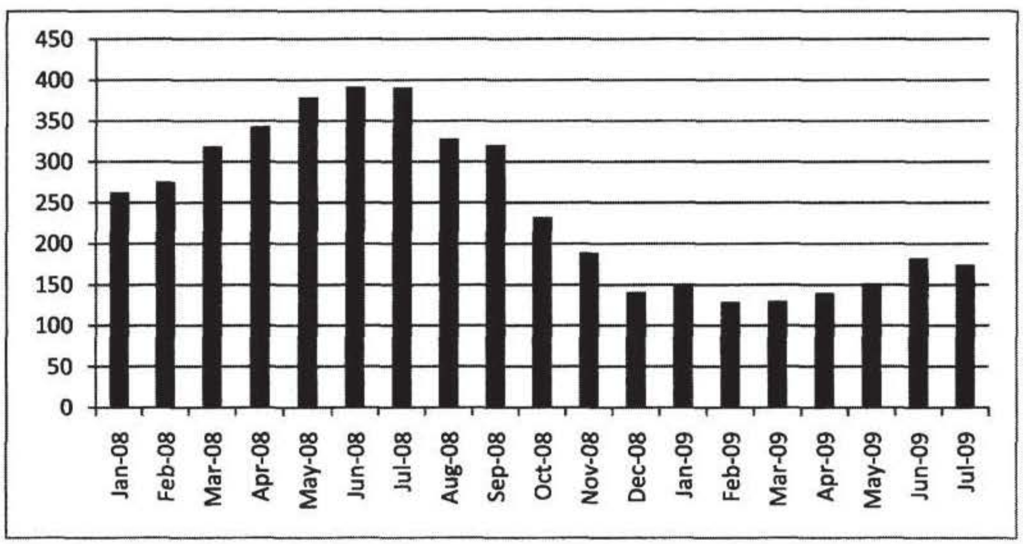
From 2000 to 2008, the price of jet fuel more than tripled, while the U.S. Consumer Price Index – the price of a representative basket of U.S. goods and services – increased only 25.0 percent (**Table IV-17**). As a result, according to the Air Transport Association (ATA), fuel expenses, which historically ranged from 10 to 15 percent of U.S. passenger airline operating costs, now run between 30 and 50 percent. Fuel prices have fallen dramatically since July 2008, but they are beginning to rise again (**Figure IV-6**).

TABLE IV-17
U.S. AVERAGE JET FUEL PRICE AND
THE U.S. CONSUMER PRICE INDEX
2000 - 2008

Year	U.S. Jet Fuel Price (Cents per gallon)	U.S. CPI (1982-84=100)
2000	90.1	172.2
2001	74.7	177.1
2002	70.9	179.9
2003	85.7	184.0
2004	120.8	188.9
2005	172.7	195.3
2006	197.0	201.6
2007	216.5	207.3
2008	298.0	215.3
	Percent Change	
2000-2008	230.7%	25.0%

Source: Data from Energy Information Administration compiled by Air Transport Association.

FIGURE IV-6
AVERAGE MARKET PRICE OF JET FUEL (CENTS PER GALLON)
January 2008 - July 2009



Source: Data from Energy Information Administration compiled by Air Transport Association.

4. Performance of Major Airlines at GMIA

Earlier in this section we discussed the market shares of airlines in terms of enplanements at the Airport during 2006-2008, and **Table IV-6** summarized the observed trends. Midwest Airlines had the largest market share, accounting for 29.8 percent of total enplanements in 2008. Midwest, Skyway, and SkyWest together accounted for 47.8 percent of total enplanements at the Airport in 2008. Skyway stopped operating Midwest Connect in April 2008, and SkyWest is scheduled to stop operating at the Airport in early 2010. According to published schedules, Republic and Chautauqua will operate Midwest Connect. Northwest Airlines, together with its affiliates, accounted for 13.7 percent of total enplanements in 2008. AirTran was ranked third, with a market share of 13.2 percent in 2008. Delta Air Lines and Delta Connection affiliates accounted for 5.8 percent of total 2008 enplanements. In October 2008, Northwest merged with Delta, with Northwest becoming a wholly owned subsidiary of Delta. Beginning in February 2009, the two airlines began consolidating gates and ticket counters at airports where both airlines operate. Delta plans to complete the consolidation by February 2010. Once all consolidations are completed, the combined two airlines will likely have the second largest market share at the Airport. Southwest began service at GMIA on November 1, 2009, joining AirTran and Frontier in providing low-fare service at the Airport.

It is reasonable to expect the future operational and financial performances of Midwest, AirTran, Delta (with its wholly owned subsidiary, Northwest), and Southwest to have immediate implications for activity level at GMIA. Highlights of recent developments at these mainline carriers are presented below.

Midwest Airlines[10]

On July 31, 2009, Midwest Airlines was acquired by Republic Airways Holdings. As a result of the acquisition, Midwest is a wholly owned subsidiary of Republic, and continues to operate as a branded carrier. Republic, based in Indianapolis, is an airline holding company that also owns Chautauqua Airlines, Republic Airlines, Mokulele Airlines, and Shuttle America. On August 14, 2009, Republic was declared the winning bidder to acquire Frontier Airlines. Republic agreed to purchase 100 percent of the stock of Frontier Holdings when it emerges from bankruptcy, pending the satisfaction of certain conditions.

On September 2, 2009, a codeshare arrangement between Midwest and Frontier was announced. The arrangement will allow Frontier's Denver passengers to travel to destinations served by Midwest, such as Cleveland and Pittsburgh, by transferring to a Midwest flight at GMIA. The two air carriers' passengers will also be able to participate in both airlines' frequent flyer programs.

Midwest's financial operations were significantly affected by the industry conditions in 2008. In that year, Midwest reduced its service system-wide by 40 percent, and reported a loss of $477 million. The airline's operating expenses

[10] The discussion in this section is based on press releases posted at www.midwestairlines.com and various online business and aviation industry postings.

increased 64 percent in 2008, mainly due to increased fuel costs. Republic loaned Midwest $25 million in September 2008 and an additional $6 million in June 2009. Concurrent with the second loan, Midwest also borrowed $6 million from TPG Capital, a private equity firm.

On August 15, 2009, Midwest announced that it would eliminate approximately 100 positions from its Milwaukee area workforce. The company stated that some of the eliminated jobs were back-office and administrative positions that are no longer needed due to Republic's acquisition of Midwest. However, the layoff notices included pilots and flight attendants, due to Midwest's fleet transition from Boeing 717s to Embraer 190s. The Embraer 190s are operated by crews from Republic. Prior to the layoffs, Midwest's workforce totaled approximately 1,600, with 1,100 of those jobs in the Milwaukee area. The company's announcement stated that about 160 Milwaukee-area employees would receive layoff notices, but that some of those employees would be offered positions with Republic. Midwest is negotiating with the pilot and flight attendant unions over plans to combine the seniority lists of Midwest and Republic. On September 2, 2009, Midwest notified the state of Wisconsin that the company will furlough 26 pilots and 33 flight attendants in October, due to the company's continuing fleet transition to Embraer 190s.

In recent months, Midwest has announced expanded service from GMIA, including:

- A second nonstop flight between GMIA and Los Angeles beginning October 1, with a special introductory one-fare of $79.
- The return of nonstop service between GMIA and Louisville, which was effective in August, with a special round-trip fare of $136.
- Service to destinations in the Rocky Mountain region, through the codeshare agreement with Frontier Airlines, with special introductory fares that were effective September 8. The codeshare agreement enables Midwest passengers to travel to destinations such as Albuquerque, Billings, Bozeman, Colorado Springs, Durango, and Rapid City.

AirTran Airways[11]

AirTran is a low fare airline headquartered in Orlando. Most of AirTran's flights originate or terminate in Atlanta, its largest hub. AirTran grew significantly from 2000 to 2007, but its growth slowed considerably in 2008 due to the industry environment. During the last four months of 2008 the company reduced its capacity by seven percent, compared to the comparable period in 2007. AirTran

[11] The information in this subsection was obtained from the AirTran Airways website and AirTran's 2008 Form 10-K filed with the Securities and Exchange Commission.

is continuing to reduce system capacity in 2009, but not at GMIA. AirTran's scheduled seats at GMIA increased 99.5 percent during the second half of 2009 compared to the same period in 2008, and will increase 23.7 percent during the first half of 2010 compared to the same period in 2009.

As mentioned above, AirTran had the second largest market share at GMIA in 2008. Its 2008 market share of 13.2 percent was a significant increase over its 2007 market share of 6.4 percent. AirTran's increased market share at GMIA reflects its efforts to diversify its traffic base. Since 2001, the airline has diversified its network by increasing its operations in various markets, including Baltimore/Washington, New York LaGuardia, GMIA, Chicago Midway, and Indianapolis. From 2001 to 2008, Atlanta's share of AirTran's network traffic decreased from 90 percent to 62 percent. AirTran views this diversification as a protection against potential risks that could impact individual markets. In September 2009, the airline announced that it would add service to the Bahamas and Aruba, beginning in December 2009, and to Jamaica beginning in February 2010. Since mid-2008, the airline has added new service from GMIA to several destinations, including Denver, Minneapolis, and St. Louis.

AirTran reported a net income of $78.4 million for the quarter ended June 30, 2009, which represented a significant improvement over the $14.8 million net loss the airline had reported for the quarter ended June 30, 2008. Included in the June 30, 2009 net income was a $31 million unrealized gain on AirTran's future fuel hedge portfolio. In its press release announcing the quarterly financial results, AirTran stated that its on-going initiatives include "reducing and reallocating capacity, enhancing liquidity, selling and deferring aircraft, and unwinding fuel hedges." The airline also reported that it had increased capacity at GMIA by over 30 percent compared to the quarter ended June 30, 2008.

Northwest Airlines and Delta Air Lines[12]

On May 31, 2007, Northwest Airlines emerged from Chapter 11 bankruptcy protection, which it had filed for in September 2005. On October 29, 2008, Delta Air Lines completed its merger with Northwest Airlines, making Delta the largest commercial air carrier in the world. In February 2009, Delta and Northwest began consolidating gates and ticket counters at airports where both airlines operate. Delta plans to complete the consolidation by February 2010. According to the Delta Air Lines 2008 financial statements, Delta believes the merger will enhance the carrier's ability to "manage through economic cycles and volatile fuel prices," invest in the air carrier's fleet, improve customer service, and achieve the company's strategic objectives.

[12] This discussion in this subsection is based on information contained in Delta Air Lines' press releases posted at www.news.delta.com.

Delta made the following disclosures regarding its financial operations for the quarter ended June 30, 2009:

- Delta's operating revenue increased 27 percent, to $27 billion, compared to the comparable quarter in the prior year, due to Delta's merger with Northwest.

- For the combined financials of Delta and Northwest, passenger revenue decreased 25 percent, or $2 billion, compared to the quarter ended June 30, 2008. Delta attributes the decrease to the global economic recession, the impact of the H1N1 virus, and a 7 percent capacity reduction.

- Cargo revenue recognized by Delta and Northwest was 54 percent, or $200 million, lower than in the comparable quarter in 2008 due to a decrease in volume and yield attributed to the global recession.

- Other net revenue increased 15 percent, or $123 million, compared to the quarter ended June 30, 2008, mainly due to increases in baggage fee revenue and revenue from Delta's affinity card agreement with American Express.

On September 16, 2009, Delta announced that it is planning a private offering of $500 million in senior secured notes that will be due in 2014. The airline plans to use the net proceeds of the offering, together with other borrowing, to repay all of the outstanding borrowings under Northwest's senior corporate credit facility.

In a press release dated June 11, 2009, Delta observed that "declining revenues will overtake the more than $6 billion in total benefits we expected this year from lower year-over-year fuel prices, merger synergies and capacity reductions." The press release continued with the announcement of "additional steps to align our capacity with market demand, preserve liquidity, and ensure Delta's long-term success." The air carrier announced its plans to reduce its international capacity due to reduced demand for international travel. However, Delta stated that the current economic environment would not have a negative effect on its merger integration with Northwest. Delta pledged to accelerate its plans "to rebrand and consolidate facilities, repaint aircraft, and ramp-up our frontline training activities."

Southwest Airlines[13]

Southwest Airlines is among the few U.S. Airlines that maintained its profitability through the difficult period following the U.S. economic recession of 2001 and the terrorist attacks of September 11, 2001. Southwest Airlines reported a net loss of $16 million for the third quarter of 2009. However, excluding a $27 million charge

[13] The discussion in this subsection is based on information contained in Southwest Airline's website at www.iflyswa.com.

for employee early retirement costs and a $12 million charge related to the airline's fuel hedge portfolio, Southwest earned a net profit of $23 million for that quarter. Southwest reported that during the first three quarters of 2009, it eliminated 10% of its flights, which represented their unprofitable and less popular flights. The airline's fleet remained flat in 2009. Aircraft freed up from the elimination of unprofitable and less popular flights were utilized to serve new markets, including Minneapolis/St. Paul, New York La Guardia, and Boston Logan. Southwest commenced service to General Mitchell International Airport (Milwaukee) in November.

Southwest has reported new revenue initiatives in 2009 to enhance revenues, including charges for pets, unaccompanied minors, and early check-in options. Additionally, the airline reported a positive effect on revenue resulting from its post-Labor Day fare sale. Southwest cautions that it is still working to contain operating costs. Although its energy prices were lower in the third quarter of 2009 compared to the comparable quarter in 2008, other operating expenses (excluding fuel and special items) were 6.6% higher in the third quarter of 2009 than in the third quarter of 2008. For the fourth quarter, the airline plans to implement an 8% year-over-year net capacity reduction system wide, but is also introducing service in new markets such as GMIA.

5. National Security and Threat of Terrorism

Terrorism remains the greatest risk to achieving forecast aviation demand, as stated by the FAA. The government has implemented tighter security measures with the creation of the Department of Homeland Security. The potential, however, remains for terrorists to disrupt economic and social activities, including air travel. The U.S. Department of Homeland Security periodically issues updates of their assessment of intelligence regarding potential threats against the United States, including threats that may target the national aviation system. The U.S. involvement in Iraq and in international coalition efforts aimed at dismantling terrorist networks worldwide will continue to have implications for domestic security. Travel restrictions imposed pursuant to increased airport security may have a dampening effect on travel demand.

6. Presence of Other Airports in the GMIA Service Area

GMIA is the major commercial airport in Wisconsin. As discussed in **Section III** of this Report, the Airport's air service area covers the southeastern region of Wisconsin. The Airport's strategic location within 97 miles of Chicago O'Hare International Airport and Chicago Midway Airport makes it an accessible alternative airport for northern Illinois residents. Airport management has expressed the opinion that there is the likelihood of a limited amount of leakage of potential GMIA traffic to Chicago O'Hare, particularly among international travelers. However, there is currently insufficient empirical data to quantify such leakage.

Table IV-18 shows the other airports in the GMIA air service area including Austin-Straubel International Airport (115 miles north of GMIA in Green Bay), Outagamie County Airport in Appleton (100 miles north of GMIA), Chicago O'Hare and Midway (97 miles south of GMIA), and Dane County Regional Airport in Madison (75 miles west of GMIA).

TABLE IV-18
COMPARISON OF AIR SERVICE AT GMIA AND NEARBY AIRPORTS
2008

Airport	Road Distance from GMIA	Enplanements 2008 [1]	Average Daily Departures, 2008 [1]		
			Air Carrier	Air Taxi/ Commuter	Total
General Mitchell International (MKE) [2]	-	3,992,442	93	145	238
Austin-Straubel International, Green Bay (GRB)	115 miles	443,970	8	26	34
Dane County Regional, Madison (MSN)	100 miles	749,661	13	40	53
O'Hare International Airport, Chicago (ORD)	97 miles	34,793,141	815	407	1222
Outagamie County, Appleton (ATW)	75 miles	265,681	3	24	29
Midway International Airport, Chicago (MDW)	97 miles	8,437,113	259	47	306

[1] FAA Terminal Area Forecast for GRB, MSN, ORD, ATW, and MDW; data obtained on September 22, 2009. FAA data are in federal fiscal year and include only scheduled enplanements. Aircraft departures exclude general aviation and military operations.
[2] Airport management records; see **Table IV-2** and **Table IV-8**. Aircraft departures exclude general aviation and military operations.

D. SUMMARY

U.S. airports and airlines faced major challenges over the past 10 years, including: (1) the economic recession in 2001, which was brief but was followed by a very slow recovery; (2) the terrorist attacks of September 11, 2001 and the precipitous decline air travel that followed; (3) the financial crisis in the airline industry that led to dramatic structural changes including industry exits, airline mergers, mainline-to-regional route transfers, significant capacity cuts, and other extreme cost-cutting measures, all with adverse effects on airports; (4) international issues such as the SARS epidemic in late 2002 and early 2003, the recent H1N1 virus outbreak, and the Iraq and Afghanistan Wars; and (5) the recent U.S. economic recession beginning in December 2007 – this time deep, long-lasting and far-reaching to other parts of the world. GMIA has not been immune to the effects of these shocks, but until the first half of 2009, GMIA has weathered these challenges better than most U.S. airports. The highlights of the historical and forecast trends in aviation activity at the Airport are as follows:

- Total enplanements at the Airport increased from approximately 2.91 million in 1999 to 4.00 million in 2008 at an average annual growth rate of 3.6 percent, outpacing the 1.7 percent average annual growth in U.S. system revenue enplanements. GMIA's above-average enplanement growth trends resulted in an increase in GMIA's share of U.S. total system revenue enplanements from 0.45 percent in 1999 to 0.53 percent in 2008. FAA data show that GMIA is one of only seven medium hub airports that did not post a decline in enplanements in 2008, out of the 36 medium hub airports in the United States.

- During the first seven months of 2009, GMIA experienced proportionately larger losses in enplanements (-12.0 percent) than the U.S. system as a whole (-8.1 percent) from the recent U.S. economic recession and airline capacity cuts. Airport enplanements have been on the decline since the 4th quarter of 2008, coinciding with the crash of the financial and stock markets. The trends at GMIA in recent months do show an improvement with significantly smaller year-over-year percentage decreases of 2.7 percent in July and 1.0 percent in August, and a significant year-over-year increase of 17.1 percent in September, bringing the year-to-date percentage decrease to -8.0 percent through September.

- Domestic passengers have consistently accounted for over 98 percent of annual enplanements.

- O&D traffic accounted for the large majority of enplanements (81.6 percent in 2008), providing a strong and stable market base for air travel demand. Although the O&D share decreased from 92.4 percent in 1999, O&D enplanements increased at an average annual rate of 2.2 percent from 1999 to 2008.

- There was a significant increase in connecting traffic at the Airport during the past 10 years, attributable to the growth in the operations of Midwest Airlines and its regional/commuter partners at the Airport. In 2008, these airlines accounted for 93 percent of connecting enplanements at GMIA. Overall, connecting enplanements at GMIA increased 14.3 percent per year, on average, over the 10-year period, increasing in share from 7.6 percent in 1999 to 18.4 percent in 2008.

- GMIA has always enjoyed a broad base of air service providers with no single airline capturing a majority share of traffic, except in 2006 and 2007 when Midwest and its affiliates together carried 50.6 percent and 54.5 percent of total enplanements. Midwest and its affiliates continue to hold the largest share of enplanements, which decreased to 47.6 percent in 2008 and to 34.5 percent during the first nine months of 2009. With the merger of Delta and Northwest, the two airlines' operations combined account for the second largest share of 19.4 percent in 2008 and 22.9 percent through September 2009.

- Low-fare airlines are expanding their presence at GMIA. AirTran holds the third largest share of enplanements of 13.2 percent in 2008 and 22.4 percent during the first nine months of 2009. Frontier and Southwest (beginning in

November 2009) join AirTran in providing low-fare alternatives to the Airport's passengers.

- As a group mainline carriers have maintained the larger share of the Airport's enplanements, but regional/commuter carriers have increased their combined share over the years. The strong and expanding presence of regional/commuter carriers at GMIA is part of an industry-wide strategy of mainline air carriers to transfer thinner routes to their regional affiliates to maintain a wide market reach while keeping operating costs down. The recent economic recession led to another round of significant capacity cuts at many of the nation's airports, including GMIA, and an increased reliance on regional/commuter carriers to continue providing service especially to markets that have experienced significant declines in traffic.

- The trends in commercial air carrier aircraft operations and landed weight reflect, among other things, changes in the composition of air carriers at GMIA, mainline-to-regional carrier route transfers implemented post-September 11, 2001, and other industry-wide fleet adjustments. Increasingly, regional/commuter carriers are operating larger regional jets, while some of the mainline carriers are shifting to smaller equipment.

This section presented forecasts of enplanements and related commercial aircraft departures and landed weight. We used a regression model relating enplanements to key air travel demand drivers, together with the latest airline flight schedules from July 2009 through June 2010, to generate three alternative forecast scenarios. These alternative forecast scenarios differed in growth outlook for 2010, setting three alternative paths for forecast activity at GMIA from 2010 onward:

- *Base forecast scenario.* The base forecast shows annual enplanements continuing to decrease in 2010, consistent with independent economic projections that real incomes and local employment will continue to decline through 2010.

- *Low forecast scenario.* The low forecast scenario simulates what might happen to air traffic at GMIA if Midwest, its hub carrier, were to discontinue service. The low forecast scenario assumes no loss in O&D traffic if Midwest were to discontinue service. O&D traffic is germane to the local market, and Midwest's share is likely to be captured by the other airlines continuing to provide service at GMIA. However, the low forecast scenario assumes that Midwest's share of connecting traffic (approximately 82 percent) will be lost in its entirety.

- *High forecast scenario.* The high forecast scenario shows a sharp rebound in enplanements (nearly 15 percent) at GMIA based on a significant increase in scheduled seats in 2010 (21 percent), as indicated by published airline schedules for the first half of 2010.

Beyond 2010, the same annual enplanement growth rates apply to the three scenarios, driven by projected long-term trends in the key demand drivers. The section developed forecasts of commercial aircraft departures and landed weight corresponding to the three alternative forecast scenarios.

Section V
FINANCIAL ANALYSIS

This section presents a review of the framework for the financial operation of the Airport System including an assessment of its recent financial performance and an analysis of the financial impact of the Series 2009 Bonds on the Airport System's cash flow, airline rates and charges, and debt service coverage. Included in this section are forecasts of Airport System Revenues, Operating and Maintenance ("O&M") Expenses, and debt service requirements. The financial projections presented on the tables in this section are based on the enplanement forecasts developed in Section IV.

A. AIRPORT SYSTEM FINANCIAL FRAMEWORK

The County owns and operates the Airport System, which is comprised of GMIA and Timmerman Airport. For financial statement purposes, and in the calculation of airline rates and charges, the County combines the financial operations of GMIA and Timmerman Airport. The Airport System policy is legislated by a 19-member Board of Supervisors (the "Board") that has the power of a corporate body.

The first GARBs issued by the County were the Series 2000A Bonds, which were issued pursuant to a General Bond Resolution (the "Bond Resolution") and a supplemental resolution (the "2000A Supplemental Resolution") adopted by the Board on June 22, 2000.[1] In January 2003, the County issued the Series 2003A Bonds, which were authorized by a supplemental resolution (the "2003A Supplemental Resolution") and adopted by the Board on January 23, 2003. These were followed by the Series 2004A Bonds, which were authorized by a supplemental resolution (the "2004A Supplemental Resolution") and adopted by the Board on March 18, 2004. In 2005, the Series 2005A and 2005B Bonds were authorized by a supplemental resolution (the "2005 Supplemental Resolution") and adopted by the Board on December 15, 2005. The Series 2006A and 2006B Bonds were authorized by a supplemental resolution (the "2006 Supplemental Resolution") adopted by the Board on November 2, 2006, and the Series 2007A Bonds were authorized by a supplemental resolution (the "2007A Supplemental Resolution") and approved by the Board on November 1, 2007. To finance the 2009A Bond Projects and refund the outstanding 1999 GO Bonds, the County is planning to issue the 2009 Bonds with an aggregate par value of approximately $15.0 million.

On November 5, 2009 the Board approved additional supplemental resolutions for the Series 2009A Bonds (the "2009A Supplemental Resolution") and for the Series 2009B Bonds (the "2009B Supplemental Resolution") (collectively the "2009 Supplemental Resolution") to authorize the issuance of the Series 2009 Bonds. The 2009 Bonds will mature not later than December 1, 2034. The Bond Resolution and

[1] Prior to the issuance of the Series 2000A Bonds, bond financing for Airport System capital projects had been provided through the issuance of County GO bonds.

the supplemental resolutions are collectively referred to in this report as the "Bond Resolutions." Pursuant to the Bond Resolutions, the Airport System has pledged all of its Net Revenues (Airport System Revenues minus O&M Expenses) to secure the Series 2000A Bonds, Series 2003A Bonds, Series 2004A Bonds, Series 2005A Bonds, Series 2005B Bonds, Series 2006A Bonds, Series 2006B Bonds, Series 2007A Bonds, and the 2009 Bonds.

PFCs are not defined as revenues in the General Bond Resolution unless pledged as revenues in a supplemental resolution adopted by the County. The 2004A, 2005, 2006, 2007A and 2009A supplemental resolutions include PFC revenues as Airport System Revenues to the extent that projects funded with the proceeds of those bonds are approved for PFC funding. PFCs are currently being used to pay debt service on PFC-approved projects financed with general obligation airport bonds and the Series 2004A, Series 2005A, Series 2005B, Series 2006A, Series 2006B Bonds and Series 2007A Bonds. PFC revenues will be included in Revenues pledged to pay a portion of the debt service for the 2009 Bonds (corresponding to the costs of the 2009A Bond Projects that are PFC-eligible and any eligible portion of the Series 2009B Bonds). The Airport has sought FAA approval to use PFC revenues as indicated above.

1. Airport Accounting

Milwaukee County operates the Airport System as an Enterprise Fund in accordance with generally accepted accounting principles ("GAAP") for governmental entities. The County prepares its financial statements based on the County's fiscal year, which coincides with the calendar year.

The County's financial statements are examined following the end of the year by independent certified public accountants. The purpose of this audit is to determine if the County's financial statements are in compliance with GAAP and the requirements of various state and federal agencies with which the County has agreements and receives grants-in-aid. The County's 2008 audited financial statements (the most recent audited financial statements available as of the date of this Report) show that as of December 31, 2008, the Airport System had total assets of approximately $340.1 million, liabilities of approximately $200.0 million, and net assets of approximately $140.1 million

As of November 2009, under a long-term residual agreement[2] signed by 14 air carriers, the Airport System is divided into the following six cost/revenue centers to establish the budget and user rates and charges:

- Airfield
- Terminal
- Apron

[2] The current Airline Use Agreement expires September 30, 2010. Airport Management has commenced airline negotiations to establish a new agreement.

- Roads and Grounds
- Air Cargo
- Flexible Response Security

The Airport System's airline rates and charges methodology combines the Roads and Grounds cost center with the Terminal cost center, and the Air Cargo cost center is combined with the Airfield cost center.

2. Airline Leases

As of November 2009, the County has similar AUAs with 14 passenger airlines (the "Signatory Airlines").[3] The following are the Signatory Airlines: AirTran, Delta, Frontier, Midwest, US Airways, Continental, Southwest (effective November 2009), Air Wisconsin, American Eagle, Comair (d.b.a. Delta Connection), Republic, Expressjet (d.b.a. Continental Express), Skywest (d.b.a. Delta Connection and Midwest), and Chautauqua (d.b.a. Delta Connection and Midwest).

The AUAs specify the terms and conditions of the Signatory Airlines' use of Airport facilities and their operations at the Airport. The interim term of the AUA began on April 1, 1980, at the start of GMIA's major terminal expansion project. The AUA became effective on October 1, 1985, at the date of beneficial occupancy of the major terminal expansion, and it will expire on September 30, 2010. The Airport has commenced negotiations with the Airlines to establish a revised AUA. However, since the process is not far enough along the financial projections provided in this chapter assume that the current methodology (full residual) will remain in place throughout the forecast period.

3. Airline Rates and Charges Methodology

The primary airline rates charged by the County are landing fees, terminal rents, apron fees, and flexible response security charges, which are charged to the airlines for their use of GMIA and its facilities. The airline rates and charges are calculated using a cost center residual methodology, whereby the airlines are responsible for paying landing fees, terminal rentals, and apron rentals to recover the annual net deficits in the Airfield, Terminal, and Apron cost centers, respectively. In addition, the airlines are required to reimburse the Airport System for the cost of providing flexible response security services. The revenues generated by these fees are used to finance the activities of the Airport

[3] Although the AUAs are similar, the airlines signed their respective lease agreements at different times. Of the 14 Signatory Airlines that lease gates, 13 have entered into preferential use leases for some or all of the gates they use, and seven have exclusive use leases for some or all of the gates they use (six of the airlines lease gates on both a preferential use basis and an exclusive use basis). Of the 9 Signatory Airlines that lease ticket counter space, two have preferential use leases and eight have exclusive use leases (one has ticket counter space on a preferential and exclusive basis.)

System, including operating and maintaining the terminal complex and the airfield and apron facilities.

The methodology for calculating these fees and charges, as specified in the AUA, is discussed below.

a. *Landing Fees.* The Signatory Airlines are responsible for paying landing fees in an amount necessary to recover the Airfield net deficit, which is defined in the AUA as total annual Airfield expenses, minus a credit for non-signatory and non-airline airfield revenues. Airfield expenses are listed below:

- O&M expenses
- Depreciation[4]
- Principal on bonds issued in 2000 and subsequent years[5]
- Interest[6]

The Airfield net deficit used for purposes of establishing the landing fee rate is computed by reducing the Airfield expenses listed above by the following revenue credits:

- Military landing fee revenue
- General aviation revenues (fuel flowage fees, hangar and land rent, and fixed based operator rent)
- Air cargo rents

Prior to the beginning of each year, Airport System management projects the Airfield net deficit for the year based on budgeted Airfield expenses and the offsetting revenue credits. The signatory landing fee rate is calculated as the Airfield net deficit divided by the projected total aircraft landed weight in thousand pound units. Non-signatory airlines are charged a landing fee that is 120 percent of the fee charged to signatory airlines, and signatory cargo carriers are charged a landing fee that is 105 percent of the fee charged to signatory airlines.

Airport System management conducts a mid-year review in July of each year to compare the budgeted amounts with actual expenses and revenues received to date as indicated in the AUA. If the review indicates that there will be a variance of 10 percent or more, Airport System management makes rate adjustments as needed, which becomes effective August 1st through the remainder of the year. Following the mid-year review, within 75 days after the end of the year the annual reconciliation is prepared. This involves the actual expenses and revenues being

[4] Depreciation charges include principal payments on GO bonds issued prior to 2000A, a portion of which were refunded by the Series 2005B Bonds, Series 2006B Bonds and Series 2009B Bonds. Principal payments on the Series 2009B Bonds will be included in principal charges as part of airlines' landing fee.
[5] Net of any bond principal paid from PFC revenues.
[6] Net of any bond interest paid from PFC revenues.

compared to the amounts collected during the previous year. Any deficiency in the amounts collected from the airlines is added to the airlines' monthly payments due during the last six months of the current year. If the amount collected was higher than the actual net deficit, the difference is credited against the airlines' payments due during the last six months of the current year.

b. *Terminal Rents.* The signatory airlines pay annual terminal rent in an amount necessary to recover the Terminal net deficit. The Terminal net deficit is computed by aggregating all expenses for the Terminal cost center and the Roads and Grounds cost center, and deducting certain revenues that are used to offset these expenses. Terminal expenses are listed below:

- Annual Terminal O&M Expenses
- Annual Terminal Cost Recovery Amount
- Depreciation[7]
- Principal on bonds issued in 2000 and subsequent years[8]
- Interest[9]

The Annual Terminal Cost Recovery Amount listed above represents the annual amount the Airport System recovers from the airlines as reimbursement for a major Terminal expansion project of which the total cost was approximately $30.8 million and was completed in 1985. The capital costs plus interest are being recovered from the airlines over a period of 25 years through 2010.

The Terminal net deficit is computed by reducing the Terminal expenses listed above by the following revenue credits:

- Non-airline terminal rentals
- Concession revenues
- Public parking revenue
- Other airline revenues, including Utility Resale and Passenger Service Fee revenues

Rental charges for Terminal space occupied by the signatory airlines are based on a unit of measure called the equivalent rental unit ("ERU"). The number of ERUs leased by the signatory airlines is determined by multiplying the square footage of each type of space by weighting factors that are based on the relative cost of providing that type of space. The Terminal net deficit is divided by the number of ERUs leased to airline tenants to derive the airline terminal rental rate. Non-signatory airlines are charged a Terminal rental rate that is 120 percent of

[7] Depreciation charges include principal payments on GO bonds issued prior to 2000A, a portion of which were refunded by the Series 2005B Bonds, Series 2006B Bonds and Series 2009B Bonds. Principal payments on the Series 2005B Bonds, Series 2006B Bonds and Series 2009B Bonds will be included in principal charges as part of the airlines' terminal rate.
[8] Net of any bond principal paid from PFC revenues.
[9] Net of any bond interest paid from PFC revenues.

the rate charged to signatory airlines for similar space. A comparison of actual and budgeted Terminal expenses and revenues is conducted at mid-year and within 75 days after the end of each year, and Airport System management makes rate adjustments accordingly.

c. *Apron Fees.* Signatory airlines pay annual Apron fees equal to the net deficit for the Apron cost center. The net deficit is calculated as total Apron expenses (O&M Expenses, interest, and depreciation) minus non-airline revenues and adjustments. The Apron fee rate is calculated as the Apron net deficit divided by the linear footage of gate positions. Non-signatory airlines pay an apron fee rate that is 120 percent of the rate charged to signatory airlines. A comparison of actual and budgeted Apron expenses and revenue credits is made at mid-year and within 75 days after the end of each year, and Airport System management makes rate adjustments accordingly.

d. *Flexible Response Security Charges.* Flexible Response Security Charges revenue represents amounts collected from the airlines to recover the cost of services provided by the County Sheriff's Department.

4. Application of Revenues

Figure V-1 illustrates the application of and priority in the uses of Airport System Revenues. Pursuant to the Bond Resolutions, Airport System Revenues are deposited on receipt to the Airport Revenue Fund. The Airport System Revenues deposited in the Airport Revenue Fund are applied in the following priority:

a. To the Operation and Maintenance Fund for the payment of current O&M Expenses.

b. To the Special Redemption Fund for credit to the Interest and Principal Account for the payment of principal and interest on the Series 2000A, Series 2003A, Series 2004A, Series 2005A, Series 2005B, Series 2006A, Series 2006B, Series 2007A and Series 2009 Bonds, and for credit to the Reserve Account, if necessary, to satisfy any deficiency in that Account.

c. To the General Obligation Bond Fund to pay debt service on GO bonds or promissory notes of the County issued for Airport purposes.

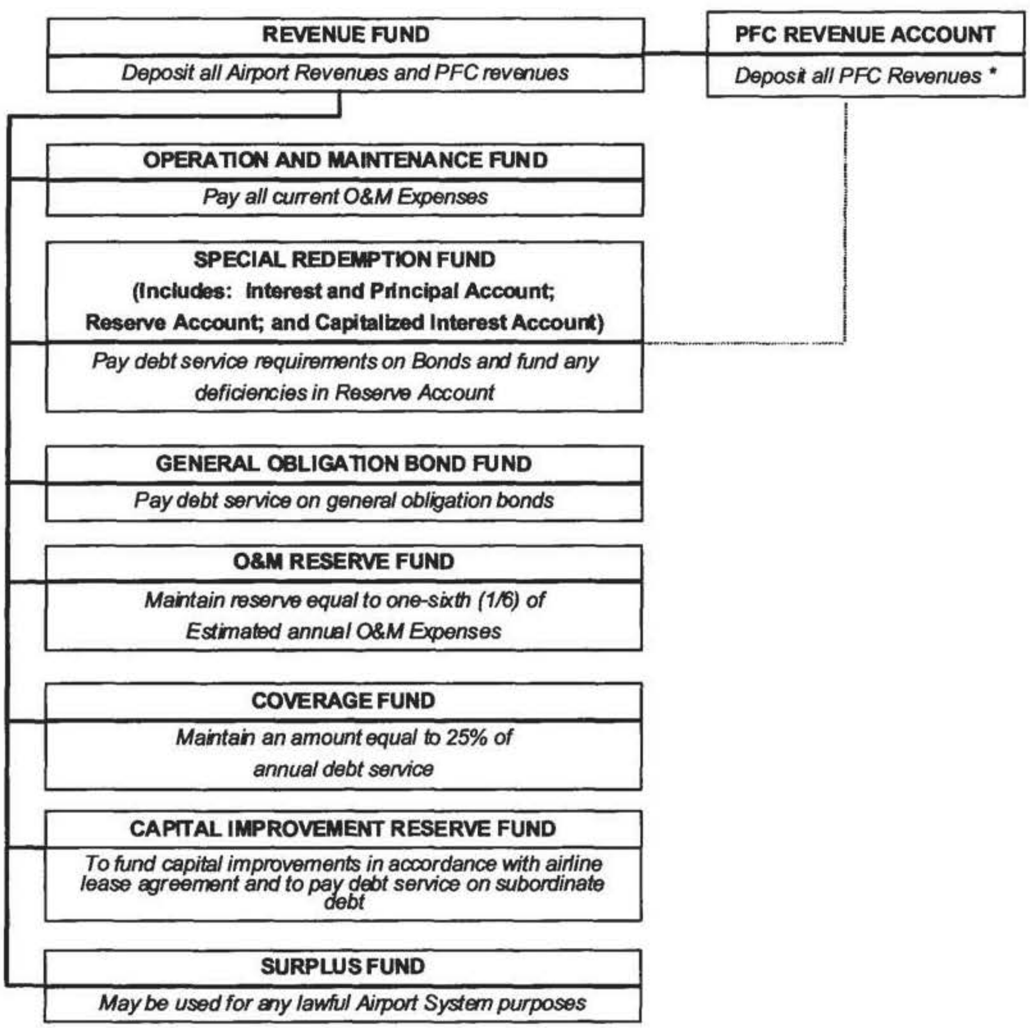
d. To the O&M Reserve Fund to maintain a balance equal to one-sixth (1/6) of the estimated annual O&M Expenses.

e. To the Coverage Fund to maintain a balance equal to 25.0 percent of annual debt service.

f. To the Airport Capital Improvement Reserve Fund to be used to fund capital improvements in accordance with the Airline Lease Agreement and to pay debt service on subordinate debt.

g. To the Surplus Fund for any amounts remaining in the Surplus Fund after application to the priority uses specified above may be used for any lawful Airport purpose.

FIGURE V-1
MILWAUKEE COUNTY AIRPORT SYSTEM
APPLICATION OF AIRPORT REVENUE



* Any PFC Revenues specifically designated for the payment of debt service pursuant to a supplemental resolution (and only PFC Revenues which are so pledged) shall be deposited monthly into the Interest and Principal Account with the Special Redemption Fund. All other PFC Revenues shall be used for any lawful purpose, in accordance with the applicable federal regulations.

The initial balances in the O&M Reserve Fund and the Coverage Fund, which were established at the time the Series 2000A Bonds were issued, were funded from public parking revenues. The required increases in the O&M Reserve Fund balance subsequent to the initial funding have been included in the airline rate base, as well as the required increase in the Coverage Fund balance associated with the Series 2003A Bonds, which was funded from public parking revenues.

The required increase in the Coverage Fund balance associated with the remaining outstanding GARBs is based on the coverage required for the PFC eligible projects. The portion of the debt service associated with PFC eligible bond projects is funded from PFC revenues, with the remainder funded from the airfield, terminal or apron airline rates. It is anticipated that the required increase in the Coverage Fund balance associated with the 2009 Bonds will be funded from a combination of airline rate-based eligible project costs and PFCs (corresponding to the portion of the Series 2009A Bond proceeds that will fund PFC-eligible project costs).

5. Rate Covenant Requirement

Pursuant to the Bond Resolution, the County shall establish and impose a schedule of rates, rentals, fees, and charges sufficient so that each fiscal year, Airport System Net Revenues, together with Other Available Funds, will be at least equal to one hundred twenty-five per cent (125 percent) of the current year Debt Service. Net Revenues are defined as all Airport System Revenues less O&M Expenses (excluding depreciation). As mentioned previously, the Supplemental Resolutions include in the definition of Airport System Revenues that PFC revenues can be used to pay the portion of the debt service on the Series 2004A, Series 2005A, Series 2005B, Series 2006A, Series 2006B, Series 2007A and Series 2009A Bonds allocable to the PFC-eligible project costs. Other Available Funds, as defined in the Bond Resolutions, include amounts on deposit in the Coverage Fund and the Surplus Fund. However, Other Available Funds to be included in the rate covenant calculation shall not exceed 25 percent of the current year Debt Service.

B. AIRPORT SYSTEM OPERATING AND MAINTENANCE (O&M) EXPENSES

Airport System O&M Expenses are incurred in the operation and maintenance of the Airport System. These expenses are categorized as follows: Salaries and Fringe Benefits; Contractual Services (Utilities, Repairs/Maintenance, Professional Services/Administration and Other); Intra-County Services (Sheriff, Fleet Maintenance, Professional Services, Insurance and Other); Commodities; Major Maintenance; and Other. **Table V–1** shows the historical O&M Expenses from 2004 through 2008. Total O&M Expenses increased from approximately $35.9 million in 2004 to approximately $54.3 million in 2008, averaging an annual growth rate of 10.9 percent. The largest increases in O&M Expenses during this period occurred in Salaries and Fringe that increased approximately $7.9 million or at an average annual growth rate of 12.7 percent and Contractual Services by approximately $7.7 million or at an average annual growth rate of 14.7 percent. The specific details regarding these increases in conjunction with the forecast will be addressed later in this section.

TABLE V-1
MILWAUKEE COUNTY AIRPORT SYSTEM
TOTAL AIRPORT SYSTEM O&M EXPENSES
FOR YEARS 2004-2008

Airport Expenses	ACTUAL [1] 2004	2005	2006	2007	2008	Avg. Annual Growth Rate 2004-2008
BY EXPENSE CATEGORY						
Salaries and Fringe Benefits	$12,966,060	$14,082,269	15,506,781	18,753,859	$20,894,000	12.7%
Contractual Services						
Utilities	$2,562,466	$2,952,700	3,760,649	3,740,945	4,758,954	16.7%
Repairs/Maintenance	1,621,868	2,093,790	2,122,063	2,852,860	3,489,495	21.1%
Prof. Services/Admin	4,859,217	5,342,766	5,551,929	5,818,407	7,306,053	10.7%
Other	1,624,532	1,810,260	2,310,649	2,343,637	2,917,302	15.8%
Subtotal	$10,668,083	$12,199,516	$13,745,291	$14,755,849	$18,471,804	14.7%
Intra-County Services						
Sheriff [2]	$5,596,932	$5,584,729	6,003,668	6,162,798	6,547,463	4.0%
Fleet Maintenance	865,196	1,107,863	1,102,060	1,098,811	1,056,631	5.1%
Prof. Service	280,543	390,100	254,657	281,279	329,082	4.1%
Insurance	826,241	788,433	565,625	635,475	667,164	-5.2%
Other [2]	1,648,519	1,368,338	1,607,771	1,569,692	2,099,981	6.2%
Subtotal	$9,217,431	$9,239,461	$9,533,781	$9,748,055	$10,700,321	3.8%
Commodities	$1,241,967	$1,762,895	1,998,154	2,399,535	3,182,811	26.5%
Major Maintenance	$265,976	$579,769	602,048	56,952	438,760	13.3%
Other	$1,533,395	$1,045,293	$457,372	$247,674	577,878	-21.6%
Total O & M Expenses	**$35,892,912**	**$38,909,204**	**$41,843,426**	**$45,961,924**	**$54,265,575**	10.9%
BY COST CENTER						
Terminal	$21,921,236	$24,106,984	$25,723,677	$27,754,045	$33,556,484	11.2%
Airfield	11,886,707	12,656,423	13,656,133	14,955,092	$17,166,225	9.6%
Apron	987,871	1,047,204	1,090,528	1,186,336	$1,371,560	8.5%
Flexible Response Security	1,097,098	1,098,592	1,373,088	2,066,452	$2,171,306	18.6%
Total O & M Expenses	**$35,892,912**	**$38,909,203**	**$41,843,426**	**$45,961,925**	**$54,265,575**	10.9%

[1] Based on schedules prepared by Airport staff. Certain amounts can be referenced to the County's audited Statement of Revenues, Expenses, and Changes in Retained Earnings included in the 2008 CAFR.
[2] *Security expenses are included in the "Sheriff" and "Other" line items within the "Intra-County Services" category. The "Other" line item includes the expenses for the private security firm that provides staffing for vehicular checkpoints at the Airport.*

In 2008, the largest component of the Airport System's O&M expenses was Salaries and Fringe Benefits totaling $20.9 million or approximately 38.5 percent of the total. The next largest category was Contractual Services at $18.5 million or approximately 34.1 percent of the total. The combined impact of both categories totals approximately $39.4 million or a total of 72.6 percent of the Airport's System O&M expenses.

Table V-1 also shows the allocation of O&M Expenses to the Airport System's four cost centers that are used for airline ratemaking purposes. In 2008, Terminal expenses continued to account for the largest share of total O&M Expenses (61.8 percent), followed by Airfield expenses (31.6 percent), the Flexible Response

Security cost center (4.1 percent), and Apron expenses (2.6 percent). Historical O&M Expense trends are explained in more detail by category below.

Table V-2 presents projected O&M expenses during the forecast period of 2011 through 2014. The estimates for years 2009 and 2010 were provided by Airport staff and represent their latest forecast of spending for 2009 and the current approved budget for 2010. The projections for fiscal years 2011 through 2014 were based on the Airport's 2010 budget, adjusted to reflect our professional judgment and management's input regarding purchases and other expenditures that are not expected to occur during the forecast period. Total O&M Expenses are projected to increase to approximately $68.3 million in 2014, or by an average annual growth rate of 3.9 percent. This compares to the historical average annual growth rate shown on **Table V-1** of 10.9 percent. Airport management feels the lower average annual growth rate is appropriate due to the historical period consisting of various one-time events such as; increase in Salaries and Fringe Benefits due to a retroactive settlement of a labor dispute for the period 2004 – 2006 and an accounting change requiring the recording of the Other Post-Employment Benefits (OPEB) expenses and higher insurance benefits; Contractual Services due to an increase in the electric rates pegged to the rising cost of oil prices, increased cost required by changes in the parking operation (increase in credit card processing fees) and initiating a new marketing campaign to solicit potential passengers living in North Chicago.

TABLE V-2
MILWAUKEE COUNTY AIRPORT SYSTEM
PROJECTED OPERATING & MAINTENANCE EXPENSES
FOR YEARS 2008 - 2014

Airport Expenses	Actual 2008	Estimated 2009	Budget 2010[1]	PROJECTED 2011	2012	2013	2014	Avg. Annual Growth Rate 2008 - 2014
BY EXPENSE CATEGORY								
Personnel Services								
Salaries	10,265,495	10,722,600	12,135,403	$12,303,149	$13,008,689	$13,642,659	$14,252,176	5.6%
Fringe Benefits	10,628,504	10,945,801	12,773,576	$13,057,744	$13,806,557	$14,479,411	$15,126,311	6.1%
Salaries and Fringe Benefits	$20,894,000	$21,668,401	$24,908,979	$25,360,893	$26,815,246	$28,122,070	$29,378,487	5.8%
Contractual Services								
Utilities	4,758,954	4,190,000	4,939,750	$5,049,642	$5,339,221	$5,599,424	$5,849,591	3.5%
Repairs/Maintenance	3,489,495	2,670,500	3,498,775	3,576,611	3,781,716	3,966,015	4,143,206	2.9%
Prof. Services/Admin	7,306,053	6,405,000	6,549,900	6,648,149	6,774,463	6,909,953	7,048,152	-0.6%
Other	2,917,302	3,246,245	2,877,975	2,921,145	2,976,646	3,036,179	3,096,903	1.0%
Subtotal	$18,471,804	$16,511,745	$17,866,400	$18,195,546	$18,872,046	$19,511,571	$20,137,852	1.4%
Intra-County Services								
Sheriff	6,547,463	6,750,000	8,040,178	$8,219,044	$8,690,376	$9,113,896	$9,521,079	6.4%
Fleet Maintenance	1,056,631	1,500	10,000	10,222	10,766	11,236	11,680	-52.8%
Prof. Service	329,082	315,000	245,000	248,675	253,400	258,468	263,637	-3.6%
Insurance	667,164	647,634	604,510	613,578	625,236	637,740	650,495	-0.4%
Other	2,099,981	1,706,070	1,781,222	1,807,940	1,842,291	1,879,137	1,916,720	-1.5%
Subtotal	$10,700,321	$9,420,204	$10,680,910	$10,899,460	$11,422,069	$11,900,476	$12,363,612	2.4%
Commodities	3,182,811	3,549,243	4,429,730	$4,170,490	$4,409,652	$4,624,554	$4,831,166	7.2%
Major Maintenance	438,760	550,000	800,400	$818,206	$865,127	$907,289	$947,824	13.7%
Other	$577,878	$731,947	$578,700	$587,381	$598,541	$610,512	$622,722	1.3%
Total O & M Expenses	$54,265,575	$52,431,540	$59,265,119	$60,031,975	$62,982,681	$65,676,472	$68,281,661	3.9%
BY COST CENTER								
Terminal	$33,556,484	$32,700,274	$36,586,549	$37,511,212	$39,300,608	$40,939,678	$42,526,781	4.0%
Airfield	17,166,225	16,269,485	18,643,717	18,473,546	19,430,577	20,299,348	21,137,793	3.5%
Apron	1,371,560	1,399,397	1,603,291	1,609,514	1,697,045	1,776,109	1,852,271	5.1%
Flexible Response Security	2,171,306	2,062,385	2,431,562	2,437,705	2,554,450	2,661,337	2,764,817	4.1%
Total O & M Expenses	$54,265,575	$52,431,540	$59,265,119	$60,031,975	$62,982,681	$65,676,472	$68,281,661	3.9%

[1] The County's 2010 Budget was adopted in November 2009.

1. Salaries and Fringe Benefits

During the historical period 2004 to 2008, Salaries and Fringe Benefits[10] increased from approximately $12.9 million to approximately $20.9 million, or by an average annual growth rate of 12.7 percent. The increase in Salaries and Fringe Benefits during this period was primarily due to resolving a labor contract settlement that was awarded and accrued in 2006 retroactively for years 2004 – 2006. Additionally, starting in 2005 it became a reporting requirement of GAAP to reflect the actuarial impact of the OPEB for all airport employees.

This expense category is budgeted to increase to approximately $24.9 million in 2010, which is largely due to an increase in fringe benefit costs. Other contributing factors include the addition of airport staff and an increase in

[10] Fringe Benefits charged to the Airport System include County health care and pension costs for Airport System employees.

overtime costs. Total Salaries and Fringe Benefits are projected to increase to approximately $29.4 million in 2014.

2. Contractual Services

The Contractual Services category includes expenses incurred for services provided to the Airport System, as follows:

- Utilities – electricity, natural gas, sewage, telephone, and water.
- Repair and Maintenance – expenses incurred for the repair and maintenance of facilities and equipment.
- Professional Services and Administration – expenses for contracts for professional services, the largest of which is the contract for the public parking management services.
- Other Contractual Services – expenses for other types of professional services, including payments to the private security firm that provides staffing for other vehicular access points at the Airport.

Total Contractual Services increased from approximately $10.7 million in 2004 to approximately $18.5 million in 2008, or by an average annual growth rate of 14.7 percent. In general, annual fluctuations in this category were due to changes in the Airport's utility usage and costs (which were weather-related and due to electric utility rate increases), security-related alerts, and the number of repair and maintenance projects, which varied from year to year.

The largest increases occurred between 2007 and 2008, which were attributed to higher utility expenses resulting from rising electric rates associated with the sharp rise in oil prices, and increases in professional services resulting from on-going increases in security related functions, seasonal one-time programs, and higher repairs and maintenance expenses resulting from various repairs associated with an aging terminal facility.

As mentioned earlier, the 2009 estimate and 2010 budget for individual line items in the Contractual Services category were based on the Airport's estimate for each year. Total Contractual Services expenses are projected to increase at an average annual growth rate of 1.4 percent during the forecast period, to approximately $20.2 million in 2014. The lower average annual growth rate was primarily due to the following:

- Utilities: Projected expenses for 2011 and subsequent years are based on an annual growth rate of 3.6 percent, based on the most recent projected CPI index and adjusted for anticipated growth in activity. Utility expenses are projected to increase to approximately $5.9 million in 2014. A recent release by the Bureau of Labor Statistics[11], showed no significant increase in electricity prices anticipated over the forecast period.

- Repairs and Maintenance: This line item is projected to increase to approximately $4.1 million in 2014, representing an average annual growth rate of 2.9 percent during the forecast period. The projected growth rate reflects the estimated average annual inflation rate of approximately 2.0 percent plus factoring in any impact due to change in enplanement traffic during the period. Airport staff indicated that there were no significant repair projects anticipated during the forecast period.

- Professional Services and Administration: This line item is projected to increase to approximately $7.0 million in 2014, representing an average annual decline of 0.6 percent during the forecast period. The lower average annual growth rate reflects a reduction in spending anticipated during years 2009 and 2010, due to a reduction in snow removal costs from previous years and an implementation of automated systems which is resulting in reduced administrative salaries. Airport management feels the forecast is reasonable based on the changed conditions.

- Other Contractual Services: This line item includes the cost of a private security firm that provides staffing at other vehicular checkpoints at the Airport. Annual spending has fluctuated during the historical period based on security staffing requirements of the national security alert status at different times. Other Contractual Services is projected to increase to $3.1 million in 2014, reflecting an average annual growth rate of 1.0 percent. Again, the lower growth rate is due to the Airport anticipating a cutback in these services beginning in 2010.

3. Intra-County Services

Expenses for Intra-County Services consist of costs charged to the Airport System by other County departments, including Sheriff, Fleet Maintenance, Professional Services, Insurance, and Other expenses. Expenses for Intra-County Services increased from approximately $9.2 million in 2004 to $10.7 million in 2008, representing an average annual growth rate of 3.8 percent. The largest increase occurred in 2008, which was primarily due to sharp increases in Other Intra-County Services and Sheriff expenses due to higher manpower costs for sheriff services charged by the County.

The 2009 and 2010 expenses for specific expenses within the Intra-County Services category are based on the Airport's budget for each year. Total Intra-County Services are projected to increase at an average annual growth rate of 2.4 percent during the forecast period, to approximately $12.4 million in 2014.

[11] Table 1, Total Energy Supply and Disposition Summary, release date March 2009.

The lower average annual growth rate is due to the reduction in the fleet maintenance charge for the County now that the Airport has staffed this operation internally. Projected expenses were developed as follows:

- Sheriff: This category increased modestly during 2004 through 2008, due to additional staffing costs resulting from heightened security levels. The 2010 budget anticipates a larger increase to approximately $8.0 million, primarily as a result of an increase in the sheriff costs from the County, associated with higher benefit costs associated with funding OPEB and rising health insurance benefits. The remainder of the forecast period is projected to increase in line with inflation and increases in enplanements resulting in a budget of $9.6 million in 2014.

- Fleet Maintenance: The County's Fleet Maintenance Department charges the user departments an hourly or mileage charge based on the type of vehicles used, which includes two components: depreciation and a proportionate share of the Fleet Maintenance Department's operating costs. The sharp decline in 2010 is the result of the County's decision to move this function to the Airport. Based on this change the annual fleet maintenance expense from the County is forecasted to be approximately $12,000 in 2014, which is a significant decline from the historical spending.

- Professional Services: This line item consists of services provided by the County for architectural, engineering and other professional services. In general, the level of this line item varies inversely with the amount of staff time charged to capital improvements and or major maintenance projects. This line item increased from approximately $281,000 in 2004 to approximately $330,000 in 2008. The Airport forecasted and budgeted this category to decline to $245,000 in 2010 and is projected to modestly increase from this lower base through the remainder of the forecast period totaling approximately $264,000 in 2014.

& Insurance: Insurance costs incurred by the County on behalf of the Airport System decreased slightly during the period 2004 to 2008, to $667,000 resulting from lower premiums, as a result of an assessed reduced risk in North America by various insurance companies. [12] The 2009 and 2010 amounts reflect the Airport's projected expenses and budget for those years, which continue to anticipate lower annual premiums. Following 2010 for the remainder of the forecast period the insurance expense is projected to increase to approximately $650,000 in 2014.

- Other: The County provides other services to the Airport System, including: information management services for data processing and communications;

[12] Aon, Inc. *Aon's Airline Insurance Market Review reveals data behind shift from North America.* http://www.aon.com/uk/en/about/Press_Office/airline_growth.jsp. Accessed July 27, 2006.

audit services; legal services; workers compensation costs; and the Airport System's allocation of central service costs. Projected expenses for 2009 and 2010 reflect the Airport anticipating a reduction in these services beginning in 2009. For 2011 and subsequent years, other expenses are projected to increase at approximately $1.9 million in 2014.

4. Commodities

Commodities include building, plumbing, roadway, and other materials and supplies, including technological supplies. This category increased from approximately $1.2 million in 2004 to approximately $3.2 million in 2008. Costs increased during the period resulting from a build up in repair parts and other weather related commodities that were required. The estimated amounts for 2009 and 2010 reflect the Airport's projected and budgeted amounts of $3.5 million and $4.4 million respectively due to higher expenses anticipated for snow removal related supplies. For the remainder of the forecast period, commodities expenses are projected to increase to approximately $4.9 million in 2014 or an average annual increase of 7.6 percent.

5. Major Maintenance

Major Maintenance expenses consist of expenditures for major repairs and maintenance of facilities and equipment, land improvements, and utility relocation. Major Maintenance expenses fluctuated during the historical period, depending on the number and scope of major maintenance projects scheduled in each year. This line item increased from approximately $266,000 in 2004 to $439,000 in 2008.

Based on the Airport System's schedule of projects, Major Maintenance expenses are budgeted to increase significantly by 2010 reaching $800,000. This sharp increase is due to additional maintenance that is going to be required at the 440th. Major maintenance expenses are forecasted to increase to approximately $948,000 due to the on-going maintenance required at the 440th.

6. Other

Other expenses include interest and penalties, bad debt expense, and other miscellaneous charges. This expense category decreased from $1.5 million in 2004 to approximately $578,000 in 2008, based on a decline in various other charges incurred in 2004. The Airport anticipates this expense to remain at the 2008 level based on the 2010 budget of approximately $579,000. This category is projected to increase to approximately $623,000 in 2014.

C. AIRPORT SYSTEM REVENUES

Airport System Revenues, as defined in the Bond Resolutions, consist of all monies received by the Airport System from any source, including all rates, fees, charges, rents and other income derived by the County from the ownership or operation of the Airport System. Under the 2009 Supplemental Resolution, PFC revenues are pledged to the payment of the Series 2009A Bonds to the extent that the project costs are PFC-eligible. Therefore, approximately 25 percent of the 2009A Bonds debt service may be funded with PFC revenues. Revenues do not include (a) proceeds of bonds or other borrowings by the County, including interest earning, (b) proceeds of grants and gifts for limited purposes or the proceeds of the disposition of property financed by such grants and gifts, (c) condemnation proceeds or insurance proceeds, except those received from rental or business interruption insurance, (d) all income and revenue collected and received by the County with respect to properties and facilities which are not included in the definition of Airport System, or (e) Special Facility Revenues.

Airport System Revenues are shown on **Table V-3,** which presents actual historical revenues for 2004 through 2008, and **Table V-4** presents estimated revenues for 2009 and budgeted revenues for 2010 that were provided by Airport staff. The remainder of the projected Revenues for the period 2011 through 2014 are based on our estimates with input from Airport staff.

TABLE V-3
MILWAUKEE COUNTY AIRPORT SYSTEM
HISTORICAL AIRPORT REVENUE
FOR YEARS 2004-2008

Airport Revenues	ACTUAL[1] 2004	2005	2006	2007	2008	Avg. Annual Growth Rate 2004-2008
Airfield						
Landing Fees						
Signatory Landing Fees	$8,989,442	$10,359,317	9,396,547	10,959,864	11,432,979	6.2%
(Over)/Under recovery	0	0		(960,883)	0	
Non-Signatory Landing Fees	1,426,041	1,545,150	1,590,423	1,471,189	1,837,194	6.5%
Total Landing Fees	$10,415,483	$11,904,467	$10,986,970	$11,470,170	$13,270,173	6.2%
General Aviation and Other						
Hydrant Fueling Revenues	$110,634	$167,009	182,391	179,801	168,461	11.1%
Hangar Rentals	424,230	521,886	445,074	448,969	478,419	3.1%
Fuel and Oil Charges	251,783	230,910	221,651	218,661	203,590	-5.2%
Fixed Base Operator	418,659	418,349	423,649	430,925	438,931	1.2%
Total General Aviation and Other	$1,205,306	$1,338,155	$1,272,764	$1,278,356	$1,289,401	1.7%
Air Cargo Rentals	$543,237	$567,668	566,899	545,192	546,876	0.2%
Total Airfield Revenues	$12,164,027	$13,810,290	$12,826,634	$13,293,718	$15,106,450	5.6%
Terminal						
Signatory Airlines						
Space Rentals	$4,255,142	$4,217,940	4,111,735	3,240,959	3,572,400	-4.3%
(Over)/Under recovery	(656,380)	(1,825,512)	(596,894)	(2,832,684)	2,344,862	
Other Charges and Fees	452,833	464,562	452,291	427,173	406,671	-2.7%
Total Signatory Airlines	$4,051,596	$2,856,990	$3,967,132	$835,448	$6,323,933	11.8%
Concessions						
Car Rental	$6,317,855	$6,667,874	7,035,617	7,307,351	8,440,253	7.5%
Gifts & Novelty	1,015,455	1,354,957	1,323,421	1,519,631	1,689,553	13.6%
Food & Beverage	1,424,424	1,593,911	1,731,836	1,973,199	1,999,246	8.8%
Other	1,132,473	1,263,319	1,383,603	1,392,628	1,357,324	4.6%
Total Concessions	$9,890,208	$10,880,061	$11,474,477	$12,192,809	$13,486,375	8.1%
Public Parking	$ 20,578,923	$22,080,236	23,032,663	26,281,266	26,862,466	6.9%
Total Terminal Revenues	$34,520,727	$35,817,287	$38,474,271	$39,309,523	$46,672,775	7.8%
Apron						
Signatory Apron Fees	$1,002,345	$1,030,863	948,037	1,091,432	1,146,840	3.4%
(Over)/Under recovery	0	0	0	(49,966)	0	
Non - Signatory Apron Fees	97,168	81,548	25,676	28,342	17,106	-35.2%
Total Apron Revenues	$1,099,512	$1,112,411	$973,713	$1,069,808	$1,163,945	1.4%
Other						
Flexible Response Security	$1,651,391	$1,715,038	1,684,375	1,737,836	1,823,294	2.5%
Other Revenues/Services	1,735,387	2,489,573	3,125,282	3,506,577	3,925,952	22.6%
PFC Revenues[2]	983,120	2,259,771	3,983,334	6,256,704	6,950,332	N/A
Total Other Revenues	$4,369,898	$6,464,383	$8,792,990	$11,501,117	$12,699,578	30.6%
TOTAL AIRPORT REVENUES	$52,154,164	$57,204,371	$61,067,608	$65,174,166	$75,642,748	9.7%

[1] Based on schedules prepared by the Airport System. Certain amounts can be referenced to the County's audited Statement of Revenues, Expenses, and Changes in Retained Earnings

[2] The Supplemental Resolution for the Series 2004A, Series 2005A, Series 2005B, Series 2006A, Series 2006B, and Series 2007A Bonds pledges a portion of PFC revenues to the repayment of the eligible portion of the annual debt service payments for each bond issue.

TABLE V-4
MILWAUKEE COUNTY AIRPORT SYSTEM
PROJECTED AIRPORT SYSTEM REVENUE
FOR YEARS 2008 - 2014

Airport Revenues	Actual 2008	Estimated 2009	Budget 2010 [2]	Projected 2011	2012	2013	2014	Avg. Annual Growth Rate 2008 - 2014
Airfield								
Landing Fees								
Signatory Landing Fees	11,432,979	11,700,000	15,315,096	$12,026,532	$12,703,443	$13,192,530	$14,110,481	3.6%
Non-Signatory Landing Fees	1,837,194	1,434,484	1,526,230	2,717,440	2,875,443	2,941,759	3,146,620	9.4%
(Over)/Under recovery								
Total Landing Fees	13,270,173	13,134,484	16,841,326	14,743,972	15,578,886	16,134,289	17,257,101	4.5%
General Aviation and Other								
Hydrant Fueling Revenues	168,461	97,855	44,880	$42,852	$40,836	$38,808	$36,780	-22.4%
Hangar Rentals	478,419	461,700	486,300	498,098	525,629	549,623	572,490	3.0%
Fuel and Oil Revenue	203,590	230,000	217,500	222,777	235,090	245,822	256,049	3.9%
Fixed Base Operator	438,931	445,000	445,000	455,796	480,989	502,945	523,870	3.0%
Total GA and Other	$1,289,401	$1,234,555	$1,193,680	$1,219,523	$1,282,543	$1,337,198	$1,389,190	1.3%
Air Cargo Rentals	546,876	595,000	467,500	$478,842	$501,925	$522,517	$544,055	-0.1%
Total Airfield Revenues	$15,106,450	$14,964,039	$18,502,506	$16,442,336	$17,363,355	$17,994,005	$19,190,345	4.1%
Terminal								
Signatory Airlines								
Space Rentals	3,572,400	4,222,298	4,999,000	$4,624,096	$4,915,585	$2,806,389	$7,285,281	12.6%
(Over)/Under recovery	2,344,862	2,900,000	205,740	0	0	0	0	n/a
Other Charges and Fees	406,671	320,000	462,300	474,971	492,587	506,322	518,478	4.1%
Total Signatory Airlines	$6,323,933	$7,442,298	$5,667,040	$5,099,068	$5,408,172	$3,312,711	$7,803,759	3.6%
Concessions								
Car Rental	8,440,253	7,900,000	7,500,000	$7,681,956	$8,106,546	$8,476,608	$8,829,275	0.8%
Gifts & Novelty	1,689,553	1,400,000	1,625,000	1,664,424	1,756,419	1,836,599	1,913,010	2.1%
Food & Beverage	1,999,246	2,000,000	2,975,000	3,047,176	3,215,597	3,362,388	3,502,279	9.8%
Other	1,357,324	1,390,000	1,539,000	1,576,337	1,663,464	1,739,400	1,811,767	4.9%
Total Concessions	$13,486,375	$12,690,000	$13,639,000	$13,969,893	$14,742,026	$15,414,995	$16,056,331	2.9%
Public Parking	26,862,466	24,650,000	27,460,000	$28,126,203	$29,680,766	$31,035,689	$32,326,918	3.1%
Total Terminal Revenues	$46,672,775	$44,782,298	$46,766,040	$47,195,163	$49,830,964	$49,763,394	$56,187,008	3.1%
Apron								
Signatory Apron Fees	1,146,840	1,349,771	1,255,046	$1,694,792	$1,778,325	$1,853,906	$1,926,869	9.0%
(Over)/Under recovery								
Non - Signatory Apron Fees	17,106	70,000	30,000	30,728	32,426	33,906	35,317	12.8%
Total Apron Revenues	$1,163,945	$1,419,771	$1,285,046	$1,725,520	$1,810,751	$1,887,813	$1,962,186	9.1%
Other								
Flexible Response Security	1,823,294	1,850,000	2,412,812	$2,466,489	$2,607,934	$2,735,029	$2,857,222	7.8%
Other Revenues/Services	3,925,952	3,232,230	4,216,993	4,319,300	4,558,034	4,766,107	4,964,399	4.0%
Total Other Revenues	$5,749,246	$5,082,230	$6,629,805	$6,785,789	$7,165,968	$7,501,135	$7,821,622	5.3%
PFC Revenues [1]	6,950,332	6,958,750	6,797,115	$9,112,954	$9,098,137	$9,083,440	$9,061,526	4.5%
TOTAL AIRPORT REVENUES	$75,642,748	$73,207,088	$79,980,512	$81,261,762	$85,269,175	$86,229,787	$94,222,687	3.7%

[1] In the Supplemental Resolutions for the Series 2004A, 2005A, 2005B, 2006A, 2006B, 2007A and 2009A Bonds, PFC revenues are pledged to the payment of debt service on a portion of those bonds. In addition, the projected PFC Revenues are projected based on the anticipated issuance of PFC eligible bonds being sold for future eligible PFC projects.

[2] The County's 2010 Budget was adopted in November 2009.

1. Airfield Revenues

Airfield Revenues consist of landing fees from signatory and non-signatory airlines, revenues from general aviation operations, and air cargo rentals. Total Airfield revenues increased from approximately \$12.2 million in 2004 to approximately \$15.1 million in 2008. Total Airfield revenues are projected to increase to approximately \$19.2 million in 2014, due to the projected increases in the components discussed in the following paragraphs.

a. *Landing Fee Revenues.* Landing Fee revenues consist of fees collected from signatory and non-signatory airlines based on the landed weight of each carrier's landed aircraft at the Airport. As explained previously, the airlines pay fees established to recover the Airfield net deficit, which equal total Airfield expenses minus non-airline revenues. **Table V-3** shows that Landing Fee revenues increased from approximately \$10.4 million in 2004 to approximately \$13.3 million in 2008. **Table V-4** shows that Landing Fee revenues are projected to increase to approximately \$17.3 million in 2014.

The Airfield net deficit to be recovered from the airlines is projected to increase from approximately \$15.4 million in 2010 to approximately \$16.3 million in 2014, as shown in **Table V-5**. Below is a brief description of the two main components of the Airfield net deficit calculation:

TABLE V-5
MILWAUKEE COUNTY AIRPORT SYSTEM
PROJECTED LANDING FEE
FOR YEARS 2008 - 2014

Landing Fee Calculation	Actual 2008	Estimated 2009	Budget 2010	PROJECTED 2011	2012	2013	2014
Airfield Expenses							
O&M Expense	$17,166,225	$16,269,485	$18,248,012	$18,473,546	$19,271,072	$20,154,553	$20,998,052
Depreciation	262,052	363,840	418,417	397,496	377,621	358,740	340,803
Series 2007A	64,093	64,328	64,311	64,242	64,121	64,293	64,053
Series 2009B			56,789	55,040	52,405	50,233	48,314
Future GARBs				0	0	0	555,826
Depreciation and Debt Service	326,146	428,167	539,516	516,777	494,148	473,268	1,008,998
Deposits to Coverage Fund	16,023	0	14,197	0	138,957	0	0
Deposits to O&M Reserve Fund	0	0	395,705	0	159,505	144,795	139,741
Total Airfield Expense	$17,508,394	$16,697,652	$19,197,431	$18,990,323	$20,063,682	$20,772,616	$22,146,790
Less Credits:							
General Aviation Revenues	$1,066,298	$1,082,030	$1,105,052	$1,131,862	$1,194,421	$1,248,946	$1,300,908
Air Cargo Rentals	156,085	190,000	175,000	179,246	187,886	195,595	203,657
Non-Sig. / Military Landing Fees	1,837,194	1,434,484	1,526,230	2,717,440	2,875,443	2,941,759	3,146,620
Other Non-Airline Revenue	866,055	1,076,546	980,153	1,003,932	1,059,420	1,107,783	1,153,872
Total Credits	$3,925,631	$3,783,060	$3,786,435	$5,032,479	$5,317,171	$5,494,082	$5,805,057
Airfield Net Deficit [1]	$13,582,763	$12,914,592	$15,410,996	$13,957,844	$14,746,510	$15,278,534	$16,341,734
Total Landed Weight	5,800,000	5,393,383	5,644,911	5,685,212	5,859,663	5,998,095	6,140,933
Signatory Landing Fee Rate	$2.34	$2.39	$2.73	$2.46	$2.52	$2.55	$2.66

[1] The total landing fees projected on Table V-4 do not equal the projected Airfield net deficit in any given year due to the landing fee rate calculation methodology specified in the Airline Leases. Because the non-signatory passenger airlines are are charged a landing fee rate equal to 120% of the signatory rate, and the non-signatory cargo carriers pay a rate equal to 105% of the signatory rate, the Airport is projected to collect slightly more than the net deficit each year. However, the Airport makes an adjustment in the following year to avoid accumulating excess landing fee revenues.

- Total Airfield Expense is projected to increase from approximately $19.2 million in 2010 to approximately $22.1 million in 2014, primarily due to projected increases in O&M Expenses, as discussed earlier.
- Total credits deducted from total Airfield Expenses are projected to increase from $3.8 million in 2010 to approximately $5.8 million in 2014.

The projected signatory Landing Fee rate, as presented on **Table V-5**, is calculated by dividing the projected annual Airfield net deficit by the total projected landed weight during each year of the forecast period. The total landed weight was estimated at approximately 5.4 million thousand-pound units for 2009, and it is projected to increase to approximately 5.6 million thousand-pound units in 2010. The signatory Landing Fee rate is projected to fluctuate from $2.73 in 2010 to $2.66 in 2014.

b. *General Aviation and Other Revenues.* General Aviation and Other Revenues include the following line items:

  - Hydrant Fueling revenues – amounts collected by the Fixed Base Operator (FBO) from all fuel users and remitted to the Airport System to recover the capital cost and environmental remediation costs of the hydrant fueling system that was constructed in the early 1980s.
  - Hangar Rentals – rents collected for land occupied by corporate hangars and fees collected for County owned T-Hangars.
  - Fuel and Oil Charges – a per-gallon fuel flowage fee is assessed to general aviation fuel purchases in lieu of landing fees.
  - Fixed Base Operator revenues – rents collected from FBOs for land, apron hangars, and other buildings.

General Aviation and Other Revenues have increased approximately $100,000 during the period 2004 through 2008. This was primarily due to an increase in hydrant fueling revenues of approximately $58,000, and hangar rental of approximately $54,000.

Total 2009 revenues and the 2010 budget for each line item in this category were based on the Airport System's estimated budget and discussions with Airport System management. General Aviation and Other Revenues are estimated to remain relatively flat over the remainder of the forecast period based on the following:

  - Hydrant Fueling revenues: Hydrant Fueling revenues are projected in accordance with the current cost recovery schedule, which is anticipated to decrease each year after 2010, as the cost of the initial capital improvements and prior year remediation costs are fully recovered.

Hydrant Fueling revenues are projected to decrease to approximately $37,000 in 2014.

- Hangar Rentals: For 2009 and 2010, this line item was budgeted by management to reflect the hangar lease provisions. Hangar Rentals are projected to increase at the average 2.0 percent rate of inflation to reflect the lease provisions that allow for periodic increases in the rental rates in accordance with increases in the CPI. This revenue category is projected to increase to approximately $572,000 in 2014.
- Fuel and Oil revenues: During the forecast period, this line item is projected based on the 2010 budget, with subsequent changes based on forecasted aircraft activity and an increase in price. Fuel and Oil Revenues are projected to increase to approximately $256,000 in 2014.
- Fixed Base Operator ("FBO") revenues: For the forecast period, FBO revenues are projected to increase by the assumed average annual inflation rate of 2.0 percent, based on the lease provisions that allow for the rent to be adjusted annually in accordance with increases in the CPI. FBO revenues are projected to increase to approximately $524,000 in 2014.

c. *Air Cargo Rentals.* Air Cargo Rental revenues are generated from the following three sources: (1) building rent received for space rented in the air cargo building owned by the Airport, (2) air cargo ramp rent, and (3) ground rent received from a private developer who owns an air cargo building and leases building space to various tenants. Air Cargo Rental revenues remained relatively flat during the period 2004 through 2008 ending at approximately $547,000. The amounts shown for 2009 and 2010 reflect the Airport's estimated and budgeted revenues for these years based on current leases. For 2011 and subsequent years, Air Cargo revenues are projected to increase at the estimated 2.0 percent average annual inflation rate to reflect the lease provisions that provide for annual rate increases in accordance with changes in the CPI. Air Cargo Rental revenues are projected to increase slightly during the forecast period to approximately $544,000 in 2014.

2. <u>Terminal Revenues</u>

Terminal revenues consist of terminal rents received from the airlines, and non-airline revenues such as terminal concession revenues, rental car revenues, and parking revenues. Total Terminal revenues increased from approximately $34.6 million in 2004 to approximately $46.7 million in 2008, or by an average annual growth rate of 7.8 percent (**Table V-3**). As shown on **Table V-4**, Total Terminal revenues are projected to increase to approximately $56.2 million in 2014, due to the projected changes in the components discussed below.

a. *Signatory Space Rental.* Signatory Space Rental revenue consists of rents collected from signatory airlines for space occupied in the Airport Terminal.

As explained previously, the signatory airlines pay fees established to recover the Terminal net deficit, which equals total Terminal expenses minus non-airline revenues such as Terminal concessions revenues, rental car revenues, and public parking revenues. Signatory Space Rental revenue decreased from $4.3 million in 2004 to $3.6 million in 2008 at an average annual rate of 4.3 percent.

The decline was primarily due to the increase in parking revenues during the period. In contrast, Signatory Space Rental is projected to increase to approximately $7.3 million by 2014, primarily due to an increase in total terminal expenses attributable to increases in debt service for the new GARB issue and higher O&M expenses as further discussed below.

TABLE V-6
MILWAUKEE COUNTY AIRPORT SYSTEM
PROJECTED AIRLINE TERMINAL RENTAL FEE
FOR YEARS 2008 - 2014

Terminal Rental Fee Calculation	Actual 2008	Estimated 2009	Budget 2010	PROJECTED			
				2011	2012	2013	2014
Terminal Expenses							
O&M Expense	$33,556,484	$32,700,274	$35,938,836	$37,357,101	$39,002,376	$40,666,499	$42,262,264
Series 2000A & 2003A GARB d.s.	8,166,419	7,942,919	7,735,919	7,527,981	7,300,731	7,063,356	6,825,513
Series 2004A GARB d.s.	282,267	281,873	281,957	281,929	282,179	282,123	281,762
Series 2005A GARB d.s.	128,770	128,398	128,065	127,731	127,815	127,881	127,931
Series 2005B GARB d.s.	741,607	721,860	723,389	727,420	726,864	725,335	726,308
Series 2006A GARB d.s.	238,296	217,032	217,528	217,292	216,938	217,056	217,032
Series 2006B GARB d.s.	213,050	198,541	124,202	118,099	113,359	107,321	101,348
Series 2007A GARB d.s.	130,101	130,547	130,512	130,373	130,129	130,477	129,989
Series 2009A GARB d.s.		0	410,451	434,595	434,595	434,595	434,595
Series 2009B GARB d.s.			463,486	449,211	427,712	409,984	394,318
Future GARB's d.s.	0	0	0	0	0	56,714	5,327,216
Depreciation	1,829,781	1,480,932	1,836,256	1,744,443	1,657,221	1,574,360	1,495,642
Capital Cost Recovery	1,965,377	1,859,396	1,229,392	0	0	0	0
Depreciation and Debt Service [1]	13,695,668	12,961,499	13,281,157	11,759,074	11,417,542	11,129,203	16,061,654
Deposits to Coverage Fund	32,525	0	224,520	14,179	1,317,625	0	0
Deposits to O&M Reserve Fund	967,073	0	647,712	154,111	298,233	273,178	264,517
Total Terminal Expense	$48,251,751	$45,661,773	$50,092,226	$49,284,465	$52,035,776	$52,068,881	$58,588,435
Less Credits:							
Other Charges and Fees	405,916	$319,000	$461,460	$474,117	$491,718	$505,438	$517,579
Concessions							
Car Rental Concessions	8,440,253	7,900,000	7,500,000	7,681,956	8,106,546	8,476,608	8,829,275
Gifts & Novelty	1,689,553	1,400,000	1,625,000	1,664,424	1,756,419	1,836,599	1,913,010
Food & Beverage	1,999,246	2,000,000	2,975,000	3,047,176	3,215,597	3,362,388	3,502,279
Public Parking	26,862,466	24,650,000	27,460,000	28,126,203	29,680,766	31,035,689	32,326,918
Other Terminal Revenues	3,764,193	4,031,310	3,579,648	3,666,493	3,869,144	4,045,770	4,214,093
Total Credits	$43,161,627	$40,300,310	$43,601,108	$44,660,368	$47,120,191	$49,262,491	$51,303,154
Terminal Net Deficit	$5,090,124	$5,361,463	$6,491,118	$4,624,096	$4,915,585	$2,806,389	$7,285,281
Forecast Equivalent Rental Units	184,350	184,350	184,350	184,350	184,350	184,350	184,350
Projected Terminal Rental Fee	**$27.61**	**$29.08**	**$35.21**	**$25.08**	**$26.66**	**$15.22**	**$39.52**

[1] Debt service is charged for the Series 2000A and Series 2003A Bonds, and for the portions of the Series 2004A, Series 2005A, Series 2005B, Series 2006A, Series 2006B, Series 2007A, Series 2009A and Series 2009B Bond debt service, as well as debt service for future anticipated bond issues, that will not be paid with PFCs.

- Total Terminal Expense is projected to increase from approximately $50.1 million in 2010 to approximately $58.6 million in 2014, mainly due to the projected increases in Terminal O&M Expenses and debt service. The increase in terminal expenses is primarily due to increases in personnel services through filling vacancies and the increase in intra-county expenses resulting from higher sheriff expenses.

- The credits offsetting Terminal expenses are projected to increase from approximately $43.6 million in 2010 to approximately $51.3 million in 2014 resulting from the projected increases in those revenue categories, as described later in this sub-section.

Rental charges for Terminal space occupied by the signatory airlines are based on a unit of measure called the equivalent rental unit ("ERU"). The number of ERUs leased by the signatory airlines is determined by multiplying the square footage of each type of space by weighting factors that are based on the relative cost of providing that type of space. The Terminal rental rate per ERU, as projected on **Table V-6,** was calculated by dividing the projected Terminal net deficit for each year by the projected number of ERUs. The Terminal rental rate per ERU is projected to increase during the forecast period from $35.21 in 2010 to $39.52 in 2014. The ERUs are currently 184,350 and projected to remain constant throughout the forecast period.

b. *Other Charges and Fees.* This category includes other tenant revenue, including resale utilities (metered water and electricity used by tenants) and passenger service fees (a $7.50 per-passenger fee collected from airlines for international flights processed through the International Arrivals Building). This revenue category decreased from approximately $453,000 in 2004 to approximately $406,000 by 2008, mainly due to a fluctuation in international passenger fees. Other Charges and Fees are projected to increase to approximately $518,000 in 2014, reflecting an expected increase in the annual CPI and anticipated increase in enplanement activity.

c. *Concessions.* Concession revenues consist of fees collected from Terminal concession operators. As shown in **Table V-3**, total Concessions Revenues increased from approximately $9.9 million in 2004 to approximately $13.5 million in 2008. Based on Airport management's estimates, these revenues are projected to remain relatively flat through 2010 to $13.6 million. Concessions revenues are projected to increase to approximately $16.1 million by 2014, as follows:

(i) *Car Rental Revenues.* Car Rental revenues increased from $6.3 million in 2004 to $8.4 million in 2008, primarily due to the Airport negotiating new agreements with the car rental companies beginning in 2003. Car Rental Revenues were projected to decrease during 2009 and 2010 to $7.5 million as a result of a decline in passenger activity and rental car usage. However, Rental revenues are projected to rebound during the forecast period based on a turnaround in enplanements beginning in 2011. This revenue category is projected to increase to approximately $8.8 million in 2014.

(ii) *Gifts and Novelties.* Gift and Novelties revenues increased from approximately $1.0 in 2004 to approximately $1.7 million in 2008. The largest increase occurred in 2005 and increased by approximately 33 percent, reflecting a significant increase in revenue per enplanement resulting from the new and improved concession program developed with Paradies in 2005. Gifts and Novelties revenues are projected based on the annual revenue per enplanement applied to forecasted enplanements. Gifts and Novelties revenues are projected to increase to $1.9 million in 2014.

(iii) *Food and Beverage.* Revenues received from Food and Beverage concessionaires increased from approximately $1.4 million in 2004 to approximately $2.0 million in 2008. The average annual increase of 8.8 percent in Food and Beverage revenues primarily resulted from concessions being located post security in Concourses D and E, and the earlier arrival of outbound passengers at the Airport. The Food and Beverage estimates for 2009 and 2010 were provided by the Airport. Due to the anticipated addition of a second master food and beverage vendor Select Service Partner (SSP) in 2010, which will be in addition to Host, Food and Beverage revenues are projected to increase to approximately $3.5 million in 2014 based on estimated annual revenue per enplanement applied to forecasted enplanements..

(iv) *Other.* Other Concession revenues consist of fees received from the following concessions: display advertising, travel agents, automated teller machines, shoe shine stands, insurance services, pay telephones, and a golf driving range. Other Concession revenues increased from approximately $1.1 million in 2004 to approximately $1.4 million in 2008. This revenue category is projected based on the annual revenue per enplanement applied to forecasted enplanements. Other Concession revenues are projected to increase to approximately $1.8 million in 2014.

d. *Public Parking.* Public Parking revenue increased from approximately $20.6 million in 2004 to approximately $26.9 million in 2008. For the forecast period of 2011- 2014, Public Parking revenue is projected using the 2010 parking revenue estimated by the Airport as the base and calculating the annual revenue per enplanement for the remainder of the forecast period using this factor along with the increase in enplanements. Parking revenues are projected to increase to approximately $32.3 million in 2014. No parking rate increase is planned during the forecast period

3. Apron Fees

The signatory airlines pay Apron Fees established to recover the Apron net deficit, which equals total Apron expenses minus non-airline revenues and adjustments. **Table V-3** shows that total Apron Fee revenues fluctuated during the historical period from approximately $1.1 million in 2004 to approximately $1.2 million in 2008. Apron fees reached a high of $1.2 million in 2008 due to higher usage of apron for overnight aircraft parking beginning in 2007.

The Apron net deficit to be recovered from the signatory airlines, as shown on **Table V-7**, is projected to increase to approximately $1.9 million in 2014, mainly due to the projected increases in O&M Expenses. This includes the anticipated effects of the planned Apron expansion. The signatory Apron Fee rate is projected by dividing the annual Apron net deficit by the total linear footage of Apron space. The signatory Apron fee is projected to increase during the forecast period to $386.53 in 2014.

TABLE V-7
MILWAUKEE COUNTY AIRPORT SYSTEM
PROJECTED AIRLINE APRON FEE
FOR YEARS 2008 - 2014

Apron Fee Calcuation	Actual 2008	Estimated 2009	Budget 2010	PROJECTED 2011	2012	2013	2014
Apron Expenses							
O&M Expense	$1,371,560	$1,399,397	$1,569,309	$1,608,477	$1,682,457	$1,762,932	$1,839,577
Depreciation	69,174	58,774	71,574	71,574	71,574	71,574	71,574
Series 2005B d.s.	0	22,326	22,373	22,498	22,480	22,433	22,463
Series 2006A d.s.	0	21,317	21,366	21,343	21,308	21,320	21,317
Series 2009B d.s.			35,931	34,824	33,158	31,783	30,569
Depreciation and Debt Service	69,174	102,417	151,244	150,239	148,520	147,110	145,923
Deposits to Coverage Fund	0	0	8,983	0	0	0	0
Deposit to O&M Reserve	0	4,640	33,982	1,037	14,589	13,177	12,694
Total Apron Expense	$1,440,733	$1,506,453	$1,763,518	$1,759,752	$1,845,565	$1,923,219	$1,998,194
Less:							
Non-Airline Credits	$143,451	$143,391	$63,660	$64,960	$67,240	$69,312	$71,325
Apron Net Deficit	$1,297,282	$1,363,062	$1,699,858	$1,694,792	$1,778,325	$1,853,906	$1,926,869
Linear Feet	4,985	4,985	4,985	4,985	4,985	4,985	4,985
Apron Fee	**$260.24**	**$273.43**	**$340.99**	**$339.98**	**$356.74**	**$371.90**	**$386.53**

4. Other Revenues

Other revenues received by the Airport include reimbursements from the airlines for the Airport's security costs and other miscellaneous revenues, as described below.

a. *Flexible Response Security Charges.* Flexible Response Security Charges revenue represents amounts collected from the airlines for services provided by the County Sheriff's Department at the concourse checkpoints. This category was $1.7 million in 2004 and increased to approximately $1.8 million in 2008. The 2009 and 2010 estimates provided by the Airport of $2.4 million reflect a continuing increase in Sheriff's costs. During the forecast period, Flexible Response Security Charges revenue is projected to increase to approximately $2.9 million in 2014.

b. *Other Revenues/Services.* Other Revenues/Services consist of rents collected from the County for Airport lands and building space used for highway maintenance and other purposes as well as interest earnings. This revenue category increased from $1.7 million in 2004 to a high of $3.9 million in 2008, due to the implementation of a rental car security fee that reimburses the Airport for a portion of the private security firm staffing costs for the vehicular checkpoints in the parking structure. Other Revenues/Services are projected to increase to approximately $5.0 million in 2014.

5. PFC Revenues

In the Supplemental Resolutions for the Series 2004A, 2005, 2006, 2007A and 2009A Bonds, the PFC revenues are pledged to the payment of debt service on those bonds to the extent that the capital project costs funded by the bond proceeds are approved for PFC funding. Therefore, PFC revenues in an amount equal to the PFC eligible portion of debt service on the Series 2004A, Series 2005A, Series 2005B Bonds, Series 2006A Bonds, Series 2006B Bonds, Series 2007A Bonds, Series 2009A Bonds and future bonds are included in Total Airport Revenues shown on **Table V-4**.

D. SOURCES AND USES OF FUNDS

The 2009 Bonds are being issued to fund a portion of the costs of the capital projects described in Section II and to refund the remaining outstanding 1999 GO Bonds. **Table V-8** presents the estimated sources and uses of funds related to the Series 2009 Bonds.

TABLE V-8
MILWAUKEE COUNTY AIRPORT SYSTEM
SOURCES AND USES OF FUNDS
2009 BONDS

	Series 2009A	Series 2009B	Total
Sources			
Par Amount	$12,690,000	$2,350,000	$15,040,000
Premium/(Discount)	(162,142)	13,824	(148,318)
Refunded Bonds Interest Payment		35,718	35,718
Total Sources	**$12,527,858**	**$2,399,542**	**$14,927,400**
Uses			
Project Fund Deposit	$12,026,750		$12,026,750
Refunding Escrow Deposit		$2,310,718	2,310,718
Debt Service Reserve Fund	239,285	44,312	283,597
Additional Proceeds	3,470	2,064	5,535
Costs of Issuance [1]	258,352	42,448	300,800
Total Uses	**$12,527,858**	**$2,399,542**	**$14,927,400**

Source: Merrill Lynch
[1] Costs of Issuance include bond insurance premium, Underwriters' discount, and other issuance costs.

E. DEBT SERVICE

Table V-9 shows the projected annual debt service requirements for the existing GO bonds, the Series 2000A Bonds, the Series 2003A Bonds, the Series 2004A Bonds, the Series 2005A Bonds, the Series 2005B Bonds, the Series 2006A, and Series 2006B Bonds, the Series 2007A Bonds, the Series 2009A Bonds, Series 2009B Bonds and future GARB bonds.

The annual debt service requirements for the existing GO bonds, which are paid by the County from Airport System Revenues, are projected to increase during the forecast period from approximately $0.8 million in 2010 to $1.2 million in 2014. Annual debt service requirements for GARBs are estimated at approximately $17.2 million in 2010. Annual GARB debt service is then projected to increase to approximately $24.4 million in FY 2014, due to the issuance of the 2009 Bonds and the planned issuance of additional bonds during the forecast period.

TABLE V-9
MILWAUKEE COUNTY AIRPORT SYSTEM
PROJECTED ANNUAL DEBT SERVICE
FOR YEARS 2008 - 2014

DEBT SERVICE	Actual 2008	Estimated 2009	Budget 2010	PROJECTED 2011	2012	2013	2014
GO BONDS							
Existing G.O. Bonds [1]	$1,471,791	$1,420,489	$768,370	$776,072	$1,011,414	$1,207,195	$1,174,486
General Airport Revenue Bonds [2]							
Series 2000A and 2003A Bonds	$8,166,419	$7,942,919	$7,735,919	$7,527,981	$7,300,731	$7,063,356	$6,825,513
Series 2004A Bonds	2,542,900	2,539,400	2,540,150	2,539,900	2,542,150	2,541,650	2,538,400
Series 2005A Bonds	1,545,390	1,541,390	1,537,390	1,533,390	1,534,390	1,535,190	1,535,790
Series 2005B Bonds	1,035,200	1,038,800	1,041,000	1,046,800	1,046,000	1,043,800	1,045,200
Series 2006A Bonds	1,837,500	1,837,700	1,841,900	1,839,900	1,836,900	1,837,900	1,837,700
Series 2006B Bonds	822,000	764,500	478,250	454,750	436,500	413,250	390,250
Series 2007A Bonds	931,956	935,363	935,113	934,113	932,363	934,863	931,363
Series 2009A Bonds [3]		0	547,465	579,669	579 669	579,669	579,669
Series 2009B Bonds [3]			556,206	539,075	513.275	492,000	473,200
Series 2010 Future Bonds [4]	0	0	0	2,329,953	2,329.953	2,386,667	2,386,667
Series 2012 Future Bonds [4]	0	0	0	0	0	0	5,826,328
Total GARBs	$16,881,365	$16,600,071	$17,213,392	$19,325,531	$19,051,931	$18,828,345	$24,370,079
Total Debt Service	$18,353,156	$18,020,560	$17,981,762	$20,101,603	$20,063,345	$20,035,540	$25,544,565
Cost Center Allocation							
Terminal	$17,146,326	$16,858,004	$16,898,335	$19,023,971	$18,952,551	$18,902,184	$23,879,112
Airfield	1,038,284	1,059,506	963,877	958,763	986,596	1,004,730	1,538,974
Apron	168,545	103,051	119,549	118,869	124.198	128,626	126,480
Total Debt Service	$18,353,156	$18,020,560	$17,981,762	$20,101,603	$20,063,345	$20,035,540	$25,544,565

[1] Excludes GO bond debt service paid with PFCs because the corresponding PFCs are not included in Airport System Revenues

[2] Includes GARB debt service paid with PFCs because the corresponding PFCs are included in Airport System Revenues.

[3] Annual debt service per Public Financial Management.

[4] Debt Service on future GARB issues reflects the Airport System's most recent CIP and is projected in order to include the best available information in the financial analysis. The most recent CIP funding plan assumes that additional bonds will be sold in 2010 and 2012. Debt service for the 2010 Future Bonds are primarily PFC eligible, whereas 2012 Future Bonds are for GARB projects with capitalized interest for 2 ye
The debt service for the Future Bonds assume a 25-year bond amortization period, 6.0% annual interest and 1.5% cost of issuance

F. FINANCIAL ANALYSIS

An important component of the financial feasibility report is an assessment of how the 2009 Bonds will affect the Airport System's key financial variables. The following sub-sections discuss the Airport System's projected airline cost per enplanement, discretionary cash flow, and debt service coverage.

1. Airline Cost per Enplanement

The airline cost per enplanement (CPE) is used as an industry measure to assess the reasonableness of airports' airline rates and charges. It is calculated by dividing the total amount that is charged to the airlines by the total number of enplaned passengers. The airline charges include Signatory Airline Landing Fees and Terminal Rentals and charges, excluding Landing Fees paid by cargo carriers. **Table V-10** shows that the Airport's airline CPE is projected to range from $4.86 in 2009 to $6.01 in 2014. The increase during the forecast period is mainly due to higher O&M expenses and the issuance of the 2009 Bonds and future bonds.

TABLE V-10
MILWAUKEE COUNTY AIRPORT SYSTEM
PROJECTED AIRLINE COST PER ENPLANED PASSENGER
FOR YEARS 2009 - 2014

Year	Landing Fees [1]	Terminal Rents & Charges	Apron Fees	Total Airline Payments [2]	Enplaned Passengers	Cost Per Enplaned Passenger
2009	$12,271,980	$5,361,463	$1,363,062	$ 18,996,505	3,906,330	$4.86
2010	$14,713,361	$6,491,118	$1,699,858	$ 22,904,337	3,826,532	$5.99
2011	$13,745,932	$4,624,096	$1,694,792	$ 20,064,820	3,853,851	$5.21
2012	$14,524,454	$4,915,585	$1,778,325	$ 21,218,364	3,998,878	$5.31
2013	$15,043,442	$2,806,389	$1,853,906	$ 19,703,738	4,111,529	$4.79
2014	$16,090,344	$7,285,281	$1,926,869	$ 25,302,494	4,211,001	$6.01

[1] Exclude landing fees paid by cargo carriers and military aircraft.
[2] Airline payments projected based on amounts to be included in the airline rate base, which exclude debt service costs paid with PFCs.

The projected CPE assumes that the Airport will be successful in receiving FAA and County Board approvals to increase the PFC collection rate to $4.50. However, if the required approvals are not obtained for the $4.50 collection rate, the CPE is projected to increase to $6.68 by 2014 under the Base Case Forecast.

The projected CPE at GMIA appears reasonable based on the last survey performed by Unison on selected U.S. medium-hub airports ranging in enplanements from 1.3 million to 5.3 million, which showed a range between $1.65 to $14.40. This range is based on actual CPEs for 2008 and do not include the impact of future capital programs.

2. Net Discretionary Cash Flow

Net discretionary cash flow is calculated as Net Revenues less: debt service requirements for the Series 2000A Bonds, Series 2003A Bonds, Series 2004A Bonds, Series 2005A Bonds, Series 2005B Bonds, Series 2006A Bonds, Series 2006B Bonds, Series 2007A Bonds, Series 2009A Bonds, Series 2009B Bonds Future GARBs and GO Bonds; amounts required to be set aside to reimburse the County for tax levy receipts that were used to finance the construction of GMIA's major terminal expansion in the early 1980s[13]; and required increases in

[13] A tax levy was implemented by the County because of the timing difference between the debt service requirements on the GO bonds issued by the County to finance GMIA's major terminal expansion and the reimbursements received by the airlines. The GO bonds matured in 1999, while

the O&M Reserve Fund. Pursuant to the Bond Resolution, the Airport System must maintain a balance in the O&M Reserve Fund equal to one-sixth of the annual budgeted O&M Expenses and any additional moneys needed to meet coverage requirement. It is anticipated that future increases in the O&M Reserve Fund balance will be funded from Airport System Revenues.

Net discretionary cash flow can be used to fund future capital projects, to compensate for any shortfalls in future operating revenues or overages in future operating expenses, or to serve as an emergency reserve. **Table V-11** shows that the Airport System's net discretionary cash flow fluctuates from approximately $0.9 million in 2009 to approximately $0.4 million in 2014. It should be reiterated that the County, through the Airline Lease Agreement, has the ability to increase rates charged to the airlines to reflect expenditures that are more than 10.0 percent in excess of the budget at least twice annually. In addition, the O&M Reserve Fund will maintain a balance equal to one-sixth of the annual budgeted O&M Expenses.

3. Debt Service Coverage

Debt service coverage is calculated as Net Revenues, plus Other Available Funds, divided by total annual GARB Debt Service. Other Available Funds, as defined in the Bond Resolution, include the unencumbered balances in the Coverage Fund and the Surplus Fund. However, Other Available Funds to be included in the debt service coverage calculation shall not exceed 25.0 percent of the current year Debt Service. Pursuant to the Bond Resolution, annual debt service coverage must be at least 1.25.

Annual debt service coverage, shown on **Table V-11**, is projected to decrease from 1.52 in 2008 to 1.33 in 2014, due to an increase in future debt, including coverage at 1.25, and projected decreases in the depreciation charges included in the airline terminal rate base.[14] Despite this decline, debt service coverage is projected to exceed the 1.25 minimum requirement throughout the forecast period. If an increase in the PFC rate to $4.50 does not receive the required approvals, the impact to annual debt service coverage would be minimal at best, since the projects would be rate-based to the Airlines.

The Bond Resolution permits the issuance of one or more additional series of bonds ("Additional Bonds") on parity with bonds that are currently outstanding (the "Outstanding Bonds"), provided that certain conditions are met (the "Additional Bonds Test"). One of the conditions of the Additional Bonds Test is

---

the reimbursements from the airlines will continue through 2010. The tax levy proceeds covered the difference between the debt service costs and the airline reimbursement amounts during the early years of the Airline Agreements.

[14] As discussed above under the Terminal Revenues sub-section, the depreciation charges included in the terminal rental rate calculation are projected to decrease during the forecast period, as existing assets become fully depreciated.

certification by the County that the Net Revenues for the last audited Fiscal Year, together with Other Available Funds, were in an amount not less than 125.0 percent of maximum Debt Service on all Outstanding Bonds and the Additional Bonds to be issued. Therefore, the ratio calculation for the Additional Bonds Test differs from the debt service coverage calculation in that the Additional Bonds Test considers maximum annual debt service (excludes anticipated future bonds), and it is based on revenues for the most recently completed Fiscal Year.

4. Sensitivity Analysis

Projected annual net discretionary cash flow and debt service coverage calculated under the alternate enplanement forecast, which is based on an average annual decline of 1.3 percent, (as presented in **Section IV**) are essentially the same as under the base enplanement forecast. This is attributable to the nature of the Airport's cost center residual airline rates and charges methodology and the application of PFC revenues. Under the alternate enplanement forecast, the lower projected non-airline revenues result in decreased credits to the airlines, thereby increasing the airline space rentals. Therefore, the variations in non-airline revenues are essentially offset by corresponding (opposite) variations in airline revenues under the alternative enplanement forecast scenario. However, the lower projected enplanements under the alternate enplanement scenario would result in lower annual PFC revenues during the forecast period. Although the Airport's PFC authority would not change under the alternate enplanement scenario, it would take a longer period of time to collect the approved PFC collection amount.

Projected PFC revenues remain sufficient to pay PFC-eligible debt service costs relating to the 2009 Bonds. However, the projected PFC revenues under the alternative enplanement scenario would not be sufficient to pay PFC eligible debt service on anticipated future bond issues. Therefore, Airport management would likely have to consider changes to its CIP, which may include the following:

a) Defer certain CIP projects until PFC revenues or other revenues are available;
b) Issue additional GARBs to fund projects that are currently anticipated to be funded with PFC revenues;

If Airport management decides to defer certain CIP projects, PFC revenues could be sufficient, although the timing of the projects in the CIP could be substantially impacted (option "a" above). If additional GARBs are issued to fund project costs which are currently anticipated to be funded with PFC revenues the cost per enplanement would increase (option "b" above). However, if Airport management proceeds with the planned CIP without receiving approval for the \$4.50 PFC rate, then the cost per enplanement, assuming the alternative enplanement scenario and the issuance of additional GARBs, would increase to approximately \$8.29 in 2014.

Based on the range of airline cost per enplanement as shown above the projected airline cost per enplanement at GMIA under the alternate enplanement forecast scenario (assuming no capital projects are delayed) would place GMIA near the middle of the range. However, the airline costs at other airports will likely increase in the future as future capital projects are completed.

TABLE V-11
MILWAUKEE COUNTY AIRPORT SYSTEM
CASH FLOW AND DEBT SERVICE COVERAGE
FOR YEARS 2008 - 2014

Cash Flow and Debt Service Coverage	Actual 2008	Estimated 2009	Budget 2010	PROJECTED 2011	2012	2013	2014
AIRPORT SYSTEM REVENUES [1]							
TOTAL REVENUES	$75,642,748	$73,207,088	$79,980,512	$81,261,762	$85,269,175	$86,229,787	$94,222,687
O&M EXPENSES	$54,265,575	$52,431,540	$58,187,719	$59,876,827	62,510,355	65,245,321	67,864,710
NET REVENUES	$21,377,173	$20,775,548	$21,792,793	$21,384,935	$22,758,821	$20,984,466	$26,357,977
NET DISCRETIONARY CASH FLOW							
Net Revenues	$21,377,173	$20,775,548	$21,792,793	$21,384,935	$22,758,821	$20,984,466	$26,357,977
Less: Debt Service							
G.O. Bonds	$1,471,791	$1,420,489	$768,370	$776,072	$1,011,414	$1,207,195	$1,174,486
Series 2000A & 2003A Bonds	8,166,419	7,942,919	7,735,919	7,527,981	7,300,731	7,063,356	6,825,513
Series 2004A Bonds	2,542,900	2,539,400	2,540,150	2,539,900	2,542,150	2,541,650	2,538,400
Series 2005A Bonds	1,545,390	1,541,390	1,537,390	1,533,390	1,534,390	1,535,190	1,535,790
Series 2005B Bonds	1,035,200	1,038,800	1,041,000	1,046,800	1,046,000	1,043,800	1,045,200
Series 2006A Bonds	1,837,500	1,837,700	1,841,900	1,839,900	1,836,900	1,837,900	1,837,700
Series 2006B Bonds	822,000	764,500	478,250	454,750	436,500	413,250	390,250
Series 2007A Bonds	931,956	935,363	935,113	934,113	932,363	934,863	931,363
Series 2009A Bonds		0	547,465	579,669	579,669	579,669	579,669
Series 2009B Bonds			556,206	539,075	513,275	492,000	473,200
Future GARBs	0	0	0	2,329,953	2,329,953	2,386,667	8,212,995
Less: Deposits to O&M Reserve Fund	967,073	0	1,077,400	155,148	472,327	431,151	416,952
Less: Deposits to Coverage Fund [2]	48,541	0	247,700	14,179	1,456,582	0	0
Less: Reimbursement of Tax Levy	1,966,274	1,903,131	1,231,739	0	0	0	0
Net Discretionary Cash Flow	$42,128	$851,857	$1,254,191	$1,114,006	$766,567	$517,775	$396,460
COVERAGE CALCULATION [3]							
Net Revenues	$21,377,173	$20,775,548	$21,792,793	$21,384,935	$22,758,821	$20,984,466	$26,357,977
Add Other Available Funds:							
Series 2000 & 2003 A Bonds	$2,041,605	$1,985,730	$1,933,980	$1,881,995	$1,825,183	$1,765,839	$1,706,378
Series 2004A Bonds	635,725	634,850	635,038	634,975	635,538	635,413	634,600
Series 2005A Bonds	386,348	385,348	384,348	383,348	383,598	383,798	383,948
Series 2005B Bonds	258,800	259,700	260,250	261,700	261,500	260,950	261,300
Series 2006A Bonds	459,375	459,425	460,475	459,975	459,225	459,475	459,425
Series 2006B Bonds	205,500	191,125	119,563	113,688	109,125	103,313	97,563
Series 2007A Bonds	232,989	233,841	233,778	233,528	233,091	233,716	232,841
Series 2009A Bonds		0	136,866	144,917	144,917	144,917	144,917
Series 2009B Bonds			139,052	134,769	128,319	123,000	118,300
Future GARBs	0	0	0	582,488	582,488	596,667	2,053,249
Net Revenues plus Other Available Funds	$25,597,514	$24,925,566	$26,096,141	$26,216,317	$27,521,803	$25,691,552	$32,450,497
Debt Service:							
Series 2000A & 2003A Bonds	$8,166,419	$7,942,919	$7,735,919	$7,527,981	$7,300,731	$7,063,356	$6,825,513
Series 2004A Bonds	2,542,900	2,539,400	2,540,150	2,539,900	2,542,150	2,541,650	2,538,400
Series 2005A Bonds	1,545,390	1,541,390	1,537,390	1,533,390	1,534,390	1,535,190	1,535,790
Series 2005B Bonds	1,035,200	1,038,800	1,041,000	1,046,800	1,046,000	1,043,800	1,045,200
Series 2006A Bonds	1,837,500	1,837,700	1,841,900	1,839,900	1,836,900	1,837,900	1,837,700
Series 2006B Bonds	822,000	764,500	478,250	454,750	436,500	413,250	390,250
Series 2007A Bonds	931,956	935,363	935,113	934,113	932,363	934,863	931,363
Series 2009A Bonds		0	547,465	579,669	579,669	579,669	579,669
Series 2009B Bonds			556,206	539,075	513,275	492,000	473,200
Future GARBs	0	0	0	2,329,953	2,329,953	2,386,667	8,212,995
Total GARB Debt Service	$16,881,365	$16,600,071	$17,213,392	$19,325,531	$19,051,931	$18,828,345	$24,370,079
DEBT SERVICE COVERAGE	1.52	1.50	1.52	1.36	1.44	1.36	1.33

[1] In the Supplemental Resolutions for the Series 2004A, 2005A, 2005B, 2006A, 2006B and 2007A and 2009A Bonds, PFC revenues are pledged to the payment of those bonds to the extent that the projects funded with the bond proceeds are approved for PFC funding. Therefore, PFCs projected to be used to pay debt service on those bonds are included in Airport System Revenues.

[2] Increases to the Coverage Fund Balance not funded with PFCs.

[3] Debt service coverage is calculated as Airport System Revenues (including PFCs pledged for debt service), plus other Available Funds, divided by annual GARB debt service. Other Available Funds, as defined in the Bond Resolution, include amounts on deposit in the Coverage Fund and the Surplus Fund. However, Other Available Funds included in the debt service coverage calculation shall not exceed 25% of annual debt service costs.

THIS PAGE INTENTIONALLY LEFT BLANK

APPENDIX B

AIRPORT SYSTEM FINANCIAL STATEMENTS

An independent public accounting firm audits the County annually. The County's audited Basic Financial Statements for the fiscal years ended December 31, 2004 through 2008 are included in the County's 2004 through 2008 Comprehensive Annual Financial Reports (CAFR), respectively. This appendix presents financial information of the Airport System, which has been excerpted from the County's CAFR for the fiscal years ended December 31, 2004 through 2008. The Airport System is operated as an enterprise fund of the County. The Airport System's financial statements are prepared on the full accrual basis of accounting.

Effective January 1, 2002, the County implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments.* Accordingly, the 2004-2008 financial information for the Airport System is presented in accordance with the provisions of GASB 34.

The Airport System financial information is presented in the 2004 through 2008 CAFRs as a separate column on the proprietary fund statements, which are part of the County's Basic Financial Statements. Copies of the County's CAFRs are available on-line: http://www.county.milwaukee.gov/ComprehensiveAnnualF12237.htm.

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF MILWAUKEE
Balance Sheet - Airport System
December 31
(In Thousands)

	2004	2005	2006	2007	2008
Assets					
Current Assets:					
Cash and Investments	$ 22,444	$ 29,614	$ 27,993	$ 34,403	$ 29,968
Cash and Investments - Revenue Bonds	38,427	43,493	45,824	38,650	28,575
Receivables:					
Accounts (Net of Allowances for Uncollectible Accounts and Contractual Adjustments)	3,599	8,093	7,949	5,055	6,953
Total Current Assets	64,470	81,200	81,766	78,108	65,496
Noncurrent Assets:					
Capital Assets:					
Land and Land Improvements	132,205	136,087	138,897	153,661	163,830
Building and Improvements	224,591	229,515	199,695	270,470	282,976
Furniture, Machinery and Equipment	7,676	7,768	7,078	7,780	8,579
Construction in Progress	42,146	63,527	98,461	15,936	13,041
Total Capital Assets	406,618	436,897	444,131	447,847	468,426
Less: Accumulated Depreciation	(196,621)	(209,872)	(194,822)	(179,678)	(193,785)
Net Capital Assets	209,997	227,025	249,309	268,169	274,641
Total Assets	$ 274,467	$ 308,225	$ 331,075	$ 346,277	$ 340,137
Liabilities					
Current Liabilities:					
Accounts Payable	$ 676	$ 1,392	$ 2,010	$ 2,348	$ 2,437
Accrued Liabilities	2,008	922	912	383	182
Accrued Interest Payable	--	--	--	886	815
Due to Other Governments	40	--	--	--	--
Unearned Revenues	6,810	8,678	9,309	13,061	7,502
Bonds Payable - General Obligation	5,123	10,352	1,218	1,215	1,210
Bonds Payable - Revenue Bonds	4,940	5,870	7,405	7,415	7,520
Compensated Absences	--	614	871	1,332	1,547
Capital Leases	--	--	--	--	144
Other Liabilities	20	58	215	10	10
Total Current Liabilities	19,617	27,886	21,940	26,650	21,367
Long-Term Liabilities:					
Bonds Payable - General Obligation	22,694	12,390	6,176	4,968	3,766
Bonds Payable - Revenue Bonds	115,797	146,985	170,619	176,798	169,295
Compensated Absences	1,271	1,749	1,749	1,384	1,423
Other Post Employment Benefits	--	--	--	1,906	4,097
Capital Leases	--	--	--	400	101
Total Long-Term Liabilities	139,762	161,124	178,544	185,456	178,682
Total Liabilities	159,379	189,010	200,484	212,106	200,049
Net Assets					
Unrestricted	1,814	24,754	3,297	2,527	2,281
Restricted for:					
Debt Service	9,505	10,328	12,061	13,049	14,000
Capital Assets Needs	3,899	3,414	4,120	5,121	5,115
Invested in Capital Assets, Net of Related Debt	99,870	80,719	111,113	113,474	118,692
Total Net Assets	115,088	119,215	130,591	134,171	140,088
Total Liabilities and Net Assets	$ 274,467	$ 308,225	$ 331,075	$ 346,277	$ 340,137

COUNTY OF MILWAUKEE
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Airport System
For the Years Ended December 31
(In Thousands)

	2004	2005	2006	2007	2008
Operating Revenues:					
Rentals and Other Service Fees	$ 42,231	$ 44,793	$ 50,323	$ 52,226	$ 60,632
Asmissions and Concessions	9,738	10,744	11,406	12,320	13,574
Total Charges for Services	51,969	55,537	61,729	64,546	74,206
Other Revenues	4	62	15	13	15
Total Operating Revenues	51,973	55,599	61,744	64,559	74,221
Operating Expenses:					
Personnel Services	12,966	14,082	15,507	18,760	20,895
Contractual Services	10,668	12,200	13,745	14,756	18,472
Intra-County Services	9,125	9,207	9,305	9,849	10,412
Commodities	1,242	1,763	1,998	2,400	3,183
Depreciation and Amortization	13,115	13,751	14,000	13,795	14,107
Maintenance	256	549	1,079	414	487
Client Payments	--	1,254	2,222	1,224	1,258
Other	473	--	--	--	--
Total Operating Expenses	47,845	52,806	57,856	61,198	68,814
Operating Income (Loss)	4,128	2,793	3,888	3,361	5,407
Nonoperating Revenues (Expenses):					
Intergovernmental Revenues	1,158	312	216	35	--
Nonoperating Revenue	--	--	--	29	--
Gain on Sale of Capital Asset	--	--	--	--	18
Investment Income	794	1,001	1,698	2,070	1,417
Interest Expense	(6,702)	(6,088)	(6,398)	(7,203)	(8,618)
Total Nonoperating Revenues (Expenses)	(4,750)	(4,775)	(4,484)	(5,069)	(7,183)
Income (Loss) Before Contributions and Transfers	(622)	(1,982)	(596)	(1,708)	(1,776)
Capital Contributions	11,268	7,371	8,445	8,124	10,354
Transfers In	--	39	6,588	9,402	97
Transfers Out	(3,362)	(1,301)	(3,061)	(12,238)	(2,758)
Changes in Net Assets	7,284	4,127	11,376	3,580	5,917
Net Assets - Beginning	107,804	115,088	119,215	130,591	134,171
Net Assets - Ending	$ 115,088	$ 119,215	$ 130,591	$ 134,171	$ 140,088

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF RESOLUTION

THIS PAGE INTENTIONALLY LEFT BLANK

APPENDIX C
SUMMARY OF CERTAIN PROVISIONS OF RESOLUTION

The following is a brief summary of certain provisions of the General Bond Resolution pursuant to which the Bonds are to be issued. This summary is not intended to be definitive and is qualified in it entirety by express reference to the General Bond Resolution for the complete terms thereof.

Definitions of Certain Terms

"Act" means Section 66.0621 of the Wisconsin Statutes, as amended, recreated or renumbered from time to time.

"Additional Bonds" means Bonds other than the initial Series of Bonds issued under the Resolution.

"Airline Leases" means the Airline Leases between the County and the airlines which use the Airport System, as amended from time to time.

"Airport Consultant" means an individual, firm or corporation in the airport management consulting business, from time to time appointed by the County which has a wide and favorable reputation for special skill and knowledge in methods of the development, operation, management and financing of airports and airport facilities, but which, in the case of an individual, is not a member of the County Board of Supervisors or an officer or employee of the County, and in the case of a firm or corporation, does not have a partner, director, officer or employee who is a member of the County Board of Supervisors or an officer or employee of the County.

"Airport System" means General Mitchell International Airport and Lawrence J. Timmerman Airport, which are now owned and operated by the County, aid all properties of every nature in connection with such Airports or any other airport facilities now or hereafter owned by the County, including, without limitation, runways, hangars, loading facilities, repair shops, garages, storage facilities, terminals, retail stores in such terminals, restaurants, parking structures and areas and all other facilities necessary or convenient for the operation of the Airports, together with any improvements and extensions thereto, all real and personal property of every nature comprising part of and used or useful in connection therewith, and all appurtenances, contracts, leases, franchises and other intangibles.

"Authorized Officer" means the Director of the Airport System or any other person designated by the County.

"Bondowner" or "Owner" means any person who shall be the registered owner of any Outstanding Bond or Bonds, except that when Bonds are in book-entry form, it means the beneficial owners of the Bonds.

"Bonds" means the revenue bonds issued from time to time under the Resolution. Such revenue bonds may be issued in the form of Serial Bonds, Term Bonds, capital appreciation bonds, Variable Rate Bonds, bond anticipation notes, and other forms of indebtedness authorized by the Act, if and only to the extent that the County is then authorized to issue such obligations under the Act.

"Capital Improvement Reserve Fund" means the Airport Capital Improvement Reserve Fund created by the Resolution.

"Capitalized Interest Account" means the Capitalized Interest Account created in the Special Redemption Fund by the Resolution.

"Code" means the Internal Revenue Code of 1986. as amended.

"Construction Fund" means the Airport Revenue Bond Construction Fund created by the Resolution.

"Consulting Engineer" means any registered or licensed professional engineer, any firm of such engineers, any licensed professional architect, or any firm of such architects, from time to time appointed and designated by the County who has a wide and favorable reputation for skill and experience in the field of designing, preparing plans and specifications for, and supervising construction of, airports and airport facilities and who is entitled to practice and is practicing as such under the laws of the State of' Wisconsin; but who, in the case of an individual, is not a member of the County Board of Supervisors or an officer or employee of the County and, in the case of a firm or corporation, does not have a partner, director, officer or employee who is a member of the County Board of Supervisors or an officer or employee of the County.

"County" means Milwaukee County, Wisconsin.

"Coverage Fund" means the Coverage Fund created by the Resolution.

"Credit Facility" means any letter or line of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a financial, insurance or other institution and which provides security and/or liquidity in respect of Bonds.

"Credit Facility Obligations" means repayment or other obligations incurred by the County in respect of draws or other payments or disbursements made under a Credit Facility, but only if such obligations have a lien on Revenues with the same priority as the lien thereon of the Bonds.

"Debt Service" means with respect to each Fiscal Year the aggregate of the following amounts to be set aside (or estimated to be required to be set aside) in the Interest and Principal Account in the Fiscal Year.

(a) the amount required to pay the interest coming due and payable on Outstanding Bonds;

(b) the amount required to pay principal coming due and payable on Outstanding Bonds (whether at maturity or by mandatory redemption); and

(c) the amount of redemption premium, if any, payable on Outstanding Bonds required to be redeemed in that Fiscal Year.

"Debt Service" shall not include the following with respect to any Bonds at the time of calculation then Outstanding: (a) debt service paid or to be paid from Bond proceeds or from earnings thereon or from any subsidy from the United States of America for that purpose; or (b) interest and principal on Bonds to the extent such interest or principal is to be paid from (i) amounts previously credited to the Interest and Principal Account, or (ii) any other available amounts irrevocably deposited hereunder for the payment of such interest or principal.

"Event of Default" means an Event of Default as defined in the Resolution.

"Fiscal Year" means the fiscal year of the County with respect to the Airport System as established from time to time. The Fiscal Year is now the twelve-month period ending December 31.

"Fitch" means Fitch IBCA, Inc., or any successor rating agency.

"General Obligation Bond Fund" means the Airport General Obligation Bond Fund created by the Resolution.

"Interest and Principal Account" means the Interest and Principal Account created in the Special Redemption Fund by the Resolution.

"Moody's" means Moody's Investors Service, Inc., or any successor rating agency.

"Net Revenues" means (i) for any period or year which has concluded at the time the calculation is made, the aggregate of the Revenues after deducting for such past period or year the aggregate of the Operation and Maintenance Expenses; and (ii) for any future period or year the aggregate of the Revenues that is estimated for such future period or year, after deducting for such future period or year the aggregate of the estimated Operation and Maintenance Expenses in such future year or period.

"Operation and Maintenance Expenses" means the reasonable and necessary expenses (under generally accepted accounting principles) of administering, operating, maintaining, and repairing the Airport System, and shall include, without limitation, the following items: (a) costs of collecting Revenues and of making any refunds therefrom lawfully due others: (b) engineering, auditing, legal and other overhead expenses directly related to the administration, operation, maintenance, and repair of the Airport System: (c) costs of all or a portion of the salaries, wages and other compensation of officers and employees and payments to pension, retirement, health and hospitalization funds and other insurance, including self-insurance for the foregoing, with respect to officers and employees of the County which are properly allocable to the Airport System: (d) costs of repairs. replacements, renewals and alterations occurring in the usual course of business of the Airport System: (e) taxes, assessments and other governmental charges, or payments in lieu thereof, imposed on the Airport System or any part thereof or on the operation thereof or on the income therefrom or on any privilege in connection with the ownership or operation of the Airport System or otherwise imposed on the Airport System or the operation thereof or income therefrom: (f) costs of utility services with respect to the Airport System; (g) costs and expenses of general administrative overhead of the County allocable to the Airport System: (h) costs of equipment, materials and supplies used in the ordinary course of business, including ordinary and current rentals of equipment or other property allocable to the Airport System: (i) contractual services and professional services for the Airport System, including but not limited to, legal services, accounting services and services of financial consultants and airport consultants; (j) costs of fidelity bonds, or a properly allocable share of the premium of any blanket bond, pertaining to the Airport System or Revenues or any other moneys held hereunder or required hereby to be held or deposited hereunder, (k) costs of carrying out the provisions of the Resolution, including Trustee and Paying Agents' fees and expenses: costs of insurance required hereby, or a properly allocable share of any premium of any blanket policy pertaining to the Airport System or Revenues; and costs of recording, mailing and publication; and (I) all other costs and expenses of administering, operating, maintaining and repairing the Airport System arising in the routine and normal course of business; provided, however, the term "Operation and Maintenance Expenses" shall not include: (1) costs of extensions, enlargements, betterments and improvements to the Airport System or reserves therefor: (2) reserves for operation, maintenance, renewals and repairs occurring in the normal course of business: (3) payment (including redemption) of Bonds or other evidences of indebtedness or interest and premium thereof or reserves therefor; (4) allowances for depreciation and amounts for capital replacements or reserves therefor: and (5) operation and maintenance costs and expenses pertaining to any Special Facilities.

"Operation and Maintenance Reserve Fund" means the Airport Revenue Bond Operation and Maintenance Reserve Fund created by the Resolution.

"Operation and Maintenance Reserve Fund Requirement" means an amount equal to one-sixth (1/6) of the estimated Operation and Maintenance Expenses of the Airport System for that Fiscal Year. as set forth in the Airport's annual budget.

"Opinion of Bond Counsel" means a written opinion of an attorney at law or a firm of attorneys acceptable to the County and the Trustee, if any, of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America.

"Other Available Funds" means, for any Fiscal Year, the amount of unencumbered funds on deposit or anticipated to he on deposit, as the case may be, on the first day of such Fiscal Year in the Coverage Fund and the Surplus Fund; provided, however, that for purposes of issuing Additional Bonds and demonstrating compliance with the rate covenant described below, the amount of such funds treated as "Other Available Funds" for any Fiscal Year shall not exceed 25% of Debt Service in that Fiscal Year.

"Outstanding" with respect to a Bond has the meaning set forth in the Resolution. The Resolution provides that any Bond shall no longer be deemed to be Outstanding under the Resolution:

(i) when the Bond has been canceled or surrendered for cancellation, or has been purchased by the Trustee from moneys held by it under the Resolution (other than at the option of the owner thereof prior to its maturity); or

(ii) when payment of the principal or the redemption price of the Bond, plus interest on the principal to the due date (whether at maturity or upon redemption or otherwise) or to the date set for payment in the case of an overdue Bond, either (a) has been made or (b) has been provided for by irrevocably setting aside in escrow with the Trustee, if any, or with another suitable bank or trust company for the purpose (1) moneys sufficient to pay the principal or redemption price and interest or (2) Permitted Investments (which for the purposes of this definition shall include only those obligations described in item (1) of the definition of Permitted Investments) maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to pay the principal or redemption price and interest when required, and when all proper fees and expenses of the Trustee and Paying Agents pertaining to the Bond have been paid or provided for to the satisfaction of the Trustee and Paying Agents.

"Passenger Facility Charge" means the charge imposed at the Airport System pursuant to the Aviation Safety and Capacity Expansion Act of 1990, as amended or recreated from time to time, the Federal Aviation Regulations issued pursuant to said Act, as amended from time to time, and the Records of Decision of the Federal Aviation Administration relating to the Passenger Facility Charge, as amended or supplemented from time to time.

"Paying Agent" means the Trustee as to all the Bonds and, as to Bonds of a particular Series, the alternate Paying Agent or Agents (if any) designated for the payment of the principal of, premium, if any, and interest on the Series of Bonds in the Supplemental Resolution providing for their issuance.

"Permitted Investments" means any of the following, if and only to the extent that they are legal for the investment of funds of the County under Section 66.0603(lm) of the Wisconsin Statutes, as amended, recreated or renumbered from time to time:

(1) United States Treasury bills, bonds and notes or securities for which the full faith and credit of the United States are pledged for the payment of principal and interest (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States) and securities which represent an undivided interest in such direct obligations;

(2) Obligations issued by the following United States government agencies which represent the full faith and credit of the United States: the Export-Import Bank, the Farm Credit Financial Assistance Corporation, the Farmers Home Administration, the General Services Administration, the U.S. Maritime Administration, the Small Business Administration, the Government National Mortgage Association, the U.S. Department of Housing and Urban Development (PHAs) and the Federal Housing Administration;

(3) Senior debt obligations rated "Aaa" by Moody's and "AAA" by S&P issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation or senior debt obligations of other government-sponsored agencies, provided that such agencies are approved by each bond insurer then providing insurance for any Series of Bonds;

(4) Any repurchase agreement with any bank or trust company organized under the laws of any state of the United States or any national banking association, including the Trustee, or government bond dealer reporting to, trading with and recognized as a primary dealer by, the Federal Reserve Bank of New York, which agreement is secured at all times by collateral security described in clause (1) or (2) of this definition and in which the Trustee has a perfected security interest, and which collateral (a) is held by the Trustee or a third party agent, (b) is not subject to liens or claims of third parties, (c) has a market value determined as frequently and in an amount sufficient to satisfy the collateralization levels required by each of the Rating Agencies, and (d) is required to be liquidated due to a failure to maintain the requisite collateral level, provided that such repurchase agreement shall be acceptable to each bond insurer then providing insurance for any Series of Bonds;

(5) Bankers' acceptances which are issued by a commercial bank organized under the laws of any state of the United States or a national banking association, including the Trustee, eligible for purchase by the Federal Reserve System, which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P; provided, that such bankers' acceptances may not mature more than two hundred seventy (270) days after the date of purchase; and provided, further, that ratings on a holding company may not be considered the rating of such commercial bank;

(6) Commercial paper of "prime" quality which is rated at the time of purchase in the single highest classification "P-1" by Moody's and "A-1+" by S&P, issued by a corporation that is organized and operating within the United States, that has total assets in excess of $500,000,000 and that has an "A" or equivalent or higher rating for its long term debt as rated by Moody's and S&P at the time of purchase; provided that the commercial paper may not mature more than one hundred eighty (180) days after the date of purchase:

(7) A taxable or tax-exempt government money market portfolio restricted to obligations with maturities of one (1) year or less, and either issued or guaranteed as to payment of principal and interest by the full faith and credit of the United States of America and rated at the time of purchase "AAAm" or "AAAm-G" or better by S&P;

(8) Any investment contract or other security meeting the requirements of Section 66.0603(Im) of the Wisconsin Statutes, as amended, recreated or renumbered from time to time;

(9) Any investment agreement approved in writing by each bond insurer then providing insurance for any Series of Bonds, such investment agreement to be supported by appropriate opinions of counsel; and

(10) Any other investment approved in writing by each bond insurer then providing insurance for any Series of Bonds.

"PFC Revenues" means the proceeds of the Passenger Facility Charge or any analogous charge or fee that may hereafter be levied with respect to the Airport System which are received and retained by the County and any investment earnings thereon.

"Project" means any additions, improvements and extensions to the Airport System, including the acquisition of land, equipment or other property for the Airport System.

"Project Costs" means all costs of carrying out a Project and, without limiting the generality of the foregoing, may include (i) all preliminary expenses. (ii) the cost of acquiring all property. franchises, casements and rights necessary or convenient for the Project, (iii) engineering and legal expenses. (iv) expenses for estimates of costs and revenues, (v) expenses for plans, specifications and surveys, (vi) other expenses incident or necessary to determining the feasibility or practicability of the enterprise, (vii) administrative expenses, (viii) construction costs, (ix) permitting and impact fees, (x) interest on the Bonds issued to finance construction of the Project during the estimated period of construction and for a reasonable period thereafter, and (xi) such other expenses as may be incurred in the financing of the Project or in carrying it out, placing it in operation (including the provision of working capital) and in the performance of things required or permitted by the Act in connection with the Project.

"Regulations" means the regulations of the United States Department of the Treasury issued under the Code, as amended.

"Reserve Account" means the Reserve Account created in the Special Redemption Fund by the Resolution.

"Reserve Requirement" means, as of any date of calculation, an amount equal to the least of (a) maximum annual Debt Service on Outstanding Bonds during the then current or any future Fiscal Year, (b) 125% of the average annual Debt Service on Outstanding Bonds, or (c) 10% of the Principal Amount (as defined below) of all Outstanding Bonds upon original issuance thereof, but shall not in any event exceed the maximum amount permitted to be on deposit in the Reserve Account pursuant to the Code and Regulations. For purposes of this paragraph, "Principal Amount" shall mean the stated principal amount of the issue, except that with respect to an issue that has more than a de minimis amount (as defined in Section 1.148-I (b) of the Regulations) of original issue discount or premium, it shall mean the issue price of that issue (net of pre-issuance accrued interest.)

"Resolution" means the General Bond Resolution, as amended or supplemented from time to time by Supplemental Resolutions.

"Revenue Fund" means the Airport Revenue Fund created by the Resolution.

"Revenues" means all moneys received from any source by the Airport System or by the *County* with respect to the Airport System, including, without limitation, all rates, fees, charges, rents and other income derived from the ownership or operation of the Airport System, including investment earnings on the funds and accounts established in the Resolution to the extent provided therein. Revenues shall not include PFC Revenues, except to the extent PFC Revenues are specifically designated as included in Revenues as provided in the Resolution. Revenues shall also not include any Airport System fund balances on hand as of the date of adoption of the Resolution which represent overrecovery amounts to which the airlines have a claim pursuant to the Airlines Leases. Unless and to the extent otherwise provided by Supplemental Resolution, "Revenues" do not include (a) the proceeds of Bonds or other borrowings by the County. (b) the proceeds of grants and gifts for limited purposes or the proceeds of the disposition of property financed by such grants and gifts. (c) condemnation proceeds or insurance proceeds except insurance proceeds received from rental or business interruption insurance, (d) all income and revenue collected and received with respect to properties and facilities which are not included in the definition of Airport System, (e) Special Facility Revenues, or (f) PFC Revenues.

"S&P" means Standard & Poor's Ratings Group, a Division of The McGraw-Hill Companies, Inc., or any successor rating agency.

"Serial Bonds" means Bonds other than Term Bonds.

"Series" or "Series of Bonds" or "Bonds of a Series" means a series of Bonds authorized by the Resolution.

"Special Facility" shall mean any facility, structure, equipment or other property, real or personal, which is at the Airport System or a part of any facility or structure at the Airport System and which is designated as a Special Facility pursuant to the Resolution.

"Special Facility Bonds" shall mean any revenue bonds, notes, bond anticipation notes, commercial paper, certificates of participation in a lease agreement or other evidences of indebtedness for borrowed money issued by the County to finance a Special Facility, the principal of, premium, if any, and interest on which are payable from and secured by the Special Facility Revenues derived from such Special Facility, and not from or by Revenues.

"Special Facility Revenues" shall mean the revenues earned from or with respect to a Special Facility and which are designated as such by the County to the extent they are needed to pay debt service on Special Facility Bonds or to meet other requirements of a Special Facility Bond financing, including but not limited to contractual payments to the County under a loan agreement, lease agreement or other written agreement with respect to the Special Facility by and between the County and the person, firm, corporation or other entity, either public or private, as shall operate, occupy or otherwise use the Special Facility. Special Facility Revenues shall not include any ground rentals received by the County with respect to a Special Facility.

"Special Redemption Fund" means the Airport Revenue Bond Special Redemption Fund created by the Resolution.

"Supplemental Resolution" means a resolution adopted by the County under Article 2 providing for the issuance of Bonds, and shall also mean a resolution adopted by the County under Article 9 amending or supplementing the Resolution.

"Surplus Fund" means the Airport Revenue Bond Surplus Fund created by the Resolution. "Trustee" means the Trustee appointed pursuant to the Resolution and its successor or successors.

"Term Bonds" means Bonds which are subject to mandatory sinking fund redemption prior to maturity as specified in the Supplemental Resolution providing for their issuance. A Series of Bonds may include both Serial Bonds and Term Bonds and may include more than one set of Term Bonds, each of which has its own maturity date.

"Trustee" means the Trustee appointed pursuant to the Resolution and its successor or successors.

"Variable Rate Bonds" means Bonds issued under this Resolution, the interest rate on which is not established at a fixed or constant rate to maturity.

Pledge of Revenues

The Bonds are special obligations of the County. The principal of, premium, if any, and interest on the Bonds are payable solely from, and are secured equally and ratably by, a pledge of Net Revenues of the Airport System.

Creation of Funds; Flow of Funds

The Resolution creates the following funds and accounts:

- Revenue Fund
- PFC Revenue Account
- Operation and Maintenance Fund
- Special Redemption Fund

- Interest and Principal Account
- Reserve Account
- Capitalized Interest Account
- General Obligation Bond Fund
- Operation and Maintenance Reserve Fund
- Coverage Fund
- Capital Improvement Reserve Fund
- Surplus Fund

All of the funds, other than the Special Redemption Fund, will be held by the County. The Special Redemption Fund will be held by the Trustee.

Revenue Fund. Upon the issuance of the initial Series of Bonds the County shall deposit all of the Revenues into the Revenue Fund as promptly as practical after receipt (other than the Revenues expressly required or permitted by the Resolution to be credited to or deposited in any other account or fund). Within the Revenue Fund, the County shall create a "PFC Revenue Account" into which the County shall pay all PFC Revenues. However, such PFC Revenues shall be applied to pay debt service on Bonds only to the extent that such PFC Revenues are specifically pledged to payment of Bonds and are allocable to projects financed through the issuance of Bonds. Any remaining PFC Revenues shall be applied to pay the costs of PFC approved projects in accordance with applicable federal regulations.

The County shall transfer funds from the Revenue Fund into the following funds in the following order of priority, in accordance with the Resolution:

(1) Operation and Maintenance Fund. Revenues shall first be used to pay Operation and Maintenance Expenses. There shall be charged against the Revenue Fund, and credited to the Operation and Maintenance Fund, a sum sufficient to provide for payment of the Operation and Maintenance Expenses of the Airport System as they are incurred.

(2) Special Redemption Fund. There has been created a Special Redemption Fund, which will be held by the Trustee to pay debt service on the Bonds.

(a) Interest and Principal Account. Within the Special Redemption Fund a separate account has been created known as the "Interest and Principal Account," which shall be used to pay the interest on, and principal and redemption price of, the Bonds. No later than the tenth day of each calendar month, there shall be paid from the Revenue Fund into the Interest and Principal Account the amount necessary to pay the interest next coming due on the Outstanding Bonds, less amounts already on deposit therein and available for such purpose, divided by the number of months remaining to such interest payment date, and the amount necessary to pay the principal next coming due on the Outstanding Bonds, whether such principal is being paid at maturity or upon mandatory redemption, less amounts already on deposit therein and available for such purpose, divided by the number of months remaining to such payment date.

(b) Reserve Account. Within the Special Redemption Fund there has also been created a separate account titled the "Reserve Account." The purpose of the Reserve Account is to provide a reserve for the payment of the principal or redemption price of and interest on the Bonds. There shall be deposited from the proceeds of each Series of Bonds into the Reserve Account the amount necessary so that there will be on deposit in the Reserve Account immediately after their issuance an amount equal to the Reserve Requirement. The Reserve Requirement may also be satisfied by crediting to the Reserve Account a surety bond or other credit facility in lieu of the deposit of cash, as discussed in more detail below.

Unless there is adequate provision made through the Airline Leases to permit the County to charge the airlines for principal due on the Bonds as such, the County, as part of the annual budget required pursuant to the Resolution, shall determine whether the depreciation charges to the airlines for that Fiscal Year under the Airline Leases (the "Depreciation Charges") will equal or exceed the principal to come due (whether at maturity or by mandatory redemption) on all Outstanding Bonds in that Fiscal Year (the "Principal"). If Depreciation Charges do not equal or exceed such Principal, the County shall immediately notify the Trustee of the projected shortfall, and the Trustee shall, on the first day of the Fiscal Year, transfer an amount equal to the projected shortfall from the Reserve Account to the Interest and Principal Account to make up the projected shortfall. The resulting deficiency in the Reserve Account shall be replenished from the Revenue Fund within 12 months as provided in the Resolution. The amount necessary to make such replenishment shall be included in the annual budget for that Fiscal Year.

(c) Capitalized Interest Account. Within the Special Redemption Fund there has also been created a separate account titled the "Capitalized Interest Account." Amounts on deposit in the Capitalized Interest Account shall be used to pay capitalized interest on Bonds. Upon the issuance of each Series of Bonds, there shall be deposited into the Capitalized Interest Account the amount of proceeds of the Bonds, if any, designated for that purpose in the Supplemental Resolution authorizing the issuance of such Series of Bonds. Such amounts shall be transferred to the Interest and Principal Account on the first day of the Fiscal Year in which the interest on such Series of Bonds is due.

(3) General Obligation Bond Fund. There has been created a special fund known as the "Airport General Obligation Bond Fund." Moneys in the General Obligation Bond Fund shall be used to pay debt service on general obligation bonds or promissory notes of the County issued for Airport System purposes and to reimburse the County for such debt service payments for which it has not previously been reimbursed. On or before the tenth day of each month but in no event prior to making the required deposit to the Special Redemption Fund, the County shall pay from the Revenue Fund into the General Obligation Bond Fund an amount so that sufficient amounts will be available, together with other available funds, to provide for the timely payment of debt service on all of the County's general obligation bonds or promissory notes heretofore and hereafter issued for Airport System purposes and for the reimbursement of the County for such payments which it has previously made and for which it has not yet been reimbursed.

(4) Operation and Maintenance Reserve Fund. There has been created a special fund known as the "Airport Revenue Bond Operation and Maintenance Reserve Fund." On or before the tenth day of each month but in no event prior to making the required deposit to the Special Redemption Fund, the County shall pay from the Revenue Fund to the Operation and Maintenance Reserve Fund an amount equal to the lesser of (i) one-twelfth of the Operation and Maintenance Reserve Fund Requirement (defined as one-sixth of annual Operation and Maintenance Expenses) or (ii) the amount necessary so that the balance in the fund is not less than the Operation and Maintenance Reserve Fund Requirement.

Moneys in the Operation and Maintenance Reserve Fund may be transferred to the Operation and Maintenance Fund to pay Operation and Maintenance Expenses, or to the Interest and Principal Account to make up any deficiency in the amount needed to pay principal, redemption price or interest on the Bonds.

(5) Coverage Fund. There has been created a special fund known as the "Coverage Fund." The Coverage Fund shall be funded in an amount equal to 25% of the annual Debt Service on all Outstanding Bonds for which a deposit in the Coverage Fund is required by the Supplemental Resolution (the "Coverage Fund Requirement"). Upon the issuance of any Series of Bonds or Additional Bonds for which a deposit in the Coverage Fund is required by the Supplemental Resolution, either (a) an amount necessary to satisfy the Coverage Fund Requirement (calculated by taking into account the Debt Service on the Bonds being issued) shall be deposited in the Coverage Fund at the time of the issuance of such Bonds or (b) the County shall covenant, in the Supplemental Resolution authorizing the Bonds, to deposit monthly on the tenth day of each month, commencing with the first month after the issuance of the Bonds and continuing until the Coverage Fund Requirement is on deposit in the Coverage Fund, an amount equal to one-thirty-sixth of the difference between the Coverage Fund Requirement upon the issuance of the Bonds and the amount on deposit in the Coverage Fund on the date of issuance of the Bonds.

Amounts on deposit in the Coverage Fund may be transferred to the Operation and Maintenance Fund to make up any deficiency in that Fund or to the Interest and Principal Account in the event of a deficiency in that Account.

If the amount in the Coverage Fund is less than the Coverage Fund Requirement (or such lesser amount which is required to be on deposit therein as provided in the Resolution on January 1 of any year, the County shall forthwith make up the deficiency from the Revenue Fund by making monthly deposits on or before the tenth day of each month thereafter, but in no event prior to making the required deposits to the funds set forth above, and continuing until the Coverage Fund Requirement is on deposit in the Coverage Fund, in an amount equal to one-twelfth of the deficiency. If the amount in the Coverage Fund is greater than the Coverage Fund Requirement on January 1 of any year, the excess shall be dealt with in the manner provided for earnings from the investment of the Coverage Fund.

If there is adequate provision made through the Airlines Leases to permit the County to charge the airlines an amount so that Net Revenues (without counting Other Available Funds) are sufficient to comply with the rate covenants discussed below, then the Coverage Fund may be dissolved and discontinued and funds therein shall be dealt with in the manner provided for earnings from the investment of the Coverage Fund.

(6) Capital Improvement Reserve Fund. There has been created a special fund known as the "Capital Improvement Reserve Fund. On or before the tenth day of each month, but in no event prior to making the required deposit to the Special Redemption Fund, there shall be deposited into the Capital Improvement Reserve Fund an amount equal to the depreciation payments received pursuant to the Airline Leases less the amounts deposited to the Interest and Principal Account of the Special Redemption Fund and the General Obligation Bond Fund representing principal of Bonds or general obligation bonds or promissory notes of the County. In addition, there shall be deposited into the Capital Improvement Reserve Fund from the Revenue Fund, on or before the 10th day of each month, but in no event prior to making the required deposits to the funds set forth above, any amounts required by a resolution authorizing the issuance of subordinate airport revenue obligations. Moneys in the Capital Improvement Reserve Fund shall be used to finance capital projects at the Airport System in accordance with the terms of the Airline Leases or to pay debt service on subordinate airport revenue bonds.

(7) Surplus Fund. There has been created a special fund known as the "Airport Revenue Bond Surplus Fund." Moneys in the Surplus Fund shall first be used when necessary to meet requirements of the Operation and Maintenance Fund, the Special Redemption Fund, including the Reserve Account, the General Obligation Bond Fund, the Operation and Maintenance Reserve Fund and the Capital Improvement Reserve Fund and the Coverage Fund. Any money remaining in the Surplus Fund at the end of any Fiscal Year may be used only as permitted and in the order specified in Section 66.069(1)(c) of the Wisconsin Statutes and provided further that such money may only be used for Airport System purposes.

Construction Fund. There has also been created a special fund known as the "Construction Fund." Moneys in the Construction Fund shall be applied to the payment of the Project Costs of the respective Projects for which the Bonds are issued, or, to the extent they represent funds borrowed to pay capitalized interest on Bonds, shall be transferred to the Interest and Principal Account on the first day of the Fiscal Year that they will be needed for that purpose.

Investment of Funds. The Resolution provides that, except as otherwise provided therein, all income from the investment of any fund or account established under the Resolution (including net profit from the sale of any investment) shall be retained in that fund or account until such fund or account is fully funded in accordance with the terms of the Resolution, and, thereafter, shall be treated as Revenue and deposited in the Revenue Fund, except that all income from the investment of the Reserve Account, when the Reserve Requirement is on deposit therein shall be transferred to the Interest and Principal Account and used for the purposes thereof For the period until the date of substantial completion of a Project financed by Bonds (or until the Project is discontinued) income accruing from investment of the proceeds of Bonds issued to finance or refinance the Project which have been deposited in the Capitalized Interest Account, the Construction Fund or the Reserve Account, including income on the income, shall when received be deposited in the Construction Fund, or, if so directed by the County, in the Interest and Principal Account, or as otherwise provided by the Supplemental Resolution under which the Bonds are issued for the Project. Any loss from investment of a fund or account shall be charged to the fund or account but, unless otherwise made up, shall be set off against income from investment of the fund or account which would otherwise be deposited in another fund or account.

Reserve Account

As discussed above, the Resolution establishes a Reserve Account into which the County must deposit and maintain the Reserve Requirement. The moneys on deposit in the Reserve Account shall be used and applied to pay principal, redemption premium, and interest on the Bonds due and owing when a deficiency exists in the amounts on deposit for such purpose in the Interest and Principal Account of the Special Redemption Fund. Investments in the Reserve Account are valued at the market value thereof unless the Trustee determines that a lower valuation is necessary by reason of uncertainty of payment thereof or anticipated loss on sale prior to maturity.

In lieu of the deposit of moneys in the Reserve Account, or in substitution of moneys previously deposited therein, the County at any time may cause to be so credited a letter or line of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a financial, insurance or other institution and which provides security and/or liquidity in respect of Bonds (a "Credit Facility") for the benefit of the Bondholders equal to the difference between the Reserve Requirement and all other amounts then on deposit (or, in the case of substitution of moneys previously on deposit therein, the amount remaining on deposit) in the Reserve Account. Any funds in the Reserve Account that are subsequently replaced by a Credit Facility will be transferred to the Interest and Principal Account or the Construction Fund, as the County directs, provided that the County may transfer such funds to any other fund or account under the

Resolution upon receipt of an Opinion of Bond Counsel to the effect that such transfer will not adversely affect the tax-exempt nature of the interest on any Series of Outstanding Bonds. The Credit Facility shall be payable on any date on which moneys will be required to be withdrawn from the Reserve Account and applied to the payment of the principal or redemption price of or interest on any Bonds of such Series when such withdrawals cannot be made by amounts credited to the Reserve Account.

Additional Bonds

The Resolution permits the issuance of one or more additional Series of Bonds on a parity with Outstanding Bonds ("Additional Bonds") upon certain conditions. Any such series of Additional Bonds may be issued only upon the filing of the following with the Trustee:

(1)(a) A certificate of the County that to the best of the knowledge and belief of the Authorized Officer executing the Certificate, no Event of Default exists, and (b) a certificate of the Trustee that there is no Event of Default of which it has actual knowledge;

(2) A certificate of the County, executed on its behalf by an Authorized Officer, setting forth (i) the Net Revenues for the last audited Fiscal Year and (ii) the maximum Debt Service (including, without duplication, related Credit Facility Obligations) on all Outstanding Bonds and the Bonds to be issued in any Fiscal Year; and demonstrating that such Net Revenues, together with Other Available Funds, equal an amount not less than 125% *of* such Debt Service (including, without duplication, related Credit Facility Obligations); or, alternatively, a certificate prepared and signed by an Airport Consultant, setting forth for each of the three Fiscal Years commencing with the Fiscal Year following that in which the Projects financed by such Additional Bonds are estimated to be completed, the projected Net Revenues, the projected Other Available Funds, and the maximum Debt Service on all Outstanding Bonds and the Additional Bonds to be issued in any Fiscal Year; and demonstrating that for each such Fiscal Year the projected Net Revenues, together with the projected Other Available Funds, will be in an amount not less than 125% of such Debt Service (including, without duplication, related Credit Facility Obligations).

(3) A certified copy of the Supplemental Resolution providing for the issuance of the Additional Bonds: and

(4) An Opinion of Bond Counsel that the conditions precedent to the issuance of the Additional Bonds have been satisfied.

The certificates required by subparagraph (2) above shall not be required in connection with the issuance of Additional Bonds to pay costs of completing a Project for which Bonds have been previously issued; provided that the principal amount of such Additional Bonds issued under this paragraph shall not exceed 15% of the original principal amount of the Bonds previously issued for such Project; and provided further that Additional Bonds shall not be issued under this paragraph unless there has been filed with the Trustee a certificate of the Consulting Engineer (i) stating that the Project has not materially changed from its description in the Supplemental Resolution authorizing the Bonds initially issued to pay the Project Costs of the Project, (ii) estimating the revised aggregate Project Costs of the Project, (iii) stating that the revised aggregate Project Costs of such Project cannot be paid in full with moneys available for such Project in the Construction Fund, and (iv) stating that the issuance of the Additional Bonds is necessary to provide funds for the completion of the Project.

The certificates required by subparagraph (2) above shall not be required in connection with the issuance of Bonds to refund Bonds, provided that the average annual Debt Service on the refunding Bonds shall not be greater than the average annual Debt Service on the Bonds being refunded, but such certificates shall be required in the case of Bonds issued to refund obligations other than Bonds (including the issuance of Bonds to retire notes issued in anticipation of Bonds) as if the Bonds were being issued for the Projects financed by the refunded obligations.

In the Resolution, the County covenants that, until there is adequate provision made through the Airline Leases to permit the County to charge the airlines for principal due on Bonds as such, all Bonds issued under the Resolution will have amortization schedules such that in each Fiscal Year the scheduled depreciation on then existing Airport System facilities plus the scheduled depreciation on any new Airport System Projects then being financed with Bonds will equal or exceed the amount of principal of Bonds falling due in such Fiscal Year.

Issuance of Subordinate Securities and Special Facility Bonds

The Resolution provides that the County may issue subordinate lien securities for the purpose of the Airport System payable from the Revenues deposited in the Capital Improvement Reserve Fund.

The Resolution also includes provisions under which the County may issue Special Facility Bonds for the purpose of constructing a Special Facility at the Airport. A Special Facility is any facility, structure, equipment or other property, real or personal, which is at the Airport or a part of any facility or structure at the Airport and which is designated as a Special Facility by Supplemental Resolution. Such Supplemental Resolution shall provide that revenues earned by the County from or with respect to such Special Facility shall constitute Special Facility Revenues and shall not be included as Revenue. Any such Special Facility Bonds are required to be payable solely from Special Facility Revenue and will not be a charge or claim against the Revenue Fund or any other fund or account designated in the Resolution.

No Special Facility Bonds shall be issued by the County unless there shall have been filed with the Trustee a certificate of an Airport Consultant to the effect that:

(i) The estimated Special Facility Revenues with respect to the proposed Special Facility shall be at least sufficient to pay the principal (either at maturity or by mandatory sinking fund redemptions), premium of and interest on such Special Facility Bonds as and when the same shall become due, all costs of operating and maintaining such Special Facility not paid by a party other than the County, and all sinking fund, reserve fund and other payments required with respect to such Special Facility Bonds as and when the same shall become due; and

(ii) The estimated Net Revenues calculated without including the Special Facility Revenues and without including any operation and maintenance expenses of the Special Facility as Operation and Maintenance Expenses will be sufficient so that the County will be in compliance with its rate covenant during each of the five Fiscal Years immediately following the issuance of such Special Facility Bonds.

Covenants of the County

Rate Covenant. The County has covenanted in the Resolution to impose and prescribe such schedule of rates, rentals, fees and charges for the use and services of and the facilities and commodities furnished by the Airport System, and to revise the same from time to time when necessary, and collect the income, rents, receipts and other moneys derived therefrom, so that in each Fiscal Year the Revenues will be at all times at least sufficient to provide for the payment of all amounts necessary to make the required deposits in such Fiscal Year under the Resolution.

In addition, the County is required to establish and collect rates, rentals, fees and charges sufficient so that in each Fiscal Year the aggregate of the Revenues after deducting for such year the aggregate of the Operation and Maintenance Expenses ("Net Revenues"), together with Other Available Funds (defined as the amount of unencumbered funds on deposit on the first day of the fiscal year in the Coverage Fund and the Surplus Fund in an amount up to 25% of Debt Service in the Fiscal Year), will be at least equal to 125% of Debt Service on all Bonds Outstanding including, without duplication, any repayment or other obligations incurred by the County in respect of draws or other payments or disbursements made under a Credit Facility, but only if such obligations have a lien on Revenues on the same priority as the lien thereof. PFC Revenues are treated as Revenues under the rate covenant only to the extent they are actually applied during the Fiscal Year to pay debt service on Bonds issued to finance or refinance Projects to which the PFC Revenues relate.

The failure to comply with the rate covenant, in the immediately preceding paragraph, does not constitute a default by the County under the Resolution if (i) the County promptly (a) causes an Airport Consultant to make a study for the purpose of making recommendations with respect to rates, rentals, fee and charges for the Airport System in order to provide funds for all the payments and other requirements described in the first paragraph above; (b) considers the recommendations of the Airport Consultant: and (c) takes such action as the County, in its discretion, deems necessary to comply with the rate covenant described in the immediately preceding paragraph, and (ii) in the following Fiscal Year, Net Revenues, together with Other Available Funds, are at least sufficient to meet the rate covenant described in the immediately preceding paragraph.

Annual Budget. At least sixty (60) days before the beginning of each Fiscal Year the County shall file a preliminary, annual Airport System operating budget with the Trustee. At least one (I) day before the beginning of each Fiscal Year the County shall adopt the annual Airport System operating budget and shall file a summary of such budget with the Trustee. As soon as such budget is published, but in no event later than February 1 of the year to which it relates, the County shall file a copy of such budget with the Trustee. The County may at any time adopt and file with the Trustee an amended or supplemental operating budget for the Fiscal Year then in progress. The budget shall show projected Operation and Maintenance Expenses, Debt Service and other payments from the Revenue Fund and the Revenues to be available to pay the same. The County shall not incur aggregate Operation and Maintenance Expenses in any Fiscal Year in excess of the aggregate amount shown in the annual budget as amended and supplemented except in case of emergency and shall promptly file a written report of any such excess expenditure with the Trustee.

Operation Maintenance and Improvement of the Airport System. The County will maintain, preserve, keep and operate or cause to be maintained, preserved, kept and operated, the properties constituting the Airport System (including all additions, improvements and betterments thereto and extensions thereof and every part and parcel thereof) in good and efficient repair, working order and operating condition in conformity with standards customarily followed in the aviation industry for airports of like size and character. The County will from time to time make all necessary and proper repairs, renewals, replacements and substitutions to said properties, and construct additions and improvements thereto and extensions and betterments thereof which are economically sound, so that at all times the business carried on in connection therewith shall and can be properly and advantageously conducted in an efficient manner and at reasonable cost.

Insurance. The County shall carry insurance with generally recognized responsible insurers with policies payable to the County against risks, accidents, or casualties at least to the extent that similar insurance is usually carried by airport operators operating properties similar to the Airport System; provided that the County may be self-insured against such risks, accidents or casualties to the extent appropriate to governmental procedure and policy. In the event of loss or damage to property covered by the insurance, the County shall promptly repair, replace or reconstruct the damaged or lost property to the extent necessary for the proper conduct of its operations and shall apply the proceeds of the insurance for that purpose to the extent needed; provided that no such repair, replacement or construction shall be required if the County files a certificate with the Trustee signed by an Authorized Officer to the effect that repair, replacement or reconstruction of the damaged or destroyed property is not in the best interest of the County and that failure to repair, replace or reconstruct the damaged or destroyed property will not cause Revenues in any future Fiscal Year of the County to be less than an amount sufficient to enable the County to comply with all covenants and conditions of this Resolution or impair the security or the payment of the Bonds. If the County elects to undertake the repair, replacement or reconstruction of the damaged or destroyed property and such proceeds of the aforesaid insurance are insufficient for such purpose, the amount of such insufficiency may be satisfied from moneys available within the Surplus Fund for any lawful purpose of the County. Any excess proceeds from property insurance shall be deposited in the Interest and Principal Account or, if the County receives an Opinion of Bond Counsel to the effect that the proposed use of such proceeds will not adversely affect the tax-exempt status of any Outstanding Bonds issued hereunder, in any other fund or account hereunder as directed by the County.

Within sixty (60) days after the close of each Fiscal Year, the County shall file with the Trustee a certificate describing the insurance then in effect.

Not to Encumber or Dispose of the Revenues or Properties of the Airport System. Except as set forth below, the County shall not sell, mortgage, lease or otherwise dispose of or encumber the Revenues or any properties of the Airport System.

(A) The County may sell, lease, or otherwise dispose of any portion of the properties and facilities (real or personal) comprising a part of the Airport System the disposal of which will not impede or prevent the use of the Airport System or its facilities for the conduct of air transportation or air commerce and which in the reasonable judgment of the County has become unserviceable, unsafe or no longer necessary in the operation of the Airport System or which is to be or has been replaced by other property of substantially equal revenue-producing capability and of substantially equal utility for the conduct of air transportation or air commerce. Proceeds of a sale, lease or other disposition pursuant to this paragraph shall be applied as determined by the County; provided, however, that to the extent that the original construction or acquisition of such properties or facilities was financed from moneys derived from grants or passenger facility charges, then such proceeds shall be deposited in a manner consistent with the conditions agreed to by the County with any governmental authority, or imposed on the County by law or any governmental authority, in obtaining such grants or passenger facility charges.

(B) The County may execute leases, licenses, easements and other agreements of or pertaining to properties constituting the Airport System in connection with the operation of the Airport System in the normal and customary course of business thereof, according to the County's policy regarding rates, rentals, fees and charges of the Airport System, which rates, rentals, fees and charges shall be part of Revenues and which properties shall remain part of the Airport System, but any such leasing shall not be inconsistent with the provisions of the Resolution, and no lease shall be entered into by which the security of and payment for the Bonds might be impaired or diminished. The County may enter into leases, licenses, easements and other agreements in connection with Special Facilities pursuant to and in accordance with the provisions of the Resolution.

(C) If any portion of the properties of the Airport System is taken by eminent domain, any moneys received by the County as a result shall be deposited in the Interest and Principal Account, Construction Fund or Capital Improvement Reserve Fund, as the County shall determine.

(D) The County may apply the Revenues as provided in the Resolution, may encumber the Revenues for the benefit of the Bondowners to the extent and in the manner provided in the Resolution and may otherwise encumber the Revenues to the extent and in the manner provided in the Resolution.

<u>Other Leases and Contracts.</u> The County shall perform all contractual obligations undertaken by it under leases or agreements pertaining to or respecting the Airport System and shall enforce its rights thereunder. The County shall not enter into any contract or lease pertaining to the Airport System by which the rights, payment or security of the Bonds might be impaired or diminished.

<u>Books of Account; Annual Audit.</u> The County shall keep proper books and accounts relating to the Airport System and shall cause such books and accounts to be audited annually by a recognized independent firm of certified public accountants, and within one hundred eighty (180) days after the end of each Fiscal Year, the County shall file such audited financial statement with the Trustee. In addition to other matters required by law or sound accounting or auditing practice, the financial statement shall cover the transactions in the funds and accounts held by the Trustee or County under the Resolution. The report of the auditor shall state whether there has come to the attention of the auditor in the course of its examination any default by the County with respect to the Resolution or the Bonds and, if so, the nature of the default.

<u>Payment of Taxes and Other Claims.</u> The County shall make timely payments of all taxes, assessments and other governmental charges lawfully imposed upon the properties constituting the Airport System or upon the Revenues, as well as all lawful claims for labor, materials and supplies which, if not paid, might become a lien or charge upon any part of the Airport System, or upon any of the Revenues, or could impair the security of the Bonds; but the failure to do so will not be considered a violation of this Section so long as the County is in good faith contesting the validity of the tax, assessment, charge or claim.

<u>Government Approval.</u> The County will perform any construction, reconstructions, and restorations of, improvements, betterments and extensions to, and equipping and furnishing of, and will operate and maintain the Airport System at standards required in order that the same may be approved by the proper and competent Federal government authority or authorities for the landing and taking off of aircraft, and as a terminal point of the County for the receipt and dispatch of passengers, property and mail by aircraft.

<u>Compliance With Terms of Grant-in-aid; Application Thereof:</u> The County shall comply with the requirements of the federal government with respect to grants -in-aid accepted by the County.

<u>To Carry Out Projects.</u> The County will proceed with all reasonable dispatch to complete the acquisition, purchase, construction, improvement, betterment, extension, addition, reconstruction, restoration, equipping and furnishing of any properties certain costs of which are to be paid from the proceeds of Bonds or from any other moneys held hereunder. Notwithstanding the foregoing, the County may discontinue a Project by written notice to the Trustee, with a certificate of the Airport Consultant stating that, by reason of change in circumstance not

reasonably expected at the time of the issuance of the Bonds, completion of the Project (or work) is no longer consistent with custom in the airport industry or is no longer necessary for the proper operation of the Airport System. The moneys for the Project in the Construction Fund not needed to pay Project Costs of the Project (as determined by a certificate of the Airport Consultant) shall be deposited in the Interest and Principal Account and used to pay debt service on Bonds.

Compliance with Applicable Law. The County shall comply with all applicable federal, state and local law in the operation and administration of the Airport System.

Events of Default and Remedies

Events of Default. There shall be an "Event of Default" if any of the following occurs:

(1) If there is a default in the payment of the principal of or redemption premium, if any, on any of the Bonds when due, whether at maturity or by proceedings for redemption or otherwise.

(2) If there is a default in the payment of any interest on any Bond, when due.

(3) If the County defaults in the performance of any other covenant or agreement contained in the Resolution and the default continues for thirty (30) days after written notice to the County by the Trustee, or to the County and the Trustee by the holders of not less than twenty-five per cent (25%) in principal amount of the Outstanding Bonds, provided that if the default is one that can be remedied but cannot be remedied within that thirty day period, the Trustee may grant an extension of the thirty day period if the County institutes corrective action within that thirty day period and diligently pursues that action until the default is remedied.

(4) If an order, judgment or decree is entered by a court of competent jurisdiction (a) appointing a receiver, trustee, or liquidator for the County or the whole or any substantial part of the Airport System, (b) granting relief in involuntary proceedings with respect to the County under the federal Bankruptcy Code, or (c) assuming custody or control of the County or of the whole or any substantial part of the Airport System under the provision of any law for the relief of debtors, and the order, judgment or decree is not set aside or stayed within sixty (60) days from the date of the entry of the order, judgment or decree.

(5) If the County (a) admits in writing its inability to pay its debts generally as they become due, (b) commences voluntary proceedings in bankruptcy or seeking a composition of indebtedness, (c) makes an assignment for the benefit of its creditors, (d) consents to the appointment of a receiver of the whole or any substantial part of the Airport System, or (e) consents to the assumption by any court of competent jurisdiction under any law for the relief of debtors of custody or control of the County or of the whole or any substantial part of the Airport System.

Inspection of Records. If an Event of Default happens and has not been remedied, the books of record and account of the County relating to the Airport System shall at all times be subject to the inspection and use of the Trustee, the Owners of at least five per cent (5%) in principal amount of the Outstanding Bonds and their agents and attorneys.

Payment of Funds to Trustee; Application of Funds. If an Event of Default happens and has not been remedied, the County upon demand of the Trustee shall pay over and transfer to the Trustee (i) all funds and investments then held by the County in the funds and accounts held by it under the Resolution and (ii) as promptly as practicable all other or subsequent Revenues.

After a transfer of a fund or account under this paragraph, the Trustee shall administer the fund or account until all Events of Default have been cured.

If at any time the available funds are insufficient for the payment of the principal or redemption price and interest then due on the Bonds, the following funds and accounts (other than funds held in trust for the payment or redemption of particular Bonds) shall be used in the order named:

Interest and Principal Account
Capitalized Interest Account
Reserve Account
Surplus Fund
Capital Improvement Reserve Fund
Operation and Maintenance Reserve Fund
Coverage Fund
General Obligation Bond Fund
Construction Fund

and the County shall promptly restore from the Revenue Fund any amount taken for this purpose from any fund or account other than the Interest and Principal Account. The moneys shall be applied in the following order of priority:

First, to the payment of all unpaid interest on Bonds then due (including any interest on overdue principal and, to the extent permitted by law, interest on overdue interest at the same rate) in the order in which the same became due, and, if the amount available is sufficient to pay the unpaid interest which became due on any date in part but not in full, then to the payment of that interest ratably; and

Second, to the payment ratably of the unpaid principal or redemption price of Bonds then due.

Whenever moneys are to be so applied, they shall be applied by the Trustee at such times as it shall determine, having due regard to the amount available and the likelihood of additional moneys becoming available. The Trustee shall use an interest payment date as the date of payment unless it deems another date more suitable. On the date fixed for payment interest shall cease to accrue on the amounts of principal and interest to be paid on that date to the extent that the necessary moneys have been made available for payment. The Trustee shall give such notice of the date as it may deem appropriate and shall not be required to make payment to the Owner of any Bond unless the Bond is presented for appropriate endorsement.

Interest on overdue principal and interest (to the extent permitted by law) shall accrue and be payable daily but, for the purpose of applying the order of priority prescribed by this Section (and of calculating interest on interest), it shall be treated as if it became due on the regular interest payment dates.

Suits at Law or in Equity. (A) As provided in the Act, any Owner or Owners of the Bonds and the Trustee shall have the right in addition to all other rights:

(1) By mandamus or other suit, action or proceedings in any court of competent jurisdiction, to enforce their rights against the County, the County Board of Supervisors and any other proper officer, agent or employee of any of them, including the right to require the County, the County Board of Supervisors and any proper officer, agent or employee of any of them, to fix and collect rates, rentals, fees and charges adequate to carry out any agreement made in the Resolution as to rates, rentals, fees and charges, or to carry out the pledge of Revenues made by the Resolution, and to require the County, the County Board of Supervisors and any officer, agent or employee of any of them to carry out any other covenants or agreements made in the Resolution or in the Bonds and to perform their duties under the Act; and

(2) By action or suit in equity, to enjoin any acts or things which may be unlawful or a violation of the rights of the Owner or Owners of the Bonds under the Resolution or any Supplemental Resolution.

(B) As authorized by the Act, the County confers upon the Owners of not less than twenty-five per cent (25%) in principal amount of the Outstanding Bonds and upon the Trustee the right in case of an Event of Default:

(1) By suit, action or proceedings in any court of competent jurisdiction to obtain the appointment of a receiver of the whole or any part or parts of the Airport System. If a receiver is appointed he may enter and take possession of the same, operate and maintain it, and collect and receive all Revenues arising from it in

the same manner as the County itself might do and shall deposit the Revenues in a separate account or accounts and apply the same in accordance with the obligations of the County.

(2) By suit, action or proceeding in any court of competent jurisdiction to require the County to account as if it were the trustee of an express trust.

(C) All rights of action under the Resolution may be enforced by the Trustee without the possession of any of the Bonds and without producing them at the trial or other proceedings.

(D) The Owners of not less than a majority in principal amount of the Outstanding Bonds may direct the time, method and place of conducting any remedial proceeding available to the Trustee, provided that the Trustee is provided with adequate security and indemnity and shall have the right to decline to follow the direction (i) if the Trustee is advised by counsel that the action or proceeding may not lawfully be taken or (ii) if the Trustee determines in good faith that the action or proceeding would involve the Trustee in personal liability or that the action or proceeding would be unjustly prejudicial to the owners of Bonds not parties to the direction.

Remedies Not Exclusive. No remedy conferred by the Resolution upon the Trustee or the Owners of the Bonds is intended to be exclusive of any other remedy, but each shall be in addition to every other remedy given under the Resolution or provided at law or in equity or by statute.

Waivers of Default. No delay or omission of the Trustee or of any Owner of Bonds to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or be construed to be a waiver of the Event of Default.

The Owners of Bonds with an aggregate principal amount in excess of fifty percent (50%) in principal amount of the Outstanding Bonds may on behalf of the Owners of all of the Bonds waive any past default under the Resolution and its consequences, except a default in the payment of the principal or redemption price of and interest on any of the Bonds. No such waiver shall extend to any subsequent or other default.

Notice of Events of Default. Within sixty (60) days after the occurrence of an Event of Default becomes known to the Trustee, the Trustee shall mail notice of the Event of Default to the Bondowners, unless the Event of Default has been cured before the giving of the notice; provided that the Trustee shall give the notice as promptly as the interests of the Bondowners appear to require and shall be protected in withholding notice if the board of directors, the executive committee, or a trust committee of the Trustee determines in good faith that the withholding of the notice is in the interests of the Bondowners.

Amendments and Supplements

Without Consent of Bondowners. The County may from time to time, without the consent of any Bondowner, adopt Supplemental Resolutions, (i) to provide for the issuance of Additional Bonds pursuant to the Resolution; (ii) to make changes in the Resolution which may be required to permit the Resolution to be qualified under the Trust Indenture Act of 1939, as amended; and (iii) for any one or more of the following purposes:

1. To cure or correct any ambiguity, defect or inconsistency in the Resolution;

2. To add additional covenants and agreements of the County for the purpose of further securing the payment of the Bonds;

3. To limit or surrender any right, power or privilege reserved to or conferred upon the County by the Resolution;

4. To confirm any lien or pledge created or intended to be created by the Resolution;

5. To confer upon the Owners of the Bonds additional rights or remedies or to confer upon the Trustee for the benefit of the Owners of the Bonds additional rights, duties, remedies or powers;

6. To make any other change in the Resolution which does not, in the opinion of the Trustee, have a material adverse impact on the interests of the Owners of the Bonds; and

7. To modify the Resolution in any other respect; provided that the modification shall not be effective until after the Outstanding Bonds cease to be Outstanding, or until the Bondowners consent pursuant to the Resolution.

The written concurrence of the Trustee shall be required for any Supplemental Resolution described in (ii) or (iii) above.

With Consent of Bondowners. With the written concurrence of the Trustee and the consent of the Owners of Bonds with an aggregate principal amount in excess of fifty percent (50%) in principal amount of the Outstanding Bonds, the County may from time to time adopt Supplemental Resolutions for the purpose of making other changes in the Resolution; provided, however, that, without the consent of the Owner of each Bond which would be affected, no Supplemental Resolution shall (1) change the maturity date for the payment of the principal of any Bond or the dates for the payment of interest on the Bond or the terms of the redemption of the Bond, or reduce the principal amount of any Bond or the rate of interest on the Bond or the redemption price, (2) reduce the percentage of consents required under this proviso for a Supplemental Resolution, or (3) give to any Bond any preference over any other Bond; and provided further that, without the consent of the Owners of Bonds with an aggregate principal amount in excess of fifty percent (50%) in principal amount of the Outstanding Term Bonds of each Series and maturity which would be affected, no Supplemental Resolution shall (a) change the amount of any sinking fund installments for the retirement of Term Bonds or the due dates of the installments or the terms for the purchase or redemption of Bonds from the installments, or (b) reduce the percentage of consents required under this proviso for a Supplemental Resolution.

It shall not be necessary that the consents of the Owners of the Bonds approve the particular wording of the proposed Supplemental Resolution if the consents approve the substance. After the Owners of the required percentage of Bonds have filed their consents with the Trustee, the Trustee shall mail notice to the Bondowners in the manner provided in the Resolution. No action or proceeding to invalidate the Supplemental Resolution or any of the proceedings for its adoption shall be instituted or maintained unless it is commenced within sixty (60) days after the mailing of the notice. The validity of a Supplemental Resolution shall not be affected by any failure to give notice by mail or by any defect in the mailed notice.

Defeasance

Discharge of Pledge; Bonds No Longer Deemed Outstanding. The obligations of the County under the Resolution and the pledge, covenants and agreements of the County made in the Resolution shall be discharged and satisfied as to any Bond and the Bond shall no longer be deemed to be Outstanding under the Resolution:

(i) when the Bond has been canceled or surrendered for cancellation, or has been purchased by the Trustee from moneys held by it under the Resolution (other than at the option of the Owner prior to the scheduled maturity date); or

(ii) when payment of the principal or the redemption price of the Bond, plus interest on the principal to the due date (whether at maturity or upon redemption or otherwise) or to the date set for payment in the case of an overdue Bond, either (a) has been made or (b) has been provided for by irrevocably setting aside in escrow with the Trustee, if any, or with another suitable bank or trust company for the purpose (1) moneys sufficient to pay the principal or redemption price and interest or (2) Permitted Investments (which for the purposes of this Section shall include only those obligations described in item (1) of the definition thereof) maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to pay the principal or redemption price and interest when required, and when all proper fees and expenses of the Trustee and Paying Agents pertaining to the Bond have been paid or provided for to the satisfaction of the Trustee and Paying Agents.

When a Bond is deemed to be no longer Outstanding under the Resolution pursuant to clause (i) or (ii)(a) above or, if the Bond has become due, pursuant to clause (ii)(b), it shall cease to draw interest. When a Bond is deemed to be no longer Outstanding under the Resolution pursuant to either clause (i) or clause (ii) above, it shall no longer be secured by the Resolution except for the purpose of payment from the moneys or Permitted Investments set aside for its payment pursuant to clause (ii)(b).

Notwithstanding the foregoing, in the case of Bonds which are to be redeemed prior to their stated maturities, no deposit under clause (ii)(b) above shall operate as a discharge and satisfaction until the Bonds have been irrevocably called or designated for redemption and proper notice of the redemption has been given or provision satisfactory to the Trustee has been irrevocably made for giving the notice.

Any moneys deposited with the Trustee as provided in this Section may be invested and reinvested in Permitted Investments of the types described earlier in this Section maturing in the amounts and times as required and any income from the investment not required for the payment of the principal or redemption price and interest on the Bonds shall be paid to the County and credited to the Revenue Fund.

In the event that the Resolution is defeased with respect to Bonds pursuant to this Section, the Trustee shall mail notice of the defeasance to the Owners of those Bonds within ninety (90) days after the defeasance.

Notwithstanding any provision of any other Section of the Resolution, all moneys or Permitted Investments set aside pursuant to this Section for the payment of the principal or redemption price of and interest on Bonds shall be held in trust and used solely for the payment of the particular Bonds with respect to which the moneys or Permitted Investments have been set aside.

The County may at any time surrender to the Trustee for cancellation Bonds which the County has acquired, and the Bonds shall thereupon be deemed paid and no longer Outstanding.

APPENDIX D

PROPOSED FORMS OF CO-BOND COUNSEL OPINION

THIS PAGE INTENTIONALLY LEFT BLANK

[PROPOSED FORM OF OPINION OF BOND COUNSEL]

(To Be Dated the Date of Issuance)

Milwaukee County, Wisconsin
County Courthouse
901 North 9th Street
Milwaukee, Wisconsin 53233

Re: Milwaukee County, Wisconsin
$12,690,000 Airport Revenue
Bonds, Series 2009A

The Airport Revenue Bonds, Series 2009A (the "*Bonds*") of Milwaukee County, Wisconsin (the "*County*") are in fully registered form; are dated the date hereof; are in denominations of $5,000 each and integral multiples thereof; are appropriately lettered and numbered; mature serially on December 1 of each of the years and in the principal amounts as set forth below, and bear interest, payable on June 1 and December 1 of each year, commencing on June 1, 2010, at the interest rates per annum, as follows:

YEAR	PRINCIPAL AMOUNT	INTEREST RATE	YEAR	PRINCIPAL AMOUNT	INTEREST RATE
2015	$490,000	3.00%	2021	$ 610,000	4.25 %
2016	505,000	3.25	2022	635,000	4.375
2017	520,000	3.50	2023	660,000	4.50
2018	540,000	3.75	2024	690,000	4.50
2019	560,000	4.00	2029	3,985,000	5.00
2020	585,000	4.25	2032	2,910,000	5.125

The Bonds maturing on and after December 1, 2020, are subject to redemption at the option of the County prior to maturity as a whole or in part on December 1, 2019, and on any date thereafter, at a redemption price equal to 100% of the principal amount thereof being redeemed, plus accrued interest to the date fixed for redemption.

The Bonds are being issued pursuant to Section 66.0621, *Wisconsin Statutes*, as supplemented and amended, for the purpose of improving and extending the airport system of the County (the "*Airport System*").

We have examined the documents which we deem pertinent to the validity of the Bonds, including the certified record evidencing the authorization of the Bonds by the County Board of Supervisors of the County, including without limitation resolutions adopted by the County Board of Supervisors of the County on June 22, 2000 (the "*General Resolution*"), and on November 5, 2009. On the basis of such examination, we are of the opinion that the Bonds have been lawfully authorized and issued under the laws of the State of Wisconsin; that they are the lawful and enforceable obligations of the County in accordance with their terms, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion; that they are payable, together with certain outstanding Airport Revenue Bonds, Series 2000A, dated June 1, 2000, Airport Revenue Bonds, Series 2003A, dated January 1, 2003, Airport Revenue Bonds, Series 2004A, dated March 31, 2004, Airport Revenue Bonds, Series 2005A, dated December 22, 2005, Airport Revenue Refunding Bonds, Series 2005B, dated December 22, 2005, Airport Revenue Bonds, Series 2006A, dated November 16, 2006, Airport Revenue Refunding Bonds, Series 2006B, dated November 16, 2006, and Airport Revenue Bonds, Series 2007A, dated November 15, 2007, of the County (collectively, the "*Outstanding Bonds*"), with which the Bonds rank on a parity, solely from the net revenues of the Airport System of the County; and that the form of Bond prescribed for said issue is proper. The conditions precedent to the issuance of Additional Bonds (as defined in the General Resolution) set forth in Section 2.4 of the General Resolution have been satisfied.

Said resolutions permit, within the limitations therein provided, the issuance of additional bonds payable from the net revenues of the Airport System on a parity with the Bonds and the Outstanding Bonds.

It is also our opinion that, subject to the compliance by the County and others with certain covenants, under present law, interest on the Bonds (i) is excludible from the gross income of the owners thereof for Federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the property financed with the proceeds of the Bonds or any person considered to be related to such person [within the meaning of the Internal Revenue Code of 1986, as amended (the "*Code*")], (ii) is not included as an item of tax preference in computing the Federal alternative minimum tax for individuals and corporations under the Code, and (iii) is not taken into account in computing adjusted current earnings, which is used as an adjustment in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such covenants of the County and others could cause the interest on the Bonds to be includible in gross income for Federal income tax purposes retroactively to the date of the issuance of the Bonds. Ownership of the Bonds may result in other Federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement or any other information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the County and others with respect to certain material facts solely within the respective knowledge of the County and such other persons. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion, and is not a guarantee of result. This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

CLJarik/ljk

[PROPOSED FORM OF OPINION OF BOND COUNSEL]

(To Be Dated the Date of Issuance)

Milwaukee County, Wisconsin
County Courthouse
901 North 9th Street
Milwaukee, Wisconsin 53233

Re: Milwaukee County, Wisconsin
$2,350,000 Airport Revenue Refunding Bonds, Series 2009B

The Airport Revenue Refunding Bonds, Series 2009B (the *"Bonds"*) of Milwaukee County, Wisconsin (the *"County"*) are in fully registered form; are dated the date hereof; are in denominations of $5,000 each and integral multiples thereof; are appropriately lettered and numbered; mature serially on December 1 of each of the years and in the principal amounts as set forth below, and bear interest, payable on June 1 and December 1 of each year, commencing on June 1, 2010, at the interest rates per annum, as follows:

YEAR	PRINCIPAL AMOUNT	INTEREST RATE
2010	$490,000	2.25%
2011	480,000	2.25
2012	465,000	3.50
2013	460,000	3.00
2014	455,000	4.00

The Bonds are not subject to redemption prior to maturity.

The Bonds are being issued pursuant to Section 66.0621, *Wisconsin Statutes*, as supplemented and amended, for the purpose of refunding certain outstanding obligations of the County, which were originally issued to improve and extend the airport system of the County (the *"Airport System"*).

We have examined the documents which we deem pertinent to the validity of the Bonds, including the certified record evidencing the authorization of the Bonds by the County Board of Supervisors of the County, including without limitation resolutions adopted by the County Board of Supervisors of the County on June 22, 2000 (the *"General Resolution"*), and on November 5, 2009. On the basis of such examination, we are of the opinion that the Bonds have been lawfully authorized and issued under the laws of the State of Wisconsin; that they are the lawful and enforceable obligations of the County in accordance with their terms, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion; that they are payable, together with certain outstanding Airport Revenue Bonds, Series 2000A, dated June 1, 2000, Airport Revenue Bonds, Series 2003A, dated January 1, 2003, Airport Revenue Bonds, Series 2004A, dated March 31, 2004, Airport Revenue Bonds, Series 2005A, dated December 22, 2005, Airport Revenue Refunding Bonds, Series 2005B, dated December 22, 2005, Airport Revenue Bonds, Series 2006A, dated November 16, 2006, Airport Revenue Refunding Bonds, Series 2006B, dated November 16, 2006, and Airport Revenue Bonds, Series 2007A, dated November 15, 2007, of the County (collectively, the *"Outstanding Bonds"*), with which the Bonds rank on a parity, solely from the net revenues of the Airport System of the County; and that the form of Bond prescribed for said issue is proper. The conditions precedent to the issuance of Additional Bonds (as defined in the General Resolution) set forth in Section 2.4 of the General Resolution have been satisfied.

Said resolutions permit, within the limitations therein provided, the issuance of additional bonds payable from the net revenues of the Airport System on a parity with the Bonds and the Outstanding Bonds.

It is also our opinion that, subject to the compliance by the County and others with certain covenants, under present law, interest on the Bonds is excludible from the gross income of the owners thereof for Federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the property financed with the proceeds of the Bonds or any person considered to be related to such person [within the meaning of the Internal Revenue Code of 1986, as amended (the *"Code"*)]; however, such interest on the Bonds is included as an item of tax preference in computing the Federal alternative minimum tax for individuals and corporations under the Code. Failure to comply with certain of such covenants of the County and others could cause the interest on the Bonds to be includible in gross income for Federal income tax purposes retroactively to the date of the issuance of the Bonds. Ownership of the Bonds may result in other Federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement or any other information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the County and others with respect to certain material facts solely within the respective knowledge of the County and such other persons. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion, and is not a guarantee of result. This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

CLJarik/dlt

APPENDIX E

CONTINUING
DISCLOSURE CERTIFICATE

THIS PAGE INTENTIONALLY LEFT BLANK

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the *"Disclosure Certificate"*) is executed, and delivered by Milwaukee County, Wisconsin (the *"Issuer"*) in connection with the issuance of Airport Revenue Bonds, Series 2009A, dated the date hereof, and Airport Revenue Refunding Bonds, Series 2009B (collectively, the *"Securities"*). The Securities are being issued pursuant to a General Bond Resolution duly adopted by the County Board of Supervisors of the Issuer (the *"Governing Body"*) on June 22, 2000, and respective Supplemental Resolutions duly adopted by the Governing Body of the Issuer on November 5, 2009 (collectively, the *"Resolution"*) and delivered to Merrill Lynch, Inc., on its own behalf and on behalf of others (the *"Purchaser"*), on the date of this Disclosure Certificate. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the owners of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to the owners of the Securities shall include beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with United States generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"EMMA" means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

"Final Official Statement" means the final official statement dated December 10, 2009, delivered in connection with the Securities, which is available from the MSRB.

"Fiscal Year" means the fiscal year of the Issuer.

"Governing Body" means the County Board of Supervisors of the Issuer or such other body, as may hereafter be the chief legislative body of the Issuer.

"Issuer" means Milwaukee County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the Capital Finance Manager of the Issuer who can be contacted at the Milwaukee County Courthouse, Room 308, 901 North Ninth Street, Milwaukee, Wisconsin 53233, telephone: (414) 278-4396, facsimile: (414) 223-1245.

"Material Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board located at 1900 Duke Street, Suite 600, Alexandria, Virginia 22314.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means Securities and Exchange Commission.

Section 3. Provision of Annual Report and Audited Financial Statements. (a) The Issuer shall, not later than 270 days after the end of the Fiscal Year, commencing with the year that ends December 31, 2009, provide EMMA with an Annual Report, which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided,* that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 270 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to EMMA when and if available.

(b) If the Issuer is unable or fails to provide to EMMA an Annual Report by the date required in subsection (a) above, the Issuer shall send in a timely manner a notice of that fact to EMMA.

(c) The Issuer shall determine each year prior to the date for providing the Annual Report the name and address of each NRMSIR and each SID, if any.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

1. SOURCES OF REVENUES OF THE AIRPORT SYSTEM - Airline Leases—page 21

2. FINANCIAL MANAGEMENT—page 31

3. MILWAUKEE COUNTY AIRPORT SYSTEM CASH FLOW AND DEBT SERVICE COVERAGE—page 34

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to EMMA or the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Material Events. (a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events if material with respect to the Securities:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions or events affecting the tax-exempt status of the Securities;

7. Modification to rights of holders of the Securities;

8. Securities calls;

9. Defeasances;

10. Release, substitution or sale of property securing repayment of the Securities; and

11. Rating changes.

(b) Whenever a Material Event occurs, the Issuer shall as soon as possible determine under applicable legal standards if such event would constitute material information for owners of the Securities; *provided,* that any event under subsection (a)(8), (9) or (11) will always be deemed to be material.

(c) If the Issuer determines that knowledge of the occurrence of a Material Event would be material, the Issuer shall promptly file a notice of such occurrence with EMMA. Notwithstanding the foregoing, notice of Material Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the owners of the affected Securities pursuant to the Resolution.

(d) Unless otherwise required by law and subject to technical and economic feasibility, the Issuer shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer's information.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Securities.

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause this Disclosure Certificate to violate the Rule. The provisions of this Disclosure Certificate or any provision hereof shall be null and void in the event that the Issuer delivers to EMMA, if any, an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Securities. The provisions of this Disclosure Certificate may be amended without the consent of the owners of the Securities, but only upon the delivery by the Issuer to EMMA of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this Disclosure Certificate and by the Issuer with the Rule.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 10. Default. (a) The Issuer has never failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of material events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any owner of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities or under the Resolution and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 21st day of December, 2009.

Chairperson of the County Board

(SEAL)

County Clerk

Approved as to Form:

Corporation Counsel

Reviewed by:

Jason Gates
Risk Management Coordinator

APPENDIX F

SUMMARY OF
AIRLINE LEASES

THIS PAGE INTENTIONALLY LEFT BLANK

SUMMARY OF AIRLINE LEASES

Milwaukee County ("County" or "Lessor") is the owner of General Mitchell International Airport ("GMIA"), an airport located in the City of Milwaukee, Milwaukee County, State of Wisconsin. The County constructed new terminal buildings, ramps, roadways, taxiways, and other associated facilities called the "Terminal Project" in 1980-1985. Certain Airlines were interested in using the Terminal Project in connection with their air transportation business and entered into long-term commitments with the County to pay such fees and charges as would enable County to pay the cost of the Terminal Project.

The County determined it to be advantageous to grant and lease to the Signatory Airlines certain premises and facilities and to grant the rights stated in the Airline Lease Agreements (the "Agreements"). These exclusive and preferential use Agreements with the twelve (12) Signatory Airlines are substantially similar, differing primarily with respect to the specific leased area and the dollar amount of the rentals payable thereunder. These agreements will expire in 2010.

In addition, in response to Section 155 of the Wendell H. Ford Aviation Investment Act for the 21st Century, Pub.Law 106-181, Milwaukee County revised its signatory airline lease to require the preferential use of certain airport premises by signatory lessees. The new preferential use lease is used for leases with new entrant airlines or by existing signatory airlines that seek to amend their existing leases. Of the twelve (12) Signatory Airlines that lease gates, ten (10) have entered into preferential use leases for some of all of the gates they use, four (4) have exclusive use leases for some or all of the gates they use, and two (2) of the Airlines lease gates on both an exclusive and preferential use basis.

The following are summaries of certain provisions of the exclusive and preferential lease agreements. The summaries are subject in all respects to the detailed and complete provisions of the Agreements; copies of the lease Agreements may be inspected at General Mitchell International Airport, 5300 South Howell Avenue, Milwaukee, Wisconsin 53207.

SUMMARY OF GMIA EXCLUSIVE USE LEASE

DEFINITIONS

- **"Accounting System"** means the system for collection, allocation, and reporting of revenues, expenses, and debt service associated with the operation of Airport Cost Centers and the Airport System as a whole, which was established by County to provide data to support the calculation of airline rates and fees required under the Agreement.

- **"Air Transportation System"** shall mean that system of transportation relating to the carrying by aircraft of persons, property, cargo, and mail by an air carrier or air transportation company.

- **"Aircraft Parking Apron"** shall mean that part of the Ramp Areas contiguous to the arrival and departure gates at GMIA, which are used for the parking of aircraft and support vehicles and the loading and unloading of passengers and cargo.

- **"Airline"** shall mean those Airline(s) signatory to the Agreement(s) (also known as the "Lessee(s)").

- **"Airline Airport Affairs Committee (AAAC)"** The AAAC shall be that group of representatives of Signatory Airlines to the Agreement, which shall be responsible for meeting with the County's Airport Director, or other designated County representatives, for the purposes of reviewing, concurring in, or approving various functions and activities as set forth in the Agreement.

- **"Airport System"** shall mean GMIA and the Lawrence J. Timmerman Airport.

- **"Airport Terminal Building"** shall mean the domestic and international passenger handling facilities at GMIA and the appurtenances thereto, including skywalks (also known as the "Terminal").

- **"Capital Improvement Project For AAAC Purposes"** means any GMIA capital improvement project, exclusive of the Terminal Project, having an individual cost in excess of One Hundred Thousand Dollars ($100,000) or projects which together in any one (1) year exceed an aggregate of Two Hundred Thousand Dollars ($200,000) in April 1, 1981 dollars.

- **"Capital Improvement Reserve Account"** shall mean that account whose appropriations are derived from or otherwise equivalent to all monies paid for depreciation payments for:

  a) existing improvements; and,
  b) new Capital Improvement Projects or portions thereof paid for from the Capital Improvement Reserve Account, excluding those depreciation payments for the Terminal Project, or any new Capital Improvement Projects or portions thereof financed by County General Obligation Bonds.

- **"Common Use"** shall mean the nonexclusive use in common by Airline and other duly authorized tenants of GMIA and appurtenances together with all facilities, improvements, equipment, and services which have been or may hereafter be provided for such Common Use.

- **"Common Use Formula"** means a formula that prorates Twenty Percent (20%) of a service charge or space rental equally among the Airlines using the service or space and prorates Eighty Percent (80%) of the service charge or space rental among the Airlines using the service or space so that each pays that proportion thereof which the number of its Enplaned Passengers at GMIA bears to the total number of Enplaned Passengers by all Airlines at GMIA during such period.

- **"Common Use Space"** means the areas leased by County to Airline for use by Airline in common with all other air transportation companies, whether or not signatory to the Agreement.

- "**Concessionaire**" means a person having an agreement, permit, contract, or other fee arrangement with County entitling the person to carry on a business on the Airport System, other than the business of transportation by aircraft, or to furnish materials to or to perform services for other persons on the Airport System, other than transportation by aircraft on the Airport System.

- "**Cost Center**" shall mean a division of activity established by the County as provided for in the Agreement for the purpose of assigning or allocating Airport System revenues and expenses required for the calculation of rentals, fees, and charges.

- "**Cost Center Residuals**" means the amount, either positive or negative, derived by subtracting the total revenues allocated to a Cost Center from the total expenses allocated to such Cost Center, such revenue and expense allocations to be as described in the Agreement.

- "**Enplaned Passengers For Purpose of Calculating Rentals, Fees and Charges**" means all originating passengers boarded at GMIA.

- "**Exclusively Leased Premises**" shall mean Terminal space leased to, used by, or to be leased to or used by or under or to be under the control of Airline, and no other (except as otherwise provided in the Agreement).

- "**Existing General Obligation Bonds**" shall mean the General Obligation Bonds authorized and issued by the County of Milwaukee before the date of the Agreement in whole or in part for Airport System facilities and improvements not for the Terminal Project.

- "**Fiscal Year**" shall mean the then current annual accounting period of the County for its general accounting purposes, which period, at the time of entering into the Agreement, is the period of twelve (12) consecutive calendar months ending with the last day of December of any year.

- "**Future improvements**" shall mean the acquisition and construction of any additional aviation facilities or any additions, extensions, improvements, and betterments to and reconstructions of the Airport System other than the Terminal Project and improvements at Timmerman Airport.

- "**GMIA**" shall mean General Mitchell International Airport, owned and operated by Milwaukee County.

- "**Landing Area**" shall mean those portions of GMIA (exclusive of buildings, hangars, and aircraft storage areas) provided for landing, takeoff, and taxiing of aircraft, approach and turning zones, avigation easements, easements, runways, taxiways, runway and taxiway lights, and other appurtenances in connection therewith.

- "**New Entrant**" shall mean an air carrier or air transportation company that is not an occupant of space in the Terminal or otherwise providing air transportation service to GMIA on or before the date the original Agreements were executed.

- "**Operation and Maintenance Expenses**" shall mean all County's reasonable expenses for operation, maintenance, repairs, ordinary replacement and ordinary reconstruction of the Airport System not capitalized as such items are defined from time to time for the purpose of inclusion in the County's operating budget.

- "**Revenue Landing**" shall mean an aircraft landing at GMIA in conjunction with a flight for which Airline makes a charge or from which revenue is derived for the transportation by air of persons or property, but "Revenue Landing" shall not include any landing of an aircraft which, after having taken off from GMIA, and without making a landing at any other airport, returns to land at GMIA because of meteorological conditions, mechanical or operating causes, or any other reason of emergency or precaution.

- "**Revenues**" shall mean:

  a) all income and revenues from all sources, collected or received by the County in the operation of the Airport System, including without limitation all rentals, charges, landing fees, use charges, and concession revenue received by or on behalf of the County in its capacity as the operator of the Airport System in connection with the operation, improvement, and enlargement of the Airport System, or any part thereof,

  b) all gifts, grants, reimbursements, or payments received from governmental units or public agencies specifically for the Airport System's benefit which are:

     i) not restricted in application to a special purpose; and,
     ii) otherwise lawfully available for the payment of expenses, including expenses related to development, expansion, or improvements;

  c) income received on any investment of monies held in the Capital Improvement Reserve Account shall be returned to the Capital Improvement Reserve Account.

- "**Shared Space**" means the areas leased by County to Airline for use by Airline jointly with one (1) or more (but not all) other air transportation companies, whether or not signatory to the Agreement.

- "**Signatory Airline(s)**" shall mean those Airlines which have signed an Agreement.

  Each Signatory Airline is entitled to use, in common with others authorized so to do, of GMIA and appurtenances, together with all facilities, equipment, improvements, and services which have been or may hereafter be provided at or in connection with GMIA for common use.

TERM

The Agreements and all rights therein granted to the Airlines became operative and effective as of the date of execution and terminate on September 30, 2010.

GENERAL COMMITMENT

For and in consideration of Lessor's ongoing costs and expense in constructing, developing, equipping, operating, and maintaining the Airport System, Lessee agrees to make a long-term commitment to Lessor to pay such rentals, fees, and charges as will enable Lessor to recover the cost of same by paying rentals, fees, and charges for its use, operation, and occupancy of GMIA premises and facilities, and the services appertaining thereto, in an amount which, together with rentals, fees, and charges paid by other users of GMIA premises and the Airport System and revenues from all sources as herein defined, will be sufficient to produce total Gross Revenues in each Fiscal Year required to completely offset Lessor's Operations and Maintenance Expenses as well as depreciation on existing Airport facilities, bond principal on general airport revenue bonds issued for airport capital projects funded after 2000, and annual principal and interest charges for the Terminal Project. In consideration of this commitment, Lessor agrees to develop and collect revenues from other users of the Airport System through the application and imposition of rentals, fees, and charges.

IDENTIFICATION OF COSTS

Lessor shall keep records which include costs relating to the construction, equipping, operation, and maintenance of all Airport System lands and facilities by utilization of "Cost Centers". Such Cost Centers include the Terminal, Airfield, Aprons, Roads and Grounds, Air Freight and Security. The components of said Cost Centers may be modified from time to time by Lessor's Airport Director, provided modifications are not contrary to County-wide management, accounting, and budgetary principles. Allocations of revenues and expenses to Cost Center components and their functions shall be as shown in the Agreement as modified from time to time as mutually agreed to by the AAAC and County's Airport Director, so long as said modifications are not contrary to County-wide management, accounting, and budgetary principles.

PAYMENTS BY LESSEE

1) Lessor will, from and after the effective date of the Agreement, bill, and Lessee agrees to pay, the following rentals, fees, and charges for its use, operation, or occupancy (or right to use, operate, or occupy) GMIA premises and facilities at

the times, for the purposes, and calculated in the manner specified and in an amount sufficient to meet the General Commitment:

a) Rental Fee for the right to use and occupy Terminal Building space as presently constituted or as constituted in the future; plus,
b) Landing Fees for the use of GMIA airside facilities; plus,
c) A charge for providing and administering FAR Part 107.4 Security as applicable; plus,
d) Apron use charge(s); plus,
e) Tenant finishes charges; and plus,
f) Other charges pursuant to this Agreement.

2) To the fullest extent possible, Lessor shall apply for and make use of federal and state grants for the development of GMIA.

FORMULAE FOR CALCULATION OF LANDING FEE RATES

The Signatory Airlines are responsible for paying landing fees in an amount necessary to recover the Airfield net deficit, which is defined in the Agreement as total annual Airfield expenses, minus a credit for non-signatory airline revenues and non-airline revenues. Airfield expenses are listed below:

- Bond (Principal for General Airport Revenue Bonds issued after 2000)
- Administration
- Operations
- Fire Protection
- Security
- Repairs and Maintenance
- Contract Services
- Insurance
- Materials and Supplies
- Professional Services
- Equipment Rental
- Utilities
- Architectural and Engineering
- Depreciation
- Principal (for Bonds issued in 2000 and subsequent years)
- Interest

The Airfield net deficit used for purposes of establishing the landing fee rate is computed by reducing the Airfield expenses listed above by the following revenue credits:

- General aviation, military and non-signatory airline landing fees
- Fuel flowage fees
- Hangar Rent
- Fixed Base Operators Rent
- Tank Farm

- Catering
- Utilities
- Miscellaneous

The signatory landing fee rate is calculated as the Airfield net deficit divided by the projected total aircraft landed weight in thousand pound units. Non-signatory airlines are charged a landing fee that is 120% of the fee charged to signatory airlines, and cargo carriers signatory to a long-term cargo apron lease are charged a landing fee that is 105% of the fee charged to signatory airlines.

Prior to the beginning of each year, Airport System management estimates the Airfield net deficit for the year based on budgeted Airfield expenses and the offsetting revenue credits. GMIA conducts a mid-year review in July of each year to compare the budgeted amounts with actual expenses and revenues received to date. If the review indicates that there will be a variance of ten percent (10 %) or more, Airport System management makes rate adjustments as needed. If the variance is less than ten percent (10 %), the County's Airport Director may make rate adjustments to rentals, fees and charges if mutually agreeable to both County and AAAC, made effective August 1 for the balance of the year. Within 75 days after the end of the year, the actual expenses and revenues are compared to the amounts collected during the previous year. Any deficiency in the amounts collected from the Airlines is added to the Airlines' monthly payments due during the last six months of the current year. If the amount collected was higher than the actual net deficit, the difference is credited against the Airlines' payments due during the last six months of the current year.

FORMULAE FOR THE CALCULATION OF LESSEE TERMINAL, BUILDING RATES

The Signatory Airlines pay annual terminal rent in an amount necessary to recover the Terminal net deficit. The Terminal net deficit is computed by aggregating all expenses for the Terminal cost center and the Roads and Grounds cost center, and deducting certain revenues that are used to offset these expenses. Expenses for both the Terminal Cost Center and the Roads and Grounds Cost Center are listed below:

- Annual Terminal Cost Recovery amount
- Bond (Principal for General Airport Revenue Bonds issued after 2000)
- Administration
- Operations
- Fire Protection
- Maintenance
- Security
- Repairs and Maintenance
- Contract Services
- Insurance
- Materials and Supplies
- Equipment Rental
- Interest

- Utilities
- Architectural and Engineering
- Depreciation

The Annual Terminal Cost Recovery amount listed above represents the annual amount the Airport System recovers from the airlines as reimbursement for a major Terminal expansion project, the total cost of which was $30.8 million and was completed in 1985. The capital costs plus interest are being recovered from the airlines over a period of 25 years, through 2010.

The Terminal net deficit is computed by reducing the aggregate Terminal and Roads and Grounds expenses listed above by the following revenue credits:

- Non-Airline terminal rentals
- Terminal Concession
- Public parking
- Hangar Rent
- Fixed Base Operator Rent
- Rental Cars
- Taxi/Limo
- Non-Aviation Lands
- Utility Resale
- Government Rent
- Miscellaneous

Rental charges for Terminal space occupied by the Signatory Airlines are based on a unit of measure called the equivalent rental unit (ERU). The number of ERUs leased by the Signatory Airlines is determined by multiplying the square footage of each type of space by weighting factors that are based on the relative cost of providing that type of space. The Terminal net deficit is divided by the number of ERUs leased to airline tenants to derive the airline terminal rental rate. Non-signatory airlines are charged a Terminal rental rate that is 120% of the rate charged to Signatory Airlines for similar space.

Prior to the beginning of each year, Airport System management estimates the Terminal net deficit for the year based on budgeted Terminal and Roads and Grounds expenses and the offsetting revenue credits. GMIA conducts a mid-year review in July of each year to compare the budgeted amounts with actual expenses and revenues received to date. If the review indicates that there will be a variance of ten percent (10 %) or more, Airport System management makes rate adjustments as needed. If the variance is less than ten percent (10 %), the County's Airport Director may make rate adjustments to rentals, fees and charges if mutually agreeable to both County and AAAC, made effective August 1 for the balance of the year. Within 75 days after the end of the year, the actual expenses and revenues are compared to the amounts collected during the previous year. Any deficiency in the amount collected from the Airlines is added to the Airline's monthly payments due during the last six months of the current year. If the amount collected was higher than the actual net deficit, the difference is credited against the Airline's payments due during the last six months of the current year.

APRON USE CHARGE

Signatory Airlines pay annual Apron fees equal to the net deficit for the Apron cost center. The net deficit is calculated as total Apron expenses minus non-airline revenues and adjustments. Apron expenses are listed below:

- Administration
- Bond (Principal for General Airport Revenue Bonds issued after 2000)
- Operations
- Maintenance
- Security
- Repairs and Maintenance
- Contract Services
- Insurance
- Materials and Supplies
- Equipment Rental
- Depreciation
- Architectural and Engineering

The Apron net deficit (used for computing the Apron fees) is computed by reducing the Apron expenses listed above by the miscellaneous Apron revenues. The Apron fee rate is calculated as the Apron net deficit divided by the linear footage of gate positions. Non-signatory airlines pay an apron fee rate that is 120% of the rate charged to signatory airlines.

Prior to the beginning of each year, Airport System management estimates the Apron net deficit for the year based on budgeted Apron expenses and the offsetting revenue credits. GMIA conducts a mid-year review in July of each year to compare the budgeted amount with actual expenses and revenues received to date. If the review indicates that there will be a variance of ten percent (10 %) or more, Airport System management makes rate adjustments as needed. If the variance is less than ten percent (10 %), the County's Airport Director may make rate adjustments to rentals, fees and charges if mutually agreeable to both County and AAAC, made effective August 1 for the balance of the year. Within 75 days after the end of the year, the actual expenses and revenues are compared to the amounts collected during the previous year. Any deficiency in the amount collected from the Airlines is added to the Airline's monthly payments due during the last six months of the current year. If the amount collected was higher than the actual net deficit, the difference is credited against the Airline's payments due during the last six months of the current year.

PAYMENT OF CHARGES

The Airlines are required to provide, on or before the tenth day of each month, a verified statement on a form agreeable to or provided by Lessor containing data required to compute the fees as established above for the previous month. The Airlines are required to pay all such fees within fifteen (15) days after receipt of an invoice from Lessor therefore.

DEFAULT FOR FAILURE TO PAY RENTALS, FEES, AND CHARGES

In the event an Airline fails to pay any rentals, fees, and charges under the Agreement within ninety (90) days of the due date, Lessor may, upon fifteen (15) days written notice, repossess the same of Lessor's former estate and expel the Airline, with the Airline continuing to be liable for rentals, fees and charges under the Agreement until another Airline leases the premises.

COMMITMENT FOR AIRPORT REVENUES

Lessor covenants and agrees that insofar as legally permitted to do so under Federal and State law, all revenues and receipts from rents, fees, charges, or income from any source received or accruing to the Airport System shall be used exclusively by Lessor for Airport System purposes.

ANNUAL READJUSTMENT OF RENTALS FEES AND CHARGES

The rentals established in the Agreement are subject to readjustment annually, such readjustment being effective on January I of each succeeding base period. There is also provision for a mid-year review of actual expenses and revenues received as compared to budget. If this review indicates that revenues will exceed or fall short of projected revenues by ten (10) percent or more, the Airport Director is authorized to adjust the rates. If the disparity is less than ten percent (10%), approval of the Airline Airport Affairs Committee (AAAC) and the County is required.

MAINTENANCE AND OPERATION BY COUNTY

Except as otherwise specifically provided in the Agreement, County, during the term of the Agreement, shall with reasonable diligence and with adequate, efficient and qualified personnel, operate, maintain, and keep in good repair the Airport Terminal Building, terminal apron, landing area, all appurtenances, facilities, and services connected with the foregoing. County, except for conditions beyond its control, shall keep GMIA free from obstructions, including the clearing and removal of snow, grass, stones, or other foreign matter, as reasonably necessary and with reasonable promptness, from the runways, taxiways, and loading areas and areas immediately adjacent to such runways, taxiways, and loading areas, for the safe, convenient, and proper use of GMIA by Airline, and shall maintain and operate GMIA in all respects in a manner at least equal to the highest standards or rating issued by the Federal Aviation Administration for airports of substantially similar size and character and in accordance with all rules and regulations of the Federal Aviation Administration (FAA) and any other governmental agency having jurisdiction thereof. Provided that nothing contained in the Agreement shall be deemed to require County to enlarge the Airport to make extensions or additions to the landing areas, runways, taxiways or other appurtenances of the Airport.

The maintenance and operation obligations assumed by County under the Agreement shall not obligate County, to repair or rebuild any of said facilities at GMIA in the event of damage by the elements, fire, explosion, or other causes beyond the control of County.

RULES AND REGULATIONS

County shall have the right to and shall adopt from time to time and enforce reasonable rules and regulations of general application, which Airline agrees to observe and obey, with respect to the Airline use of GMIA and its facilities, provided that such rules and regulations shall not be inconsistent with safety and with the Agreement and with rules, regulations, and orders of the FAA and with the procedures prescribed or approved from time to time by the FAA with respect to the operation of Airline's aircraft.

INSURANCE BY COUNTY

County shall insure or cause to be insured at all times during the term of the Agreement, with a responsible insurance company, companies, or carriers authorized and qualified under the laws of the State of Wisconsin to assume the risk thereof, to the extent insurable, all of County's buildings, structures, fixtures and fixed equipment on the Airport System against direct physical damage or loss from fire and against the hazards and risks covered under extended coverage in an amount of the replacement value of the property so insured not to exceed Sixty Million Dollars ($60,000,000), provided, however, that County may self-insure the first Fifty Thousand Dollars ($50,000) of the value thereof and if it shall do so, and if there shall be a physical damage or loss from fire or hazards or risks of less than Fifty Thousand Dollars ($50,000), the said loss shall become part of the residual cost for the year of said loss and charged against the appropriate Cost Center; provided further that if at any time County shall be unable to obtain insurance coverage to the extent above required, County shall maintain such insurance to the extent reasonably obtainable. The foregoing limit of Sixty Million Dollars ($60,000,000) may be increased by County from time to time as County shall feel is necessary to increase the limits on its excess insurance policy in order to adequately insure the replacement value of said buildings and facilities.

DAMAGE, DESTRUCTION, ABATEMENT

1) In the event that a casualty causes destruction of or damage to any building or portion thereof assigned to Airline, the County shall rebuild, replace, or repair such portion with due diligence, within the amount of insurance funds available therefore plus the amount of self-insurance, unless AAAC and the County find that such rebuilding, replacement, or repair would be imprudent under the circumstances.

2) If such destruction or damage to any building or portion thereof renders the space assigned to Airline untenantable in whole or in part, and such destruction or damage is not the result of Airline's negligence or willful act, then Airline's rentals, fees, and charges shall be abated from the date of such destruction or damage and continue until such building or portion thereof is rebuilt, replaced, or repaired. Any such abatement shall be made on an equitable basis, giving consideration to the amount of area and character of the building, the use of which is denied to Airline.

3) In the event the County and AAAC find it imprudent to rebuild, replace, or repair such damage, and no repair, replacement, or rebuilding is undertaken by the

County within ninety (90) days from the date of such damage, then the Agreement shall be automatically amended as of the date of such damage to delete the affected space of the building assigned to Airline.

AIRLINE AIRPORT AFFAIRS COMMITTEE (AAAC)

1) The AAAC shall be comprised of one (1) representative per Signatory Airline who is authorized to represent and vote on items subject to the AAAC review, approval, or concurrence. Each Signatory Airline shall advise the County's Airport Director of the name of the principal representative and not more than two (2) alternate representatives to the AAAC. Voting action of the AAAC requires at least Fifty-one Percent (51%) in number of the Signatory Airlines which, at the time voting action is required by the Agreement, have collectively paid more than Fifty-one Percent (51 %) of the following:

   a) Terminal rentals, fees, and charges payable directly to County by all Signatory Airlines to the Agreement during the most recent six (6) month period; and

   b) Landing fees payable directly to County by all Signatory Airlines to the Agreement during the most recent six (6) month period during which none of the Signatory Airlines experienced schedule reductions at GMIA because of labor disputes.

2) It is intended that the AAAC be provided an opportunity to review and in certain circumstances approve Capital Improvement Projects. The procedure allows, in any fiscal year, the timely review of anticipated Capital Improvement Projects which individually are estimated to cost in excess of One Hundred Thousand Dollars ($100,000) or which together aggregate in excess of Two Hundred Thousand Dollars ($200,000) (April 1, 1981 dollars) by the AAAC.

   a) If GMIA decides to initiate a Capital Improvement Project, then the County's Airport Director shall submit a report on each Capital Improvement Project to the AAAC. The report shall include for each project an estimate of its construction and operating costs, description of work proposed, its benefits and funding source. Subsequent to receipt of said report, the following current procedural steps have been established:

      i) AAAC Action: Approve; Disapprove; No Comment: Within thirty (30) days of receipt of report.

      ii) Thereafter, AAAC shall have the right to appear before the appropriate County officials or committees that schedule the matter for the purpose of commenting on any Capital Improvement Project.

   b) Each Capital Improvement Project referred to in (a) above shall be deemed approved unless written disapproval is received by the County's Airport Director within thirty (30) days of AAAC receipt of the Capital Improvement Project report. The AAAC and County's Airport Director may at any time during the foregoing procedural steps meet to discuss Capital Improvement Projects. The AAAC may, notwithstanding any prior written disapproval, rescind such action and approve in writing any Capital Improvement Project. The AAAC may appear before, comment, object, support, or propose Capital Improvement Projects at any of the County's established procedural steps.

c) County may resubmit substantially the same Capital Improvement Project in the second fiscal year for AAAC action; the aforesaid procedural steps shall again be followed.

d) County may proceed with any disapproved Capital Improvement Project at any time during the first two (2) fiscal years budget submissions, provided, however, that subject to subparagraph (f) hereof, the cost of said Capital Improvement Project shall not at any time, directly or indirectly, become part of the calculation of residual rates charged Signatory Airlines. However, if an Airline shall occupy and/or use the Improvement, it shall pay such rentals, fees, and charges as shall be set by County.

e) After the second fiscal year budget submittal, should the County remain desirous of proceeding with a Capital Improvement Project disapproved by AAAC previously, the aforesaid procedural steps shall again be followed.

f) County may proceed with any Capital Improvement Project during the third fiscal year budget submission without AAAC approval and include its costs in the calculation of the airline rentals, fees, and charges.

g) Notwithstanding any provision of the Agreement, County may proceed with any Capital Improvement Project without AAAC approval, and include its costs in the calculation of the Airline rentals, fees, and charges if deemed necessary by the County in the following events:

   i) To replace/repair existing facilities due to fire, natural disaster, acts of God, or accidental destruction of facilities provided that AAAC is notified; and such costs to the extent covered by insurance and/or self-insurance shall be offset from these proceeds;

   ii) To ensure compliance with a rule, regulation, or order of any federal, state, or other governmental agency (exclusive of County);

   iii) To permit the continued operation and maintenance of the Airport System when the operation is impacted by previously unanticipated or unusual circumstances of an emergency nature;

iv) To satisfy judgments against the County rendered by a court of competent jurisdiction. County will give consideration to AAAC written request that it appeal such judgment.

h) Capital Improvement Projects which are approved by AAAC pursuant to steps (a) through (d) above or undertaken by County pursuant to steps (f) and (g) above may be funded from the Capital Improvement Reserve Account, or from other sources.

RIGHTS AND PRIVILEGES RESERVED BY COUNTY

The County, in addition to any rights herein retained by it, reserves the following privileges.

1) Subject to the provisions set forth above relating to AAAC approval of Capital Improvement Projects, the right to further develop or improve the landing area and other portions of the Airport System as it sees fit, regardless of the desires or views of the Airline and without interference or hindrance. If feasible, such improvements shall be made in a manner as to cause Airline as little inconvenience as possible. County agrees to consider the recommendations and requests of AAAC in the future development of the Airport System.

2) The right to take any action it considers necessary to protect the aerial approaches of the Airport System against obstruction, together with the right to prevent the Airline from erecting or permitting to be erected any building or other structure on the Airport System which, in the opinion of the County, would limit the usefulness of the Airport System or constitute a hazard to aircraft.

3) The right during the time of war or national emergency to lease the Airport System or any part thereof to the United States Government for military or naval use; and, if any such lease is executed, the privileges of the Agreement insofar as they are inconsistent with the privileges of the lease to the Government shall be suspended. If the foregoing shall occur, there shall be a reasonable and proportionate abatement of the rentals, fees, and charges provided herein during the period.

4) Subject to the provisions set forth above relating to AAAC approval of Capital Improvement Projects, the right to make structural changes and other modifications to the Terminal Building as it sees fit and in the best interests of the County and the traveling public. Such changes and modifications shall be made in a manner compatible with the requisites of a proper and efficient operation of the Terminal Building and, if feasible, in such manner as to cause the airline companies using said Terminal Building as little inconvenience as possible. County agrees to consider the recommendations and requests of AAAC in future development of the Airport System.

5) If a New Entrant shall request the privilege of serving GMIA as an air carrier or air transportation company and space or accommodation shall first not be available from County or then not available from another air carrier or air

transportation company, County's Airport Director may direct the Airline to accommodate the New Entrant. After New Entrant has demonstrated to County's Airport Director that it has contacted all Signatory Airlines and has exhausted all reasonable efforts and has been unable to obtain such space or accommodations, then the County's Airport Director shall first notify all Airlines that a New Entrant desires to lease space or otherwise be accommodated and has demonstrated to the satisfaction of the Airport Director that it has been unable to do so. At that time, County's Airport Director shall request that the Airlines provide such space within thirty (30) days. If New Entrant is not accommodated by Airlines within said period, the County's Airport Director will select an Airline and give that Airline thirty (30) days written notice to accommodate the New Entrant and provide an explanation why Airline was selected. The Airline shall have the first ten (10) days after notice to comment on or dispute such selection. The direction referred to above shall become effective, subject to the following conditions, unless thereafter modified by the County's Airport Director:

a) Airline shall share its leased facilities and, at its option, provide handling operations.

b) Where practicable, Airline shall not be required to accommodate a New Entrant offering directly competing service to areas served by Airline.

c) In case of a conflict between schedules of Airline and the New Entrant, the Airline shall have preferential use of its personnel and its leased facilities.

d) The Airline may assess the New Entrant reasonable fees and charges under an appropriate contract for services rendered to, or leased facilities shared with, New Entrant and which shall be based on Airline's direct and indirect costs plus a reasonable allowance for administration and profit, said profit earned only from non-GMIA facilities.

CANCELLATION BY COUNTY

The County may cancel the Agreement by giving Airline sixty (60) days advance written notice, to be served as hereinafter provided, upon or after the happening of any one of the following events:

1) The filing by Airline of a voluntary petition in bankruptcy.

2) The institution of proceedings in bankruptcy against Airline and the adjudication of Airline as a bankrupt pursuant to such proceedings.

3) The taking by a court of jurisdiction of Airline and its assets pursuant to proceedings brought under the provisions of any Federal reorganization act.

4) The appointment of a receiver of Airline's assets.

5) The divestiture of Airline's estate in the Agreement by other operation of law.

6) The abandonment by Airline of its conduct of air transportation at GMIA for a period of ninety (90) days.

7) The default by Airline in the performance of any covenant or agreement herein required to be performed by Airline other than failure to pay rentals, fees, and charges when due for which provision is made in Article IV of the Agreement, and the failure of Airline to remedy such default for a period of sixty (60) days after receipt from the County of written notice to remedy the same; provided, however, that no notice of cancellation, as above provided, shall be of any force or effect if Airline shall have remedied the default or shall have initiated within the sixty (60) day period such actions as necessary that will remedy the default within a reasonable period of time as determined by County's Airport Director prior to receipt of County's notice of cancellation.

8) The lawful assumption by the United States Government or any authorized agency thereof of the operation, control, or use of GMIA and facilities, or any substantial part or parts thereof, in such a manner as substantially to restrict Airline for a period of at least ninety (90) days from operating thereon for the carrying of passengers, cargo, property, and United States mail.

9) In addition to the foregoing, all rights, privileges, or interests acquired under the Agreement by the Airline may, at the option of the County Board, following written notice of ninety (90) days, be suspended or finally terminated if such suspension or termination is found by the County Board, after exhausting all reasonable remedies, acting in good faith, to be necessary to maintain County eligibility for federal and state financial aid.

No waiver of default by the County of any of the terms, covenants, or conditions hereof to be performed, kept, and observed shall be construed to be or act as a waiver of any subsequent default of any of the terms, covenants, and conditions herein contained to be performed, kept, and observed by Airline. The acceptance of rentals, fees, and charges by the County for any period or periods after a default of any of the terms, covenants, and conditions herein contained to be performed, kept, and observed by the Airline shall not be deemed a waiver of any right on the part of the County to cancel the Agreement for failure by Airline to so perform, keep, or observe any of the tern¨is, covenants, or conditions of the Agreement.

CANCELLATION BY AIRLINE

Airline may cancel the Agreement any time that Airline is not in default in its payments to County hereunder by giving County sixty (60) days advance written notice, to be served as hereinafter provided, upon or after the happening of any one of the following events:

1) Upon failure or refusal of the FAA, at any time during the term of the Agreement, to permit Airline to operate into or from GMIA.

2) Issuance by any court of competent jurisdiction of an injunction over which the Airline has no control that prevents the use of GMIA for airport purposes, so as to prevent the Airline from functioning as an air carrier or air transportation

company, and the remaining in force of such injunction for a period of at least nine (9) months. After the foregoing shall exceed ninety (90) days, there shall be a reasonable and proportionate abatement of the rentals, fees, and charges provided herein during the period.

3) The inability of Airline to use, for a period in excess of one (1) year, GMIA or any of the premises, facilities, rights, licenses, services, or privileges leased to Airline hereunder because of fire, explosion, earthquake, other casualty, or acts of God, provided that same is not caused by negligence or willful acts or failure to act on the part of Airline.

4) The default by County in the performance of any covenant or agreement required to be performed by County and the failure of County to remedy such default for a period of sixty (60) days after receipt from Airline of written notice to remedy the same; provided, however, that no notice of cancellation, as above provided, shall be of any force or effect if County shall have remedied the default or shall have initiated within the sixty (60) day period such actions as necessary that will remedy the default within a reasonable period of time as determined by Airline prior to receipt of the Airline's notice of cancellation.

5) The lawful assumption by the United States Government or the State of Wisconsin, or any authorized agency of either, of the operation, control, or use of the Airport and facilities, or any substantial part or parts thereof, in such a manner as substantially to restrict Airline, for a period of at least nine (9) months, from operating thereon for the carrying of passengers, cargo, express, property, and United States mail. After the foregoing shall exceed thirty (30) days, there shall be a reasonable and proportionate abatement of the rentals, fees, and charges provided herein during the period.

6) The permanent, involuntary suspension or the permanent, involuntary revocation of the operating authority of the Airline to serve Milwaukee through GMIA by final order of the Civil Aeronautics Board or other governmental agency, Federal or State, having jurisdiction over Airline.

Airline's performance of all or any part of the Agreement for or during any period or periods after a default of any of the terms, covenants, and conditions contained in the Agreement to be performed, kept, and observed by County shall not be deemed a waiver of any right on the part of Airline to cancel the Agreement for failure by County so to perform, keep, or observe any of the terms, covenants, or conditions contained in the Agreement to be performed, kept, and observed. No waiver or default by Airline of any of the terms, covenants, or conditions contained in the Agreement to be performed, kept, and observed by the County shall be construed to be or act as a waiver by Airline of any subsequent default of any of the terms, covenants, and conditions contained in the Agreement to be performed, kept, and observed by the County.

INDEMNITY

Airline agrees to fully indemnify, save, and hold harmless the County, the Milwaukee County Executive, the Milwaukee County Board of Supervisors, the Transportation and Public Works Committee of said Board or its successor committee, and the officers, agents, and employees of County from and against all claims, liabilities, judgments, damages, and costs and all expenses incidental to the investigation and defense thereof which may accrue against, be charged to, or recovered from County by reason of or account of or arising out of death, damages, or injuries to third persons or their property or damage to the property of the County caused by the fault or negligence of Airline, its agents, or employees and arising out of the use and occupancy of their operations at GMIA, including acts of joint negligence of the Airline and its agents, but the Airline shall not be liable for any injury or damage or loss occasioned by the negligence of County, its agents or employees. Airline shall be given prompt and reasonable notice of any claim made or actions instituted which in any way affect the Airline or its insured, and the Airline shall have the right to investigate, compromise, and defend the same to the extent of its own interests. Any final judgment rendered against County for any cause for which Airline is liable under the Agreement shall be conclusive against Airline as to liability and amount.

Airline agrees that it shall, at its own expense, keep in force a policy or policies of public liability insurance of the following types and in not less than the following amounts, or such greater amounts as Airline may carry from time to time, to be issued by a company or companies of sound and adequate financial responsibility, insuring Airline and County from the claims, liabilities, judgments, and damages aforesaid arising out of the Airline's use and occupancy of and their operations at GMIA, including acts of joint negligence of the Airline, its agents and any person other than the County or its agents, but excluding the acts of negligence of the County, its agents or employees. The Airline shall furnish to County evidence of such insurance, naming the County, the Milwaukee County Executive, the Milwaukee County Board of Supervisors, the Transportation and Public Works Committee of said Board or its successor committee, and the officers, agents, and employees of same as additional named insured thereunder subject to the limitations set forth above in respect to the County's negligence, to wit:

Comprehensive Aircraft Liability Insurance, Including Aircraft Liability, in respect of all aircraft owned, used, operated or maintained by Named Insured	
Bodily Injury, Property Damage, including Passenger Liability	$100,000 each accident for jet aircraft; $25,000,000 each accident for non jet aircraft
Comprehensive General Liability, in respect of all Ground Operations, Products and Completed Operations	
Bodily Injury	$1,000,000 each accident
Property Damage	$1,000,000 each accident
Comprehensive Automobile Liability in respect of all Owned, Hired and Non-Owned Automobiles	
Bodily Injury and Property Damage	$1,000,000 each accident
Worker's Compensation (WI)	Statutory
Or Proof of All States coverage Employers Liability	$100,000/$500,000/$100,000

County Board may authorize adjustments in the foregoing limits, taking into consideration risk factors.

Airline will furnish County's Airport Director with proper certification that such insurance is in force and will furnish additional certification as evidence of changes in such insurance not less than ten (10) days prior to any such change if the change results in a reduction in coverages.

Airline will furnish to County's Airport Director satisfactory evidence that it carries compensation insurance as required under the Worker's Compensation Act of Wisconsin (Ch. 102 of the Wisconsin Statutes) and the provisions thereof and all acts amendatory thereto and supplemental thereof.

Airline will also furnish to County's Airport Director satisfactory evidence that it carries unemployment insurance pursuant to the requirements of the statutes of the State of Wisconsin.

County agrees, to the extent of its statutory liability under Section 893.80(3) Wisconsin Statutes, to indemnify, save, and hold harmless the Airline and the officers, agents, and employees of Airline from and against all claims, liabilities, judgments, damages, and costs and all expenses incidental to the investigation and defense thereof which may accrue against, be charged to, or recovered from Airline by reason of or account of or arising out of death, damages, or injuries to third persons or their property or damage to the property of the Airline caused by the fault or negligence of County, its agents, or employees and arising out of the use and occupancy of its operations at GMIA, including acts of joint negligence of the County and its agents, but the County shall not be liable for any injury or damage or loss occasioned by the negligence of Airline, its agents or employees. County shall be given prompt and reasonable notice of any claim made or actions instituted which in any way affect the County, and the County shall have the right to investigate, compromise, and defend the same to the extent of its own interests. Any final judgment rendered against Airline for any cause for which County is liable under the Agreement shall be conclusive against County as to liability and amount.

CONFORMITY OF AGREEMENT

In the event that County shall enter into any similar agreement or contract with any other air carrier or air transportation company holding a similar Airline Agreement containing more favorable terms, rights, or privileges than this Agreement, then the same shall be concurrently and automatically made available to Airline. Without limiting the generality thereof, the foregoing shall not be construed to limit the right of County to enter into agreement with any Airline at varying terms, rates, and conditions for leasing hangars, ground areas, and granting of other such rights as are provided under Article II, Paragraph A. (10) of the Agreement.

CAPITAL IMPROVEMENT RESERVE ACCOUNT

The County is required to create and maintain a GMIA Capital Improvement Reserve Account during the term of the Agreement. The annual appropriations are to be equal to (1)(a) depreciation payments for existing GMIA improvements and new Capital Improvement Projects or portions thereof paid for from the GMIA Capital Improvement Reserve Account, (b) income received from the investment of monies in the Account, (c) the value of the County's one-half share of the Beneficial Occupancy Multiplier provided for in the Agreement which is in excess of the base rate, (2) minus the amount of any annual payments due on principal for Existing General Obligation Bonds issued for GMIA improvements. Such Account shall be used to finance future GMIA Capital Improvement Projects or portions thereof, as appropriations permit. It is the intent of the parties that improvements be depreciated over their useful life on a straight-line basis. The County Accounting System will not include depreciation or bond principal costs for those portions of improvements paid for by monies from federal or state grants specifically provided for that purpose. This Account became effective in January, 1982.

The Capital Improvement Reserve Account monies, excluding interest earned on account balances, used by County to offset net County Project construction costs shall be repaid to the account beginning the year after the year the last payment is made on Terminal Project bonds. In that year, the accounts shall be paid in addition to normal appropriations, amounts equal to the 1982 monies used, excluding account interest, to offset net County Project construction costs. In the subsequent year, additional appropriations shall be made for 1983 monies used as above, and in the following two (2) years for 1984 and 1985 monies, respectively.

In the event County borrows money to construct capital improvements due to a deficiency in the Capital Improvement Reserve Account caused by payment of net Terminal Project construction costs, then the repayment of the borrowed money and associated interest shall be paid from said account. The interest for any borrowed monies beyond the amount used to offset net Terminal Project construction costs shall be included as part of the rate base in determining residual costs.

MANAGEMENT RIGHT

The County of Milwaukee retains and reserves the sole right to manage its affairs in the operation of the Airport System in accordance with all applicable laws, ordinances, regulations, and executive orders.

NON-SIGNATORY RATES

In recognition of the fact that Airline and other airlines which are signatory to the Agreement will be making a long-term commitment to pay rentals, fees, and charges for the use and occupancy of GMIA, or the right to use and occupy same, County recognizes the need, appropriateness, and equity of imposing on non-signatory airlines utilizing said Airport, by ordinance or other appropriate method, rentals, fees and charges for all such services and facilities used that are significantly higher than the rentals, fees, and charges being imposed on Airline and other Signatory Airlines pursuant to the Agreement. The non-signatory rates will be adjusted concurrent with the adjustment of the rates of the Signatory Airlines.

OTHER FEES AND CHARGES

The County agrees that, other than as provided for or contemplated by other provisions of the Agreement, or as hereafter authorized or directed by federal or state statutes, no charges, fees, licenses, excise or operating taxes or tolls shall be charged or collected by it, directly or indirectly, from the Airline or its passengers, suppliers of materials, or furnishers of services for the uses authorized under the Agreement, provided, however, that nothing in the Agreement shall be construed to prevent the County from charging persons other than the Airline fees or charges for the privilege of operating concessions for the public or selling products or furnishing services upon GMIA or for any other purpose provided for or authorized in the Agreement.

GMIA AIRLINE PREFERENTIAL USE SIGNATORY LEASE SUMMARY OF REVISIONS TO AIRLINE SIGNATORY LEASE

The Preferential Use Signatory Lease adds definitions of Preferential Use Premises and a Requesting Airline. Preferential Use Premises are defined as those premises leased to an Airline for its use and occupancy on a basis that gives the Airline priority use over all other users, subject to the provisions of the lease agreement and the rules, regulations, and provisions of any federal, state, county and municipal jurisdiction and the lease provisions, including those pertaining to Exclusively Leased Premises and Common Use Premises. A Requesting Airline is defined as any Airline requesting an accommodation for the use of space at GMIA.

The Preferential Use Signatory Lease qualifies an Airline's use of space in and adjacent to the public terminal building as exclusive or preferential. The Airline may use leased space in the Public Terminal Building with respect to which it is granted the exclusive or preferential use under the lease and all such space and leased facilities inside or outside the Public Terminal Building with respect to which it is granted the nonexclusive use under the lease, subject to reasonable and uniform rules and regulations of the County as to the use of such space and facilities.

The Preferential Use Signatory Lease includes the provisions regarding rentals, fees, and charges after the date of substantial beneficial occupancy by adding the requirement that an Airline must make such payments in order to support Outstanding Bond obligations. In consideration of Lessor's ongoing costs and expense in constructing, developing, equipping, operating, and maintaining the Airport System, Lessee agrees to pay Lessor rates, fees, and charges as will enable Lessor, after taking into account revenues derived from other users of the Airport System, to pay the principal of and interest on all Outstanding Bonds now or hereafter issued, to meet any debt service coverage requirements related to such Outstanding Bonds and to fund the funds and accounts established with respect to Outstanding Bonds, and, specifically, to make the required deposits in each Fiscal Year into the Operation and Maintenance Fund, the Special Redemption Fund, the General Obligation Bond Fund, the Operation and Maintenance Reserve Fund, the Coverage Fund and the Capital Improvement Reserve Fund (as defined and described in the General Bond Fund Resolution adopted by the County Board of Supervisors on June 20, 2000). The County may, under the Agreement, impose and collect rates, rentals, fees and charges sufficient so that in each Fiscal Year its Net Revenues will be at least 125% of Debt Service on all Bonds Outstanding including, with duplication, any Credit Facility Obligations.

The Preferential Use Signatory Lease establishes a new procedure for accommodating a New Entrant and expanding air carriers and adds an additional reservation of rights in favor of the Airport to direct the Airline to accommodate a New Entrant or expanding carrier in compliance with any applicable rule, regulation, order or statute of any governmental entity that has jurisdiction over the Airport and to comply with the Airport's obligations under federal grant assurances applicable to the Airport.

The Preferential Use Signatory Lease adds the following new procedure for accommodating a New Entrant and expanding air carriers: The GMIA will request accommodation through an expedited procedure that will allow compliance with a federal, state, or local rule, regulation, order or grant assurance factor. The GMIA'S request for accommodation will be made based on an evaluation of the requirements of such rule, regulation, order, or grant assurance, as well as other factors stated in the Lease, and the alternative least disruptive to the GMIA'S operations. Within ten (10) days of a written notice of the GMIA'S intent to require accommodation, the Airline subject to the request must proceed with the accommodation or notify the GMIA that it wishes to meet and show cause why the accommodation should not be made. If the GMIA elects to proceed with the accommodation after meeting with the Airline, then the GMIA shall give the Airline not less than thirty (30) days notice to accomplish the accommodation.

The GMIA shall direct the Requesting Airline to first request the use of preferentially or exclusively leased space or facilities of the Signatory Airlines on a voluntary basis. Airlines are required to make reasonable efforts to accommodate such requests in a timely manner. The GMIA may grant such Requesting Airline the right of temporary or shared use of all or a designated portion of an Airline's Preferentially Leased Premises, including the use of related passenger loading bridges or any other area as may be required, whether owned by Airline or GMIA, if:

(a) The GMIA receives a written request from a Requesting Airline seeking space or facilities of a type leased to Signatory Airlines as Exclusively or Preferentially Leased Premises; and

(b) The Requesting Airline demonstrates to the GMIA that it has contacted all Airlines Signatory to Exclusively or Preferentially Leased Premises and has exhausted all reasonable made reasonably thorough efforts to find reasonable accommodation for its proposed operations and the space or facilities it needs; and
(c) The GMIA determines that such Requesting Airline is in need of the requested space or facilities to accommodate passengers or aircraft.

In the event the GMIA determines that a Requesting Airline's needs require granting such Requesting Airline the right to share or temporarily use the Preferentially Leased Premises of one or more Signatory Airlines, GMIA shall serve written notice to the affected airlines of that determination and notice of GMIA'S intention to make a further determination as to how the Requesting Airline will be accommodated.

The GMIA may grant the Requesting Airline the right to share or temporarily use all or a designated portion of Airline's Preferentially Leased Premises provided that:
(a) the Requesting Airline provides the accommodating Airline with indemnification and proof of insurance satisfactory to the accommodating Airline provided, however, that the accommodating Airline may not require any indemnification more favorable to it than that which it provides to the GMIA under the terms of the lease; and
(b) the Requesting Airline agrees to pay the accommodating Airline a fee not in excess of 120% of the Airport determined terminal, gate and apron rental fees determined twice yearly by the Airport; and
(c) the Requesting Airline enters into a written agreement with the accommodating Airline, which agreement shall be submitted to the GMIA for written approval prior to its effective date.

In the event that the Requesting Airline and the Accommodating Airline are not able to enter into a written agreement after reasonable efforts by both parties, the GMIA shall have the right, after consultation with both parties, to set the final terms of such written agreement. Such an agreement shall be binding on both the Requesting Airline and the Accommodating Airline.

In the event that the GMIA determines that a Requesting Airline is in need of facilities to accommodate passengers or aircraft, the GMIA will consider the following priorities in designating the specific Preferentially Leased Premises for temporary or shared use by the Requesting Airline:

(a) the average number of flight arrivals and departures per aircraft parking position per day;
(b) flight scheduling considerations;
(c) aircraft parking position locations; and
(d) other operational considerations, including any non-public information provided by the accommodating Airline regarding planned or proposed routes, schedules or operations which shall be treated as confidential by GMIA to the fullest extent permissible by law.

Consistent with applicable federal regulations, the lease is subject to termination by the GMIA if:

(a) the Accommodating Airline has an exclusive lease or use agreement for existing facilities at the GMIA; and
(b) Any portion of the Accommodating Airline's exclusive use facilities are not fully used and are not made available for use by potentially competing air carriers.