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

Subject to compliance by the County and others 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 2010A Bonds*** *(i) is excludible from the gross income of the owners thereof for federal income tax purposes, except for interest on any 2010A Bond for any period during which such 2010A 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, which is used in determining the federal alternative minimum tax on certain corporations. Subject to the compliance by the County and others with certain covenants, under present law, in the opinion of Co-Bond Counsel, interest on the* ***Series 2010B Bonds*** *is excludible from the gross income of the owners thereof for federal income tax purposes, except for interest on any 2010B Bond for any period during which such 2010B 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), 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 2010 Bonds is not exempt from present Wisconsin income or franchise taxes. See "TAX EXEMPTION" herein for a more complete discussion. The 2010 Bonds will not be designated as "Qualified Tax-Exempt Obligations" under Section 265(b)(3) of the Code.*

MILWAUKEE COUNTY, WISCONSIN

$31,570,000
AIRPORT REVENUE BONDS, SERIES 2010A (Non-AMT)

$51,590,000
AIRPORT REVENUE REFUNDING BONDS, SERIES 2010B (AMT)

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

The Airport Revenue Bonds, Series 2010A (Non-AMT) (the "Series 2010A" or "Series 2010A Bonds") and the Airport Revenue Refunding Bonds, Series 2010B (AMT) (the "Series 2010B" or "Series 2010B Bonds") (collectively referred to as the "2010 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, 2011. The 2010 Bonds are subject to optional and mandatory redemption, as more fully described herein.

The 2010 Bonds will be special, limited 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, and any additional airport revenue bonds which may hereafter be issued by the County, as provided in the General Bond Resolution.

The 2010 Bonds will not be a general obligation of the County, nor will the County be obligated to levy any taxes in connection with the 2010 Bonds.

The 2010 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 2010 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 2010 Bonds as described herein.

The 2010 Bonds may not be suitable for all investors. Prospective purchasers of the 2010 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 2010 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 2010 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 2010 Bonds in book-entry form will be available for delivery through DTC, on or about October 14, 2010.

BofA Merrill Lynch **Siebert Brandford Shank & Co., L.L.C.**

The date of this final Official Statement is September 30, 2010.

MATURITY SCHEDULES

$31,570,000
Airport Revenue Bonds, Series 2010A (Non-AMT)

	Maturity (December 1)	Principal Amount	Interest Rate	Yield	CUSIP*
	2015	$ 1,015,000	3.00%	2.14%	602248FZ4
	2016	1,045,000	4.00%	2.47%	602248GA8
	2017	1,090,000	5.00%	2.75%	602248GB6
	2018	1,145,000	5.00%	3.00%	602248GC4
	2019	1,200,000	5.00%	3.21%	602248GD2
	2020	1,260,000	5.00%	3.39%	602248GE0
	2021	1,325,000	5.00%	3.54%	602248GF7
	2022	1,390,000	4.00%	3.76%	602248GG5
	2023	1,445,000	4.00%	3.89%	602248GH3
	2024	1,500,000	4.00%	3.97%	602248GJ9
	2025	1,560,000	4.00%	4.05%	602248GK6
	2026	1,625,000	5.00%	4.00%	602248GL4
	2027	1,705,000	4.00%	4.21%	602248GM2
	2028	1,775,000	4.125%	4.30%	602248GN0
	2029	1,850,000	4.250%	4.39%	602248GP5
Term Bond	2034	10,640,000	5.00%	4.58%	602248GQ3

$51,590,000
Airport Revenue Refunding Bonds, Series 2010B (AMT)

Maturity (December 1)	Principal Amount	Interest Rate	Yield	CUSIP*
2011	$ 3,905,000	2.00%	1.00%	602248GR1
2012	4,085,000	5.00%	1.90%	602248GS9
2013	4,070,000	5.00%	2.18%	602248GT7
2014	4,055,000	5.00%	2.51%	602248GU4
2015	4,035,000	5.00%	2.84%	602248GV2
2016	4,015,000	5.00%	3.12%	602248GW0
2017	3,995,000	5.00%	3.40%	602248GX8
2018	3,975,000	5.00%	3.65%	602248GY6
2019	3,955,000	5.00%	3.86%	602248GZ3
2020	3,925,000	5.00%	4.04%	602248HA7
2021	3,900,000	4.00%	4.22%	602248HB5
2022	3,845,000	5.00%	4.34%	602248HC3
2023	3,830,000	5.00%	4.42%	602248HD1

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

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 2010 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 thereof.

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 2010 BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS AFTER THE 2010 BONDS ARE RELEASED FOR SALE, AND THE 2010 BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE 2010 BONDS INTO INVESTMENT ACCOUNTS. IN CONNECTION WITH THE OFFERING OF THE 2010 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2010 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 2010 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 2010 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.

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MILWAUKEE COUNTY, WISCONSIN

$31,570,000
AIRPORT REVENUE BONDS, SERIES 2010A (Non-AMT)

$51,590,000
AIRPORT REVENUE REFUNDING BONDS, SERIES 2010B (AMT)

INTRODUCTION

This Official Statement is furnished to provide information regarding the $31,570,000 Airport Revenue Bonds, Series 2010A (Non-AMT) (the "Series 2010A" or "Series 2010A Bonds") and the $51,590,000 Airport Revenue Refunding Bonds, Series 2010B (AMT) (the "Series 2010B" or "Series 2010B Bonds") of Milwaukee County, Wisconsin (the "County"). The Series 2010A Bonds and Series 2010B Bonds (collectively, the "2010 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 of the County.

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"). 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.

According to statistics compiled by the Airports Council International ("ACI"), GMIA was ranked 49th in the U.S. in terms of total passengers accommodated in 2009. Total passenger traffic at GMIA has grown steadily since 2002, as evidenced by an average annual growth rate in enplanements of 5.2 percent during the period from 2002 through 2009. However, the first six months of 2010 have seen a significant increase in traffic at the Airport with a 34.1 percent year-over-year increase in enplanements.

The County has entered into a series of similar airline-airport use and lease agreements (the "Current AUA") with 14 airlines (the "Signatory Airlines") providing the terms and conditions upon which the Signatory Airlines use GMIA. The Current AUA expires September 30, 2010 and the County is currently finalizing a new airline-airport use and lease agreement (the "New AUA") with the Signatory Airlines. Together the Current AUA and the New AUA are referred to herein as the "Airline Leases." See "SOURCES OF REVENUES OF THE AIRPORT SYSTEM – Airline Leases" for a more detailed description of the Current AUA and New AUA.

The Series 2010A Bonds are being issued to finance general capital improvements (the "Bond Projects") at GMIA as described in "PLAN OF FINANCE" herein. The Series 2010B Bonds are being issued to refund certain outstanding general airport revenue 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 airport consultant ("Unison" or the "Airport Consultant") has evaluated the financial feasibility of the issuance of the 2010 Bonds. A copy of the Airport Consultant's report (the "Financial Feasibility Report") appears as APPENDIX A hereto and should be read in its entirety.

The 2010 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.")

The Board approved resolutions authorizing the sale of the Series 2010A Bonds on March 18, 2010 and the Series 2010B Bonds on July 29, 2010. The Board is expected to approve supplemental resolutions for the 2010 Bonds on September 30, 2010 (the "Supplemental Resolutions" and together with the General Bond Resolution, the "Resolutions"). 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 2010 BONDS

General

The 2010 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 2010 Bonds is to be computed on the basis of a 360-day year of twelve 30-day months. The payment of interest on the 2010 Bonds shall be made on June 1, 2011 and on each December 1 and June 1 thereafter until maturity or prior redemption (each an "Interest Payment Date"), by check or draft of the Trustee in lawful money of the United States of America 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 principal of the 2010 Bonds shall be made in lawful money of the United States of America only upon presentation at the principal corporate trust office of the Trustee.

The 2010 Bonds are subject to optional redemption prior to maturity as set forth in the Supplemental Resolutions and as described below under the caption "Optional Redemption." The 2010 Bonds are subject to mandatory redemption as described under "Mandatory Redemption."

The 2010 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 2010 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 2010 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 2010 Bonds. (See "BOOK-ENTRY-ONLY SYSTEM" herein.) So long as Cede & Co. is the registered owner of the 2010 Bonds as nominee, references herein to the bondholders, owners or registered owners of the 2010 Bonds shall mean Cede & Co., as aforesaid and shall not mean the beneficial owners of the 2010 Bonds.

Optional Redemption

The 2010 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 2010 Bonds to be redeemed plus accrued interest to the date fixed for redemption. The amounts and maturities of the Series 2010 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 2010 Bonds of that maturity to be redeemed shall be selected by lot.

Mandatory Redemption

Series 2010A Bonds
The Series 2010A Bonds maturing on December 1, 2034 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 table below, at a redemption price equal to 100 percent of the principal amount of such Series 2010A Bonds so to be redeemed plus accrued interest to the date fixed for redemption.

Series 2010A Bonds
Term Bonds Maturing December 1, 2034

Redemption Date (December 1)	Principal Amount
2030	$ 1,925,000
2031	2,020,000
2032	2,125,000
2033	2,230,000
2034 (maturity)	2,340,000

Series 2010B Bonds
The Series 2010B 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 2010 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 2010 Bonds. In the event that less than all of the 2010 Bonds within a maturity are to be redeemed, the respective Resolutions provide that in the selection by lot of 2010 Bonds to be redeemed, the Trustee shall select the particular 2010 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 2010 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 2010 Bonds. Purchases by beneficial owners of the 2010 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-ONLY SYSTEM."

If the 2010 Bonds are no longer held in book-entry-only form, the 2010 Bonds will be transferable at the principal corporate trust office of the Trustee by the registered owner in person or by the owner's attorney duly authorized in writing, upon surrender of the 2010 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 2010 Bond or 2010 Bonds of the same aggregate principal amount and series, interest rate and maturity as the surrendered 2010 Bond. The 2010 Bonds may also be exchanged, alone or with other 2010 Bonds of the same series, interest rate and maturity, at the principal office of the Trustee, for a new 2010 Bond or 2010 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 2010 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 2010 Bonds, nor during the 45 days next preceding the date fixed for redemption of the 2010 Bonds.

SECURITY FOR THE 2010 BONDS

Pledge of Revenues

The 2010 Bonds are special obligations of the County, and are being issued on a parity with the County's currently outstanding bonds (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 [1] (the "Series 2000A");
- Airport Revenue Bonds, Series 2003A (the "Series 2003A");
- Airport Revenue Bonds, Series 2004A (the "Series 2004A");
- Airport Revenue Bonds, Series 2005A (the "Series 2005A");
- Airport Revenue Refunding Bonds, Series 2005B (the "Series 2005B");
- Airport Revenue Bonds, Series 2006A (the "Series 2006A");
- Airport Revenue Refunding Bonds, Series 2006B (the "Series 2006B");
- Airport Revenue Bonds, Series 2007A (the "Series 2007A");
- Airport Revenue Bonds, Series 2009A (the "Series 2009A");
- Airport Revenue Refunding Bonds, Series 2009B (the "Series 2009B").

The principal of and premium, if any, and interest on the 2010 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 Series 2010A Bonds, Passenger Facility Charge revenues ("PFC Revenues") are pledged to payment of the Series 2010A Bonds to the extent that the projects financed by the Series 2010A Bonds are approved for funding with PFC Revenues. In accordance with the supplemental resolution, such PFC Revenues will be deposited in a special account in the Revenue Fund. It is currently expected that approximately 94.5 percent of the project costs being funded by the Series 2010A 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. PFC Revenues are not pledged to the payment of the principal of and interest on the Series 2010B Bonds.

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. In both the Current AUA and the New AUA, the Signatory Airlines 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 and APPENDIX G for a more detailed description of the Current AUA and New AUA, and their respective cost recovery formulae.

Through a ballot process under the Current AUA, the Signatory Airlines have approved the Bond Projects and have agreed to 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 the principal of and interest on the 2010 Bonds as a Debt Service Expense under the Current AUA. In addition, Airport management intends to pay certain of these costs from PFC Revenues to the extent that the Bond Projects are

[1] The 2011-2025 maturities of Series 2000A are being refunded by the Series 2010B Bonds.

approved for funding with PFC Revenues. It is anticipated that approximately $27.8 million of the $29.4 million in Series 2010A project costs will be PFC eligible; therefore, PFC revenues will be pledged to pay a portion of the debt service of the Series 2010A 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 Series 2000A, Series 2003A, Series 2009B, and Series 2010B, but are included in the revenues pledged to Series 2004A, Series 2005A, Series 2005B, Series 2006A, Series 2006B, Series 2007A, Series 2009A, and Series 2010A 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 2010 Bonds and Outstanding Bonds during the then current or any future fiscal year, (ii) 125 percent of the average annual debt service on the 2010 Bonds and Outstanding Bonds, or (iii) 10 percent of the principal amount (as defined in the Resolutions) of all 2010 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 2010 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 2010 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 2010 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 the General Bond Resolution. 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.

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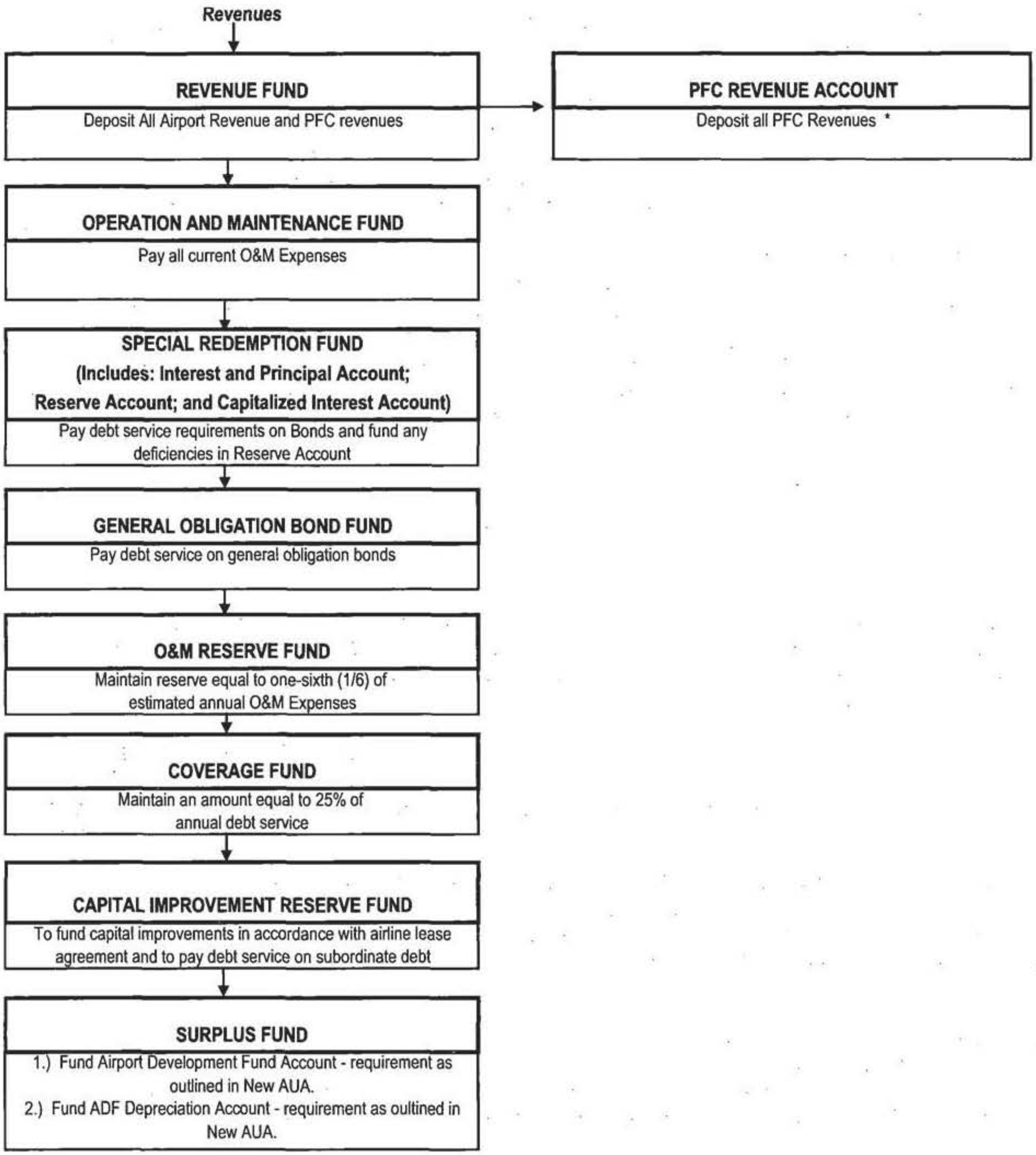
MILWAUKEE COUNTY AIRPORT SYSTEM
APPLICATION OF AIRPORT REVENUE



*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 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 a parity with the 2010 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

The County Board of Supervisors adopted resolutions authorizing the issuance of the Series 2010A Bonds and Series 2010B Bonds, on March 18, 2010 and July 29, 2010, respectively. The County Board of Supervisors is expected to adopt additional Supplemental Resolutions on September 30, 2010. The 2010 Bonds are being issued on a parity with the Outstanding Bonds.

Purpose of the Series 2010A Bonds

The projects to be funded in whole or in part with the proceeds of the Series 2010A Bonds consist of the capital improvements described below.

1. **Snow Equipment Storage Building** – Construct a storage building located in the south maintenance shop area to store snow removal equipment in a heated environment. GMIA recently acquired 12 combination snow plow/broom vehicles to provide more efficient, safer and faster snow removal from runways. The Airport is currently using an aircraft hangar to store these units in a heated environment as a temporary measure.

   This project is eligible for PFC financing and it is expected to be included in the Airport's next application to the FAA ("PFC-17"). The Airport has received significant Airport Improvement Program (AIP) and state funding to assist with project costs. The County's share of project costs will be financed with the Series 2010A Bonds and the associated debt service cost is expected to be paid through PFC Revenues.

2. **Inline Baggage Security – Phase 2** – Construct an elevated structure on the north side of ticketing to house the EDS machines. In order to accommodate the building addition, a reconfiguration of the sheriff's checkpoint will be required. The conveyer system installed in Phase I will be extended to the elevated room with a number of diverters and pushers to ensure an efficient screening process. After bags are screened, the bags will be transferred by conveyer to individual airline carousels. A centralized TSA screening area will also be created as part of this project.

   This project is eligible for PFC financing and it was included in the Airport's most recent application to the FAA ("PFC-16"), for which approval is expected no later than February 1, 2011. The Airport has received significant Airport Improvement Program (AIP), Transportation Security Administration (TSA) funds, and state funding to assist with project costs. The County's share of project costs will be financed with the Series 2010A Bonds and the associated debt service cost is expected to be paid through PFC Revenues.

3. **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. Improvements are to be made near the ends of three runways (1L-19R, 7R-25L and 13-31) in accordance with FAA ordered actions.

   This project is eligible for PFC financing and approval was received by the FAA during 2009. The Airport has received significant Airport Improvement Program (AIP) and state funding to assist with project costs. The County's share of project costs will be financed with the Series 2010A Bonds and the associated debt service cost is expected to be paid through PFC Revenues.

4. **Gate D-52 Renovation** – Gates D-52, D-54, D-55 and D-56 (collectively referred to as Gate D-52) at the southern portion of the Concourse D Hammerhead were designed and constructed for ground level passenger boarding. In order to accommodate other larger narrow-bodied aircraft typically used by carriers, the ground level gates will be modified for concourse level boarding and equipped with new jet bridges.

   This project is eligible for PFC financing and it is expected to be included in the Airport's PFC-17 application to the FAA. The Airport has received significant Airport Improvement Program (AIP) and state funding to assist with project costs. The County's share of project costs will be financed with the Series 2010A Bonds and the associated debt service cost is expected to be paid through PFC Revenues.

5. **Parking Structure Relighting** – The existing lighting fixtures in the original parking structure and the 1990 addition are high-pressure sodium fixtures original to each structure. The limitations of these sodium fixtures are particularly evident in contrast to the newer metal halide fixtures, installed in the 2002 parking structure addition. The lighting fixtures in the original parking structure and 1990 addition, as well as some electrical upgrades, are part of this project.

   This project is not eligible for PFC financing. The project will be financed with the Series 2010A Bonds and the associated debt service cost will be paid through airline rates and charges.

The following table summarizes the projects to be funded by the Series 2010A Bonds.

Project Description	Construction Cost	PFC Eligible
Snow Equipment Storage Building	13,272,000	Yes
Inline Baggage Security	7,800,000	Yes
Runway Safety Area Improvements	4,692,184	Yes
Gate 52 Renovation	2,000,000	Yes
Parking Structure Relighting	1,616,000	No
Project Fund Deposit	$ 29,380,184	

Project Approval

Both the Current AUA and the New AUA provide for an Airline Airport Affairs Committee ("AAAC") comprised of representatives of each of the Signatory Airlines. Under the Current AUA, 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. Under the New AUA, the Signatory Airlines consent to the Airport System's Capital Improvement Program ("CIP") for the years 2010 through 2015 as a condition of entering into the New AUA. If additional projects are proposed to be added to the CIP that would exceed the negotiated cap amount that the airlines and Airport have agreed to in the New AUA for the years 2010 through 2015, then the projects must be submitted to the AAAC for approval.

When submitting capital improvement projects to the AAAC for approval, the Airport is required to submit a report, which includes an estimate of the construction and operating costs of the project, a description of the work proposed, its benefits and funding source. Under the New AUA, 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 associated cost center expenses during the most recent six-month period. For example, terminal and apron projects would require approval by Signatory Airlines paying 51 percent of terminal rents. Likewise, airfield projects that impact Airport rates and charges require approval by Signatory Airlines that pay 51 percent of landing fees. 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 and those that will not affect rates and charges, do not require ballot approval under either the Current AUA or the New AUA. 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 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 approximately 94.5 percent of the debt service on the 2010A Bonds will be paid from PFC Revenues.

Purpose of the Series 2010B Bonds

The proceeds of the Series 2010B 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 2010B Bonds.

Dated	Issue	Maturities Outstanding	Maturities Refunded	Amount Refunded	Call Date
06/01/2000	Airport Revenue Bonds, Series 2000A	2010-2025	2011-2025	$ 55,095,000	12/01/2010

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SOURCES AND USES OF FUNDS

The estimated sources and uses for the 2010 Bonds are as follows.

Estimated Sources:	Series A Bonds	Series B Bonds	Total
Par Amount	$ 31,570,000.00	$ 51,590,000.00	$ 83,160,000.00
Net Original Issue Premium	1,300,354.05	3,561,032.20	4,861,386.25
Release from Existing DSRF	--	342,579.57	342,579.57
Total Sources of Funds	$ 32,870,354.05	$ 55,493,611.77	$ 88,363,965.82

Estimated Uses:	Series A Bonds	Series B Bonds	Total
Project Fund Deposit	$ 29,380,184.00	--	$ 29,380,184.00
Refunded Bonds Principal Payment	--	$ 55,095,000.00	55,095,000.00
Capitalized Interest Through 12/1/2011	1,630,649.74	--	1,630,649.74
DSRF Deposit	1,579,365.99	--	1,579,365.99
Estimated Cost of Issuance	280,154.32	398,611.77	678,766.09
Total Uses of Funds	$ 32,870,354.05	$ 55,493,611.77	$ 88,363,965.82

FUTURE CAPITAL IMPROVEMENT PROJECTS

The Airport System's Capital Improvement Program for the years 2010 through 2015 has a total estimated cost of approximately $261.4 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. The New AUA provides that the Signatory Airlines consent to the CIP for the years 2010 through 2015 as a condition of entering into the New AUA.

It is anticipated that the CIP cost during the forecast period 2010 through 2015 will be funded with federal grants ($81.0 million), state grants ($14.4 million), PFC revenues ($30.4 million), Capital Improvement Reserve Fund ($2.3 million), TSA funds ($19.7 million), a portion of the 2010A Bonds ($29.4 million), future bond issues ($84.1 million), 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 The 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 2010 Bonds. The 2010 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 each Series of the 2010 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 2010 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2010 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 2010 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 2010 Bonds, except in the event that use of the book-entry system for the 2010 Bonds is discontinued.

To facilitate subsequent transfers, all 2010 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 2010 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 2010 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2010 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 2010 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 2010 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 2010 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the 2010 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 Trustee, 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, Trustee, 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 Trustee, 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 2010 Bonds at any time by giving reasonable notice to the County or Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates for the 2010 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 2010 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 2010 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 2010 BONDS.

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 Resolutions adopted by the Governing Body to enter into an undertaking (the "Undertaking") for the benefit of holders including beneficial holders of the 2010 Bonds to provide certain financial information and operating data relating to the County annually to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access System ("EMMA"), 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 EMMA. 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 Undertaking to be executed and delivered by the County at the time the 2010 Bonds are delivered. Such Undertaking will be in substantially the form attached hereto as APPENDIX E. The County has not failed to comply in all material respects with any undertakings previously entered into 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 2010 Bonds (although holders will have the right to obtain specific performance of the 2010 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 2010 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2010 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 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.

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)*
Elizabeth M. Coggs (1988)	*Joseph A. Rice (2004)*
Lynne D. De Bruin (1992)	*Joe Sanfelippo (2008)*
Marina Dimitrijevic (2004)	*James J. Schmitt (1998)*
Nikiya Q. Harris (2010)	*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.

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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 1.56 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 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.

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

Six major airlines and 14 regional commuter airlines provide scheduled passenger service at GMIA. The six major air carriers operating at GMIA are AirTran, Delta, Frontier, Midwest, Southwest and US Airways. The 14 regional commuter airlines as of September 2010 include: Air Canada Jazz, Air Wisconsin (US Airways), American Eagle, Atlantic Southeast (Delta Connection), Chautauqua (American Connection/Midwest Connect), Comair (Delta Connection), Compass (Delta Connection), Expressjet (Continental Express), Freedom (Delta Connection), Great Lakes Aviation, Mesaba (Delta Connection), Pinnacle (Delta Connection), Shuttle America (Delta Connection), and SkyWest (Air Tran/Delta Connection/United Express).

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.

- During the first six months of 2010, mainline enplanements and total enplanements increased by 70.9 percent and 34.1 percent, respectively, while regional enplanements declined by 11.5 percent versus the year-earlier period.

- In 2009, Midwest and its affiliates held the largest share of enplanements at the Airport but their market share has declined since 2007. Midwest's share decreased from a peak of 54.5 percent in 2007 to 34.4 percent in 2009. Through June 2010, Midwest and its affiliates share declined to 31.5 percent. Midwest was acquired by Republic Airways Holdings, Inc. on June 23, 2009.

- Frontier, another airline that provides low-fare service at the Airport, was also acquired on October 1, 2009 by Republic Airways Holdings, Inc., the parent company of Midwest Airlines. On April 13, 2010, Republic Airways Holdings, Inc. announced that it will merge the operations of Midwest and Frontier under the Frontier Airlines name. According to Frontier officials, the integration of the two airlines will take 12-18 months. Frontier has maintained a small but steadily increasing market share. Together, Frontier and Midwest accounted for 37.6 percent and 34.9 percent of total enplanements, respectively, in 2009 and the first six months of 2010.

- Southwest began service at GMIA on November 1, 2009, joining Frontier and AirTran in providing low-fare alternatives to the Airport's passengers. Southwest currently provides service to six cities from GMIA - Baltimore, Las Vegas, Kansas City, Orlando, Phoenix and Tampa. As of June 2010, Southwest had a market share of 8.1 percent at GMIA. On September 27, 2010, Southwest announced that it had entered into an agreement to acquire AirTran Holdings, Inc., the parent corporation of AirTran Airways (together, "AirTran"), subject to obtaining the approval of AirTran's shareholders and certain regulatory approvals. The County cannot predict at this time the financial impact, if any, of the proposed acquisition on the Airport System or whether the acquisition will in fact occur.

- AirTran and its affiliates have expanded their presence at GMIA to become the second largest carrier as of year-end 2009. The combined share of enplanements increased from 1.7 percent in 2002 to 23.5 percent in 2009. In April 2010 AirTran began offering nonstop service from GMIA to Dallas-Fort Worth International Airport and expanded its existing service to Ronald Reagan Washington National Airport. AirTran also began a new marketing partnership with SkyWest Airlines to support its Milwaukee focus. SkyWest now offers 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 began in December 2009. AirTran continued to be the second largest carrier at GMIA during the first half of 2010, achieving a market share of 28.7 percent.

- Prior to 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 post-acquisition Delta operations accounted for the third largest share in 2009 and through June 2010, at 21.7 percent and 15.0 percent, respectively.

- Since 2007, mainline carriers as a group had maintained a share of 64 percent of the Airport's enplanements. Data for the first six months of 2010 show a combined market share of 70.9 percent for mainline carriers.

- The recent economic recession, which began in December 2007, ushered in another round of structural adjustments in the airline industry that led 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. The entry of Southwest into the GMIA market, however, reversed this trend and prompted an expansion of mainline service at GMIA not only by Southwest, but also by other airlines serving GMIA.

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 261 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. Under the current AUA, 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.

Under the Current AUA, 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.

Under the New AUA, the Signatory Airlines consent to the Airport System's Capital Improvement Program for the years 2010 through 2015 as a condition of entering the lease. If additional projects are proposed to be added to the CIP that would exceed the negotiated cap amount that the airlines and Airport have agreed to in the New AUA for the years 2010 through 2015, then the projects must be submitted to the AAAC for approval. Under the New AUA, 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 associated cost center expenses during the most recent six-month period. For example, terminal and apron projects would require approval by Signatory Airlines paying 51 percent of terminal rents. Likewise, airfield projects that impact Airport rates and charges require approval by Signatory Airlines that pay 51 percent of landing fees.

When submitting capital improvement projects to the AAAC for approval 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 and APPENDIX G herein.

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, or 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 GARBs to provide "double-barrel" backing with General Airport Revenues to enhance the strength of the Series 2010A 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	5,868
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 810,000 square feet and is comprised of an international arrivals terminal, and a central terminal building that includes 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, and an aviation museum. The Airport operations offices and the control center room are located on the mezzanine level.

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, which was completed in two phases, opened in July 2007. 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. The second phase of this project consisted of 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. Lastly, the Concourse E remodeling project was completed in 2009, which involved the remodeling of the public areas in this concourse, including increased electrical equipment and service to accommodate the airlines' 400 MHz ground power units.

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 with the remainder 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 located at Sixth Street 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's Capital Improvement Program includes the development of this parking lot. However, this project will be undertaken only if future parking demand requires.

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, which closed 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 develop this 102-acre site. After considerable analysis the LRA decided the most appropriate plan for the redevelopment was for aviation purposes. The recommended transfer was completed by the Public Benefit Conveyance (PBC) in July 2010, at no cost to the County for use by GMIA. 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.

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.

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SOURCES OF REVENUES OF THE AIRPORT SYSTEM

Airline Leases

The Airport's current Airline Use and Lease Agreement (the "Current AUA") expires on September 30, 2010. Both the County and the Airlines have approved a new Airline-Airport Use and Lease Agreement (the "New AUA"), which is being circulated for execution. The New AUA is planned to be effective on October 1, 2010. The existing rate methodology in the expired agreement will be continued through December 31, 2010. The New AUA is set to expire December 31, 2015 with an option for a five-year extension. The five-year extension requires mutual agreement and acceptance of another five-year CIP.

While the New AUA has not yet been executed by the airlines, the accompanying Financial Feasibility Report was created based on the business deal contained in the New AUA and it contemplates that there will be eight Signatory Airlines to the New AUA by January 1, 2011. The reduction in the anticipated number of Signatory Airlines is due to the provision in the New AUA which requires the Signatory Airlines to report passengers of their affiliates combined with their own passengers and to pay their affiliates' landing fees and rents.

While the New AUA has not been executed by all of the expected Signatory Airlines as of the date of this Official Statement, the expiration or termination of the Current AUA does not release the County from its obligations under the Resolutions, including the obligations described herein under "Security for the 2010 Bonds – Rate Covenant."

There are two types of airline leases under the Current AUA: 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 13 Signatory Airlines that currently lease gates, 12 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 nine Signatory Airlines that currently lease ticket counter space, eight have preferential use leases for that space. Under the New AUA, all Signatory Airlines will be subject to preferential use leases.

The following are the Signatory Airlines to the Current AUA: AirTran, Continental, Delta, Frontier, Midwest, US Airways, Southwest, Air Wisconsin (US Airways), American Eagle, Chautauqua (American Connection/Midwest Connect), Expressjet (Continental Express), Republic (Midwest Connect), and SkyWest (AirTran/Delta Connection/United Express).

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 Current AUA and the New AUA is very similar; however, there are two notable differences. Under the terms of the New AUA 10 percent of Concession Revenues are deposited into the Airport Development Fund. Concession Revenues are defined to include fees collected from Terminal concession operators as well as public parking revenue. The New AUA also requires Non-signatory airlines to pay a landing fee, terminal fee and apron fee rate that is 125 percent of the rate charged to the Signatory Airlines. This is an increase from the 120 percent in the Current AUA.

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.

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 Leases as the 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
- 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 (through 2010)
- Principal (for Bonds issued in 2000 and subsequent years)
- 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
- Catering
- 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

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

- Apron Parking Fees
- Concourse D Hydrant Fuling Fees

Under the Current AUA, 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. The New AUA requires Non-signatory airlines to pay a landing fee, terminal fee and apron fee rate that is 125 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 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. Under the terms of the New AUA the review can take place at anytime during the year and any monies due the airlines will be remitted via check to the airlines within 60 days following the completion of the year-end settlement calculation.

Non-Arline Revenues

Concessions - Terminal. Terminal Concession revenues consist of fees collected from Terminal concession operators. Primary Terminal 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, catering services, pay telephones, and a golf driving range. The Airport recently engaged a new master concessionaire, which is implementing an improved concession program. Terminal Concession revenues totaled approximately $13.5 million in 2009.

Concessions - Public Parking. Public Parking revenue, net of sales tax, totaled approximately $25.1 million in 2009.

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 $334 million of PFCs through an estimated expiration date of July 1, 2026. During 2011, GMIA intends to 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 Series 2010A Bonds, PFC Revenues are pledged to payment of the Series 2010A Bonds to the extent that the projects financed by the Series 2010A Bonds are approved for PFC funding. PFCs are currently being used to pay debt service on PFC-approved projects financed with the Series 2004A, Series 2005A, Series 2005B, Series 2006A, Series 2006B, Series 2007A, and Series 2009A, 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 Series 2010A 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 2005-2009.

MILWAUKEE COUNTY AIRPORT SYSTEM
HISTORICAL AIRPORT REVENUE
FOR YEARS 2005-2009

Airport Revenues	ACTUAL[1] 2005	2006	2007	2008	2009	Avg. Annual Growth Rate 2005-2009
Total Airfield Revenues	$13,810,290	$12,826,634	$13,293,718	$15,106,450	$16,018,357	3.8%
Total Terminal Revenues	$35,817,287	$38,474,271	$39,309,523	$46,672,775	$42,357,518	4.3%
Total Apron Revenues	$1,112,411	$973,713	$1,069,808	$1,163,945	$1,321,284	4.4%
Total Other Revenues	$4,204,612	$4,809,656	$5,244,413	$5,749,246	$5,884,197	8.8%
PFC Revenues[2]	$2,259,771	$3,983,334	$6,256,704	$6,950,332	$6,540,033	N/A
TOTAL AIRPORT REVENUES	$57,204,371	$61,067,608	$65,174,166	$75,642,748	$72,121,389	6.0%

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 Resolutions for the Series 2004A, Series 2005A, Series 2005B, Series 2006A, Series 2006B, and Series 2007A include a pledge of PFC revenues for payment of the bonds to the extent that the bonds funded projects that were PFC eligible. The portion of debt service paid by PFC revenues is presented herein.

Operation and Maintenance Expenses

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 2005 through 2009. Total O&M Expenses increased from approximately $38.9 million in 2005 to approximately $51.0 million in 2009, averaging an annual growth rate of 7.0 percent. The largest increases in O&M Expenses during this period occurred in Salaries and Fringe Benefits, which increased by $6.3 million, and Contractual Services by $4.2 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 2009, the Airport System's largest expense category was Salaries and Fringe Benefits, which accounted for approximately 39.9 percent of the Airport System's total O&M Expenses, followed by Contractual Services, which accounted for approximately 32.1 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 2009, Terminal expenses accounted for the largest share of total O&M Expenses (58.9 percent), followed by Airfield expenses (32.6 percent), the Flexible Response Security cost center (4.0 percent), Apron expenses (4.0 percent), and 440th Facility (0.5 percent).

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MILWAUKEE COUNTY AIRPORT SYSTEM
TOTAL AIRPORT SYSTEM O&M EXPENSES
FOR YEARS 2005-2009

Airport Expenses	ACTUAL[1] 2005	2006	2007	2008	2009	Avg. Annual Growth Rate 2005-2009
BY EXPENSE CATEGORY						
Salaries and Fringe Benefits	$14,082,269	$15,506,781	$18,753,859	$20,894,000	$20,367,529	9.7%
Contractual Services						
Utilities	$2,952,700	$3,760,649	$3,740,945	$4,758,954	$3,992,418	7.8%
Repairs/Maintenance	2,093,790	2,122,063	2,852,860	3,489,495	3,197,910	11.2%
Prof. Services/Admin	5,342,766	5,551,929	5,818,407	7,306,053	6,381,621	4.5%
Other	1,810,260	2,310,649	2,343,637	2,917,302	2,778,495	11.3%
Subtotal	$12,199,516	$13,745,290	$14,755,849	$18,471,804	$16,350,444	7.6%
Intra-County Services						
Sheriff[2]	$5,584,729	$6,003,668	$6,162,798	$6,547,463	$6,697,277	4.6%
Fleet Maintenance	1,107,863	1,102,060	1,098,811	1,056,631	10,120	n/a
Prof. Service	390,100	254,657	281,279	329,082	363,842	-1.7%
Insurance	788,433	565,625	635,475	667,164	475,618	-11.9%
Other[2]	1,368,338	1,607,771	1,569,692	2,099,981	1,807,188	7.2%
Subtotal	$9,239,461	$9,533,781	$9,748,055	$10,700,321	$9,354,045	0.3%
Commodities	$1,762,895	$1,998,154	$2,399,535	$3,182,811	$4,073,014	23.3%
Major Maintenance	$579,769	$602,048	$56,952	$438,760	$481,247	-4.5%
Other	$1,045,293	$457,372	$247,674	$577,878	$387,522	-22.0%
Total O&M Expenses	**$38,909,204**	**$41,843,426**	**$45,961,924**	**$54,265,575**	**$51,013,801**	**7.0%**
Terminal	$24,106,984	$25,723,677	$27,754,045	$33,556,484	$30,051,439	5.7%
Airfield	12,656,423	13,656,133	14,955,092	17,166,225	16,646,223	7.1%
Apron	1,047,204	1,090,528	1,186,336	1,371,560	2,028,769	18.0%
Flexible Response Security	1,098,592	1,373,088	2,066,452	2,171,306	2,031,086	16.6%
440th Facility					256,284	n/a
Total O&M Expenses	**$38,909,203**	**$41,843,426**	**$45,961,925**	**$54,265,575**	**$51,013,801**	**7.0%**

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.

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HISTORICAL AND FORECAST ENPLANEMENTS

Between 2000 and 2009, enplaned passengers at GMIA increased at an average annual rate of 3.1 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 2000 to 0.57 percent in 2009.
- Federal Aviation Administration (FAA) data show that GMIA posted the smallest decline in enplanements in 2009 out of the 36 medium hub airports in the United States.
- During the first six months of 2010, GMIA experienced very significant growth (34.1 percent) in enplanements as compared to the same six-month period from a year earlier.

DOMESTIC AND INTERNATIONAL ENPLANEMENTS

2000-2009, and January - June 2010

	Domestic[1]		International		TOTAL	
Year	Enplanements	Share	Enplanements	Share	Enplanements	% Change
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%
2009	3,939,630	98.8%	47,977	1.2%	3,987,607	-0.3%
Jan-June 2009	1,739,891	97.7%	40,742	2.3%	1,780,633	
Jan-June 2010	2,362,645	98.9%	25,447	1.1%	2,388,092	34.1%
Average Annual Growth Rates						
2000-2009	3.1%	-	1.7%	-	3.1%	-

[1] Includes enplanements by Air Canada Jazz

Source: Airport management records.

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The following table shows the trends in airline market shares at the Airport for the years 2007, 2008, 2009, and the first six months of 2010. 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
2007, 2008, 2009, and January-June 2010

	Enplanements				Market Share			
Airline	**2007**	**2008**	**2009**	**Jan-Jun 2010**	**2007**	**2008**	**2009**	**Jan-Jun 2010**
Mainline Carrier								
AirTran	242,192	526,510	930,278	599,457	6.3%	13.2%	23.3%	25.1%
America West	6,659	-	-	-	0.2%	0.0%	0.0%	0.0%
Continental	-	263	732	372	0.0%	0.0%	0.0%	0.0%
Delta [1]	53,377	57,954	86,514	265,137	1.4%	1.4%	2.2%	11.1%
Frontier [2]	95,268	121,463	128,706	82,125	2.5%	3.0%	3.2%	3.4%
Midwest [2]	1,490,833	1,187,388	513,715	505,814	38.5%	29.7%	12.9%	21.2%
Northwest [1]	512,718	518,965	509,675	-	13.3%	13.0%	12.8%	0.0%
Southwest	-	-	63,245	192,276	0.0%	0.0%	1.6%	8.1%
USA 3000	-	2,575	21,170	-	0.0%	0.1%	0.5%	0.0%
US Airways [3]	76,016	80,123	87,736	46,958	2.0%	2.0%	2.2%	2.0%
Subtotal - Mainline	**2,477,063**	**2,495,241**	**2,341,771**	**1,692,139**	**64.0%**	**62.4%**	**58.7%**	**70.9%**
Regional/Commuter Carrier								
Air Canada Jazz	14,904	13,402	12,701	5,870	0.4%	0.3%	0.3%	0.2%
SkyWest (ATA Connections)	-		5,736	85,477	0.0%	0.0%	0.1%	3.6%
Subtotal-AirTran Connection	-	0	5,736	85,477	0.0%	0.0%	0.1%	3.6%
American Eagle (American Connection)	85,853	96,728	119,955	58,616	2.2%	2.4%	3.0%	2.5%
Chautauqua (American Connection)	24,813	20,129	22,357	17,728	0.6%	0.5%	0.6%	0.7%
Trans States (American Connection)	21,959	17,205	-	-	0.6%	0.4%	0.0%	0.0%
Subtotal-American Connection	132,625	134,062	142,312	76,344	3.4%	3.4%	3.6%	3.2%
Continental Express (ExpressJet)	156,890	157,996	160,593	75,946	4.1%	3.9%	4.0%	3.2%
Atlantic Coast (Delta Connection)	-	-	-	2,030	0.0%	0.0%	0.0%	0.1%
Atlantic Southeast (Delta Connection)	80,357	82,647	51,737	13,508	2.1%	2.1%	1.3%	0.6%
Chautauqua (Delta Connection)	20,064	25,410	36,231	-	0.5%	0.6%	0.9%	0.0%
Comair (Delta Connection)	35,527	36,214	17,162	1,787	0.9%	0.9%	0.4%	0.1%
Compass (Delta Connection)	-		-	76	0.0%	0.0%	0.0%	0.0%
Freedom (Delta Connection)	-		-	208	0.0%	0.0%	0.0%	0.0%
Mesaba (Delta Connection)	-		-	1,638	0.0%	0.0%	0.0%	0.1%
Pinnacle (Delta Connection)	-	11,776	25,525	28,499	0.0%	0.3%	0.6%	1.2%
Shuttle America (Delta Connection)	-	6,344	1,735	25,725	0.0%	0.2%	0.0%	1.1%
SkyWest (Delta Connection)	47,356	9,554	48,208	19,034	1.2%	0.2%	1.2%	0.8%
Subtotal-Delta Connection	183,304	171,945	180,598	92,505	4.7%	4.3%	4.5%	3.9%
Great Lakes Airlines	-	4,015	5,468	2,574	0.0%	0.1%	0.1%	0.1%
Chautauqua (Midwest Connect)	-		78,957	245,209	0.0%	0.0%	2.0%	10.3%
Republic (Midwest Connect)	-	70,048	398,804	-	0.0%	1.8%	10.0%	0.0%
Skyway (Midwest Connect)	428,374	75,170	-	-	11.1%	1.9%	0.0%	0.0%
SkyWest (Midwest Connect)	189,101	573,597	380,373	-	4.9%	14.3%	9.5%	0.0%
Subtotal-Midwest Connect	617,475	718,815	858,134	245,209	16.0%	18.0%	21.5%	10.3%
Compass (NW Airlink)	-	2,679	9,916	-	0.0%	0.1%	0.2%	0.0%
Mesaba (NW Airlink)	-	25,776	24,327	-	0.0%	0.6%	0.6%	0.0%
Pinnacle (NW Airlink)	-	93	14,908	-	0.0%	0.0%	0.4%	0.0%
Subtotal-Northwest Airlink	-	28,548	49,151	-	0.0%	0.7%	1.2%	0.0%
Mesa (United Express)	-	7,799	20,451	-	0.0%	0.2%	0.5%	0.0%
Shuttle America (United Express)	-	64	-	-	0.0%	0.0%	0.0%	0.0%
SkyWest (United Express)	105,998	72,106	108,441	66,035	2.7%	1.8%	2.7%	2.8%
Trans States (United Express)	27,837	42,919	2,925	-	0.7%	1.1%	0.1%	0.0%
Subtotal-United Express	133,835	122,888	131,817	66,035	3.5%	3.1%	3.3%	2.8%
Air Wisconsin (US Airways Express)	86,274	83,735	77,797	42,839	2.2%	2.1%	2.0%	1.8%
Mesa (US Airways Express)	-	4,930	-	-	0.0%	0.1%	0.0%	0.0%
PSA (US Airways Express)	2,920	582	15,295	38	0.1%	0.0%	0.4%	0.0%
Republic (US Airways Express)	-	7,403	257	-	0.0%	0.2%	0.0%	0.0%
Subtotal-US Airways Express	89,194	96,650	93,349	42,877	2.3%	2.4%	2.3%	1.8%
Subtotal - Regional/Commuter	**1,328,227**	**1,448,321**	**1,639,859**	**692,837**	**34.3%**	**36.2%**	**41.1%**	**29.0%**
Subtotal - Charter	**62,808**	**57,203**	**5,977**	**3,116**	**1.6%**	**1.4%**	**0.1%**	**0.1%**
TOTAL - ALL AIRLINES	**3,868,098**	**4,000,765**	**3,987,607**	**2,388,092**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Signatory Airlines	3,526,502	3,623,693	3,775,215	2,304,810	91.2%	90.6%	94.7%	96.5%
Non-signatory Airlines	341,596	377,072	212,392	83,282	8.8%	9.4%	5.3%	3.5%

[1] Northwest enplanements are reported with Delta enplanements beginning in January 2010.

[2] Republic Airways Holdings acquired Midwest and Frontier on June 23, 2009 and October 1, 2009, respectively. On April 13, 2010, Republic Airways announced the integration of the operations of the two branded carriers into the Frontier Airlines name, expected to take 12-18 months. (Source: Announcements posted on the websites of Frontier and Republic Airways Holdings, Inc.)

[3] US Airways resumed operations under its mainline flag at GMIA in February 2007. Consequently, America West enplanements in 2007 are reported together with US Airways enplanements.

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. Six major airlines and 14 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 1.5 percent over the 2000 - 2009 period. The following table presents the distribution of enplanements at GMIA by type of service:

O&D AND CONNECTING ENPLANEMENTS [1]
2000-2009, and January - June 2010

	O&D		Connecting		Total
Year	Enplanements	Share	Actual	Share	Enplanements
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
2009	3,200,659	80.3%	786,949	19.7%	3,987,608
Jan-June 2009	1,440,749	80.9%	339,885	19.1%	1,780,634
Jan-June 2010	1,885,474	79.0%	502,618	21.0%	2,388,092
Average Annual Growth Rate					
2000-2009	1.5%	-	14.4%	-	3.1%
Jan-June 2010	30.9%	-	47.9%	-	34.1%

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.

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 Consultant. The Airport Consultant used a multivariate regression model relating enplanements to key air travel demand drivers, together with the latest airline flight schedules from July 2010 through December 2010, to generate two forecast scenarios (i.e., base and alternate). These two forecast scenarios differed in growth outlook after 2010, setting two alternative paths for forecast activity at GMIA from 2011 onwards (see below). The Airport Consultant has not analyzed or made projections of the impact, if any, of the proposed acquisition of AirTran by Southwest on forecasted aviation activity at the Airport.

Base forecast scenario. Under the base forecast scenario, the full-year estimate of 2010 activity is based on: (1) actual performance during the first half of the year, which showed a 34.1 percent year-over-year increase in enplanements, and (2) published airline schedules for the second half of the year, which shows a 13.9 percent year-over-year increase in scheduled seats at the Airport. After 2010, 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.

Alternate forecast scenario (Low). The alternate or low forecast scenario simulates what might happen to air traffic at GMIA if the integrated Frontier Airline, consisting of Midwest and Frontier operations, and their respective affiliates were to discontinue service. Both airlines faced financial difficulties that led to their acquisition by Republic Airways Holdings and eventually the integration of the two carrier brands' operations. The alternate forecast scenario assumes that the Airport would lose the following: (1) all connecting traffic carried by Frontier and affiliates, representing 15 percent of the Airport's total enplanements; and (2) one-half of the airlines' O&D traffic to a few destinations where the combined operations of the two airlines and their affiliates account for more than 50 percent of O&D traffic to the destination. A detailed analysis of OD1A data on the Airport's O&D traffic by destination and OAG data on airline service by destination showed that there are only six such destinations. The assumed loss of traffic from these destinations represents about 5 percent of total Airport enplanements. In total the low forecast scenario assumes a loss of approximately 20 percent of total Airport enplanements.

FORECASTS OF O&D AND CONNECTING ENPLANEMENTS
BASE CASE AND LOW CASE [1]
2009-2015

	BASE CASE [2]				
	O&D		Connecting		Total
Year	Enplanements (000's)	% of Total	Enplanements (000's)	% of Total	Enplanements
Historical					
2009	3,201	80.3%	787	19.7%	3,988
Forecast					
2010	3,914	79.3%	1,022	20.7%	4,936
2011	3,935	79.3%	1,027	20.7%	4,962
2012	3,978	79.3%	1,038	20.7%	5,016
2013	4,057	79.3%	1,059	20.7%	5,116
2014	4,141	79.3%	1,081	20.7%	5,222
2015	4,240	79.3%	1,107	20.7%	5,347
	Average Annual Growth Rate				
2009-2015	4.8%	-	5.8%	-	5.0%

	LOW CASE [2]				
	O&D		Connecting		Total
Year	Enplanements (000's)	% of Total	Enplanements (000's)	% of Total	Enplanements
Historical					
2009	3,201	80.3%	787	19.7%	3,988
Forecast					
2010	3,914	79.3%	1,022	20.7%	4,936
2011	3,670	92.3%	305	7.7%	3,975
2012	3,710	92.3%	308	7.7%	4,018
2013	3,784	92.3%	314	7.7%	4,098
2014	3,863	92.3%	321	7.7%	4,184
2015	3,955	92.3%	328	7.7%	4,283
	Average Annual Growth Rate				
2009-2015	3.6%	-	-13.6%	-	1.2%

[1] Includes charter service.

[2] 2010 values are based on actual performance during the first half of 2010 and published airline schedules for the remainder of the year

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 ended December 31, 2005 through 2009. 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, 2005 through 2009.

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 is reflected in the 2009 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 Funds' 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.

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Airport Revenue Debt

The County has issued general airport revenue bonds, which are paid from Airport System Revenues. The following two tables provide the Airport revenue debt by issue and by payment source respectively.

Airport Revenue Debt by Issue

Date of Issue	GARB Issue	Amount Issued	Final Maturity	Interest Rates Outstanding	Principal Outstanding
06/01/2000	Airport Revenue, Series 2000A *	$83,565,000	12/01/2025	5.25% - 6.00%	$ 3,675,000
01/01/2003	Airport Revenue, Series 2003A	7,125,000	12/01/2022	4.00% - 5.50%	4,875,000
03/31/2004	Airport Revenue, Series 2004A	37,360,000	12/01/2029	4.50% - 5.00%	32,715,000
12/22/2005	Airport Revenue, Series 2005A	29,010,000	12/01/2030	4.00% - 5.25%	28,545,000
12/22/2005	Airport Revenue Ref., Series 2005B	7,755,000	12/01/2014	4.00%	4,650,000
11/16/2006	Airport Revenue, Series 2006A	25,665,000	12/01/2031	4.00% - 5.00%	24,400,000
11/16/2006	Airport Revenue Ref., Series 2006B	5,020,000	12/01/2015	5.00%	2,165,000
11/15/2007	Airport Revenue, Series 2007A	13,445,000	12/01/2032	4.125% - 5.00%	12,880,000
12/10/2009	Airport Revenue, Series 2009A	12,690,000	12/01/2032	3.00% - 5.125%	12,690,000
12/10/2009	Airport Revenue Ref., Series 2009B	2,350,000	12/01/2014	2.25% - 4.00%	2,350,000
	Outstanding Bonds				$128,945,000
10/14/2010	Airport Revenue, Series 2010A	31,570,000	12/01/2034	3.00%-5.00%	31,570,000
10/14/2010	Airport Revenue Ref., Series 2010B	51,590,000	12/01/2023	2.00%-5.00%	51,590,000
	2010 Bonds				$83,160,000
	Total				$212,105,000

* Principal Outstanding reflects refunding by the Series 2010B Bonds.

Airport Revenue Debt by Payment Source

GARB Issue	Airfield	Terminal	Apron	PFC	Total
Airport Revenue, Series 2000A	--	100.0%	--	--	100.0%
Airport Revenue, Series 2003A	--	100.0%	--	--	100.0%
Airport Revenue, Series 2004A	--	11.1%	--	88.9%	100.0%
Airport Revenue, Series 2005A	--	8.3%	--	91.7%	100.0%
Airport Revenue Ref., Series 2005B	--	69.5%	2.1%	28.4%	100.0%
Airport Revenue, Series 2006A	--	11.8%	1.2%	87.0%	100.0%
Airport Revenue Ref., Series 2006B	--	26.0%	--	74.0%	100.0%
Airport Revenue, Series 2007A	6.9%	14.0%	--	79.1%	100.0%
Airport Revenue, Series 2009A	--	75.0%	--	25.0%	100.0%
Airport Revenue Ref., Series 2009B	10.2%	83.3%	6.5%	--	100.0%
Airport Revenue, Series 2010A	--	5.5%	--	94.5%	100.0%
Airport Revenue Ref., Series 2010B	--	100.0%	--	--	100.0%

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 2010 Bonds and the Outstanding Bonds) are made.

Outstanding Airport Debt Service

	General Obligation Airport Bonds			Airport Revenue Bonds [1]			Series 2010 Bonds (these issues)				
Year	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**	**Total D.S.**	**Year**
2010	$584,162	$184,208	$768,370	$7,865,000	$9,348,392	$17,213,392	-	-	-	$17,981,762	2010
2011	619,666	156,406	776,072	4,305,000	5,764,940	10,069,940	3,905,000	4,370,382	8,275,382	19,121,393	2011
2012	875,773	135,641	1,011,414	4,425,000	5,582,653	10,007,653	4,085,000	3,787,594	7,872,594	18,891,660	2012
2013	1,099,579	107,616	1,207,195	4,560,000	5,387,853	9,947,853	4,070,000	3,583,344	7,653,344	18,808,392	2013
2014	1,103,156	71,330	1,174,487	4,695,000	5,188,759	9,883,759	4,055,000	3,379,844	7,434,844	18,493,089	2014
2015	301,836	33,823	335,659	4,890,000	4,977,609	9,867,609	5,050,000	3,177,094	8,227,094	18,430,362	2015
2016	298,706	22,957	321,663	4,730,000	4,748,196	9,478,196	5,060,000	2,944,894	8,004,894	17,804,753	2016
2017	297,588	11,606	309,194	4,935,000	4,525,971	9,460,971	5,085,000	2,702,344	7,787,344	17,557,509	2017
2018	-	-	-	5,155,000	4,282,859	9,437,859	5,120,000	2,448,094	7,568,094	17,005,953	2018
2019	-	-	-	5,390,000	4,033,103	9,423,103	5,155,000	2,192,094	7,347,094	16,770,196	2019
2020	-	-	-	5,635,000	3,770,521	9,405,521	5,185,000	1,934,344	7,119,344	16,524,865	2020
2021	-	-	-	5,880,000	3,498,165	9,378,165	5,225,000	1,675,094	6,900,094	16,278,259	2021
2022	-	-	-	6,150,000	3,213,340	9,363,340	5,235,000	1,452,844	6,687,844	16,051,184	2022
2023	-	-	-	6,050,000	2,914,684	8,964,684	5,275,000	1,204,994	6,479,994	15,444,678	2023
2024	-	-	-	6,345,000	2,621,015	8,966,015	1,500,000	955,694	2,455,694	11,421,709	2024
2025	-	-	-	6,645,000	2,312,990	8,957,990	1,560,000	895,694	2,455,694	11,413,684	2025
2026	-	-	-	6,975,000	1,989,290	8,964,290	1,625,000	833,294	2,458,294	11,422,584	2026
2027	-	-	-	7,305,000	1,657,096	8,962,096	1,705,000	752,044	2,457,044	11,419,140	2027
2028	-	-	-	7,655,000	1,309,153	8,964,153	1,775,000	683,844	2,458,844	11,422,996	2028
2029	-	-	-	8,020,000	944,778	8,964,778	1,850,000	610,625	2,460,625	11,425,403	2029
2030	-	-	-	5,860,000	562,993	6,422,993	1,925,000	532,000	2,457,000	8,879,993	2030
2031	-	-	-	3,565,000	276,238	3,841,238	2,020,000	435,750	2,455,750	6,296,988	2031
2032	-	-	-	1,910,000	96,775	2,006,775	2,125,000	334,750	2,459,750	4,466,525	2032
2033	-	-	-	-	-	-	2,230,000	228,500	2,458,500	2,458,500	2033
2034	-	-	-	-	-	-	2,340,000	117,000	2,457,000	2,457,000	2034
2035	-	-	-	-	-	-	-	-	-	-	2035
2036	-	-	-	-	-	-	-	-	-	-	2036
Total	5,180,467	723,587	5,904,054	128,945,000	79,007,369	207,952,369	83,160,000	41,232,150	124,392,150	338,248,574	

1. Includes Series 2000 (year 2010 debt service only), 2003A, 2004A, 2005A, 2005B, 2006A, 2006B, 2007A, 2009A, and 2009B Bonds

REPORT OF THE AIRPORT CONSULTANT

The County has retained Unison-Consulting, Inc. ("Unison" or the "Airport 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 2010 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.

On September 27, 2010, Southwest announced it had entered into an agreement to acquire AirTran, subject to the approval of AirTran's shareholders and certain regulatory approval. Given the limited information available regarding Southwest's plans, the Airport Consultant has not analyzed or made any projections of the financial impact, if any, of the proposed acquisition on the Milwaukee County Airport System in the Financial Feasibility Report

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 financial forecast presented in Section V of Financial Feasibility Report is based on the Airport Consultant's understanding of how the New AUA will impact the Airport's Revenues and other funds generated by the Airport's operations beginning in 2011.

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 significantly increase from 4.0 million in 2009 to 4.9 million in 2010, and then gradually increase to 5.3 million in 2015, representing an average annual growth rate of 5.0 percent between 2009 and 2015. Under the low forecast, annual enplanements are projected to decrease sharply to 4.0 million in 2011, and then gradually increase to 4.3 million in 2015, representing an average annual rate of 1.2 percent between 2009 and 2015.

- Total Airport System Revenues, based on the base enplanement forecast, are projected to increase from approximately $72.1 million in 2009 to approximately $109.3 million in 2015.

- The airline cost per enplaned passenger, under the base enplanement forecast, is projected to increase from $5.34 in 2010 to $6.49 in 2015.

- Annual net discretionary cash flow is projected to fluctuate from approximately $1.1 million in 2010 to approximately $7.3 million in 2015.

- Debt service coverage, based on the base enplanement forecast, is projected to fluctuate from 1.54 in 2010 to 1.55 in 2015, and is projected to remain above the 1.25 debt service coverage minimum requirement throughout the forecast period.

Based on the assumptions and analysis presented in the Financial Feasibility Report, the Airport Consultant forecasts that the Airport System will be able to comply with the provisions of the General Bond Resolution and Supplemental Resolutions relating to the 2010 Bonds.

MILWAUKEE COUNTY AIRPORT SYSTEM
CASH FLOW AND DEBT SERVICE COVERAGE
FOR YEARS 2009 – 2015
BASE CASE

Cash Flow and Debt Service Coverage	ACTUAL 2009	ESTIMATE 2010	BUDGET 2011	PROJECTED 2012	2013	2014	2015
AIRPORT SYSTEM REVENUES							
TOTAL REVENUES	$72,121,389	$86,241,977	$87,886,916	$94,263,576	$95,477,919	$104,803,421	$108,751,683
O&M EXPENSES	51,013,801	64,042,007	63,709,314	66,377,491	69,169,896	72,095,780	75,154,731
NET REVENUES	$21,107,588	$22,199,970	$24,177,602	$27,886,085	$26,308,023	$32,707,641	$33,596,952
NET DISCRETIONARY CASH FLOW							
Net Revenues	$21,107,588	$22,199,970	$24,177,602	$27,886,085	$26,308,023	$32,707,641	$33,596,952
Less: Debt Service							
G.O. Bonds	$1,420,489	$768,370	$776,072	$1,011,414	$1,207,195	$1,174,486	$335,659
Series 2000 & 2003A Bonds	7,942,919	7,735,919	602,344	586,406	569,531	552,188	533,438
Series 2004A Bonds	2,539,400	2,540,150	2,539,900	2,542,150	2,541,650	2,538,400	2,542,400
Series 2005 A Bonds	1,541,390	1,537,390	1,533,390	1,534,390	1,535,190	1,535,790	2,581,190
Series 2005 B Bonds	1,038,800	1,041,000	1,046,800	1,046,000	1,043,800	1,045,200	0
Series 2006A Bonds	1,837,700	1,841,900	1,839,900	1,836,900	1,837,900	1,837,700	1,841,300
Series 2006B Bonds	764,500	478,250	454,750	436,500	413,250	390,250	367,500
Series 2007A Bonds	935,363	935,113	934,113	932,363	934,863	931,363	932,113
Series 2009A Bonds	-	547,465	579,669	579,669	579,669	579,669	1,069,669
Series 2009B Bonds	-	556,206	539,075	513,275	492,000	473,200	-
Series 2010A Bonds [1]	-	-	-	1,442,344	1,442,344	1,442,344	2,457,344
Series 2010B Bonds			6,644,732	6,430,250	6,211,000	5,992,500	5,769,750
Future Bonds	-	-	-	1,173,500	1,172,000	7,832,400	7,831,300
Less: Deposits to Coverage Fund	-	1,936,631	-	1,361,350	-	-	-
Less: Reimbursement of Tax Levy	1,903,131	1,229,392	-	-	-	-	-
Net Discretionary Cash Flow	$1,183,897	$1,052,184	$6,686,858	$6,459,575	$6,327,632	$6,382,152	$7,335,290
COVERAGE CALCULATION							
Net Revenues	$21,107,588	$22,199,970	$24,177,602	$27,886,085	$26,308,023	$32,707,641	$33,596,952
Add Other Available Funds:							
Series 2000 & 2003 A Bonds	$1,985,730	$1,933,980	$150,586	$146,602	$142,383	$138,047	$133,359
Series 2004 A Bonds	634,850	635,038	634,975	635,538	635,413	634,600	635,600
Series 2005 A Bonds	385,348	384,348	383,348	383,598	383,798	383,948	645,298
Series 2005 B Bonds	259,700	260,250	261,700	261,500	260,950	261,300	0
Series 2006 A Bonds	459,425	460,475	459,975	459,225	459,475	459,425	460,325
Series 2006 B Bonds	191,125	119,563	113,688	109,125	103,313	97,563	91,875
Series 2007 Bonds	233,841	233,778	233,528	233,091	233,716	232,841	233,028
Series 2009 A Bonds	-	136,866	144,917	144,917	144,917	144,917	267,417
Series 2009 B Bonds	-	139,051	134,769	128,319	123,000	118,300	-
Series 2010A Bonds	-	-	-	360,586	360,586	360,586	614,336
Series 2010B Bonds	-	-	1,661,183	1,607,563	1,552,750	1,498,125	1,442,438
Future Bonds	-	-	-	293,375	293,000	1,958,100	1,957,825
Net Revenues plus Other Available Funds	$25,257,607	$26,503,318	$28,356,270	$32,649,522	$31,001,322	$38,995,391	$40,078,453
Debt Service:							
Series 2000 & 2003 A Bonds	7,942,919	7,735,919	602,344	586,406	569,531	552,188	533,438
Series 2004 A Bonds	2,539,400	2,540,150	2,539,900	2,542,150	2,541,650	2,538,400	2,542,400
Series 2005 A Bonds	1,541,390	1,537,390	1,533,390	1,534,390	1,535,190	1,535,790	2,581,190
Series 2005 B Bonds	1,038,800	1,041,000	1,046,800	1,046,000	1,043,800	1,045,200	0
Series 2006 A Bonds	1,837,700	1,841,900	1,839,900	1,836,900	1,837,900	1,837,700	1,841,300
Series 2006 B Bonds	764,500	478,250	454,750	436,500	413,250	390,250	367,500
Series 2007 Bonds	935,363	935,113	934,113	932,363	934,863	931,363	932,113
Series 2009 A Bonds	-	547,465	579,669	579,669	579,669	579,669	1,069,669
Series 2009 B Bonds	-	556,206	539,075	513,275	492,000	473,200	-
Series 2010A Bonds	-	-	-	1,442,344	1,442,344	1,442,344	2,457,344
Series 2010B Bonds		-	6,644,732	6,430,250	6,211,000	5,992,500	5,769,750
Future Bonds	-	-	-	1,173,500	1,172,000	7,832,400	7,831,300
Total GARB Debt Service	$16,600,072	$17,213,392	$16,714,672	$19,053,747	$18,773,197	$25,151,003	$25,926,003
DEBT SERVICE COVERAGE	1.52	1.54	1.70	1.71	1.65	1.55	1.55

[1] Calendar year 2011 excludes the 2010A GARB debt service payment due to 1 year of Capitilized Interest.

MILWAUKEE COUNTY AIRPORT SYSTEM
PROJECTED AIRLINE COST PER ENPLANED PASSENGER
For Years 2010 – 2015
BASE CASE

Year	Landing Fees [1]	Terminal Rents & Charges	Apron Fees	Total Airline Payments	Enplaned Passengers	Cost Per Enplaned Passenger
2010 est.	$18,193,690	$7,134,866	$1,044,778	$26,373,334	4,935,121	$5.34
2011	$19,494,742	$5,466,124	$1,358,534	$26,319,399	4,962,217	$5.30
2012	$20,352,205	$7,012,464	$1,406,568	$28,771,237	5,016,409	$5.74
2013	$21,163,239	$5,475,535	$1,457,605	$28,096,378	5,115,944	$5.49
2014	$22,241,372	$11,033,396	$1,511,739	$34,786,507	5,222,291	$6.66
2015	$23,141,578	$10,029,848	$1,516,927	$34,688,352	5,346,717	$6.49

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

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 $5.34 in 2010 to $6.49 in 2015. 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. Both sets of cost per enplanement estimates are based on actual data for 2010 and include the impact of future capital programs.

According to a survey conducted by the Airport Consultant, the airline cost per enplanement for other U.S. medium-hub airports with annual enplanements between 3.2 million and 5.1 million ranged from a low of $4.45 to a high of $10.45. 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 2010 Bonds is subject to certain risks. Prospective purchasers of the 2010 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 Current AUA

The Airport's Current AUA expires on September 30, 2010. Both the County and the Airlines have approved the New AUA, which is being circulated for execution. The New AUA is planned to be effective on October 1, 2010. The existing rate methodology in the expired agreement will be continued through December 31, 2010. The New AUA is set to expire December 31, 2015 with an option for a five-year extension. The five-year extension requires mutual agreement and acceptance of another five-year CIP.

While the New AUA has not yet been executed by the airlines, the accompanying Financial Feasibility Report was created based on the business deal contained in the New AUA and it contemplates that there will be eight Signatory Airlines to the New AUA by January 1, 2011.

Under the General Bond 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 2010 Bonds and the Outstanding Bonds and to make the required deposits to the other funds established under the Resolution. See "SECURITY FOR THE 2010 Bonds – Rate Covenant."

The major provisions of the New AUA are:

Term

- October 1, 2010 to December 31, 2015.
- Option to extend for five additional years to December 31, 2020 upon mutual agreement that includes a new CIP and Net (Airline) Financing Requirement Cap, as described below.

A residual rate methodology with deposits to Airport Development Fund Account ("ADFA")

- Airport deposits an amount equivalent to 10 percent of Airport concession revenues into the Surplus Fund.
- Monies can be used for capital improvements or any lawful airport system purpose, subject to certain limitations.
- Projects funded with the ADFA will not be depreciated or amortized and will not affect airline rates and charges.
- Airport can deposit up to $4 million from the ADFA to the Airport Depreciation Account.
- Projects funded from the Airport Depreciation Account will be depreciated or amortized and will affect airline rates and charges.

Capital Improvement Plan ("CIP")

- Projects contained in a defined CIP are approved by the airlines as a condition of the New AUA.
- The CIP project costs to be included in the calculation of airline rates and charges are limited to a Net (Airline) Financing Requirement Cap of $59 million.
- Airport can add or modify projects without Majority-In-Interest ("MII") approval provided that the Net (Airline) Financing Requirement Cap on the total CIP is not exceeded.
- The airline MII process will continue to apply for additional capital projects not covered above.

Other

- Establishes the 440th Military Base, recently conveyed to the County, as a new cost center with the net requirement of 100 percent of net income to roll up into the Airfield cost center.
- Signatory Airlines will report passengers of their affiliates (code share partners & subsidiaries, parent companies or contract airlines) combined with their own passengers and will pay their affiliates' landing fees and rents.
- Non-signatory airlines will pay 125 percent of the rates paid by Signatory Airlines (increased from 120 percent).
- There will be two differential Terminal Rental rate classifications replacing 12 existing classifications. Public-Access Airline Space will be at the base rate and Non-Public Access Space will be at 75 percent of the base rate.
- All airline gates will be preferential use with a utilization standard for each gate and also new entrant and expanding carrier accommodation language. Reassignment of gates by the Airport will be allowed if the utilization standard has not been met over a 12-month look back period should such gate be required by another airline.

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 New AUA will be signed by the airlines receiving the lease agreement in a timely manner and that there will be no material changes to the form of the New AUA prior to execution by the proposed Signatory Airlines, (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 Consultant

The Report of the Airport 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 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, an economic recession reduces income, diminishes consumer confidence, dampens business activity, and weakens demand. The U.S. economy peaked in December 2007 and entered a period of recession. Compared to the 2001 recession, which was mild and brief, the 2008-09 recession was deeper and longer. The U.S. economy posted negative growth every quarter from the first quarter of CY 2008 through the second quarter of CY 2009, except during the second quarter of CY 2008. The deepest declines in real GDP occurred during the fourth quarter of CY 2008 and the first quarter of CY 2009. The trend began to improve in the second quarter when real GDP posted a very mild decline, and positive growth from the third quarter of CY 2009 through the second quarter of CY 2010 indicates the beginning of economic recovery, consistent with independent economic forecasts from various sources.

U.S. Airlines' Financial Performance

Financial weakness and volatility have characterized the U.S. airline industry, especially over the past decade. U.S. airlines posted net losses during five consecutive years from CY 2001 through CY 2005, with cumulative losses totaling $57.7 billion. In CY 2006, the industry began to see positive results and continued to improve in CY 2007 despite record high oil prices. U.S. airlines realized a net profit of $18.2 billion in CY 2006 and $7.7 billion in CY 2007. However, jet fuel prices continued to escalate through July 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. The industry has responded to declining demand by offering multiple fare sales, which have depressed industry revenues. U.S. airlines again incurred net losses totaling $23.7 billion in CY 2008. As jet fuel prices decreased in 2009, the net losses reported by the U.S. airlines decreased to $2.5 billion.

Southwest is one of the few airlines that remained profitable during this challenging period. Although Southwest's net income decreased from $178 million in CY 2008 to $99 million in CY 2009, Southwest marked its 37th year of profitability in CY 2009. Capacity rationalization and cost containment will likely continue to be a primary focus of the industry.

Price of Jet Fuel

The financial health of the airline industry is affected by the price of jet fuel. 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 - June 2010

Year	U.S. Jet Fuel Price (Dollars per Gallon)	U.S. CPI (1982-84 = 100)
2000	$ 0.90	172.2
2001	$ 0.75	177.1
2002	$ 0.71	179.9
2003	$ 0.86	184.0
2004	$ 1.21	188.9
2005	$ 1.73	195.3
2006	$ 1.97	201.6
2007	$ 2.17	207.3
2008	$ 2.98	215.3
2009	$ 1.69	214.5
Jan-June 2009	$ 1.77	213.1
Jan-June 2010	$ 2.24	217.5
	Total Percent Change	
2000-2008	231.1%	25.0%
2008-2009	-43.3%	-0.4%
Jan-June 2010	26.6%	2.1%

Source: Data from Energy Information Administration compiled by Air Transport Association. CPI data from U.S. Bureau of Labor Statistics.

Aviation Security Concerns and Related Costs

Terrorism remains a significant 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 its 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.

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 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 2010 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 2011 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 by GARBs backed by airline rates and charges. If a PFC charge of \$4.50 becomes effective, the Airport anticipates that an undetermined portion of the baggage claim expansion project will be funded with PFC revenues. 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 Wisconsin. The Airport's air service area covers the southeastern region of Wisconsin. The Airport's strategic location within 91 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.

Other airports in the GMIA air service area including Austin-Straubel International Airport in Green Bay (127 miles north of GMIA), Outagamie County Airport in Appleton (113 miles north of GMIA), Chicago O'Hare and Midway (73 and 91 miles south of GMIA respectively), and Dane County Regional Airport in Madison (86 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," "REPORT OF THE AIRPORT 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 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 and its affiliates held the largest share of 34.4 percent of enplanements at the Airport in 2009. Midwest and Frontier, another airline that provides low-fare service at the Airport, are wholly-owned by Republic Airways Holdings, Inc. On April 13, 2010, Republic Airways Holdings, Inc. announced that it will merge the operations of the two airline brands under the Frontier Airlines name. Frontier has maintained a small but steadily increasing market share. Together, Frontier and Midwest accounted for 37.6 percent of enplanements in 2009. AirTran is the second largest carrier as of year-end 2009, with a 23.3 percent share of enplanements. Delta and its affiliates have the third largest share of 20.7 percent. Southwest began service at GMIA on November 1, 2009, joining Frontier and AirTran in providing low-fare alternatives to the Airport's passengers.

It is reasonable to expect the future operational and financial performances of these airlines would have immediate implications for activity level at GMIA. Highlights of recent developments at these mainline carriers are presented below.

Midwest and Frontier Airlines

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 July 31, 2009, Midwest Airlines was acquired by Republic Airways Holdings. As a result of the acquisition, Midwest is now 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. The acquisition was completed in October 2009 when Frontier emerged from bankruptcy. Since then, Republic has taken measures to expand the two airlines' service via a codeshare arrangement and streamline operations by eliminating approximately 100 positions from its Milwaukee area workforce. On April 13, 2010, Republic announced that it will integrate the operations of the two airline brands and retain the name Frontier Airlines. The integration is scheduled to be completed within 12-18 months.

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

- Service to destinations in the Rocky Mountain region, through the codeshare agreement with Frontier Airlines, with special introductory fares that were effective September 8, 2009. The codeshare agreement enables Midwest passengers to travel to destinations such as Albuquerque, Billings, Bozeman, Colorado Springs, Durango, and Rapid City.

- On April 1, 2010 twice-daily Raleigh/Durham service began – the only nonstop service on the route operated on 76-seat Embraer 170 aircraft, featuring 2-by-2 all-leather seating. Service was also initiated to St. Louis, which included two daily roundtrip flights, provided on 37-seat Embraer 135 aircraft featuring all-leather seating.

AirTran Airways

AirTran is a low fare airline headquartered in Orlando. Most of AirTran's flights originate or terminate in Atlanta, its largest hub. In recent years AirTran had grown its operations at the Airport to achieve the second largest market share at GMIA in 2009. Its 2010 market share of 23.5 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. 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 $12.4 million for the quarter ended June 30, 2010. Included in the June 30, 2009 net income was a $26.4 million unrealized loss. In its press release announcing the quarterly financial results, AirTran stated that it also made significant improvements to its financial position during the quarter, including re-signing and extending a secured credit facility for two additional years, revising the terms of future aircraft deliveries to reduce required capital investments by over $200 million between now and 2012, and retiring $90.4 million in convertible notes in July that eliminated the potential dilutive effect of issuing 8.1 million shares of common stock. Based on these and other improvements, including the Company's profitability, Standard & Poor's (S&P) upgraded its debt rating of AirTran Holdings on July 7, 2010.

The Company also set quarterly records for revenue passenger miles flown, load factor and enplaned passengers. For the first time in AirTran Airways' history, load factor topped 83 percent in the second quarter of 2010. AirTran Airways continued to rank number one in fewest mishandled bags and is among the leaders in on-time performance, posting an on-time rate of 83.8 percent for the second quarter of 2010.

AirTran Airways announced increased frequencies from its Milwaukee hub to Boston and Washington/Reagan while adding popular tourist destinations Sarasota/Bradenton, Fla., and New Orleans to its growing route network and bringing back Phoenix seasonal service this fall. The airline also began twice daily flights to Dallas from Milwaukee during the second quarter of 2010.

On September 27, 2010, Southwest announced that it had entered into an agreement to acquire AirTran, subject to obtaining the approval of AirTran's shareholders and certain regulatory approvals.

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 January 2010 Delta and Northwest completed the consolidation of their gates and ticket counters at airports where both airlines had operated. For the year ended December 31, 2009, Delta reported a net loss of $1.2 billion. The notes to Delta's 2009 financial statements state that the airline anticipates several operational and financial benefits from the merger. It appears that there has not been any significant effect of the merger on the combined airline's operations at GMIA. The combined market share of Delta and Northwest has changed very little during the past few years, having decreased from 19.4 percent of total GMIA enplanements in 2007 to 15.0 percent through June 2010..

Delta made the following disclosures regarding its financial operations for the quarter ended June 30, 2010:

- Delta's net income for the quarter was $549 million, excluding special items, compared to a net loss of $199 million, excluding special items, the prior year.
- Net income was $467 million for the quarter.
- Results were the best in a decade.

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. Excluding a $27 million charge for employee early retirement costs and a $12 million charge related to the airline's fuel hedge portfolio, Southwest Airlines reported a net profit of $99 million for CY 2009. Southwest reported that during the first three quarters of CY 2009, it eliminated 10 percent of its flights, which represented its unprofitable and less popular flights.

The airline's fleet remained flat in CY 2009, and the airline does not have any plans to increase its capacity in 2010. Aircraft freed up from the elimination of unprofitable and less popular flights in 2009 were utilized to serve new markets, including Minneapolis/St. Paul, New York La Guardia, and Boston Logan. Southwest commenced service to GMIA in November of 2009. Overall, the airline's available seat miles flown decreased 5.1 percent in 2009, compared to 2008.

Southwest reported new revenue initiatives in CY 2009 to enhance revenues, including charges for pets, unaccompanied minors, and early check-in options. However, operating revenues decreased 6.1 percent in 2009, mainly due to a decrease in full fare bookings resulting from the airline's efforts to discount fares. Southwest believes its fare discounting initiatives were a primary cause of the increase in its load factor in 2009. The airline's overall load factor increased 4.8 percent, to 76.0 percent, in 2009. Although its energy prices were lower in CY 2009 compared to CY 2008, the reduction in fuel and oil expenses was almost exactly offset by reduction in revenue in CY 2009.

Southwest reported second quarter 2010 net income of $112 million, compared to net income of $91 million for second quarter 2009. Both years' results included special items related to non-cash, market-to-market, and other items associated with a portion of the Company's fuel hedge portfolio. Excluding special items for both periods, second quarter 2010 net income was $216 million compared to $59 million for second quarter 2009.

Gary C. Kelly, Chairman of the Board, President, and Chief Executive Officer, stated: "We are extremely pleased with our second quarter results. Second quarter net income (excluding special items) dramatically improved over second quarter last year, largely due to another record revenue performance. Total operating revenues reached an all-time quarterly record of $3.2 billion, a year-over-year increase of 21 percent. On a unit basis, our revenues increased approximately 22 percent, compared to second quarter last year, also an all-time quarterly record. Second quarter pretax margin (excluding special items) was 11 percent. Our second quarter 2010 earnings performance (excluding special items) was second-best in our history, behind second quarter 2006. This was, indeed, a strong performance, despite significantly higher fuel prices and other cost pressures."

"We have made excellent progress toward generating revenue levels sufficient to reach our 15 percent pretax return on invested capital target. Although business demand has not fully recovered, it has strengthened, and consumer travel demand is robust. We experienced record traffic levels during the quarter, despite flat year-over-year capacity, demonstrating a continuing and significant market share shift to Southwest, in part due to our unique and successful 'Bags Fly Free' policy. Further, we led the industry with our year-over-year domestic passenger revenue and corresponding unit revenue performance."

"We have built considerable, industry-leading revenue momentum that began in the second half 2009. We see no signs that the momentum will stall in second half of 2010. Based on traffic and revenue trends to date, we expect strong year-over-year unit revenue growth in third quarter 2010. Our year-over-year growth rates will face more and more difficult comparisons, of course, due to the rapid revenue recovery that began at Southwest a year ago. Each of the three years preceding 2009 experienced more normal seasonal trends and provide a better gauge of second half 2010 potential revenue health."

According to airport monthly data through June 2010, Southwest obtained an 8.1% share of enplanements at GMIA in the first half of 2010.

On September 27, 2010, Southwest announced that it had entered into an agreement to acquire AirTran, subject to obtaining the approval of AirTran's shareholders and certain regulatory approvals.

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 2010 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 have not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the 2010 Bonds, and assume 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 EXEMPTION."

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 2010 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 2010 Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the 2010 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 2010A Bonds (i) is excludible from the gross income of the owners thereof for federal income tax purposes, except for interest on any Series 2010A Bond for any period during which such Series 2010A 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 2010B Bonds is excludible from the gross income of the owners thereof for federal income tax purposes, except for interest on any Series 2010B Bond for any period during which such Series 2010B Bond is owned by a person who is a substantial user of the Prior Project or any person considered to be related to such person (within the meaning of Section 147(a) of the Code). Interest on the Series 2010B Bonds 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 application of the proceeds of the 2010 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 is 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 Series 2010A Bonds.

Ownership of the 2010 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 2010 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 2010 Bonds is the price at which a substantial amount of such maturity of the 2010 Bonds is first sold to the public. The Issue Price of a maturity of the 2010 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 2010 Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the 2010 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 Series 2010A 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 Series 2010B 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 Series 2010A 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 2010 Bonds who dispose of 2010 Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase 2010 Bonds in the initial public offering, but at a price different from the Issue Price or purchase 2010 Bonds subsequent to the initial public offering should consult their own tax advisors.

If a 2010 Bond is purchased at any time for a price that is less than the stated redemption price of such 2010 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 2010 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 2010 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 2010 Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the 2010 Bonds.

An investor may purchase a 2010 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 2010 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 2010 Bond. Investors who purchase a 2010 Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the basis of the 2010 Bond for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the 2010 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 2010 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 2010 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 2010 Bonds. If an audit is commenced, under current procedures the Service may treat the County as a taxpayer, and the owners of the 2010 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 2010 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 2010 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 2010 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 2010 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 Series 2010A Bonds are treated as issued in 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 Series 2010A 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 2010B 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 2010B Bonds refund bonds issued before

2009. The treatment of interest expense for financial institutions owning the Series 2010B 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 2010 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 2010 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., L.L.C. (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 2010 Bonds is $87,647,230.65 which takes into account a net original issue premium of $4,861,386.25 and Underwriters' discount of $374,155.60. The 2010 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 2010 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 2010 Bonds. The making of a market may be discontinued at any time.

FINANCIAL ADVISORS

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 2010 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 2010 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 2010 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 2010 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 2010 Bonds.

CERTIFICATION

As of the date of the settlement of the 2010 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.

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APPENDIX A

FINANCIAL FEASIBILITY REPORT

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UNISON Consulting, Inc.

September 30, 2010

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 2010A (Non-AMT) and Series 2010B (AMT) Refunding Bonds (the "2010 Bonds")

Dear Mr. Holloway:

UNISON-CONSULTING, INC. ("Unison") is pleased to submit this Report of the Airport Consultant (the "Report") in support of the intent of Milwaukee County (the "County") to issue the Airport Revenue Bonds, Series 2010A (Non-AMT) (the "Series 2010A Bonds") and the Airport Revenue Refunding Bonds, Series 2010B (AMT) (the "Series 2010B Bonds") (collectively the "2010 Bonds") in the approximate aggregate principal amount of $83.2 million. The Series 2010A Bonds are being issued to finance a portion of the construction of various airfield and terminal capital improvements (the "Series 2010A Bond Projects") at General Mitchell International Airport ("GMIA" or the "Airport"). The Series 2010B Bonds are being issued to refund a portion of the Series 2000 Airport Revenue Bonds ("Prior Bonds") that were issued, in part, to fund the first phase of the expansion and improvements of the parking facilities at the Airport.

The 2010 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, that are expected to be adopted on September 30, 2010 (the "2010 Supplemental Resolutions" and together with the General Bond Resolution, the "Bond Resolutions").

The 2010 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 2010 Supplemental Resolutions include pledged PFC revenues as Airport System Revenues to the extent that the projects funded with the proceeds of those bonds are approved for PFC funding.

Airport System management anticipates using PFC revenues to pay a portion of the debt service for the Series 2010A Bonds (corresponding to the costs of the Series 2010A Bond Projects that are PFC-eligible). The 2010 Bonds are being issued on a parity with the currently outstanding Series 2000A, Series 2003A, Series 2004A, Series 2005A, Series 2005B, Series 2006A, Series 2006B, Series 2007A, Series 2009A and Series 2009B 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 2009 and approximately 2.4 million enplanements for the first six months of 2010, is the major air carrier airport in the state of Wisconsin, serving the Milwaukee-Waukesha-West Allis, WI, Metropolitan Statistical Area ("MSA") of approximately 1.56 million people in 2009.

During the first six months of 2010, mainline enplanements and total enplanements increased significantly by 74.0 percent and 34.1 percent, respectively, while regional enplanements declined by 11.5 percent over the year earlier period. Southwest Airlines began service at GMIA on November 1, 2009. Through June 2010, Southwest enplaned more than 192,000 passengers and had a market share of 8.1 percent. Excluding Southwest, mainline passenger enplanements increased by 54.2 percent during the same period. A portion of this growth can likely be considered as a competitive response to Southwest as evidenced by AirTran and Frontier 2010 scheduled mainline departures increasing by 82.3 percent and 33.3 percent, respectively, from the prior year.

On September 27, 2010, Southwest Airlines Co. ("Southwest") announced it had entered into an agreement to acquire AirTran Holdings, Inc., the parent corporation of AirTran Airways (collectively "AirTran"), subject to the approval of AirTran's shareholders and certain regulatory approval. Given the limited information available regarding Southwest's plans, Unison has not analyzed or made any projections of the financial impact, if any, of the proposed acquisition on the Milwaukee County Airport System in this Report.

In 2009, Midwest mainline scheduled departures were 57.6 percent lower than in 2008, primarily because it was forced to undertake a major restructuring plan, including a reduced schedule, in order to remain a viable and ongoing business. On July 31, 2009, Midwest was acquired by Republic Airways. During the first six months of 2010, Midwest mainline scheduled service increased over the same period for 2009 by 81.8 percent, while enplanements grew 127.0 percent as the airline began to restore service around its network.

The Series 2010A Bond Projects

The Series 2010A Bond Projects consist of the following capital improvements, which are described in more detail in the attached feasibility study (the "Report"):

- *Snow Equipment Storage Building - Construction*
- *RSA – Runway 1L-19R and 7R-25L – Construction*
- *In-Line Security Baggage – Construction – Phase II*
- *Gate D52 Improvements – Design and Construction*
- *Parking Structure Relighting – Design and Construction*

Airline-Airport Use and Lease Agreement Negotiations

The Airport's Airline Use and Lease Agreement (the "AUA") expires on September 30, 2010. Both the County and the Airlines have approved a new Airline-Airport Use and Lease Agreement (the "New AUA"), which is being circulated for execution. The New AUA is planned to be effective October 1, 2010. The existing rate methodology in the expired agreement will be continued through December 31, 2010. While the New AUA has not been executed by all of the airlines as of the date of this letter, the accompanying financial forecast is based on the business deal contained in the New AUA and it contemplates that there will be eight Signatory Airlines by January 1, 2011. The financial forecast presented in Section V of the Report is based on our understanding of how the New AUA will impact the Airport's Revenues and Operating and Maintenance expenses (O&M expenses) and other funds generated by the Airport's operations beginning in 2011.

The major provisions of the New AUA are:

- Term
  - October 1, 2010 to December 31, 2015.
  - Option to extend for five additional years to December 31, 2020 upon mutual agreement that includes a new CIP and Net (Airline) Financing Requirement Cap, as described below.
- A residual rate methodology with deposits to the Airport Development Fund Account ("ADFA")
  - Airport deposits an amount equivalent to 10 percent of Airport concession revenues into the Surplus Fund.
  - Monies can be used for capital improvements or any lawful airport system purpose, subject to certain limitations.
  - Projects funded with the ADFA will not be depreciated or amortized and will not affect airline rates and charges.

  - Airport can deposit up to $4 million from the ADFA to the Airport Depreciation Account.
  - Projects funded from the Airport Depreciation Account will be depreciated or amortized and will affect the airline rates and charges.
- Capital Improvement Plan ("CIP")
  - Projects contained in a defined CIP are approved by the airlines as a condition of the New AUA.
  - The CIP project costs to be included in the calculation of airline rates and charges are limited to a Net (Airline) Financing Requirement Cap of $59 million.
  - Airport can add or modify projects without Majority-In-Interest (MII) approval provided that the Net (Airline) Financing Requirement Cap is not exceeded.
  - The airline MII process will continue to apply for additional capital projects not covered above.
- Other
  - Establishes the 440th Military Base, recently conveyed to the County, as a new cost center with the total net requirement allocated to the Airfield cost center.
  - Signatory airlines will report passengers of their affiliates (code share partners & subsidiaries, parent companies or contract airlines) combined with their own passengers and will pay their affiliates' landing fees and rents.
  - Non-signatory airlines will pay 125 percent of the rates paid by signatory airlines (increased from 120 percent).
  - There will be two differential Terminal Rental rate classifications replacing 12 existing classifications. Public-Access Airline Space will be at the base rate and Non-Public Access Space will be at 75 percent of the base rate.
  - All airline gates will be preferential use with a utilization standard for each gate and also new entrant and expanding carrier accommodation language. Reassignment of gates by the Airport will be allowed if the utilization standard has not been met over a 12 month look back period should such gate be required by another airline.

Rate Covenant

Pursuant to the General 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 percent of the annual Debt Service on the current outstanding General Airport Revenue Bonds ("GARBs"), the 2010 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 General Bond Resolution to equal Airport System Revenues less 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 2015.

Additional Bonds Test

The General 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, are in an amount not less than 125 percent of maximum annual Debt Service on all Outstanding Bonds and the Additional Bonds to be issued.

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 other 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 Series 2010A 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 calendar year (CY) 2000 through the six months ending June 30, 2010.

It presents forecasts of aviation activity for the remainder of 2010 through December 2015 and explains the factors underlying historical and forecast aviation activity trends. This section presents two forecast scenarios: base and alternate (low). 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, including the estimated impact of the New AUA. 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 2015.

Assumptions

In developing aviation activity forecasts and financial projections, we have made a number of assumptions regarding the following: the financing structure of the 2010 Bonds; future trends and 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 2010 Bonds will be issued in the aggregate principal amount of $83.2 million.
2. The New AUA will be signed by eight signatory airlines and based on our understanding of the business deal.
3. The 2010 Bonds will fully mature no later than year 2034.
4. To forecast passenger enplanements, Unison used a combination of a capacity-based forecasting approach for the near-term (using the latest published airline schedules as of August, 2010) 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 increased at an average annual rate of 0.7 percent between 1981 and 2009, and thereafter is projected to increase at an average annual rate of 1.2 percent through 2015. The real passenger yield[1] at GMIA decreased at an average annual rate of 3.2 percent between 1981 and 2009, and thereafter is projected to continue decreasing at an average annual rate of 0.3 percent through 2015. The U.S. real per capital Gross Domestic Product ("GDP") increased at an average annual rate of 1.7 percent between 1981 and 2009, and thereafter is projected to increase at an average annual rate of 2.3 percent through 2015. The Airport is anticipating submitting a PFC application requesting approval of a $4.50 PFC that will become effective for CY 2012.
5. The financial forecast assumes the adoption of the New AUA by the County and the Airlines.
6. All PFC projects will receive FAA approval upon submission to the FAA.
7. Annual inflation is assumed at approximately 2.0 percent over the forecast period.

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

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 2011, setting alternate growth paths for forecast activity at GMIA. Beyond 2011, 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 *increasing 23.8 percent this year*, based on the June year-to-date actual and published airline schedules for the remainder of 2010. The remainder of the forecast period is based on results of our regression analysis that accounts for the change in general economic trends as further discussed in Section IV of this Report.
- *Alternate forecast (Low).* The low forecast scenario simulates what might happen to air traffic at GMIA if the integrated Frontier Airlines, consisting of Midwest and Frontier operations, and their respective affiliates were to discontinue service effective January 2011. These airlines were selected for the alternate forecast due to the historical financial difficulties that they have faced, which led to their acquisition by Republic Airways Holdings and eventually the integration of the two carrier brands' operations. Additionally, these airlines accounted for nearly 35 percent of the enplanements at the Airport through the first half of 2010. The low forecast assumes the Airport would lose the following: 1) all connecting traffic carried by Midwest and affiliates, and 2) one-half of the airlines' O&D traffic to a few select destinations. In total the low forecast assumes a loss of approximately 20 percent of the Airport's total enplanements projected for CY 2011.

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 significantly increase from 4.0 million in 2009 to 4.9 million in 2010, and then gradually increase to 5.3 million in 2015, representing an average annual growth rate of 5.0 percent between 2009 and 2015. Under the low forecast, annual enplanements are projected to decrease sharply to 4.0 million in 2011, and then gradually increase to 4.3 million in 2015, representing an average annual rate of 1.2 percent between 2009 and 2015.
- Total Airport System Revenues, based on the base enplanement forecast, are projected to increase from approximately $72.1 million in 2009 to approximately $109.3 million in 2015.
- The airline cost per enplaned passenger, under the base enplanement forecast, is projected to increase from $5.34 in 2010 to $6.49 in 2015.
- Annual net discretionary cash flow is projected to fluctuate from approximately $1.1 million in 2010 to approximately $7.3 million in 2015.
- Debt service coverage, based on the base enplanement forecast, is projected to fluctuate from 1.54 in 2010 to 1.55 in 2015, which is projected to remain above the 1.25 debt service coverage 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 2010 Bonds. Accordingly, we conclude that it is financially feasible for the County to proceed with the issuance of the 2010 Bonds.

Sincerely,

UNISON-CONSULTING, INC.

GENERAL MITCHELL INTERNATIONAL AIRPORT
Financial Feasibility Report

September 30, 2010

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SECTION I
INTRODUCTION

The purpose of this Report is to evaluate the financial feasibility of the proposed issuance of the Airport Revenue Bonds, Series 2010A (Non-AMT) (the "Series 2010A Bonds") and the Airport Revenue Refunding Bonds, Series 2010B (AMT) (the "Series 2010B Bonds") (collectively the "2010 Bonds") by Milwaukee County, Wisconsin (the "County"). The Series 2010A Bonds are being issued to finance the construction of various airfield and terminal capital improvements (the "2010A Bond Projects") at the General Mitchell International Airport ("GMIA" or the "Airport"). The Series 2010B Bonds are being issued to refund a portion of the Airport Revenue Bonds, Series 2000A (the "Prior 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 2010A 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 2000 through June 2010. It presents forecasts of aviation activity for the period July 2010 through December 2015, and explains the factors underlying historical and forecast aviation activity trends. This section presents two alternate forecast scenarios: base and low. 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, including a summary of the recently negotiated new Airline-Airport Use and Lease Agreement (the "New AUA"). 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 through 2015. The financial projections presented in this section are developed using the "base" enplanement forecast developed in Section IV. In addition, a sensitivity analysis is also discussed at the end of this section, which presents the results of the financial projections based on the low forecast. Both financial forecasts are based on the terms of the New AUA, which is expected to be effective as of October 1, 2010.

A. THE MILWAUKEE COUNTY AIRPORT SYSTEM

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, and encompasses approximately 2,331 acres, which includes the former 440th Air Force Reserve Station[1]. GMIA is the major air carrier airport in the State of Wisconsin, serving the Milwaukee-Waukesha-West Allis, WI, Metropolitan Statistical Area ("MSA") of approximately 1.56 million people.[2] As of June 2010, the Airport was served by six major/national air carriers and fourteen regional/commuter air carriers. In 2009, the Airport accommodated approximately 4.0 million enplanements, which represented a slight decline from 2008 totaling 0.3 percent. Enplanements for the first six months of 2010 totaled approximately 2.4 million, which represented approximately a 34.1 percent increase in total enplanements versus approximately 1.8 million for the first six months of 2009. The significant increase is largely due to an increase in operations by Midwest and the entry of Southwest during the first six months of 2010. According to statistics compiled by the Airports Council International ("ACI"), GMIA was ranked 49th in the U.S. in terms of total passengers accommodated in 2009.

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 final conveyance was completed in July 2010 through a Public Benefit Conveyance with the FAA as the County's sponsor. The land is currently being evaluated to determine the optimum use for the parcel.
[2] U.S. Bureau of the Census.

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 complete. In addition to terminal improvements, since 1980, the parking garage that initially contained a 4,440-space parking garage was subsequently expanded to approximately 5,900 by 1990. By late 2002, due to increased demand, Phase I of the parking garage expansion was completed, which increased the supply to approximately 7,800 spaces.

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 810,000 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, 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, which was completed in two phases, opened in July 2007. 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. The second phase of this project consisted of 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. Lastly, the Concourse E remodeling project is complete, which involved the remodeling of the public areas in this concourse, including additional electrical equipment and service to accommodate the airlines' 400 MHz ground power units. This project was completed by the end of 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	5,868
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 with the remainder located in remote lots served 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 located at Sixth Street that is adjacent to Lot B, which is available for use during peak periods. The Airport's current funding plan includes the development of this parking lot. However, this project will be undertaken only if future parking demand requires.

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, which closed 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 redevelop this land. After considerable analysis the LRA decided the most appropriate plan for the redevelopment of the 102 acre site was for aviation purposes. The recommended conveyance was completed by the Public Benefit Conveyance (PBC) in July 2010, at no cost to the County for use by GMIA. 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.

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. The County's population estimate for 2009 was approximately 960,000[3]. Interstate Highway 94 links Milwaukee County with Chicago to the south, Madison to

[3] Source: U.S. Bureau of the Census, www.census.gov; annual population estimates dated July 1, 2009.

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 Board are elected on a non-partisan basis every four years. The most recent elections for the County Executive and the Board 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 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 has served since April 2002, with his current term ending 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 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 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 was employed 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 Calendar Year (CY) 2010 – CY 2015 Capital Improvement Program (CY 2010 – CY 2015 CIP). It describes the funding sources that are anticipated to fund the CY 2010 – CY 2015 CIP and provides an overview of the specific projects being financed with the Series 2010A Bonds.

A. FUNDING SOURCES

The financing plan for the CY 2010 – CY 2015 CIP anticipates using the following funding sources:

- **Capital Improvement Reserve Account (CIRF)**
- **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. Capital Improvement Reserve Fund

The CIRF represents an amount equal to the depreciation payments received pursuant to the New 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 2010 – CY 2015 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 2010 – CY 2015 CIP anticipates the use of approximately $140.8 million of PFC Revenues to fund various airfield, terminal, landside, and other projects. A portion of this amount totaling approximately $27.8 million will be used to fund a portion of the following projects: 1) Snow Equipment Storage Building – Construction - $13.3 million, 2) In-Line Baggage Security – Construction Phase 2 - $7.8 million, 3) Runway Safety Area (RSA) Runway project - $4.7 million, and 4) Gate 52 Improvements – Design and Construction - $2.0 million. These costs will be funded from proceeds of the Series 2010A Bonds: therefore, a portion of the PFC revenues will be pledged to pay part of the debt service of the Series 2010A Bonds.

On June 24, 2010, the Airport held the PFC Air Carrier Consultation meeting to discuss the proposed PFC 16 Application (PFC 16) to provide funding for 12 new projects including approximately a total of $17.1 million in bond proceeds (and an estimated $19.5 million of bond financing and interest costs) to fund a portion of the In-Line Baggage Security – Construction (Phase 2) project. Approximately $7.8 million is being funded with a portion of the Series 2010A Bonds, with the remaining $9.3 million scheduled to be funded with future bonds. No letters of disagreement were received from the air carriers, and no public comments were received within the thirty-day comment period. The County plans to submit PFC 16 to the FAA in September, and the FAA will have 120 days to approve or disapprove the application; however, approval is expected in the absence of any airline or public disagreements. Submittal of PFC 16 has been delayed due to the precedence of submitting several PFC amendment applications and waiting 30 days for the FAA's review and approval of these amendments. The Airport received approval for the RSA Runway project in 2009.

In addition, approximately $15.3 million of the Series 2010A Bond proceeds are for two projects (Snow Equipment Storage Building – Construction and Gate 52 Improvements – Design and Construction) that are not a part of PFC 16, but are scheduled to be a part of PFC Application 17 (PFC 17), which is planned for submission to the FAA later in CY 2011.

PFC 16 and prior applications have been for PFC collections at a rate of $3.00 per eligible enplanement. However, the Airport has stated to the airlines its intent to submit PFC 17 in 2011, which will include a request to increase the PFC collection rate to $4.50 per eligible enplanement. Therefore, the projections of future sources and uses of PFC funds assume a $4.50 PFC collection beginning in CY 2012.

Table II-1 projects the sources and uses of PFC funds for the current forecast period ending in CY 2015. Total sources for the period CY 2010 to CY 2015 are projected to be approximately $188.4 million, which consists of a beginning balance of $15.1 million, PFC revenues totaling $114.7 million, Series 2010A Bond proceeds equaling $27.8 million, future bond proceeds totaling $27.8 million and interest income equaling $3.0 million.

Total uses for the period CY 2010 to CY 2015 are estimated to be approximately $141.4 million, which includes approximately $29.8 million for PFC pay-as-you-go projects, approximately $55.5 for PFC Bond-Funded project costs, approximately $54.9 million for GARB debt service paid with PFCs and approximately $1.2 million for the PFC Bond Debt Service Coverage Fund.

In CY 2015, there is a projected balance in the PFC fund of approximately $46.9 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 2010-2015
(in $ 000s)

		2010	2011	2012	2013	2014	2015	Total
PFC Beginning Balance (1)		$15,094	$17,176	$12,550	$14,477	$38,401	$37,143	$15,094
PFC Sources:								
Enplaned Passengers		4,935	4,962	5,016	5,116	5,222	5,347	–
Percentage Increase (Decrease)		23.75%	0.55%	1.09%	1.98%	2.08%	2.38%	
Eligible Enplaned Passengers	96.0%	4,738	4,764	4,816	4,911	5,013	5,133	–
PFC Collections (2)		$14,213	$14,291	$21,671	$22,101	$22,560	$23,098	$117,934
Less: Airline Collection Fee	$0.11	(521)	(524)	(530)	(540)	(551)	(565)	($3,231)
PFC Revenues (2)		$13,692	$13,767	$21,141	$21,561	$22,009	$22,533	$114,703
Series 2010A Bond Proceeds		27,764	0	0	0	0	0	$27,764
Future PFC Bonds		0	13,999	0	13,751	0	0	$27,750
Interest Income (3)	2.00%	323	297	270	529	755	841	$3,015
Total Sources (4)		$56,873	$45,240	$33,961	$50,317	$61,166	$60,517	$188,327
PFC Uses:								
Pay-As-You-Go (5)								
Approved Projects		($3,598)	($7,270)	($444)	($260)	($73)	($36)	($11,681)
PFC 16 Projects		(958)	(1,971)	(3,238)	(1,007)	0	0	($7,173)
Future PFC Projects		0	(3,580)	(5,291)	(647)	(126)	(1,325)	($10,969)
PFC Bond-Funded Projects								
2010A Bond Projects		(27,764)	0	0	0	0	0	($27,764)
Future Bond Projects		0	(12,792)	(1,207)	(409)	(13,342)	0	($27,750)
GARB Debt Service Paid with PFCs								
Series 2004A Bonds (6)		(2,258)	(2,258)	(2,260)	(2,260)	(2,257)	(2,260)	($13,552)
Series 2005A Bonds (6)		(1,409)	(1,406)	(1,407)	(1,407)	(1,408)	(2,366)	($9,403)
Series 2005B Bonds (6)		(295)	(297)	(297)	(296)	(296)	0	($1,481)
Series 2006A Bonds (6)		(1,603)	(1,601)	(1,599)	(1,600)	(1,599)	(1,602)	($9,604)
Series 2006B Bonds (6)		(354)	(337)	(323)	(306)	(289)	(272)	($1,881)
Series 2007A Bonds (6)		(740)	(739)	(738)	(740)	(737)	(738)	($4,433)
Series 2009A Bond (6)		(137)	(145)	(145)	(145)	(145)	(268)	($985)
Series 2010A Bond (6)		0	0	(1,363)	(1,363)	(1,363)	(2,322)	($6,411)
Future PFC Bonds (7)		0	0	(1,174)	(1,172)	(2,387)	(2,387)	($7,119)
PFC Bond Debt Service Coverage Fund (8)								
Series 2010A Bond		(581)	0	0	0	0	0	(581)
Future PFC Bonds		0	(293)	0	(304)	0	0	(598)
Total		($39,697)	($32,690)	($19,484)	($11,916)	($24,022)	($13,577)	($141,386)
PFC Ending Balance in PFC Fund		$17,176	$12,550	$14,477	$38,401	$37,143	$46,941	$46,941

(1) Source: PFC Quarterly Report of 12/31/09 for 2010 beginning balance.
(2) Calculated by Unison. Assumes a $3.00 PFC collection rate through 2011, and $4.50 thereafter.
(3) Calculated assuming 2% of average annual balance.
(4) Total sources include the PFC Beginning Balance in each year.
(5) Source: CIP.
(6) Source: Bond Payment Schedule for PFC Backed Airport Bonds provided by Airport Management.
(7) Assumes 25-year Bonds, issued at a 6.0% interest rate with 1-year debt service reserve. Projection by Unison.
(8) 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 2010 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 2010 – 2015 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 2010 – CY 2015 CAPITAL IMPROVEMENT PROGRAM

The Airport System's CY 2010 – CY 2015 CIP consists of 112 capital improvement projects with a total estimated cost of approximately $261.4 million, as summarized on **Table II-2**. Prior to implementing the CIP projects, the projects must be approved by the County Executive and the Board.[5] Projects that will impact the airline rates and charges must go through the airline approval process specified in the New 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 New AUA specifies that capital projects must be submitted to the Signatory Airlines for review. The projects being funded by the Series 2010A Bonds have been approved by the Signatory Airlines.
[7] Of the four 2010A PFC bond projects, the RSA airfield project was approved by the FAA and the In-Line Baggage Security project was consulted with the airlines without any airline or public disagreement. The remaining two PFC projects – Snow Equipment Storage Building – Construction and Gate D52 Improvements – Design and Construction will be submitted in PFC 17, for later in CY 2011.

Table II-2
Milwaukee County Airport System
Capital Improvement Program
Estimated Project Costs and Funding Sources (000's)
For Years 2010 through 2015 [1]

Category	Estimated Costs	FAA Grants [2]	State Grants	PFC PAYGO	CIRF Account	TSA Funds	2010A Bonds GARBs	2010A Bonds PFC [3]	Future Bonds GARBs	Future Bonds PFC [3]
Airfield:										
RSA - Runways 1L-19R and 7R/25L - Construction	$28,538	$20,279	$3,567	$0	$0	$0	$0	$4,692	$0	$0
Other	$30,690	$20,353	$3,390	$3,247	$328	$1,372	$0	$0	$2,000	$0
Total	$59,228	$40,631	$6,957	$3,247	$328	$1,372	$0	$4,692	$2,000	$0
Terminal:										
Inline Baggage Security - Construction (Phase 2)	$35,412	$0	$0	$0	$0	$18,286		$7,800	$0	$9,326
Gate D52 Improvements - Design and Construction	$2,000	$0	$0	$0	$0	$0	$0	$2,000	$0	$0
Other	$62,633	$0	$0	$9,702	$656	$0	$0	$0	$51,368	$907
Total	$100,045	$0	$0	$9,702	$656	$18,286	$0	$9,800	$51,368	$10,233
Land and Noise	$41,755	$32,604	$4,410	$4,410	$332	$0	$0	$0	$0	$0
Landside & Parking:										
Parking Structure Relighting - Design and Construction	$1,616	$0	$0	$0	$0	$0	$1,616	$0	$0	$0
Snow Equipment Storage Building - Construction	$13,272	$0	$0	$0	$0	$0	$0	$13,272	$0	$0
Other	$40,804	$4,624	$2,625	$12,173	$854	$0	$0	$0	$3,011	$17,517
	$55,692	$4,624	$2,625	$12,173	$854	$0	$1,616	$13,272	$3,011	$17,517
Other [4]	$4,658	$3,190	$444	$850	$174	$0	$0	$0	$0	$0
TOTAL CIP	**$261,377**	**$81,049**	**$14,436**	**$30,382**	**$2,344**	**$19,658**	**$1,616**	**$27,764**	**$56,379**	**$27,750**

[1] Excludes financing and project costs from 2009 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 2010 – CY 2015 CIP. The total estimated cost of approximately $261.4 million is comprised of approximately $81.0 million of FAA grants (AIP and GA), approximately $14.4 million of state grants, approximately $30.4 million of PFC pay-as-you-go, approximately $2.3 million of CIRF, approximately $19.7 million of TSA funds, approximately $29.4 million from proceeds from the Series 2010A Bonds, and approximately $84.2 million from future bonds.

The funding plan for the CY 2010 – CY 2015 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. Capital Improvement Reserve Fund

The Airport anticipates approximately $2.3 million from the CIRF will be used to fund a portion of the CY 2010 – CY 2015 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 $0.3 million of various airfield projects, $0.7 million of terminal projects and $1.3 million of landside and parking, and other projects.

2. Passenger Facility Charges

The Airport estimates that PFC revenues will be used to fund $85.9 million of the CY 2010 – CY 2015 CIP as summarized on **Table II-2**. PFCs will provide funding for $30.4 million on a pay-as-you-go basis for various projects in the airfield, terminal, landside and parking, and other cost centers. In addition PFCs will be used to pay the debt service on $27.8 million of the Series 2010A Bonds and $27.8 million of the future bonds.

3. General Airport Revenue Bonds

The County plans to issue the Series 2010A Bonds and future GARBs to generate approximately $113.5 million in project fund proceeds to finance a portion of the CY 2010 – CY 2015 CIP. Approximately $29.4 million is anticipated to be generated from the Series 2010A Bonds, of which $27.8 million will be repaid from PFC revenues as discussed above. The Series 2010A Bond proceeds will fund a portion of several projects as follows; $13.3 million for a Snow Equipment Storage Building – Construction , $7.8 million for a potion of the In-Line Baggage Security – Construction Phase 2, $4.7 million for a portion of the RSA Runway, and $2.0 million for the Gate D52 Improvements – Design and Construction. The future bonds total approximately $84.1 million in proceeds. It is anticipated that $27.8 million will be paid from PFC revenues.

4. Federal Grants

The County has estimated approximately $100.7 million of federal grants will be available to fund a portion of the CY 2010 – CY 2015 CIP, comprised of $81.0 million of AIP and GA grants and $19.7 million of TSA grants. The AIP and GA grants will fund a portion of the RSA Runway project ($28.5 million) with the balance used to fund various other airfield, taxiway and landside projects. The TSA grants are planned to fund In-Line baggage screening and a firehouse garage addition.

5. State Grants

The County anticipates approximately $14.4 million in state grants to fund a portion of the CY 2010 – CY 2015 CIP. The state grants will be used to fund a portion of the RSA Runway ($3.6 million) with the balance of the grant moneys going toward funding various other airfield, noise, and landside projects.

C. THE 2010A BOND PROJECTS TO BE FUNDED WITH THE SERIES 2010A BOND PROCEEDS

The 2010A Bond Projects to be funded in part with the proceeds of the Series 2010A Bonds consist of the capital improvements described below.

1. Snow Equipment Storage Building

Construct a storage building to store snow removal equipment in a heated environment as recommended by the Federal Aviation Administration Advisory Circular #150/5220-18A. GMIA recently acquired 12 combination snow plow/broom vehicles to provide more efficient, safer and faster snow removal from runways. The airport is currently using an aircraft hangar to store these units in a heated environment as a temporary measure. A more permanent solution is an equipment storage building located in the south maintenance shop area of the airport grounds. The combination snow plow/broom vehicles exceed 70 feet in length and exceed the airport's current equipment storage capabilities. The proposed equipment storage building will be approximately 250' wide with six 30' wide doors on the front and rear of the building to provide for drive-through aisles. With doors grouped three on the left and three on the right, the center 40' of the building will be configured for service equipment, supplies and office/support space. The depth of the building will be approximately 200' to allow two combination trucks to park in each aisle.

2. 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

3. In-line Baggage Security – Construction (Phase 2)

Construct an elevated structure on the north side of ticketing to house the Electronic Detection System (EDS) machines. In order to accommodate the building addition, a reconfiguration of the sheriff's checkpoint will be required.

The conveyer system installed in Phase I will be extended to the elevated room with a number of diverters and pushers to ensure an efficient screening process. After bags are screened, the bags will be transferred by conveyer to individual airline carousels. A centralized TSA screening area will also be created as part of this project.

4. **Gate D-52 Improvements**

Renovate two of the gates at D-52 and acquire two new jet bridges. The jet bridges will have ground power, pre-conditioned air units, and certain other security enhancements, including, security hardware on the concourse level, connecting the gates to the Flight Information Display System.

5. **Parking Structure Relighting – Design and Construction**

Replace the lighting in the original parking structure and the 1990 addition. In addition to new lighting, various electrical components will be upgraded. These include placing lighting panels in safer locations, adding an emergency generator to increase the amount of lighting on emergency circuits, consolidating electrical feeders and placing distribution equipment in more suitable locations.

The installed fixtures are not spaced correctly and emit a poor quality light, resulting in dim and uneven lighting conditions throughout the structures. This is particularly evident in contrast to the newer metal halide fixtures, installed in the recent 2002 addition, which are bright and well spaced.

SECTION III
LOCAL ECONOMIC BASE

GMIA is primarily an origin and destination (O&D) airport, with O&D passengers accounting for at least 80 percent of annual total enplanements. The 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. 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, WI, 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 with the city of West Allis located in Milwaukee County. The secondary ASA extends to include the counties of Dodge, Fond du Lac, Jefferson, Kenosha, Racine, Sheboygan, and Walworth. This section focuses on the demographic and economic trends in the Airport's primary ASA.

B. POPULATION

The Milwaukee MSA offers a stable population base for air travel demand. **Table III-1** shows the local population trends from 2002 through 2009:

- The MSA population increased from 1.52 million in 2002 to 1.56 million in 2009, representing 27.6 percent of Wisconsin's 2009 population. Compared to the state's and the nation's annual population growth rates of 0.5 and 0.9 percent, respectively, the Milwaukee MSA's annual population growth rate was slow but steady, averaging 0.4 percent.

- Population growth was uneven among the four counties that make up the MSA. Waukesha County posted the largest gain in number, while Washington County posted the highest growth rate.

- Milwaukee County, home of the Airport, accounts for the largest population share in the MSA – 61.5 percent in 2009 **(Figure III-2)**.

FIGURE III-1
GENERAL MITCHELL INTERNATIONAL AIRPORT
AIR SERVICE AREA

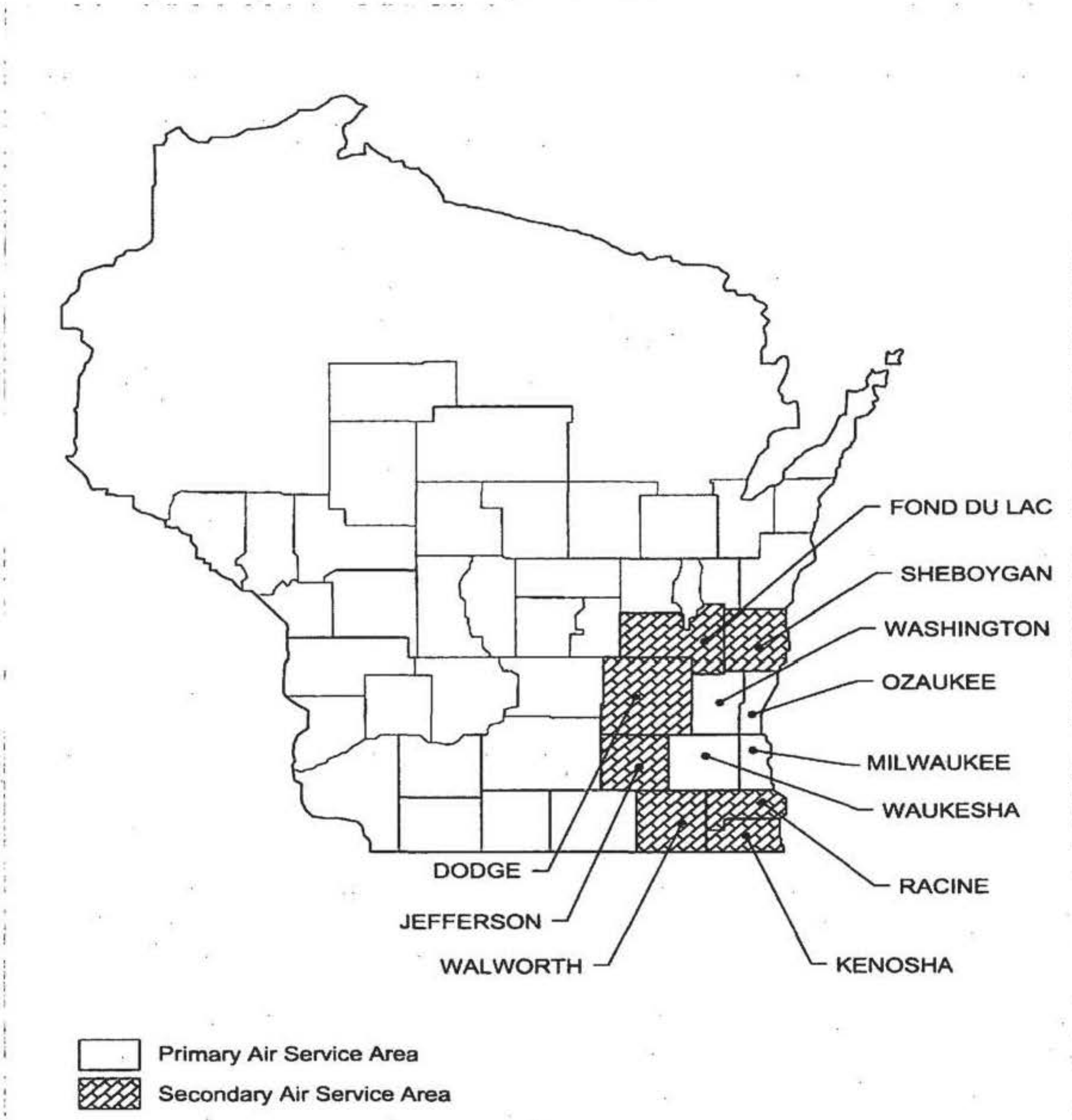
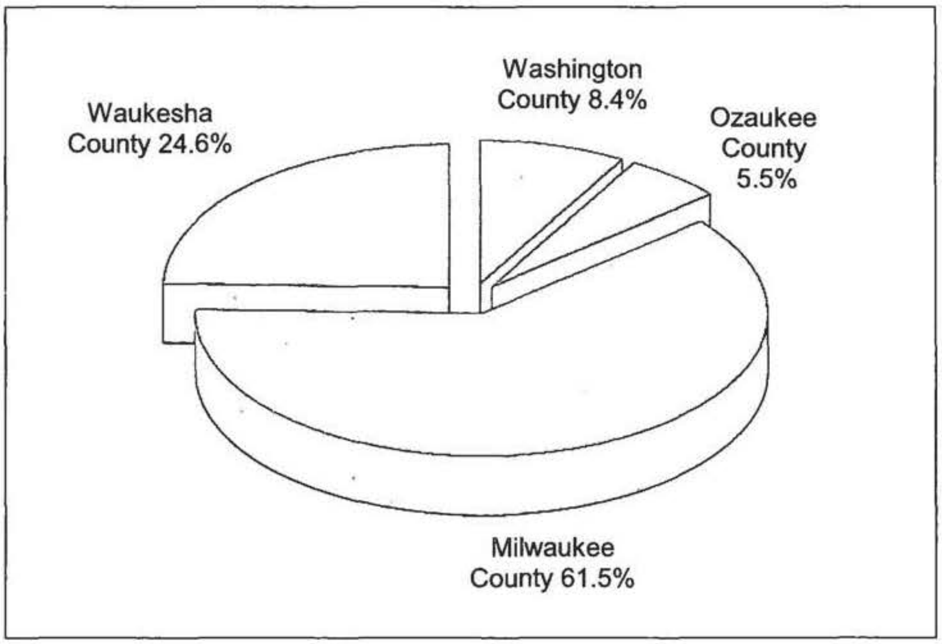


TABLE III-1
POPULATION TRENDS IN MILWAUKEE-WAUKESHA-WEST ALLIS MSA, WISCONSIN AND THE UNITED STATES
2002-2009

County/Area	Population Estimates as of July 1 of each year								Avg. Annual Growth Rate
	2002	2003	2004	2005	2006	2007	2008	2009	2002-2009
Milwaukee-Waukesha-West Allis, WI MSA									
Milwaukee County	948,363	951,073	952,274	951,265	952,374	952,185	953,973	959,521	**0.2%**
Ozaukee County	83,577	84,195	84,937	85,028	85,189	85,421	85,821	86,311	**0.5%**
Washington County	120,537	121,725	123,518	125,038	126,597	128,192	129,722	130,681	**1.2%**
Waukesha County	368,625	371,424	373,203	374,989	376,141	379,020	380,935	383,154	**0.6%**
Total-Milwaukee MSA	**1,521,102**	**1,528,417**	**1,533,932**	**1,536,320**	**1,540,301**	**1,544,818**	**1,550,451**	**1,559,667**	**0.4%**
Wisconsin	5,446,766	5,476,796	5,511,385	5,541,443	5,571,680	5,601,571	5,627,610	5,654,774	**0.5%**
United States	287,803,914	290,326,418	293,045,739	295,753,151	298,593,212	301,579,895	304,374,846	307,006,550	**0.9%**

Source: U.S. Bureau of the Census.

FIGURE III-2
MILWAUKEE-WAUKESHA-WEST ALLIS, WI MSA
POPULATION DISTRIBUTION
2009



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 1999 through 2009 in **Table III-2**. The local per capita personal income increased at a slightly slower rate than both Wisconsin and the U.S. total for the period.

TABLE III-2
PER CAPITA PERSONAL INCOME TRENDS IN
MILWAUKEE-WAUKESHA-WEST ALLIS MSA, WISCONSIN, AND THE UNITED STATES
1999-2009

Year	Milwaukee-Waukesha-West Allis MSA	Wisconsin	United States
1999	$31,622	$27,652	$28,333
2000	$33,245	$29,139	$30,318
2001	$34,220	$30,098	$31,145
2002	$35,480	$30,797	$31,462
2003	$34,870	$31,642	$32,271
2004	$36,677	$32,721	$33,881
2005	$37,917	$33,673	$35,424
2006	$40,724	$35,644	$37,698
2007	$41,926	$36,990	$39,392
2008	$42,824	$37,770	$40,166
2009	$41,696	$36,822	$39,138
Average Annual Growth Rate			
1999-2009	2.8%	2.9%	3.3%

Source: U.S. Bureau of Economic Analysis.

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 797,401 in 2009, decreasing slightly from 818,126 in 1999 (**Table III-3**). The number employed also decreased slightly from 792,547 in 1999 to 728,273 in 2009.

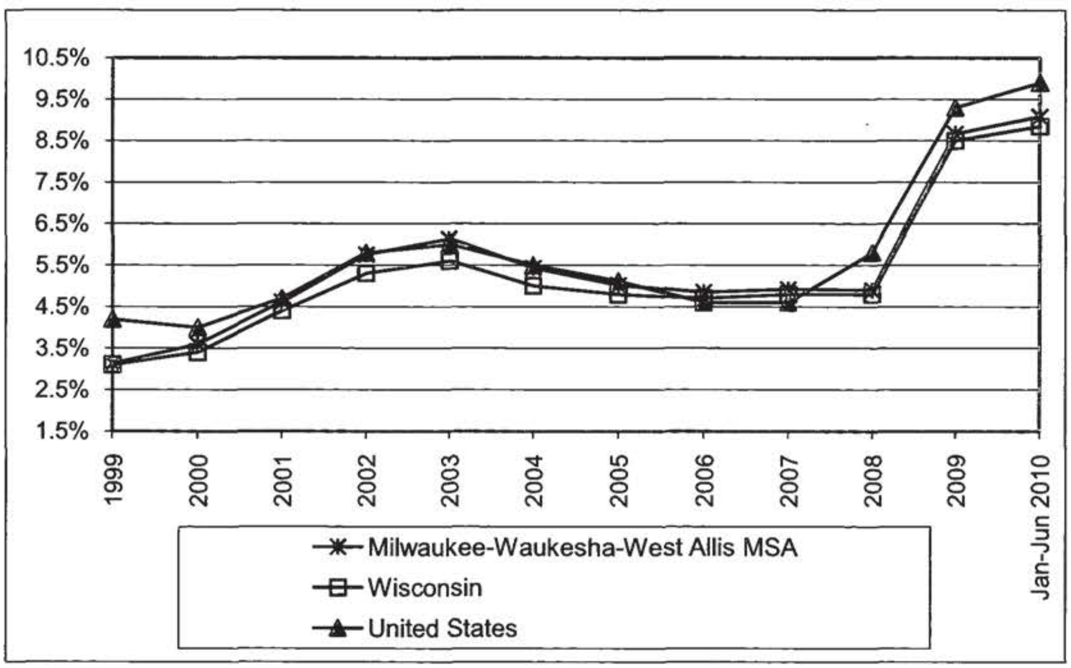
- The number of unemployed increased relatively more significantly from approximately 26,000 in 1999 to nearly 69,000 in 2009. The unemployment rate in the MSA, which increased from 3.1 percent in 1999 to 8.7 percent in 2009, generally tracked that of the state and the nation (**Figure III-3**), following national economic trends. The effects of the recent U.S. recession on the local economy can be seen in the sharp increase (75.6 percent) in unemployment in 2009 compared to 2008, and the rise in the unemployment rate to 8.7 percent.

TABLE III-3
MILWAUKEE-WAUKESHA-WEST ALLIS, WI MSA
CIVILIAN LABOR FORCE
1999-2009 and January-June 2010

Year	Labor Force Total	Labor Force Employed	Labor Force Unemployed	Unemployment Rate
1999	818,126	792,547	25,579	3.1%
2000	807,508	778,443	29,065	3.6%
2001	807,197	769,926	37,271	4.6%
2002	796,950	751,062	45,888	5.8%
2003	792,980	744,303	48,677	6.1%
2004	786,460	743,732	42,728	5.4%
2005	786,658	747,150	39,508	5.0%
2006	797,399	758,722	38,677	4.9%
2007	807,202	767,486	39,716	4.9%
2008	803,240	763,882	39,358	4.9%
2009	797,401	728,273	69,128	8.7%
Jan-Jun 2010	791,914	723,198	68,716	8.7%
Annual Growth Rate				
1999-2009	-0.3%	-0.8%	10.5%	
Jan-Jun 2010	-2.6%	-1.6%	-12.0%	

Source: U.S. Bureau of Labor Statistics.

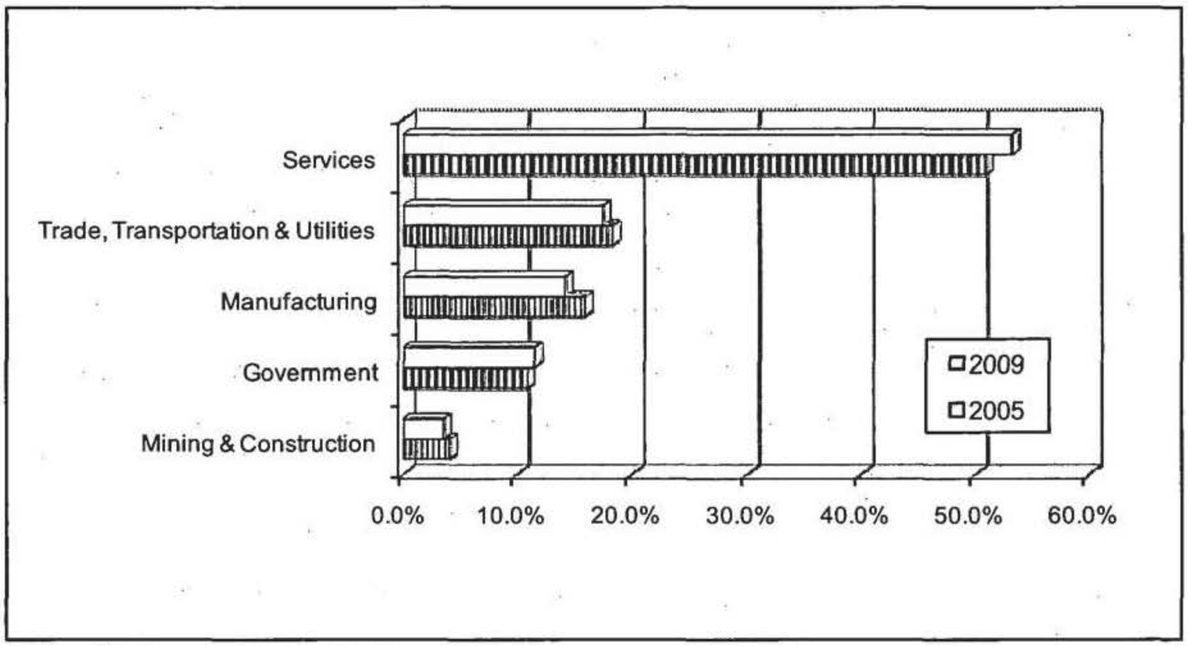
FIGURE III-3
UNEMPLOYMENT RATES IN THE MILWAUKEE MSA,
WISCONSIN AND THE UNITED STATES
1999-2009 and January-June 2010



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 2009. There has been no marked change in the relative employment shares by industry sector, indicating stability in the economic base. Services is 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 2009



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 as of the fourth quarter of 2009. 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
FOURTH QUARTER OF 2009**

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:	
Aurora Advanced Healthcare, Inc.	Services (healthcare)
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
Kleen Test Products	Manufacturing (Paper Products)
Mequon-Thiensville Public School	Services (education)
Port Washington-Saukville School District	Services (education)
Rockwell Automation Inc.	Manufacturing (machinery)
Washington County:	
Broan-Nutone, LLC	Manufacturing
Cedar Community	Services
County of Washington	Government
Germantown Public School	Services (education)
Quad/Graphics Inc.	Services
Saint Joseph's Community Hospital	Services (healthcare)
Wal-Mart	Retail Trade
West Bend Clinic, Inc.	Services (healthcare)
West Bend Joint School District #1	Services (education)
West Bend Mutual Insurance Company	Services
Waukesha County:	
County of Waukesha	Government
Elmbrook Schools	Service (education)
GE Medical Systems, LLC	Manufacturing
Kohl's Department Stores, Inc.	Retail Trade
Quad/Graphics, Inc.	Services (business)
School District of Waukesha	Service (education)
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**, 15 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
2010

Company	Fortune Ranking	Business
Johnson Controls	83	Controls systems
Northwestern Mutual	115	Insurance
Manpower	143	Employment Services
Kohl's Corp.	135	Department Stores
Harley-Davidson	430	Motorcycles
Rockwell Automation	476	Industrial automation
Fiserv, Inc.	491	Data processing & software
Wisconsin Energy Corp.	496	Electricity and gas
Marshall & Ilsley Corp.	576	Banking
Joy Global Inc.	553	Manufacturing - mining machinery
Bucyrus International	699	Construction and Farm Machinery
A.O. Smith Corp.	835	Manufacturing - electric motors & water heaters
Briggs & Stratton Corp.	799	Manufacturing - Outdoor Equipment Engines
RBS Global-Rexnord	869	Manufacturing - Industrial Products
MGIC Investment	933	Finance

Source: Fortune Magazine.

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 Tourism[1], Milwaukee County ranked first in the state in terms of visitor spending in 2009. Travelers to the County spent an estimated $1.53 billion in 2009. The economic impact of these visitor expenditures includes 37,885 full-time equivalent jobs and $245.2 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

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

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.

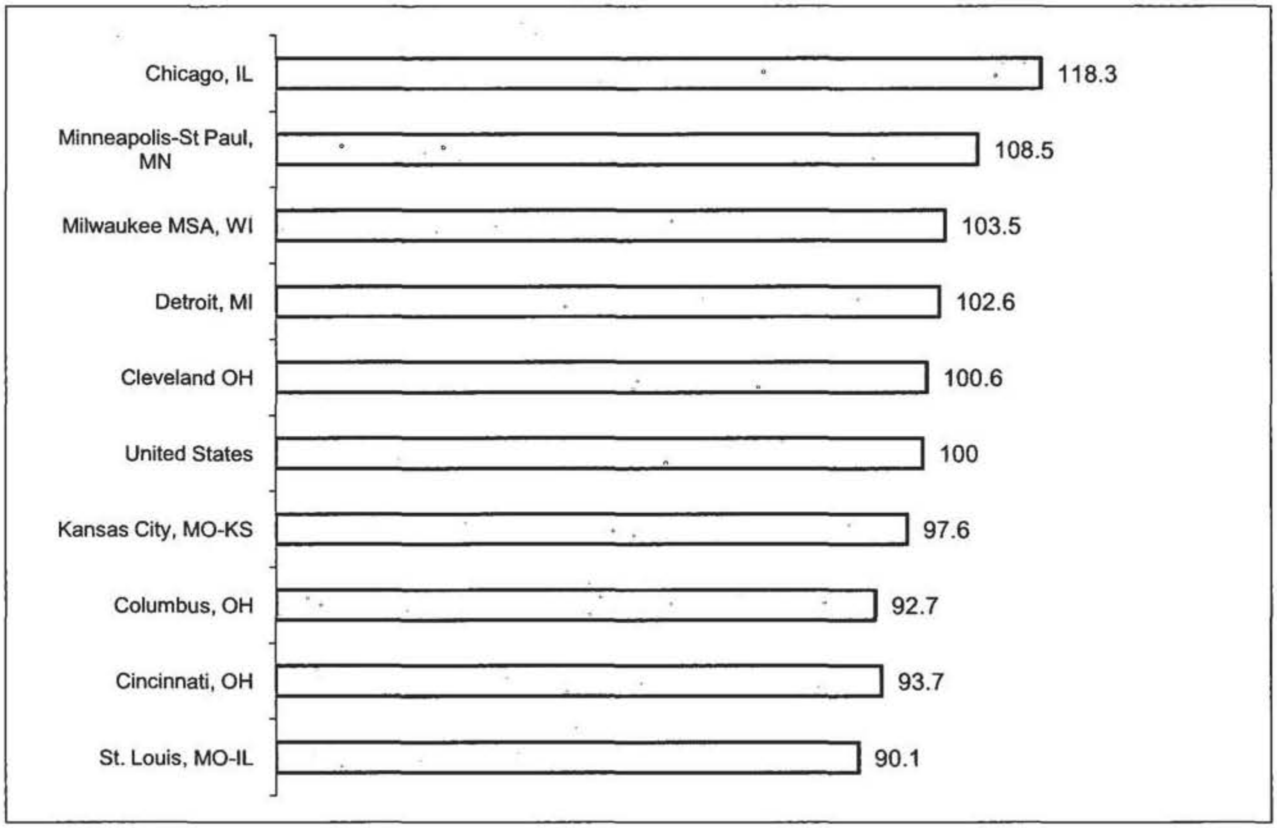
The Milwaukee metro area boasts various points of interest around which tours have emerged. Brewery and winery tours, which include the area's famous Lakefront Brewery and Miller Brewing Company, are popular group events. Other places of interest include the Harley-Davidson Museum, Harley-Davidson Plant, 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 ACCRA 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 2010, the cost of living index in the Milwaukee MSA was 103.5, which places the area slightly above the national average of 100, making it the third highest among the comparable metropolitan areas shown in **Figure III-5.** This represents an increase over the first quarter of 2009 cost of living index of 102 for the Milwaukee MSA.

FIGURE III-5
ACCRA COST OF LIVING COMPARISON - SELECTED MIDWEST METROPOLITAN AREAS [1]
First Quarter 2010



[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.

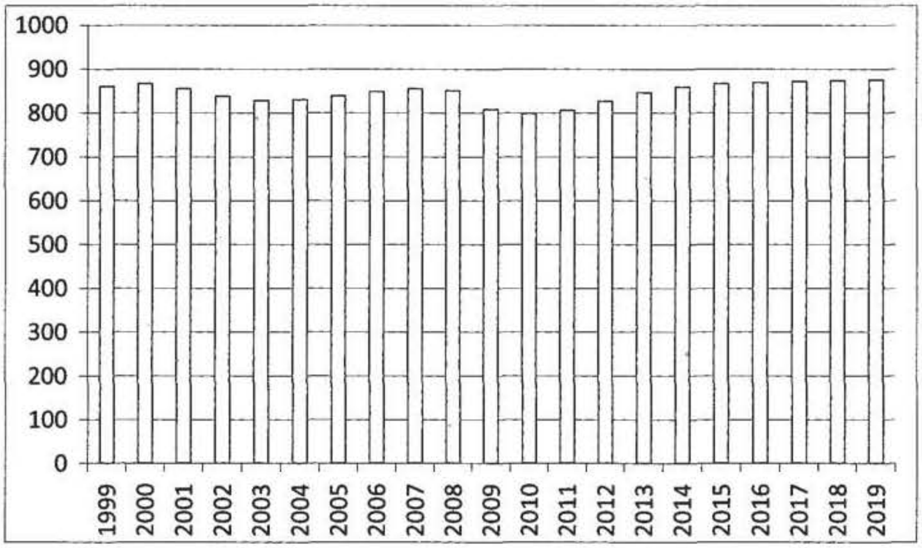
Source: Metropolitan Milwaukee Association of Commerce

H. OUTLOOK

All indicators point to a stable local economy. As recent history has shown, however, the local economy – particularly employment trends - follows national economic trends very closely. Employment falls and the unemployment rate rises during recession.

National economic trends began to show year-over-year growth in the third quarter of 2009, and national economic data and forecasts point to the recovery being sustained in 2010, picking up pace in 2011. (Section IV provides details and supporting data on the U.S. economic trends.) The Milwaukee MSA is expected to recover with the U.S. economy. **Figure III-6** shows historical and forecast trends in non-farm employment in the Milwaukee MSA beginning in 2011, based on data obtained from Moody's Economy.com, an independent economic forecasting firm.

FIGURE III-6
MILWAUKEE-WAUKESHA-WEST ALLIS, WI MSA
NON-FARM EMPLOYMENT (IN THOUSANDS)
1999-2019



Historical, 1999-2009; forecast, 2010-2019.
Source: Moody's Economy.com.

I. 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 2009, the Milwaukee MSA had approximately 1.56 million residents, accounting for 27.6 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 2010.

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.

On September 27, 2010, Southwest announced it had entered into an agreement to acquire AirTran Holdings, Inc., the parent corporation of AirTran Airways, subject to the approval of AirTran's shareholders and certain regulatory approval. Given the limited information available regarding Southwest's plans, Unison has not analyzed or made any projections of the impact, if any, of the proposed acquisition on forecast aviation activity at the Airport.

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 July 2010, there were six mainline air carriers and 14 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 July 2010, and also indicates those that are parties to the Current AUA ("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 July 2010

Airline Category	Signatory	Non-Signatory
Mainline Carrier		
AirTran	x	
Delta	x	
Frontier[1]	x	
Midwest[1]	x	
US Airways	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, Midwest Connect)	x	
Comair (Delta Connection)		x
Compass (Delta Connection)		x
Expressjet (Continental Express)	x	
Freedom (Delta Connection)		x
Great Lakes Aviation		x
Mesaba (Delta Connection)		x
Pinnacle (Delta Connection)		x
Shuttle America (Delta Connection)		x
SkyWest (AirTran, Delta Connection/United Express)	x	

[1] Republic Airways Holdings acquired Midwest and Frontier on June 23, 2009 and October 1, 2009, respectively. On April 13, 2010, Republic Airways announced the integration of the operations of the two branded carriers into the Frontier Airlines name, expected to take 12-18 months. (Source: Announcements posted on the websites of Frontier and Republic Airways Holdings, Inc.)
Source: Airport records.

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 H1N1 virus outbreak, and the Iraq and Afghanistan wars; and (5) the recent U.S.

economic recession that began 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 through 2009, GMIA has weathered these challenges better than most U.S. airports. During the first four months of 2010, GMIA has greatly outpaced other U.S. medium hub airports. The following are the highlights of enplanement trends at GMIA over the past decade:

- Total enplanements at the Airport increased from approximately 3.04 million in 2000 to 3.99 million in 2009 at an average annual growth rate of 3.1 percent, outpacing the 0.6 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 six out of the past 10 years and the first four months of 2010.

- 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 2000 to 0.57 percent in 2009.

- Federal Aviation Administration (FAA) data in **Table IV-3** show that in 2009, GMIA posted the smallest decline in enplanements out of the 36 medium hub airports in the United States.

- During the first four months of 2010, GMIA experienced very large proportional gains in enplanements (35.2 percent) compared to the U.S. system as a whole (0.7 percent), in spite of the U.S. economic recession and airline capacity cuts. These large traffic gains can be attributed to:

  - The entry of Southwest into the airport market

  - The expansion of mainline service as a competitive response to Southwest by the other carriers serving GMIA

  - The rebound in service by Midwest and its affiliates following steep declines in 2009

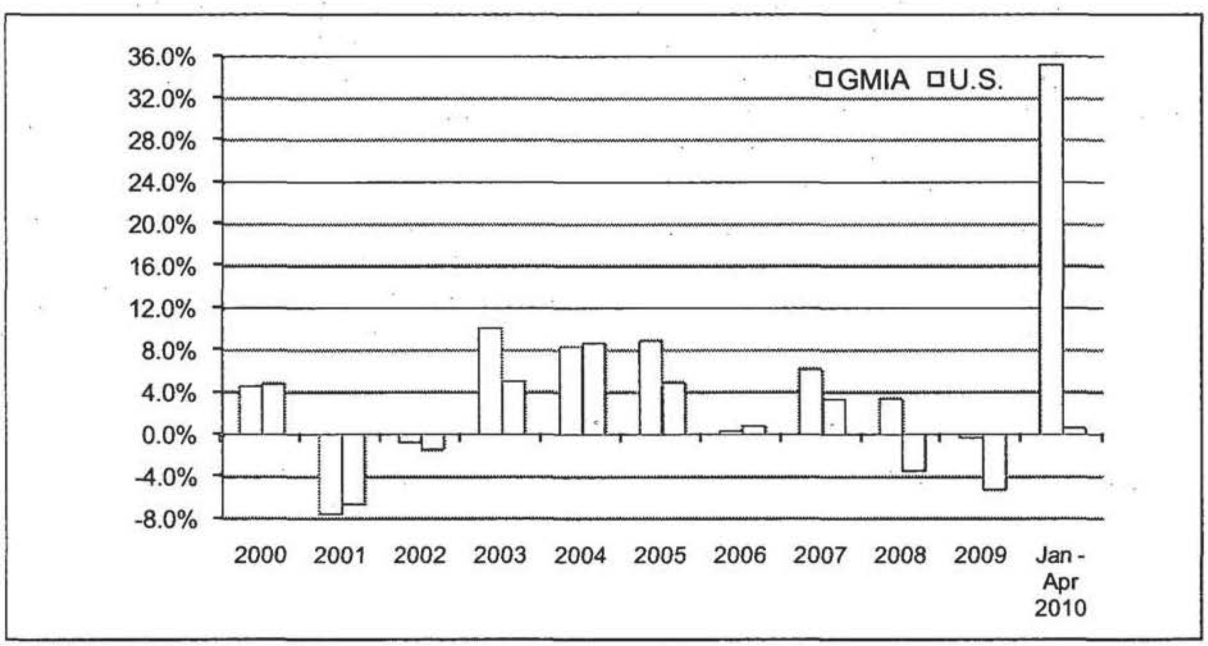
- Year-over-year percentage changes in quarterly enplanements at the Airport are presented in **Figure IV-2**. Changes in quarterly enplanement growth have improved each quarter since the first quarter of 2009 and have grown at a phenomenal rate since the fourth quarter of 2009.

TABLE IV-2
GMIA AND U.S. ENPLANEMENTS
2000 - 2009 and January - April 2010

Year	GMIA Enplanements [1]	U.S. Enplanements [2]	GMIA's Market Share
2000	3,039,962	669,275,000	0.45%
2001	2,811,954	625,033,000	0.45%
2002	2,791,287	616,131,000	0.45%
2003	3,074,422	647,468,000	0.47%
2004	3,331,255	703,691,000	0.47%
2005	3,629,554	738,628,000	0.49%
2006	3,641,503	744,723,000	0.49%
2007	3,868,098	769,623,000	0.50%
2008	4,000,765	743,306,000	0.54%
2009	3,987,607	704,196,000	0.57%
Jan-Apr 2009	1,121,443	222,146,000	0.50%
Jan-Apr 2010[3]	1,516,361	223,602,000	0.68%
	Average Annual Growth Rate		
2000-2009	3.1%	0.6%	-
Jan-Apr 2010[3]	35.2%	0.7%	-

[1] Source: Airport management records.
[2] Source: Bureau of Transportation Statistics, U.S. system revenue passenger enplanements.
[3] Data on U.S. enplanements are available only through April 2010, as of the Report's date.

FIGURE IV-1
ANNUAL GROWTH RATES IN GMIA AND U.S. SYSTEM ENPLANEMENTS
2000 - 2009 and January - April 2010



See Table **IV-2** for source data.

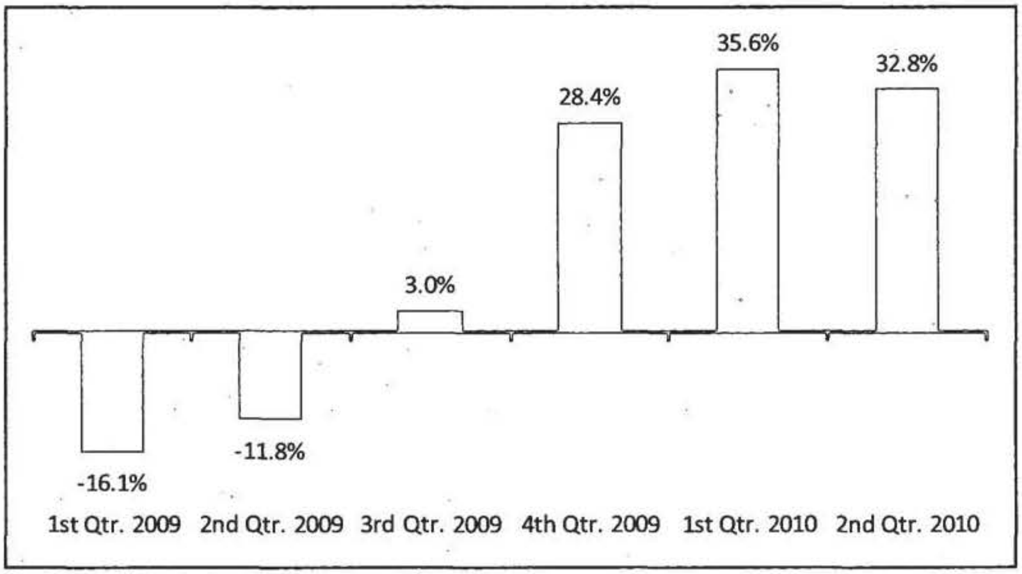
TABLE IV-3
U.S. MEDIUM HUB AIRPORTS
YEAR-OVER-YEAR CHANGE IN ENPLANEMENTS BASED ON PRELIMINARY TRAFFIC DATA
2009

State	City	Location ID	Airport Name	% Change	Rank
WI	**Milwaukee**	**MKE**	**General Mitchell International[1]**	-1.16%	1
LA	Metairie	MSY	Louis Armstrong New Orleans International	-1.85%	2
NE	Omaha	OMA	Eppley Airfield	-2.48%	3
FL	Fort Myers	RSW	Southwest Florida International	-2.72%	4
NY	Buffalo	BUF	Buffalo Niagara International	-3.17%	5
CA	Santa Ana	SNA	John Wayne Airport-Orange County	-3.43%	6
TX	Houston	HOU	William P Hobby	-3.75%	7
TN	Nashville	BNA	Nashville International	-5.64%	8
TX	San Antonio	SAT	San Antonio International	-5.65%	9
TX	Austin	AUS	Austin-Bergstrom International	-5.66%	10
HI	Kahului	OGG	Kahului	-5.89%	11
TN	Memphis	MEM	Memphis International	-6.00%	12
FL	Jacksonville	JAX	Jacksonville International	-6.37%	13
FL	West Palm Beach	PBI	Palm Beach International	-7.05%	14
NC	Raleigh	RDU	Raleigh-Durham International	-7.45%	15
PA	Pittsburgh	PIT	Pittsburgh International	-7.82%	16
RI	Warwick	PVD	Theodore Francis Green State	-8.09%	17
IN	Indianapolis	IND	Indianapolis International	-8.10%	18
TX	Dallas	DAL	Dallas Love Field	-8.61%	19
NM	Albuquerque	ABQ	Albuquerque International Sunport	-8.77%	20
MO	Kansas City	MCI	Kansas City International	-9.13%	21
OR	Portland	PDX	Portland International	-9.31%	22
OH	Columbus	CMH	Port Columbus International	-9.45%	23
MO	St. Louis	STL	Lambert-St Louis International	-9.74%	24
CA	Sacramento	SMF	Sacramento International	-10.55%	25
PR	San Juan	SJU	Luis Munoz Marin International	-11.67%	26
AK	Anchorage	ANC	Ted Stevens Anchorage International	-12.18%	27
CT	Windsor Locks	BDL	Bradley International	-12.62%	28
OH	Cleveland	CLE	Cleveland-Hopkins International	-12.68%	29
AZ	Tucson	TUS	Tucson International	-13.28%	30
CA	Burbank	BUR	Bob Hope	-13.31%	31
CA	San Jose	SJC	Norman Y. Mineta San Jose International	-14.15%	32
NV	Reno	RNO	Reno/Tahoe International	-14.97%	33
CA	Oakland	OAK	Metropolitan Oakland International	-17.39%	34
CA	Ontario	ONT	Ontario International	-19.39%	35
KY	Covington	CVG	Cincinnati/Northern Kentucky International	-21.88%	36

[1] The actual year-over-year percentage change in enplanements in 2009 at GMIA based on Airport management records is -0.33 percent -- better than what is shown above.

Source: Federal Aviation Administration, preliminary revenue passenger enplanements data for CY 2009.

FIGURE IV-2
GENERAL MITCHELL INTERNATIONAL AIRPORT
YEAR-OVER-YEAR CHANGE IN QUARTERLY ENPLANEMENTS
1st Quarter 2009 - 2nd Quarter 2010



Source: Airport management records.

2. Domestic and International Enplanements

Table IV-4 shows that most of the passengers using GMIA are domestic travelers. Domestic enplanements have consistently accounted for over 98 percent of annual enplanements during the last ten years and have increased at a faster rate (3.1 percent annually) than international enplanements (1.7 percent annually). International enplanements declined by 11.2 percent in 2009 and represented just 1.2 percent of total enplanements. The decrease in 2009 international enplanements is largely the result of Ryan International leaving the GMIA market and Midwest cutbacks in frequencies to Toronto. During the first half of 2010, international enplanements declined by 37.5 percent. The large decline can be attributed to USA3000 ceasing operations at the Airport and additional flight reductions to Toronto by Midwest.

TABLE IV-4
GENERAL MITCHELL INTERNATIONAL AIRPORT
DOMESTIC AND INTERNATIONAL ENPLANEMENTS
2000 - 2009 and January - June 2010

	Domestic[1]		International		Total
Year	Enplanements	Share	Enplanements	Share	Enplanements
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
2009	3,939,630	98.8%	47,977	1.2%	3,987,607
Jan-Jun 2009	1,739,891	97.7%	40,742	2.3%	1,780,633
Jan-Jun 2010	2,362,645	98.9%	25,447	1.1%	2,388,092
	Average Annual Growth Rates				
2000-2009	3.1%	-	1.7%	-	3.1%
Jan-Jun 2010	35.8%	-	-37.5%	-	34.1%

[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 2009 O&D traffic accounted for 80.3 percent of total enplanements, a decrease from 92.3 percent in 2000. The decrease in O&D share is not the result of a decrease in O&D enplanements, but rather consistent increases in connecting enplanements. O&D enplanements increased at an average annual rate of 1.5 percent, from 2.81 million in 2000 to 3.20 million in 2009.

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. More recently, AirTran and AirTran Connection have also played a role in the expansion of connecting traffic. In 2009, these airlines accounted for nearly 94 percent of connecting enplanements at GMIA. Overall, connecting enplanements at GMIA increased from approximately 235,000 in 2000 to roughly 787,000 in 2009, representing a 14.4 percent average annual growth rate over the 10-year period. The total share of connecting enplanements increased from 7.7 percent in 2000 to 19.7 percent in 2009.

Data for the first half of 2010 show that both O&D and connecting traffic have experienced large enplanement increases due to traffic growth from Midwest, AirTran and their respective affiliates. Additionally, Southwest entered the GMIA market in November 2009 and now accounts for a respectable share of enplaned passengers. During the first six months of 2010, Midwest and its regional/commuter affiliates accounted for 60.6 percent of connecting enplanements and AirTran accounted for 36.4 percent.

TABLE IV-5
GENERAL MITCHELL INTERNATIONAL AIRPORT
O&D AND CONNECTING ENPLANEMENTS [1]
2000 - 2009 and January - June 2010

	O&D		Connecting		Total
Year	Enplanements	Share	Actual	Share	Enplanements
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
2009	3,200,659	80.3%	786,949	19.7%	3,987,607
Jan-Jun 2009	1,440,749	80.9%	339,885	19.1%	1,780,633
Jan-Jun 2010	1,885,474	79.0%	502,618	21.0%	2,388,092
	Average Annual Growth Rate				
2000-2009	1.5%	-	14.4%	-	3.1%
Jan-Jun 2010	30.9%	-	47.9%	-	34.1%

[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 2007, 2008, 2009, and through June 2010. The following trends are noteworthy:

- In 2009 Midwest and its affiliates held the largest share of enplanements at the Airport but their market share has declined since 2007. Midwest's share decreased from a peak of 54.5 percent in 2007 to 34.4 percent in 2009.

Through June 2010, Midwest and its affiliates share declined to 31.4 percent. Midwest was acquired by Republic Airways Holdings, Inc. on June 23, 2009. The operations of Midwest will be integrated with those of Frontier under the Frontier brand name.

- Frontier, another airline that provides low-fare service at the Airport, was also acquired on October 1, 2009 by Republic Airways Holdings, Inc., the parent company of Midwest Airlines. On April 13, 2010, Republic Airways Holdings, Inc. announced that it will merge the operations of Midwest and Frontier under the Frontier Airlines brand name.[2] According to Frontier officials, the integration of the two airlines will take 12-18 months.[3] Frontier has maintained a small but steadily increasing market share. Together, Frontier and Midwest accounted for 37.6 percent and 34.9 percent of total enplanements, respectively, in 2009 and the first six months of 2010.

- AirTran and its affiliates have expanded their presence at GMIA to become the second largest carrier as of year-end 2009. The combined share of enplanements increased from a mere 1.7 percent in 2002 (not shown in Table IV-6) to 23.5 percent in 2009. In April 2010 AirTran began offering nonstop service from GMIA to Dallas-Fort Worth International Airport and expanded its existing service to Ronald Reagan Washington National Airport. AirTran also began a new marketing partnership with SkyWest Airlines to support its Milwaukee focus. SkyWest now offers 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 began in December 2009. AirTran continued to be the second largest carrier at GMIA during the first half of 2010, achieving a market share of 28.7 percent.

- Prior to 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 (not shown in **Table IV-6**) and the fourth largest share thereafter. The post-acquisition Delta operations accounted for the third largest share in 2009 and through June 2010, at 21.7 percent and 15.0 percent, respectively.

- Southwest, the leading low-cost, low-fare airline began service at GMIA on November 1, 2009, joining Frontier and AirTran in providing low-fare alternatives to the Airport's passengers. Southwest currently provides service to six cities from GMIA - Baltimore, Las Vegas, Kansas City, Orlando, Phoenix and Tampa. As of June 2010, Southwest had a market share of 8.1 percent at GMIA.

[2] Republic Airways Holdings, "Republic Airways Announces Details of Brand Unification Plan for Frontier and Midwest Airlines," Press Release, April 13, 2010, posted online on http://www.rjet.com.
[3] See brand unification timeline in http://www.frontiermidwest.com.

- Since 2007, mainline carriers as a group had maintained a share of more than 64 percent of the Airport's enplanements until this year. Data for the first six months of 2010 show a combined market share of 70.9 percent for mainline carriers.

- As a group, regional/commuter airlines accounted for approximately 34.3 percent of enplanements in 2007 and 36.2 percent in 2008. Due to the increase of Midwest Connection operations in 2009, the share of regional/commuter operators of the Airport's total enplanements increased to 41.1 percent of total enplanements. Data for the first six months of 2010 show a significant decline in this share to 29.0 percent, due in large part to the increase in enplanements of Midwest mainline operations.

- The recent economic recession, which began in December 2007, ushered in another round of structural adjustments in the airline industry that led 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. The entry of Southwest into the GMIA market, however, reversed this trend and prompted an expansion of mainline service at GMIA not only by Southwest, but also by other airlines serving GMIA.

- Signatory airlines account for 96.5 percent of all Airport enplanements.

TABLE IV-6
GENERAL MITCHELL INTERNATIONAL AIRPORT
AIRLINE MARKET SHARES
2007 - 2009, and January - June 2010

	Enplanements				Market Share			
Airline	**2007**	**2008**	**2009**	**Jan-Jun 2010**	**2007**	**2008**	**2009**	**Jan-Jun 2010**
Mainline Carrier								
AirTran	242,192	526,510	930,278	599,457	6.3%	13.2%	23.3%	25.1%
America West	6,659	-	-	-	0.2%	0.0%	0.0%	0.0%
Continental	-	. 263	732	372	0.0%	0.0%	0.0%	0.0%
Delta [1]	53,377	57,954	86,514	265,137	1.4%	1.4%	2.2%	11.1%
Frontier [2]	95,268	121,463	128,706	82,125	2.5%	3.0%	3.2%	3.4%
Midwest [2]	1,490,833	1,187,388	513,715	505,814	38.5%	29.7%	12.9%	21.2%
Northwest [1]	512,718	518,965	509,675	-	13.3%	13.0%	12.8%	0.0%
Southwest	-	-	63,245	192,276	0.0%	0.0%	1.6%	8.1%
USA 3000	-	2,575	21,170	-	0.0%	0.1%	0.5%	0.0%
US Airways [3]	76,016	80,123	87,736	46,958	2.0%	2.0%	2.2%	2.0%
Subtotal - Mainline	**2,477,063**	**2,495,241**	**2,341,771**	**1,692,139**	**64.0%**	**62.4%**	**58.7%**	**70.9%**
Regional/Commuter Carrier								
Air Canada Jazz	14,904	13,402	12,701	5,870	0.4%	0.3%	0.3%	0.2%
SkyWest (ATA Connections)	-		5,736	85,477	0.0%	0.0%	0.1%	3.6%
Subtotal-AirTran Connection	-	0	5,736	85,477	0.0%	0.0%	0.1%	3.6%
American Eagle (American Connection)	85,853	96,728	119,955	58,616	2.2%	2.4%	3.0%	2.5%
Chautauqua (American Connection)	24,813	20,129	22,357	17,728	0.6%	0.5%	0.6%	0.7%
Trans States (American Connection)	21,959	17,205	-	-	0.6%	0.4%	0.0%	0.0%
Subtotal-American Connection	132,625	134,062	142,312	76,344	3.4%	3.4%	3.6%	3.2%
Continental Express (ExpressJet)	156,890	157,996	160,593	75,946	4.1%	3.9%	4.0%	3.2%
Atlantic Coast (Delta Connection)	-	-	-	2,030	0.0%	0.0%	0.0%	0.1%
Atlantic Southeast (Delta Connection)	80,357	82,647	51,737	13,508	2.1%	2.1%	1.3%	0.6%
Chautauqua (Delta Connection)	20,064	25,410	36,231	-	0.5%	0.6%	0.9%	0.0%
Comair (Delta Connection)	35,527	36,214	17,162	1,787	0.9%	0.9%	0.4%	0.1%
Compass (Delta Connection)	-		-	76	0.0%	0.0%	0.0%	0.0%
Freedom (Delta Connection)	-		-	208	0.0%	0.0%	0.0%	0.0%
Mesaba (Delta Connection)	-		-	1,638	0.0%	0.0%	0.0%	0.1%
Pinnacle (Delta Connection)	-	11,776	25,525	28,499	0.0%	0.3%	0.6%	1.2%
Shuttle America (Delta Connection)	-	6,344	1,735	25,725	0.0%	0.2%	0.0%	1.1%
SkyWest (Delta Connection)	47,356	9,554	48,208	19,034	1.2%	0.2%	1.2%	0.8%
Subtotal-Delta Connection	183,304	171,945	180,598	92,505	4.7%	4.3%	4.5%	3.9%
Great Lakes Airlines	-	4,015	5,468	2,574	0.0%	0.1%	0.1%	0.1%
Chautauqua (Midwest Connect)	-		78,957	245,209	0.0%	0.0%	2.0%	10.3%
Republic (Midwest Connect)	-	70,048	398,804	-	0.0%	1.8%	10.0%	0.0%
Skyway (Midwest Connect)	428,374	75,170	-	-	11.1%	1.9%	0.0%	0.0%
SkyWest (Midwest Connect)	189,101	573,597	380,373	-	4.9%	14.3%	9.5%	0.0%
Subtotal-Midwest Connect	617,475	718,815	858,134	245,209	16.0%	18.0%	21.5%	10.3%
Compass (NW Airlink)	-	2,679	9,916	-	0.0%	0.1%	0.2%	0.0%
Mesaba (NW Airlink)	-	25,776	24,327	-	0.0%	0.6%	0.6%	0.0%
Pinnacle (NW Airlink)	-	93	14,908	-	0.0%	0.0%	0.4%	0.0%
Subtotal-Northwest Airlink	-	28,548	49,151	-	0.0%	0.7%	1.2%	0.0%
Mesa (United Express)	-	7,799	20,451	-	0.0%	0.2%	0.5%	0.0%
Shuttle America (United Express)	-	64	-	-	0.0%	0.0%	0.0%	0.0%
SkyWest (United Express)	105,998	72,106	108,441	66,035	2.7%	1.8%	2.7%	2.8%
Trans States (United Express)	27,837	42,919	2,925	-	0.7%	1.1%	0.1%	0.0%
Subtotal-United Express	133,835	122,888	131,817	66,035	3.5%	3.1%	3.3%	2.8%
Air Wisconsin (US Airways Express)	86,274	83,735	77,797	42,839	2.2%	2.1%	2.0%	1.8%
Mesa (US Airways Express)	-	4,930	-	-	0.0%	0.1%	0.0%	0.0%
PSA (US Airways Express)	2,920	582	15,295	38	0.1%	0.0%	0.4%	0.0%
Republic (US Airways Express)	-	7,403	257	-	0.0%	0.2%	0.0%	0.0%
Subtotal-US Airways Express	89,194	96,650	93,349	42,877	2.3%	2.4%	2.3%	1.8%
Subtotal - Regional/Commuter	**1,328,227**	**1,448,321**	**1,639,859**	**692,837**	**34.3%**	**36.2%**	**41.1%**	**29.0%**
Subtotal - Charter	**62,808**	**57,203**	**5,977**	**3,116**	**1.6%**	**1.4%**	**0.1%**	**0.1%**
TOTAL - ALL AIRLINES	**3,868,098**	**4,000,765**	**3,987,607**	**2,388,092**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Signatory Airlines	3,526,502	3,623,693	3,775,215	2,304,810	91.2%	90.6%	94.7%	96.5%
Non-signatory Airlines	341,596	377,072	212,392	83,282	8.8%	9.4%	5.3%	3.5%

[1] Northwest enplanements are reported with Delta enplanements beginning in January 2010.

[2] Republic Airways Holdings acquired Midwest and Frontier on June 23, 2009 and October 1, 2009, respectively. On April 13, 2010, Republic Airways announced the integration of the operations of the two branded carriers into the Frontier Airlines name, expected to take 12-18 months. (Source: Announcements posted on the websites of Frontier and Republic Airways Holdings, Inc.)

[3] US Airways resumed operations under its mainline flag at GMIA in February 2007. Consequently, America West enplanements in 2007 are reported together with US Airways enplanements.

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, 2009. GMIA currently serves 54 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 70.3 percent of O&D enplanements at GMIA in 2009. The top five destinations, in terms of individual O&D market share, were Orlando, Las Vegas, New York, Atlanta, and Phoenix.

TABLE IV-7
GENERAL MITCHELL INTERNATIONAL AIRPORT
TOP 20 O&D DESTINATIONS
For the 12 Months Ended December 31, 2009

Rank[1]	City	Airports	O&D Market Share[2]	Avg. Daily Nonstop Departures[3]	Air Miles from Milwaukee[4]
1	Orlando, FL	MCO	6.7%	5	1,060
2	Las Vegas, NV	LAS	6.3%	4	1,520
3	New York, NY	LGA, EWR	6.1%	13	730
4	Atlanta, GA	ATL	4.9%	14	669
5	Phoenix, AZ	PHX	4.3%	4	1,458
6	Denver, CO	DEN	4.2%	8	892
7	Los Angeles, CA	LAX, SNA	3.9%	2	1,751
8	Minneapolis/St. Paul, MN	MSP	3.7%	13	296
9	Tampa, FL	TPA	3.6%	2	1,077
10	Washington, DC	DCA	3.2%	5	634
11	Boston, MA	BOS	3.1%	5	857
12	Ft. Myers, FL	RSW	2.8%	1	1,180
13	South Florida	FLL, MIA	2.7%	0	1,251
14	Dallas/Ft. Worth, TX	DFW	2.7%	6	852
15	Baltimore, MD	BWI	2.6%	3	641
16	San Francisco, CA	SFO	2.5%	1	1,840
17	Philadelphia, PA	PHL	1.9%	6	688
18	Seattle, WA	SEA	1.8%	1	1,694
19	San Diego, CA	SAN	1.7%	0	1,734
20	Kansas City, MO	MCI	1.5%	6	436
	DESTINATIONS LISTED		**70.3%**	**99**	
	OTHER TOP DESTINATIONS		**29.7%**	**89**	
	TOTAL		**100.0%**	**188**	

[1] Ranking is based on enplanement share among active US cities.
[2] BACK Aviation Solutions and U.S. Department of Transportation OD1A Database.
[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 in 2007, 2008, 2009, and 2010:

- *Domestic service.* The number of domestic airport destinations served with non-stop flights declined from 53 in 2007 and 2008 to 51 in 2009. There was also a net decrease in the number of scheduled flights from a daily average of 209 in 2007 to 185 in 2009. The number of seats increased by 2.1 percent in 2008 but was reduced by a similar percentage in 2009 to 14,604. The 2010 published airline schedules show a significant expansion of service in number of daily departures (to an average of 215 for the entire year) and number of daily seats (to an average of 17,440 for the entire year).

- *International service.* Scheduled international service grew from two non-stop destinations to eight per day in 2008 but decreased to only three non-stop destinations in 2009. The three international destinations in 2009 were Toronto, Canada; Cancun, Mexico; and Montego Bay, Jamaica. There was a net decrease in the average number of flights per day from four in 2007 and 2008 to two in 2009. The average number of seats per day decreased by more than half in 2009 after a 14.4 percent increase in 2008. The 2010 published airline schedules show continued reduction in international service from GMIA.

TABLE IV-8
GENERAL MITCHELL INTERNATIONAL AIRPORT
SCHEDULED PASSENGER AIR SERVICE TRENDS
2007 - 2010

				2010		
Air Service Measure	**2007**	**2008**	**2009**	**Jan-Jun**	**Jul-Dec**	**Jan-Dec**
Domestic						
Number of non-stop airport destinations	53	53	51	48	51	53
Average daily departures[1]	209	194	185	215	215	215
Average daily seats[1]	14,585	14,889	14,604	17,131	17,744	17,440
International						
Number of non-stop airport destinations	6	8	3	2	2	2
Average daily departures[1]	4	4	2	2	2	2
Average daily seats[1]	264	302	135	92	89	91
Total						
Number of non-stop airport destinations	59	61	54	50	53	55
Average daily departures[1]	213	198	188	217	216	217
Average daily seats[1]	14,849	15,192	14,739	17,223	17,833	17,531

[1] Annual total divided by 365 days.

Source: OAG schedules database.

6. Air Cargo

The Airport handles air cargo, comprised of freight and mail (**Table IV-9**). There have been significant fluctuations in tonnage since 2000. Stringent security measures implemented post-September 11, 2001, contributed to the downward trend in the volume of enplaned cargo. Although there were increases in 2004 and 2008, air cargo activity at GMIA remains well below pre-2001 levels. In 2009 enplaned cargo experienced a large reduction of 23.0 percent. Total enplaned cargo decreased from approximately 124.1 million pounds in 2000 to 76.8 million pounds in 2009, representing an average annual decrease of 5.2 percent over that period. Air freight as a percentage of total cargo has consistently accounted for an increasing share of air cargo handled at the Airport – from 82.3 percent in 2000 to 99.2 percent during the first half of 2010.

TABLE IV-9
GENERAL MITCHELL INTERNATIONAL AIRPORT
ENPLANED CARGO
2000 - 2009 and January - June 2010

Year	Freight (000 lbs)	Freight Share	Mail (000 lbs)	Mail Share	Total (000 lbs)
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
2009	74,590	97.1%	2,198	2.9%	76,789
Jan-Jun 2009	34,762	96.4%	1,296	3.6%	36,058
Jan-Jun 2010	45,656	99.2%	365	0.8%	46,021
	Average Annual Growth Rate				
2000-2009	-3.4%		-22.5%		-5.2%
Jan-Jun 2010	31.3%		-71.8%		27.6%

Source: Airport management records.

7. Aircraft Operations

FAA tower records of all categories of aircraft operations at GMIA from 2000 through 2009 and the first half of 2010 are presented in **Table IV-10**. There were fluctuations in annual aircraft operations during the 10-year period, including a measurable decrease since 2005. Overall, total aircraft operations at the Airport decreased at an average annual rate of 2.9 percent between 2000 and 2009. However, the trend reversed in the first six months of 2010 as total aircraft operations were 17.9 percent greater than total operations at the Airport during the first six months of 2009. Large air carrier operations declined as a percentage of total operations while small air carrier operations grew during the 10 years analyzed. In 2000 large air carrier operations went from 38.7 percent of total operations to 32.5 percent in 2009. Small air carrier operations increased from 41.5 percent of total operations to 58.4 percent in 2009.

TABLE IV-10
GENERAL MITCHELL INTERNATIONAL AIRPORT
AIRCRAFT OPERATIONS
2000 - 2009 and January - June 2010

Year	Large Air Carrier [1]	Small Air Carrier	General Aviation	Military	Total Operations
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
2009	55,068	99,039	13,744	1,842	169,693
Jan-Jun 2009	24,109	48,791	6,644	990	80,534
Jan-Jun 2010	41,532	45,577	7,073	775	94,957
	Average Annual Growth Rate				
2000-2009	-4.8%	0.8%	-11.1%	-8.8%	-2.9%
Jan-Jun 2010	72.3%	-6.6%	6.5%	-21.7%	17.9%

[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".[4] 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

[4] FAA, *Aerospace Forecasts, FY 2005-2016*, March 2005, pages IV-1 and IV-2.

carriers shifting capacity from domestic markets to more profitable international markets where there is less low-cost carrier competition.[5]

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 in small air carrier aircraft operations at GMIA. The first six months of 2010 has reversed this trend as large air carrier operations increased by 72.3 percent when compared to the first six months of 2009. The increase was largely driven by a 130.1 percent increase Midwest mainline operations. The entry of Southwest into the market and the expansion in mainline service by other airlines in response also explain the increase in large air carrier operations in 2010. 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 2000 and 2009, large air carrier operations decreased at an average annual rate of 4.8 percent, while small air carrier operations increased at an average annual rate of 0.8 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 2007 through 2009 and for the first six months of 2010. Annual commercial landed weight at GMIA decreased by 3.1 percent, from approximately 5.73 billion pounds in 2007 to 5.55 billion pounds in 2009.

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. Mainline air carriers reported decreases in landed weight in 2009 compared to 2007. Overall, mainline landed weight decreased by 12.6 percent, from 3.34 billion pounds in 2007 to 2.92 billion pounds in 2009. Mainline air carriers collectively accounted for the largest share of total landed weight at GMIA, 52.6 percent in 2009, down from 58.3 percent share in 2007 and 55.3 percent in 2008. Mainline landed weight improved significantly in the first half of 2010, accounting for 66.3 percent of total commercial landed weight at the Airport as of June 2010.

The increase in activity by regional/commuter carriers is reflected in the 27.3 percent increase in landed weight, from 1.73 billion pounds in 2007 to 2.20 billion pounds in 2009. The corresponding category share for regional/commuter landed weight at GMIA grew from 30.2 percent in 2007 to 39.7 percent in 2009. Regional/commuter

[5] FAA, *Aerospace Forecasts, FY 2006-2017*, March 2006, pages 11 and 19.

landed weight accounted for only 25.1 percent of total commercial landed weight at the Airport through June 2010.

Signatory airlines account for a majority share of total landed weight, which has ranged from 81.6 to 88.0 percent since 2007.

TABLE IV-11
GENERAL MITCHELL INTERNATIONAL AIRPORT
COMMERCIAL AIRCRAFT LANDED WEIGHT BY AIRLINE
2007 - 2009 and January-June 2010

Airline	Landed Weight (000 lbs.)				Percent Change
	2007	2008	2009	Jan-Jun 2010	2007-09
Mainline Carrier					
AirTran	301,904	645,168	1,150,168	722,864	281.0%
American	-	5,494	3,048	1,551	n.a.
America West	7,068	-	-	-	-100.0%
Continental	-	1,918	4,001	2,316	n.a.
Delta	68,013	64,787	100,093	305,693	47.2%
Frontier [1]	120,107	141,215	143,433	90,715	19.4%
Midwest [1]	2,094,209	1,646,931	657,574	618,486	-68.6%
Northwest	668,209	639,910	641,718	-	-4.0%
Southwest	-	868	91,240	268,538	n.a.
United	-	771	2,183	1,281	n.a.
US Airways [2]	81,290	96,689	99,969	50,779	23.0%
USA 3000	-	3,128	25,596	-	n.a.
Subtotal - Mainline	**3,340,800**	**3,246,877**	**2,919,022**	**2,062,222**	**-12.6%**
% of Total Landed Weight	**58.3%**	**55.3%**	**52.6%**	**66.3%**	**-**
Regional/Commuter					
Air Canada Jazz	27,727	27,367	26,703	12,797	-3.7%
SkyWest (AirTran Connection)	-	-	7,332	-	n.a.
Subtotal-AirTran Connection	-	-	7,332	-	n.a.
American Eagle (American Connection)	98,957	121,988	140,993	70,207	42.5%
Chautauqua (American Connection)	32,280	31,031	29,423	23,791	-8.9%
Trans States (American Connection)	30,678	25,870	-	-	-100.0%
Subtotal-American Connection	161,915	178,889	170,416	93,998	5.3%
Continental Express (ExpressJet)	182,302	181,982	177,682	82,848	-2.5%
Atlantic Southeast (Delta Connection)	96,144	88,951	60,028	18,980	-37.6%
Chautauqua (Delta Connection)	24,740	26,840	36,803	-	48.8%
Comair (Delta Connection)	41,564	38,402	20,060	1,947	-51.7%
Compass (Delta Connection)	-	-	-	75	n.a.
Freedom (Delta Connection)	-	-	-	213	n.a.
Mesa (Delta Connection)	-	-	-	375	n.a.
Mesaba (Delta Connection)	-	-	-	1,474	n.a.
Pinnacle (Delta Connection)	-	13,391	32,046	28,249	n.a.
Shuttle America (Delta Connection)	-	8,037	2,243	30,657	n.a.
SkyWest (Delta Connection)	59,552	11,392	53,260	19,956	-10.6%
Subtotal-Delta Connection	222,000	187,012	204,440	101,927	-7.9%
Great Lakes Airlines	-	-	22,410	10,491	n.a.
Chautauqua (Midwest Connect)	-	-	135,257	352,828	n.a.
Republic (Midwest Connect)	-	105,142	541,379	-	n.a.
Skyway (Midwest Connect)	604,667	119,541	-	-	-100.0%
SkyWest (Midwest Connect)	254,411	850,324	592,858	-	133.0%
Subtotal-Midwest Connect	859,078	1,075,007	1,269,494	352,828	47.8%
Compass (NW Airlink)	-	3,595	11,909	-	n.a.
Mesaba (NW Airlink)	-	34,651	27,383	-	n.a.
Pinnacle (NW Airlink)	-	235	15,275	-	n.a.
Subtotal-Northwest Airlink	-	38,482	54,568	-	n.a.
Mesa (United Express)	141	11,001	27,123	67	19136.2%
Shuttle America (United Express)	-	145	217	72	n.a.
SkyWest (United Express)	133,652	90,215	123,979	77,489	-7.2%
Trans States (United Express)	34,720	46,123	3,191	-	-90.8%
Subtotal-United Express	168,513	147,484	154,510	77,628	-8.3%
Air Wisconsin (US Airways Express)	106,032	98,747	94,987	49,491	-10.4%
Atlantic Southeast (United Express)	-	-	-	47	n.a.
Chautauqua (US Airways Express)	-	75	-	-	n.a.
Mesa (US Airways Express)	-	4,851	-	-	n.a.
PSA (US Airways)	3,196	705	16,654	47	421.1%
Republic (US Airways Express)	-	8,459	3,332	-	n.a.
Subtotal-US Airways Express	109,228	112,837	114,973	49,585	5.3%
Subtotal - Regional/Commuter	**1,730,762**	**1,949,059**	**2,202,527**	**782,103**	**27.3%**
% of Total Landed Weight	**30.2%**	**33.2%**	**39.7%**	**25.1%**	**-**
Subtotal - Charter/Other	**112,095**	**116,785**	**47,665**	**27,322**	**-57.5%**
% of Total Landed Weight	**2.0%**	**2.0%**	**0.9%**	**0.9%**	**-**
Subtotal - All Cargo	**544,579**	**559,033**	**383,630**	**239,984**	**-29.6%**
% of Total Landed Weight	**9.5%**	**9.5%**	**6.9%**	**7.7%**	**-**
TOTAL - ALL AIRLINES	**5,728,237**	**5,871,755**	**5,552,843**	**3,111,631**	**-3.1%**
Signatory Airlines	**4,705,956**	**4,789,056**	**4,842,208**	**2,737,949**	**2.9%**
% of Total Landed Weight	**82.2%**	**81.6%**	**87.2%**	**88.0%**	**-**
Non-signatory Airlines	**1,022,280**	**1,082,699**	**710,635**	**373,683**	**-30.5%**
% of Total Landed Weight	**17.8%**	**18.4%**	**12.8%**	**12.0%**	**-**

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

[1] Republic Airways Holdings acquired Midwest and Frontier on June 23, 2009 and October 1, 2009, respectively. On April 13, 2010, Republic Airways announced the integration of the operations of the two branded carriers into the Frontier Airlines name, expected to take 12-18 months. (Source: Announcements posted on the websites of Frontier and Republic Airways Holdings, Inc.)

[2] US Airways resumed operations under its mainline flag at GMIA in February 2007. Consequently, America West enplanements in 2007 are reported together with US Airways enplanements.

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 2010-2015. On September 27, 2010, Southwest announced it had entered into an agreement to acquire AirTran Holdings, Inc., the parent corporation of AirTran Airways, subject to the approval of AirTran's shareholders and certain regulatory approval. Given the limited information available regarding Southwest's plans, Unison has not analyzed or made any projections of the impact, if any, of the proposed acquisition on forecast aviation activity at the Airport.

We developed the forecasts using a hybrid modeling approach that (1) utilizes available information on scheduled airline service in the near term (capacity driven), and (2) links long-term airport activity to projected trends in key demand drivers (demand driven):

- *Capacity-based near-term forecast.* Actual Airport data on year-to-date performance and the latest published airline schedules (as of August 2010) were used to develop projections of enplanements, aircraft departures (landings), and landed weight for the entire year 2010. Although the airline schedules are subject to periodic revisions, they are the most concrete indicator of airlines' expectations about, and their responses to, near-term economic and demand conditions, taking into account available fleet and other resources. Forecasts for the full year 2010 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), trends in boarding load factors, and changes in fleet.

- *Demand-driven long-term forecast.* 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 under certain assumptions regarding changes in boarding load factors, aircraft gauge (seats per aircraft), and average aircraft landed weight.

1. Forecast Enplanements

Multivariate regression analysis is an integral component of the forecasting approach, particularly in projecting annual enplanement growth rates after 2010. A number of techniques are available for forecasting, with each one presenting certain advantages and disadvantages. 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 presents the following advantages as a forecasting technique: (1) It 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. (2) By design, regression analysis reduces subjective inputs and minimizes forecast errors.

Using historical data from 1981 through 2009, 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 the following:

- *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 3.2 percent between 1981 and 2009. It is projected to continue declining at an average annual rate of 0.3 percent through 2015, the end 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 1.7 percent between 1981 and 2009. It is projected to increase at an average annual rate of 2.3 percent through 2015.

- *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-farm employment increased at an average annual rate of 0.7 percent between 1981 and 2009. Employment growth is projected to average 1.2 percent per year over 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.

Table IV-12 presents the annual growth rates of the key explanatory variables over the forecast period.

TABLE IV-12
GENERAL MITCHELL INTERNATIONAL AIRPORT
ANNUAL GROWTH TRENDS OF KEY EXPLANATORY VARIABLES
2010 - 2015

Year	Real Yield at GMIA[1]	U.S. Real per Capita GDP[2]	Local Non-Farm Employment[3]
2010	2.8%	1.8%	-1.3%
2011	0.9%	2.3%	1.0%
2012	-1.3%	3.8%	2.6%
2013	-1.3%	2.6%	2.3%
2014	-1.3%	1.7%	1.5%
2015	-1.3%	1.5%	0.8%

[1] Based on FAA forecast industry trend.
[2] Based on Moody's Economy.com forecast data on real U.S. real GDP and population.
[3] Based on Moody's Economy.com forecast data for the Milwaukee MSA.

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 the base forecast of enplanements. This section also presents an alternate forecast scenario that simulates the effect of the exit from the GMIA market of its largest carrier beginning in 2011. The base and the alternate forecast differed in growth outlook for 2011, setting two alternative paths for forecast activity at GMIA from 2011 onward. Beyond 2010, the same annual enplanement growth rates apply to the two scenarios, driven by projected long-term trends in the key demand drivers as described above. The two forecast scenarios are described below:

- *Base forecast scenario.* Under the base forecast scenario, the full-year estimate of 2010 activity is based on: (1) actual performance during the first half of the year, which showed a 34.1 percent year-over-year increase in enplanements, and (2) published airline schedules for the second half of the year, which shows a 13.9 percent year-over-year increase in scheduled seats at the Airport. After 2010, 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.

- *Alternate forecast scenario.* In April 2010, Republic Airways Holdings announced the integration of Midwest and Frontier operations under the Frontier brand name – a process that is expected to be completed in 12 to 18 months. The alternate forecast scenario simulates what might happen to air traffic at GMIA if the integrated Frontier carrier brand (consisting of the operations of Midwest, Frontier, and their respective affiliates) were to discontinue service. Both Midwest and Frontier faced financial difficulties that led to their acquisition by Republic Airways Holdings and eventually the integration of the two carrier brands' operations. Additionally, these airlines accounted for nearly 35 percent of the enplanements at the Airport through the first half of 2010. The combination of the financial instability and the large market share presents a risk to future traffic. Therefore, the alternate forecast scenario assumes that the Airport would lose the following: (1) all connecting traffic carried by Midwest and affiliates, representing 15 percent of the Airport's total enplanements; and (2) one-half of the O&D traffic of Midwest, Frontier and affiliates to a few destinations where the combined operations of the two airlines and their affiliates account for more than 50 percent of O&D traffic to the destination. A detailed analysis of U.S. Department of Transportation 10 percent ticket survey data (OD1A) on the Airport's O&D traffic by destination and OAG data on airline service by destination showed that there are only six such destinations. The assumed loss of traffic from these destinations represents about 5 percent of total Airport enplanements. In total the low forecast scenario assumes a loss of approximately 20 percent of total Airport enplanements.

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 2009. 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 was 0.57 percent in 2009. Future enplanements at the Airport can be projected by applying this share to the latest national forecasts – those published in March 2010 – 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-13**. 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 base and alternate enplanement forecasts resulting from the hybrid approach as the basis for projecting other relevant measures of aviation activity needed in the financial analysis in Section V.** The hybrid approach considers the significant increase in service at the Airport in 2010 that is not reflected in the FAA TAF, trendline and market share forecasts.

TABLE IV-13
GENERAL MITCHELL INTERNATIONAL AIRPORT
ALTERNATIVE FORECASTS OF ENPLANEMENTS
2009 - 2015

Year	Feasibility Report 2010 Hybrid Model Forecasts[1]				Other Forecast Methodologies					
	Base		Alternate		FAA TAF[2]		Trendline		Market Share	
	EP (000)	AGR	EP (000)	AGR	EP (000)	AGR	EP (000)	AGR	EP (000)	AGR
2009 (Actual)	3,988	-0.3%	3,988	-0.3%	3,988	-0.3%	3,988	-0.3%	3,988	-0.3%
2010[3]	4,935	23.8%	4,935	23.8%	4,029	1.0%	3,988	0.0%	3,600	-9.7%
2011	4,962	0.5%	3,975	-19.5%	4,244	5.4%	3,981	-0.2%	3,731	3.6%
2012	5,016	1.1%	4,018	1.1%	4,421	4.2%	4,037	1.4%	3,909	4.8%
2013	5,116	2.0%	4,098	2.0%	4,536	2.6%	4,139	2.5%	4,098	4.8%
2014	5,222	2.1%	4,183	2.1%	4,653	2.6%	4,253	2.7%	4,232	3.3%
2015	5,347	2.4%	4,283	2.4%	4,774	2.6%	4,357	2.5%	4,335	2.4%
	Average Annual Growth Rate									
2009-2015	5.0%		1.2%		3.0%		1.5%		1.4%	

EP - Enplanements AGR - Annual growth rate

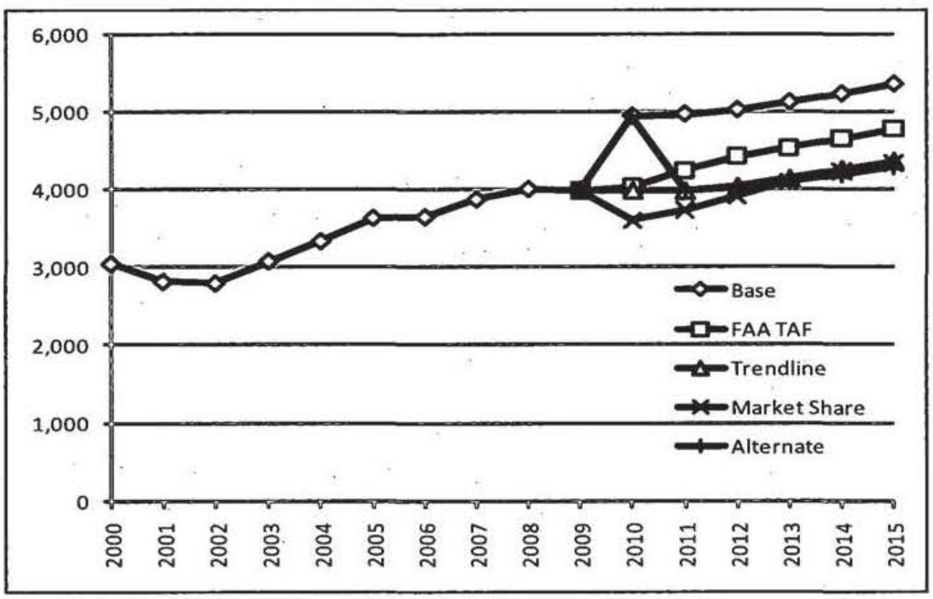
[1] Based on the recently published airline schedules and the multivariate regression model.

[2] The FAA TAF follows the federal fiscal year ending September 30.

[3] Based on actual performance during the first half of 2010 and year-over-year increase in scheduled seats for the remainder of the year.

Figure IV-3 shows historical enplanement trends and forecasts using the methodologies described above.

FIGURE IV-3
HISTORICAL AND FORECAST ENPLANEMENTS
2000 - 2015



Historical, 2000-2009; forecast, 2010-2015.
See forecast data in **Table IV-13**.

Tables IV-14A and **B** present forecast enplanements under the base and alternate case, broken down between mainline and regional airline categories and between O&D and connecting traffic.

TABLE IV-14A
GENERAL MITCHELL INTERNATIONAL AIRPORT
BASE FORECAST: ENPLANEMENTS BY AIR CARRIER CATEGORY AND TRAFFIC SEGMENT
2009 - 2015

	Actual	Forecast						AAGR
	2009	2010[1]	2011	2012	2013	2014	2015	2009-15
	Enplanements (000)							
Total	3,988	4,935	4,962	5,016	5,116	5,222	5,347	5.0%
Annual growth rate		23.8%	0.5%	1.1%	2.0%	2.1%	2.4%	
Breakdown by air carrier category								
Mainline[2]	2,342	3,356	3,374	3,411	3,479	3,551	3,636	7.6%
Regional	1,646	1,579	1,588	1,605	1,637	1,671	1,711	0.6%
Breakdown by traffic segment								
O&D	3,201	3,914	3,935	3,978	4,057	4,141	4,240	4.8%
Connecting	787	1,022	1,027	1,038	1,059	1,081	1,107	5.8%
	Percentage Shares							
Mainline[2]	58.7%	68.0%	68.0%	68.0%	68.0%	68.0%	68.0%	
Regional	41.3%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	
O&D	80.3%	79.3%	79.3%	79.3%	79.3%	79.3%	79.3%	
Connecting	19.7%	20.7%	20.7%	20.7%	20.7%	20.7%	20.7%	

AAGR - Average annual growth rate
[1] Based on actual performance and published airline schedules.
[2] Includes charter.

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
ALTERNATE FORECAST: ENPLANEMENTS BY AIR CARRIER CATEGORY AND TRAFFIC SEGMENT
2009 - 2015

	Actual	Forecast						AAGR
	2009	2010[1]	2011	2012	2013	2014	2015	2009-15
	Enplanements (000)							
Total	3,988	4,935	3,975	4,018	4,098	4,183	4,283	1.2%
Annual growth rate		23.8%	-19.5%	1.1%	2.0%	2.1%	2.4%	
Breakdown by air carrier category								
Mainline[2]	2,342	3,356	2,853	2,884	2,941	3,002	3,074	4.6%
Regional	1,646	1,579	1,122	1,134	1,157	1,181	1,209	-5.0%
Breakdown by traffic segment								
O&D	3,201	3,914	3,670	3,710	3,784	3,863	3,955	3.6%
Connecting	787	1,022	305	308	314	321	328	-13.6%
	Percentage Shares							
Mainline[2]	58.7%	68.0%	71.8%	71.8%	71.8%	71.8%	71.8%	
Regional	41.3%	32.0%	28.2%	28.2%	28.2%	28.2%	28.2%	
O&D	80.3%	79.3%	92.3%	92.3%	92.3%	92.3%	92.3%	
Connecting	19.7%	20.7%	7.7%	7.7%	7.7%	7.7%	7.7%	

AAGR - Average annual growth rate
[1] Based on actual performance and published airline schedules.
[2] Includes charter.

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: (1) scheduled aircraft departures and seats by airline, (2) forecast enplanements, (3) boarding load factors, and (4) aircraft fleet mix. The forecasts took into account any changes in aircraft fleet mix as indicated by airline flight schedules for GMIA in 2009 and 2010, as well as the projected industry trends in the FAA Aerospace Forecasts as of March 2010.

Table IV-15A and **B** present the forecasts of aircraft departures under the base and alternate forecast scenarios. Aircraft departures are assumed to equal aircraft arrivals for purposes of projecting commercial aircraft landed weight.

TABLE IV-15A
GENERAL MITCHELL INTERNATIONAL AIRPORT
BASE FORECAST: COMMERCIAL AIRCRAFT DEPARTURES BY AIR CARRIER CATEGORY
2009 - 2015

	Actual	Forecast						AAGR
	2009	2010[1]	2011	2012	2013	2014	2015	2009-15
	Aircraft Departures							
Total	75,063	88,728	89,197	90,013	91,600	93,308	95,325	4.1%
Annual growth rate		18.2%	0.5%	0.9%	1.8%	1.9%	2.2%	
Breakdown by air carrier category								
Mainline[2]	25,786	39,570	39,790	40,162	40,909	41,719	42,678	8.8%
Regional	43,276	42,986	43,208	43,651	44,490	45,389	46,447	1.2%
Cargo	6,001	6,172	6,200	6,200	6,200	6,200	6,200	0.5%
	Percentage Shares							
Mainline[2]	34.4%	44.6%	44.6%	44.6%	44.7%	44.7%	44.8%	
Regional	57.7%	48.4%	48.4%	48.5%	48.6%	48.6%	48.7%	
Cargo	8.0%	7.0%	7.0%	6.9%	6.8%	6.6%	6.5%	

AAGR - Average annual growth rate
[1] Based on actual performance and published airline schedules.
[2] Includes charter.

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
ALTERNATE FORECAST: COMMERCIAL AIRCRAFT DEPARTURES BY AIR CARRIER CATEGORY
2009 - 2015

	Actual	Forecast						AAGR
	2009	2010[1]	2011	2012	2013	2014	2015	2009-15
	Aircraft Departures							
Total	75,063	88,728	63,411	64,001	65,119	66,318	67,727	-1.7%
Annual growth rate		18.2%	-28.5%	0.9%	1.7%	1.8%	2.1%	
Breakdown by air carrier category								
Mainline[2]	25,786	39,570	29,977	30,282	30,865	31,492	32,230	3.8%
Regional	43,276	42,986	27,234	27,519	28,054	28,626	29,297	-6.3%
Cargo	6,001	6,172	6,200	6,200	6,200	6,200	6,200	0.5%
	Percentage Shares							
Mainline[2]	34.4%	44.6%	47.3%	47.3%	47.4%	47.5%	47.6%	
Regional	57.7%	48.4%	42.9%	43.0%	43.1%	43.2%	43.3%	
Cargo	8.0%	7.0%	9.8%	9.7%	9.5%	9.3%	9.2%	

AAGR - Average annual growth rate
[1] Based on actual performance and published airline schedules.
[2] Includes charter.

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

Forecast aircraft landed weight are derived from forecast aircraft arrivals (equal to departures). 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 2009 and the first half of 2010
- Changes in the aircraft fleet mix as indicated by airline flight schedules for GMIA in 2009 and 2010

Table IV-16A and **B** present the forecasts of aircraft landed weight under the base and alternate forecast scenarios.

TABLE IV-16A
GENERAL MITCHELL INTERNATIONAL AIRPORT
BASE FORECAST: COMMERCIAL AIRCRAFT LANDED WEIGHT BY AIR CARRIER CATEGORY
2009 - 2015

	Actual	Forecast						AAGR
	2009	2010[1]	2011	2012	2013	2014	2015	2009-15
	Aircraft Landed Weight (In Million Pounds)							
Total	5,552,843	6,709,853	6,748,749	6,808,928	6,927,621	7,055,832	7,207,468	4.4%
Annual growth rate		20.8%	0.6%	0.9%	1.7%	1.9%	2.1%	
Breakdown by air carrier category								
Mainline[2]	2,958,950	4,252,008	4,278,383	4,318,083	4,398,083	4,484,836	4,587,751	7.6%
Regional	2,206,155	1,977,876	1,988,220	2,008,699	2,047,392	2,088,850	2,137,570	-0.5%
Cargo	387,738	479,969	482,146	482,146	482,146	482,146	482,146	3.7%
	Percentage Shares							
Mainline[2]	53.3%	63.4%	63.4%	63.4%	63.5%	63.6%	63.7%	
Regional	39.7%	29.5%	29.5%	29.5%	29.6%	29.6%	29.7%	
Cargo	7.0%	7.2%	7.1%	7.1%	7.0%	6.8%	6.7%	

AAGR - Average annual growth rate
[1] Based on actual performance and published airline schedules.
[2] Includes charter.

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-16B
GENERAL MITCHELL INTERNATIONAL AIRPORT
ALTERNATE FORECAST: COMMERCIAL AIRCRAFT LANDED WEIGHT BY AIR CARRIER CATEGORY
2009 - 2015

	Actual	Forecast						AAGR
	2009	2010[1]	2011	2012	2013	2014	2015	2009-15
	Aircraft Landed Weight (In Million Pounds)							
Total	5,552,843	6,709,853	5,024,489	5,070,653	5,158,843	5,253,649	5,365,250	-0.6%
Annual growth rate		20.8%	-25.1%	0.9%	1.7%	1.8%	2.1%	
Breakdown by air carrier category								
Mainline[2]	2,958,950	4,252,008	3,255,817	3,288,455	3,351,343	3,419,066	3,498,888	2.8%
Regional	2,206,155	1,977,876	1,286,525	1,300,052	1,325,354	1,352,437	1,384,215	-7.5%
Cargo	387,738	479,969	482,146	482,146	482,146	482,146	482,146	3.7%
	Percentage Shares							
Mainline[2]	53.3%	63.4%	64.8%	64.9%	65.0%	65.1%	65.2%	
Regional	39.7%	29.5%	25.6%	25.6%	25.7%	25.7%	25.8%	
Cargo	7.0%	7.2%	9.6%	9.5%	9.3%	9.2%	9.0%	

AAGR - Average annual growth rate
[1] Based on actual performance and published airline schedules.
[2] Includes charter.

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 that introduce risk and uncertainty into the forecasts. Some of these factors are discussed below.

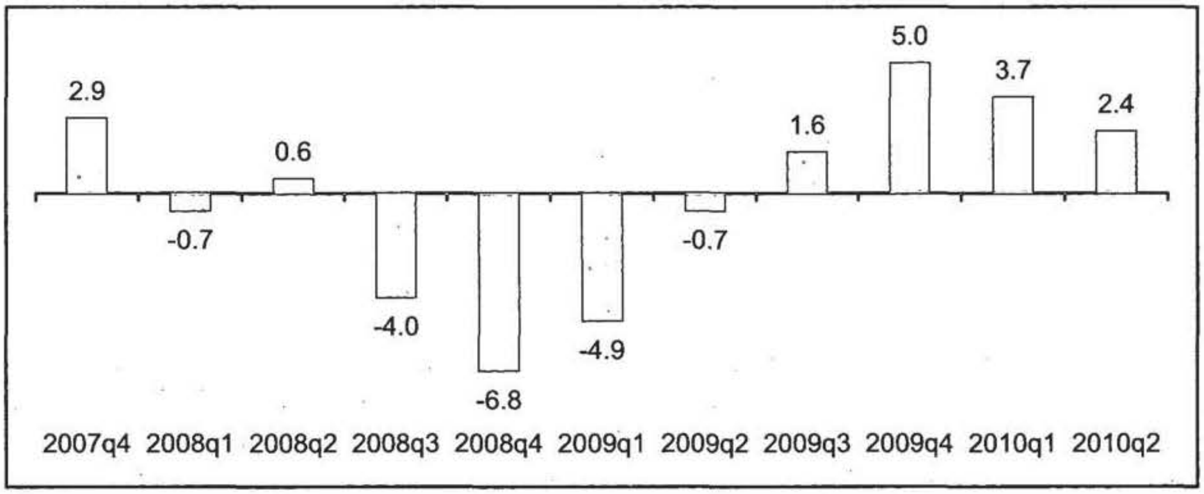
1. National Economic Conditions

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, an economic recession reduces income, diminishes consumer confidence, dampens business activity, and weakens demand. The U.S. economy peaked in December 2007 and entered a period of recession.[6] 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,

[6] National Bureau of Economic Research Business Cycle Dating Committee, *Determination of the December 2007 Peak in Economic Activity*, December 11, 2008.

from the fourth quarter of CY 2007 through the second quarter of CY 2010, as reported by the U.S. Bureau of Economic Analysis. The U.S. economy posted negative growth every quarter from the first quarter of CY 2008 through the second quarter of CY 2009, except during the second quarter of CY 2008. The deepest declines in real GDP occurred during the fourth quarter of CY 2008 and the first quarter of CY 2009. The trend began to improve in the second quarter when real GDP posted a very mild decline, and positive growth from the third quarter of CY 2009 through the second quarter of CY 2010 indicates the beginning of economic recovery, consistent with independent economic forecasts from various sources (**Table IV-17**).

FIGURE IV-4
PERCENT CHANGE IN U.S. REAL GROSS DOMESTIC PRODUCT[1]
First Quarter CY 2007 - Second Quarter CY 2010



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

TABLE IV-17
FORECAST PERCENT CHANGE IN REAL U.S. GROSS DOMESTIC PRODUCT
CY 2010 - 2015

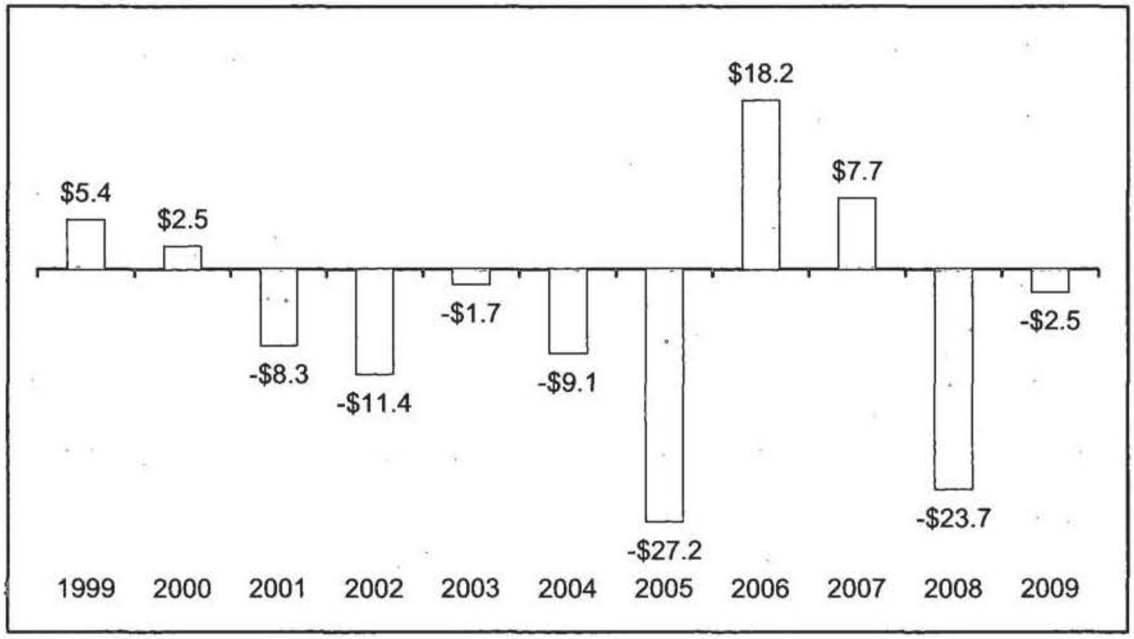
Source	2010	2011	2012	2013	2014	2015
Office of Management and Budget (OMB), June 2010	3.1	4.0	4.3	4.2	3.9	3.4
Congressional Budget Office, August 2010	3.0	2.1	3.4	4.7	4.2	2.7
Federal Reserve Open Market Committee, June 2010	3.0-3.5	3.5-4.2	3.5-4.5	Long-run average: 2.5-2.8		
Global Insight, in FAA Aerospace Forecasts, March 2010	1.5	2.6	3.6	3.2	2.6	2.6
Moody's Economy.com, August 2010	2.8	3.3	4.8	3.6	2.7	2.5

2. Overall Financial Health of the U.S. Airline Industry

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 CY 2001 through CY 2005, with cumulative losses totaling $57.7 billion. In CY 2006, the industry began to see positive results and continued to improve in CY 2007 despite record high oil prices. U.S. airlines realized a net profit of $18.2 billion in CY 2006 and $7.7 billion in CY 2007. However, jet fuel prices continued to escalate through July 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. The industry has responded to declining demand by offering multiple fare sales, which have depressed industry revenues. U.S. airlines again incurred net losses totaling $23.7 billion in CY 2008. As jet fuel prices decreased in 2009, the net losses reported by the U.S. airlines decreased to $2.5 billion.

Southwest is one of the few airlines that remained profitable during this challenging period. Although Southwest's net income decreased from $178 million in CY 2008 to $99 million in CY 2009, Southwest marked its 37th year of profitability in CY 2009. Capacity rationalization and cost containment will likely continue to be a primary focus of the industry.

FIGURE IV-5
U.S. PASSENGER AND CARGO AIRLINES' ANNUAL NET PROFIT ($BILLIONS)
CY 1999 - 2009



Source: Air Transport Association.

3. Price of Jet Fuel

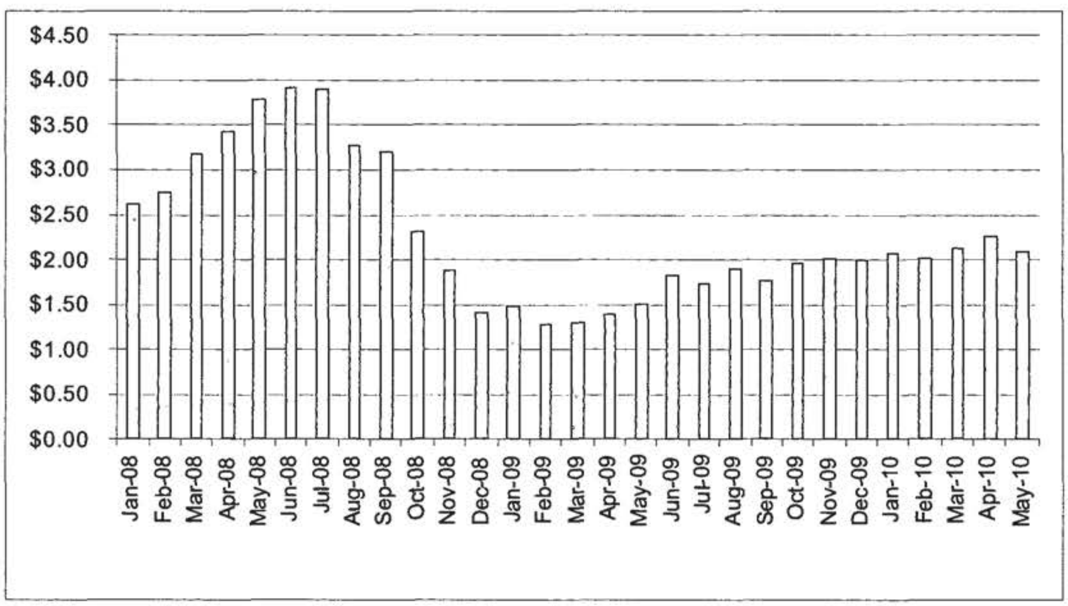
The financial health of the airline industry is affected by the price of jet fuel. From 2000 to 2008, the price of jet fuel more than tripled, while the U.S. Consumer Price Index – the price of a representative basket of U.S. goods and services – increased only 25.0 percent (**Table IV-18**). As a result, 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-18
U.S. AVERAGE JET FUEL PRICE AND THE U.S. CONSUMER PRICE INDEX
2000 - June 2010

Year	U.S. Jet Fuel Price (Dollars per gallon)	U.S. CPI (1982-84=100)
2000	$0.90	172.2
2001	$0.75	177.1
2002	$0.71	179.9
2003	$0.86	184.0
2004	$1.21	188.9
2005	$1.73	195.3
2006	$1.97	201.6
2007	$2.17	207.3
2008	$2.98	215.3
2009	$1.69	214.5
Jan-June 2009	$1.77	213.1
Jan-June 2010	$2.24	217.5
	Percent Change	
2000-2008	230.7%	25.0%
2008-2009	-43.3%	-0.4%
Jan-June 2010	26.6%	2.1%

Source: Data from Energy Information Administration compiled by Air Transport Association.
CPI data from U.S. Bureau of Labor Statistics.

FIGURE IV-6
AVERAGE MARKET PRICE OF JET FUEL (DOLLARS PER GALLON)
January 2008 - July 2010



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 2007-2009, and **Table IV-6** summarized the observed trends. Midwest and its affiliates held the largest share of 34.4 percent of enplanements at the Airport in 2009. Midwest and Frontier, another airline that provides low-fare service at the Airport, are wholly-owned by Republic Airways Holdings, Inc. On April 13, 2010, Republic Airways Holdings, Inc. announced that it will merge the operations of the two airline brands under the Frontier Airlines name. Frontier has maintained a small but steadily increasing market share. Together, Frontier and Midwest accounted for 37.6 percent of enplanements in 2009. AirTran is the second largest carrier as of year-end 2009, with a 23.5 percent share of enplanements. Delta and its affiliates have the third largest share of 21.7 percent. Southwest, the leading low-cost, low-fare airline began service at GMIA on November 1, 2009, joining Frontier and AirTran in providing low-fare alternatives to the Airport's passengers. It is reasonable to expect the future operational and financial performances of these airlines would have immediate implications for activity level at GMIA. Highlights of recent developments at these mainline carriers are presented below.

Midwest and Frontier Airlines[7]

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 July 31, 2009, Midwest Airlines was acquired by Republic Airways Holdings. As a result of the acquisition, Midwest is now 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. The acquisition was completed in October 2009 when Frontier emerged from bankruptcy. Since then, Republic has taken measures to expand the two airlines' service via a codeshare arrangement and streamline operations by eliminating approximately 100 positions from its Milwaukee area workforce. On April 13, 2010, Republic announced that it will integrate the operations of the two airline brands and retain the name Frontier Airlines. The integration is scheduled to be completed within 12-18 months.

[7] The discussion in this section is based on press releases posted on the official websites of Midwest, Frontier, and Republic Airways Holdings.

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

- 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.
- On April 1, 2010 began twice-daily Raleigh/Durham service – the only nonstop service on the route operated on 76-seat Embraer 170 aircraft, featuring 2-by-2 all-leather seating. Service was also initiated to St. Louis, which included two daily roundtrip flights, provided on 37-seat Embraer 135 aircraft featuring all-leather seating.

AirTran Airways[8]

AirTran is a low fare airline headquartered in Orlando. Most of AirTran's flights originate or terminate in Atlanta, its largest hub. In recent years AirTran had grown its operations at the Airport to achieve the second largest market share at GMIA in 2009. Its 2010 market share of 23.5 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. 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 $12.4 million for the quarter ended June 30, 2010. Included in the June 30, 2009 net income was a $26.4 million unrealized loss. In its press release announcing the quarterly financial results, AirTran stated that it also made significant improvements to its financial position during the quarter, including re-signing and extending a secured credit facility for two additional years, revising the terms of future aircraft deliveries to reduce required capital investments by over $200 million between now and 2012, and retiring $90.4 million in convertible notes in July that eliminated the potential dilutive effect of issuing 8.1 million shares of common stock. Based on these and other improvements, including the Company's profitability, Standard & Poor's (S&P) upgraded its debt rating of AirTran Holdings on July 7, 2010.

[8] 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.

The Company also set quarterly records for revenue passenger miles flown, load factor and enplaned passengers. For the first time in AirTran Airways' history, load factor topped 83 percent in the second quarter of 2010. AirTran Airways continued to rank number one in fewest mishandled bags and is among the leaders in on-time performance, posting an on-time rate of 83.8 percent for the second quarter of 2010.

AirTran Airways announced increased frequencies from its Milwaukee hub to Boston and Washington/Reagan while adding popular tourist destinations Sarasota/Bradenton, Fla., and New Orleans to its growing route network and bringing back Phoenix seasonal service this fall. The airline also began twice daily flights to Dallas from Milwaukee during the second quarter of 2010.

On September 27, 2010, Southwest announced it had entered into an agreement to acquire AirTran Holdings, Inc., the parent corporation of AirTran Airways, subject to the approval of AirTran's shareholders and certain regulatory approval.

Delta Air Lines[9]

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 January 2010 Delta and Northwest completed the consolidation of their gates and ticket counters at airports where both airlines had operated. For the year ended December 31, 2009, Delta reported a net loss of $1.2 billion. The notes to Delta's 2009 financial statements state that the airline anticipates several operational and financial benefits from the merger. It appears that there has not been any significant effect of the merger on the combined airline's operations at GMIA. The combined market share of Delta and Northwest has changed little during the past few years, having decreased from 19.4 percent of total GMIA enplanements in 2007 to 15.0 percent through June 2010.

Delta made the following disclosures regarding its financial operations for the quarter ended June 30, 2010:

- Delta's net income for the quarter was $549 million, excluding special items, compared to a net loss of $199 million, excluding special items, the prior year.
- Net income was $467 million.
- Results were the best in a decade.

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

Southwest Airlines[10]

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. Excluding a $27 million charge for employee early retirement costs and a $12 million charge related to the airline's fuel hedge portfolio, Southwest Airlines reported a net profit of $99 million for CY 2009. Southwest reported that during the first three quarters of CY 2009, it eliminated 10 percent of its flights, which represented its unprofitable and less popular flights. The airline's fleet remained flat in CY 2009, and the airline does not have any plans to increase its capacity in 2010. Aircraft freed up from the elimination of unprofitable and less popular flights in 2009 were utilized to serve new markets, including Minneapolis/St. Paul, New York La Guardia, and Boston Logan. Southwest commenced service to GMIA in November of 2009. Overall, the airline's available seat miles flown decreased 5.1 percent in 2009, compared to 2008.

Southwest reported new revenue initiatives in CY 2009 to enhance revenues, including charges for pets, unaccompanied minors, and early check-in options. However, operating revenues decreased 6.1 percent in 2009, mainly due to a decrease in full fare bookings resulting from the airline's efforts to discount fares. Southwest believes its fare discounting initiatives were a primary cause of the increase in its load factor in 2009. The airline's overall load factor increased 4.8 percent, to 76.0 percent, in 2009. Although its energy prices were lower in CY 2009 compared to CY 2008, the reduction in fuel and oil expenses was almost exactly offset by reduction in revenue in CY 2009.

Southwest reported second quarter 2010 net income of $112 million, compared to net income of $91 million for second quarter 2009. Both years' results included special items related to non-cash, market-to-market, and other items associated with a portion of the Company's fuel hedge portfolio. Excluding special items for both periods, second quarter 2010 net income was $216 million compared to $59 million for second quarter 2009.

Gary C. Kelly, Chairman of the Board, President, and Chief Executive Officer, stated: "We are extremely pleased with our second quarter results. Second quarter net income (excluding special items) dramatically improved over second quarter last year, largely due to another record revenue performance. Total operating revenues reached an all-time quarterly record of $3.2 billion, a year-over-year increase of 21 percent. On a unit basis, our revenues increased approximately 22 percent, compared to second quarter last year, also an all-time quarterly record. Second quarter pretax margin (excluding special items) was 11 percent. Our second quarter 2010 earnings performance (excluding special items) was second-best in our

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

history, behind second quarter 2006. This was, indeed, a strong performance, despite significantly higher fuel prices and other cost pressures."

"We have made excellent progress toward generating revenue levels sufficient to reach our 15 percent pretax return on invested capital target. Although business demand has not fully recovered, it has strengthened, and consumer travel demand is robust. We experienced record traffic levels during the quarter, despite flat year-over-year capacity, demonstrating a continuing and significant market share shift to Southwest, in part due to our unique and successful 'Bags Fly Free' policy. Further, we led the industry with our year-over-year domestic passenger revenue and corresponding unit revenue performance."

"We have built considerable, industry-leading revenue momentum that began in the second half 2009. We see no signs that the momentum will stall in second half of 2010. Based on traffic and revenue trends to date, we expect strong year-over-year unit revenue growth in third quarter 2010. Our year-over-year growth rates will face more and more difficult comparisons, of course, due to the rapid revenue recovery that began at Southwest a year ago. Each of the three years preceding 2009 experienced more normal seasonal trends and provide a better gauge of second half 2010 potential revenue health."

According to airport monthly data through June 2010, Southwest obtained an 8.1% share of enplanements at GMIA in the first half of 2010.

On September 27, 2010, Southwest announced it had entered into an agreement to acquire AirTran Holdings, Inc., the parent corporation of AirTran Airways, subject to the approval of AirTran's shareholders and certain regulatory approval.

5. National Security and Threat of Terrorism

Terrorism remains a significant 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 its 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 91 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-19 shows the other airports in the GMIA air service area including Austin-Straubel International Airport (127 miles north of GMIA in Green Bay), Outagamie County Airport in Appleton (113 miles north of GMIA), Midway International (91 miles south of GMIA), Dane County Regional Airport in Madison (86 miles west of GMIA), and O'Hare International (73 miles south of GMIA).

Table IV-19
COMPARISON OF AIR SERVICE AT GMIA AND NEARBY AIRPORTS
2009

Airport	Road Distance from GMIA	Enplanements 2009(1)(3)	Average Daily Departures 2009(2) Air Carrier	Air Taxi/ Commuter	Total
General Mitchell International (MKE)	-	**3,987,607**	**75**	**136**	**211**
Austin-Straubel International, Green Bay (GRB)	127 miles	348,151	7	20	27
Outagamie County Airport, Chicago (ATW)	113 miles	271,997	3	19	22
Midway International Airport, Chicago (MDW)	91 miles	8,021,383	253	26	279
Dane County Regional, Madison (MSN)	86 miles	747,941	10	34	44
O'Hare International Airport, Chicago (ORD)	73 miles	31,135,732	746	378	1,124

Sources: (1) BTS (2) FAA (3) Mitchellairport.com for MKE

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 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 through the first half of 2009, GMIA has weathered these challenges better than most U.S. airports. During the first four months of 2010, GMIA has greatly outpaced other U.S.

medium hub airports. The highlights of the historical and forecast trends in aviation activity at the Airport are as follows:

- Total enplanements at the GMIA increased from approximately 3.04 million in 2000 to 3.99 million in 2009 at an average annual growth rate of 3.1 percent, outpacing the 0.6 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 0.57 percent in 2009. FAA data show that in 2009, GMIA posted the smallest decline in enplanements out of the 36 medium hub airports in the United States.

- During the first four months of 2010, GMIA experienced very large proportional gains in enplanements (35.2 percent) compared to the U.S. system as a whole (0.7 percent), in spite of the U.S. economic recession and airline capacity cuts. These large traffic gains have been brought about by the entry of Southwest into the airport market, the rebound in service by Midwest and its affiliates, and the expansion of largely mainline service by the other carriers serving GMIA, as a competitive response to Southwest. Changes in quarterly enplanement growth have improved each quarter since the first quarter of 2009 and have grown at a phenomenal rate since the fourth quarter of 2009.

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

- O&D traffic accounted for the large majority of enplanements (80.3 percent in 2009), providing a strong and stable market base for air travel demand.

- 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 addition, AirTran and AirTran Connections also played a role in the expansion of connecting traffic.

- 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. Midwest and its affiliates continue to hold the largest share of enplanements, which decreased to 47.6 percent in 2008 and to 34.4 percent in 2009.

- Low-fare airlines are expanding their presence at GMIA. AirTran holds the second largest share of enplanements of 23.3 percent in 2009 and 25.1 percent during the six months of 2010 behind the combined Frontier brand of Frontier, Midwest and affiliates. Frontier and Southwest 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. This trend, however, has been reversed in recent months with the entry of Southwest into the Airport market and the expansion of mainline service by other airlines in response to Southwest's market entry.

- 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 for 2010, to generate the base forecast of enplanements. This section also presents an alternate forecast scenario that simulates the effect of the exit from the GMIA market of its largest carrier, the integrated Frontier brand, beginning in 2011. The base and the alternate forecast differed in growth outlook for 2011 onward, setting two alternative paths for forecast activity at GMIA. Beyond 2010, the same annual enplanement growth rates apply to the two scenarios, driven by projected long-term trends in the key demand drivers. The section also developed forecasts of commercial aircraft departures and landed weight corresponding to the base and alternate 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 2010 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 alternate 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 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") adopted by the Board on January 23, 2003. These bonds were followed by the Series 2004A Bonds, which were authorized by a supplemental resolution (the "2004A Supplemental Resolution") 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") 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, the Series 2007A Bonds were authorized by a supplemental resolution (the "2007A Supplemental Resolution") approved by the Board on November 1, 2007 and the Series 2009A and 2009B Bonds were authorized by a supplemental resolution (the "2009 Supplemental Resolution") adopted by the Board on November 5, 2009. The County is planning to issue the 2010 Bonds with an aggregate par value of approximately $81.0 million.

The Board approved resolutions authorizing the sale of the Series 2010A Bonds on March 18, 2010 and the Series 2010B Refunding Bonds on July 29, 2010. The 2010 Bonds will mature not later than December, 2034. The Bond Resolution and the supplemental resolutions are collectively referred to in this report as the "Bond

[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.

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, Series 2003A, Series 2004A, Series 2005A, Series 2005B, Series 2006A, Series 2006B, Series 2007A, Series 2009A, Series 2009B, and 2010 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 Series 2004A, 2005, 2006, 2007A, 2009A and 2010A 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, Series 2007A, and Series 2009A Bonds. PFC revenues will be included in Revenues pledged to pay a portion of the debt service for the Series 2010A Bonds (corresponding to the costs of the Series 2010A Bond Projects that are PFC-eligible.) 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 2009 Comprehensive Annual Financial Report (2009 CAFR) shows that as of December 31, 2009, the Airport System had total assets of approximately $369.1 million, liabilities of approximately $209.5 million, and net assets of approximately $159.5 million

2. Airline Airport Use and Lease Agreement

The Airport's Airline Airport Use and Lease Agreement (the "AUA") expires on September 30, 2010. Both the County and the Airlines have approved a new Airline-Airport Use and Lease Agreement (the "New AUA"), which is being circulated for final execution. The New AUA is planned to be effective on October 1, 2010. The existing rate methodology in the expired agreement will be continued through December 31, 2010. While the New AUA has not yet been executed by all of the airlines as of the date of this Report, the accompanying financial forecast was based on the business deal contained in the New AUA and it contemplates that there will be eight Signatory Airlines by January 1, 2011. The financial forecast presented in Section V of our study is based on our understanding of how the New AUA will impact the Airport's Revenues and other funds generated by the Airport's operations beginning in 2011.

The major provisions of the New AUA are:

- Term
  - October 1, 2010 to December 31, 2015.
  - Option to extend for five additional years to December 31, 2020 upon mutual agreement that includes a new CIP and Net (Airline) Financing Requirement Cap, as described below.
- A residual rate methodology with deposits to the Airport Development Fund Account ("ADFA")
  - Airport deposits an amount equivalent to 10 percent of Airport concession revenues into the Surplus Fund.
  - Monies can be used for capital improvements or any lawful airport system purpose, subject to certain limitations.
  - Projects funded with the ADFA will not be depreciated or amortized and will not affect airline rates and charges.
  - Airport can deposit up to $4 million from the ADFA to the Airport Depreciation Account.
  - Projects funded from the Airport Depreciation Account will be depreciated or amortized and will affect airline rates and charges.
- Capital Improvement Plan ("CIP")
  - Projects contained in a defined CIP are approved by the airlines as a condition of the New AUA.
  - The CIP project costs to be included in the calculation of airline rates and charges are limited to a Net (Airline) Financing Requirement Cap of $59 million.
  - Airport can add or modify projects without Majority-In-Interest (MII) approval provided that the Net (Airline) Financing Requirement Cap on the total CIP is not exceeded.
  - The airline MII process will continue to apply for additional capital projects not covered above.
- Other
  - Establishes the 440th Military Base, recently conveyed to the County, as a new cost center with the total net requirement allocated to the Airfield cost center.
  - Signatory airlines will report passengers of their affiliates (code share partners & subsidiaries, parent companies or contract airlines) combined with their own passengers and will pay their affiliates' landing fees and rents.
  - Non-signatory airlines will pay 125 percent of the rates paid by signatory airlines (increased from 120 percent).
  - There will be two differential Terminal Rental rate classifications replacing 12 existing classifications. Public-Access Airline Space will be at the base rate and Non-Public Access Space will be at 75 percent of the base rate.

- All airline gates will be preferential use with a utilization standard for each gate and also new entrant and expanding carrier accommodation language. Reassignment of gates by the Airport will be allowed if the utilization standard has not been met over a 12 month look back period should such gate be required by another airline.

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 the GMIA 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 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 New 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 New 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[2]
   - Principal on bonds issued in 2000 and subsequent years[3]
   - Interest[4]

   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 (including cargo apron revenue)

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[2] Depreciation charges include principal payments on GO bonds issued prior to 2000, a portion of which were refunded by the Series 2005B Bonds, Series 2006B Bonds and Series 2009B Bonds.
[3] Net of any bond principal paid from PFC revenues.
[4] Net of any bond interest paid from PFC revenues.

- Non-Signatory landing fee revenue
- Other non-airline revenue allocated to the Airfield

In addition to the above credits, the revenue gained or lost by the Former 440th Military base is included in the Airfield net deficit as a credit or expense.

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 of the former 440th Military base gain/loss. The signatory landing fee rate is calculated as the Airfield net deficit divided by the projected signatory aircraft landed weight in thousand pound units. Under the New AUA, non-signatory airlines are charged a landing fee that is 125 percent of the fee charged to signatory airlines.

Airport System management can conduct a review any time during the year to compare the budgeted amounts with actual expenses and revenues received to date as indicated in the New AUA. If the review indicates that there will be a variance of 10 percent or more, Airport System management, in conformance with County budget procedure and authorization, may make an adjustment to the rates in accordance with Article VI of the New AUA. Any such adjustment will be effective for the balance of the calendar year. Unless extraordinary circumstances warrant additional adjustments, the County shall limit any such rate adjustment to no more than once during each calendar year. At the end of each calendar year the County will conduct a year-end reconciliation no later than 30 days after the County has completed its full accounting process. This involves the actual expenses and revenues being compared to the amounts collected during the previous year. Any deficiency in the amounts collected from the airlines will be billed to the airlines. If the amount collected was higher than the actual net deficit, the difference will be remitted to the airlines by check within 60 days following the completion of the year-end settlement calculation.

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 deducting certain revenues that are used to offset these expenses. Terminal expenses are listed below:

    - Annual Terminal O&M Expenses
    - Depreciation[5]
    - Principal on bonds issued in 2000 and subsequent years[6]
    - Interest[7]

[5] Depreciation charges include principal payments on GO bonds issued prior to 2000, 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.
[6] Net of any bond principal paid from PFC revenues.

The Terminal net deficit is computed by reducing the Terminal expenses listed above by 90 percent of the following revenue credits:

- Public Parking Fees
- Car rental concession fees (not including Customer Facility Charges)
- Gifts, Souvenirs & Novelty Fees
- Restaurant Concession Fees
- Catering Fees
- Displays Concessions Fees
- Public Transportation Concession Fees
- Golf Driving Range Concession Fees
- Bank Commissions

The remaining 10 percent of the above revenue credits will be deposited into the ADFA and be available for use at Airport management's discretion.

The rental rate for Terminal space occupied by the Signatory Airlines will be determined by dividing the Terminal net deficit by the sum of 100 percent of the airline public square feet rented by the airlines and 75 percent of the airline non-public square feet rented by the airlines. The rental rate is further delineated into airline public space and non-airline public space. The airline public space rent is equal to the Terminal rental rate. The airline non-public space rent is equal to 75 percent of the Terminal rental rate.

A comparison of actual and budgeted Terminal expenses and revenues can be conducted at any time during the year. If the review indicates that there will be a variance of 10 percent or more, Airport System management, at its discretion, may make an adjustment to the rates in accordance with Article VI of the New AUA. Any such adjustment will be effective for the balance of the calendar year. Unless extraordinary circumstances warrant additional adjustments, the County shall limit any such rate adjustment to no more than once during each calendar year. At the end of each calendar year the County will conduct a year-end reconciliation no later than 30 days after the County has completed its full accounting process. This involves the actual expenses and revenues being compared to the amounts collected during the previous year. Any deficiency in the amounts collected from the airlines will be billed to the airlines. If the amount collected was higher than the actual net deficit, the difference will be remitted to the airlines by check within 60 days following the completion of the year-end settlement calculation.

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

[7] Net of any bond interest paid from PFC revenues.

revenues and adjustments. The Apron fee rate is calculated as the Apron net deficit divided by the linear footage of gate positions. A comparison of actual and budgeted Apron expenses and revenues can be conducted at any time during the year. If the review indicates that there will be a variance of 10 percent or more, Airport System management, at its discretion, may make an adjustment to the rates in accordance with article VI of the New AUA. Any such adjustment will be effective for the balance of the calendar year. Unless extraordinary circumstances warrant additional adjustments, the County shall limit any such rate adjustment to no more than once during each calendar year. At the end of each calendar year the County will conduct a year-end reconciliation no later than 30 days after the County has completed its full accounting process. This involves the actual expenses and revenues being compared to the amounts collected during the previous year. Any deficiency in the amounts collected from the airlines will be billed to the airlines. If the amount collected was higher than the actual net deficit, the difference will be remitted to the Airlines by check within 60 days following the completion of the year-end settlement calculation.

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.

e. *Passenger Loading Bridge Charges*. Signatory airlines pay annual Passenger Loading Bridge charges equal to the net deficit for the Passenger Loading Bridge cost center. The net deficit is calculated as the sum of O&M Expenses, interest, and depreciation. The Passenger Loading Bridge charge is calculated as the Passenger Loading Bridge net deficit divided by the number of passenger loading bridges. A comparison of actual and budgeted passenger loading bridge expenses is made at the Airport System management's discretion and within 30 days after the end of the County's accounting period, and Airport System management makes rate adjustments accordingly. Currently, Airport management does not have sufficient information to forecast activity for this cost center at this time.

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 to the various Airport funds and accounts 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, Series 2009A, Series 2009B and 2010 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.

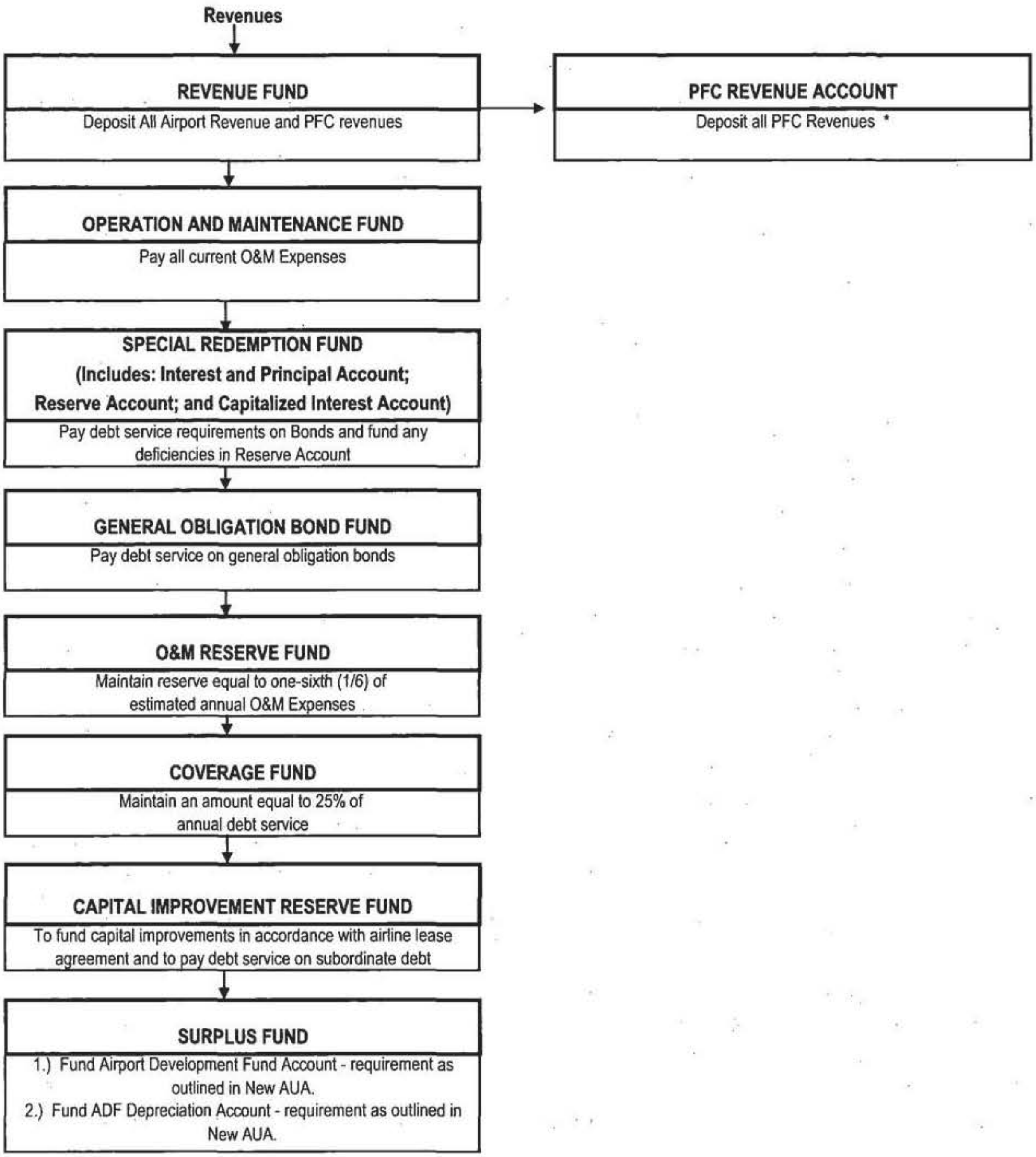
d. To the O&M Reserve Fund to maintain a balance equal to one-sixth (1/6) of the estimated annual O&M Expenses.

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 any amounts remaining after application to the priority uses specified above. Amounts deposited in the Surplus Fund must first be used to fund the Airport Development Fund Account up to an amount equal to 10 percent of airport concession revenues, including parking, provided that the balance does not exceed $15 million. Amounts on deposit in the A DFA can be used at the discretion of the Airport Director in conformance with County budget procedures and authorization. Funds in the ADFA can also be used by the Airport Director to deposit up to $4 million into the ADF Depreciation Account which is a segregated account within the Surplus Fund. These funds will be used to finance (a) future Capital Improvements or Major Maintenance Projects or (b) for any other Airport System purpose, subject to certain limitations. The remainder of the funds in the Surplus Fund can be used for any lawful Airport purpose.

FIGURE V-1
MILWAUKEE COUNTY AIRPORT SYSTEM
FLOW OF FUNDS PER MASTER SENIOR INDENTURE



* 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 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, except for 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 2010 Bonds will be funded from Airport System Revenues including PFCs (corresponding to the portion of the Series 2010A 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 in each fiscal year, Airport System Net Revenues, together with Other Available Funds, will be at least equal to one hundred twenty-five percent (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 debt service on the Series 2004A, Series 2005A, Series 2005B, Series 2006A, Series 2006B, Series 2007A, Series 2009A and Series 2010A 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 and the CIRF. 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 2005 through 2009. Total O&M Expenses increased from approximately $38.9 million in 2005 to approximately $51.0 million in 2009, averaging an annual growth rate of 7.0 percent. The largest increases in O&M Expenses during the historical period occurred in Salaries and Fringe Benefits, which increased approximately $6.3 million or an average annual growth rate of 9.7 percent and Contractual Services by approximately $4.2 million or an average annual growth rate of 7.6 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 2005-2009

Airport Expenses	Actual [1] 2005	2006	2007	2008	2009	Avg. Annual Growth Rate 2005-2009
BY EXPENSE CATEGORY						
Salaries and Fringe Benefits	$14,082,269	15,506,781	18,753,859	$20,894,000	$20,367,529	9.7%
Contractual Services						
Utilities	$2,952,700	3,760,649	3,740,945	4,758,954	3,992,418	7.8%
Repairs/Maintenance	2,093,790	2,122,063	2,852,860	3,489,495	3,197,910	11.2%
Prof. Services/Admin	5,342,766	5,551,929	5,818,407	7,306,053	6,381,621	4.5%
Other	1,810,260	2,310,649	2,343,637	2,917,302	2,778,495	11.3%
Subtotal	$12,199,516	$13,745,291	$14,755,849	$18,471,804	$16,350,444	7.6%
Intra-County Services						
Sheriff [2]	$5,584,729	6,003,668	6,162,798	6,547,463	6,697,277	4.6%
Fleet Maintenance	1,107,863	1,102,060	1,098,811	1,056,631	10,120	n/a
Prof. Service	390,100	254,657	281,279	329,082	363,842	-1.7%
Insurance	788,433	565,625	635,475	667,164	475,618	-11.9%
Other [2]	1,368,338	1,607,771	1,569,692	2,099,981	1,807,188	7.2%
Subtotal	$9,239,461	$9,533,781	$9,748,055	$10,700,321	$9,354,045	0.3%
Commodities	$1,762,895	1,998,154	2,399,535	3,182,811	4,073,014	23.3%
Major Maintenance	$579,769	602,048	56,952	438,760	481,247	-4.5%
Other	$1,045,293	$457,372	$247,674	577,879	387,522	-22.0%
Total O & M Expenses	**$38,909,204**	**$41,843,426**	**$45,961,924**	**$54,265,575**	**$51,013,801**	7.0%
BY COST CENTER						
Terminal	$24,106,984	$25,723,677	$27,754,045	$33,556,484	$30,051,439	5.7%
Airfield	12,656,423	13,656,133	14,955,092	$17,166,225	$16,646,223	7.1%
Apron	1,047,204	1,090,528	1,186,336	$1,371,560	$2,028,769	18.0%
Flexible Response Security	1,098,592	1,373,088	2,066,452	$2,171,306	$2,031,086	16.6%
440th Facility					$256,284	n/a
Total O & M Expenses	**$38,909,203**	**$41,843,426**	**$45,961,925**	**$54,265,575**	**$51,013,801**	7.0%

[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.

In 2009, the largest component of the Airport System's O&M expenses was Salaries and Fringe Benefits totaling $20.4 million or approximately 39.9 percent of the total. The next largest category was Contractual Services at $16.4 million or approximately 32.1 percent of the total. The combined impact of both categories totals approximately $36.7 million or a total of 71.9 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 2009, Terminal expenses continued to account for the largest share of total O&M Expenses (58.9

percent), followed by Airfield expenses (32.6 percent), the Flexible Response Security cost center (4.0 percent), and Apron expenses (4.0 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 2012 through 2015. The estimates for years 2010 and 2011 were provided by Airport staff and represent the current estimate for 2010 (as of June 2010) and the proposed budget for 2011. Airport Management's assumptions used in establishing the 2010 estimate and 2011 budget were reviewed by Unison Consulting. The resulting growth rates for 2010 and 2011 appear to be supportable. The projections for fiscal years 2012 through 2015 build on the Airport's 2011 budget and management's plans for the Airport during the forecast period. Based on analysis completed by Unison, total O&M Expenses are projected to increase to approximately $75.2 million in 2015 or by an average annual growth rate of 4.2 percent. This compares to the historical average annual growth rate shown on **Table V-1** of 7.0 percent. Unison Consulting believes the lower average annual growth rates are appropriate due to the historical period consisting of various one-time events such as: an 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; and an increase in 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 Northern Illinois.

TABLE V-2
MILWAUKEE COUNTY AIRPORT SYSTEM
PROJECTED OPERATING & MAINTENANCE EXPENSES
FOR YEARS 2010 - 2015

Airport Expenses	ESTIMATE 2010	BUDGET 2011	PROJECTED 2012	2013	2014	2015	Avg. Annual Growth Rate 2011 - 2015
BY EXPENSE CATEGORY							
Personnel Services							
Salaries	$ 11,958,340	$ 12,937,734	$ 13,390,555	$ 13,859,224	$ 14,344,297	$ 14,846,347	3.5%
Fringe Benefits	12,835,352	13,493,228	14,167,889	14,876,284	15,620,098	16,401,103	5.0%
Salaries and Fringe Benefits	$ 24,793,692	$ 26,430,962	$ 27,558,444	$ 28,735,508	$ 29,964,395	$ 31,247,450	4.3%
Contractual Services							
Utilities	$ 5,359,750	$ 4,768,800	$ 4,911,864	$ 5,059,220	$ 5,210,997	$ 5,367,326	3.0%
Repairs/Maintenance	4,094,654	4,485,850	4,710,143	4,945,650	5,192,932	5,452,579	5.0%
Prof. Services/Admin	8,429,250	7,954,442	8,352,164	8,769,772	9,208,261	9,668,674	5.0%
Other	3,077,117	2,990,499	3,047,318	3,105,218	3,167,322	3,230,668	1.9%
Contractual Services	$ 20,960,771	$ 20,199,591	$ 21,021,489	$ 21,879,859	$ 22,779,511	$ 23,719,247	4.1%
Intra-County Services							
Sheriff	$ 7,297,221	$ 7,856,046	$ 8,248,848	$ 8,661,291	$ 9,094,355	$ 9,549,073	5.0%
Fleet Maintenance	10,000	10,000	10,190	10,384	10,591	10,803	1.9%
Prof. Service	245,000	285,000	290,415	295,933	301,852	307,889	1.9%
Insurance	604,510	621,334	633,139	645,169	658,072	671,234	1.9%
Other	1,937,539	1,993,801	2,031,683	2,070,285	2,111,691	2,153,925	1.9%
Intra-County Services	10,094,270	10,766,181	11,214,276	11,683,061	12,176,561	12,692,923	4.2%
Commodities	5,024,248	4,672,380	4,905,999	5,151,299	5,408,864	5,679,307	5.0%
Major Maintenance	2,009,586	1,084,000	1,110,515	1,142,632	1,177,361	1,214,934	2.9%
Former 440th Military Base	580,740	-	-	-	-	-	n.a.
Other	578,700	556,200	566,768	577,536	589,087	600,869	1.9%
Not Allocated	-	-	-	-	-	-	n.a.
Total O & M Expenses	$ 64,042,007	$ 63,709,314	$ 66,377,491	$ 69,169,896	$ 72,095,780	$ 75,154,731	4.2%
BY COST CENTER							
Terminal	$ 37,590,203	$ 36,823,080	$ 38,387,990	$ 40,026,221	$ 41,743,247	$ 43,538,820	4.3%
Airfield	22,135,169	21,683,445	22,604,950	23,569,630	24,580,709	25,638,040	4.3%
Apron	1,303,211	1,276,616	1,330,870	1,387,665	1,447,193	1,509,443	4.3%
Flexible Response Security	2,432,683	2,383,038	2,484,313	2,590,332	2,701,451	2,817,653	4.3%
Former 440th Military Base	580,740	1,543,135	1,569,368	1,596,048	1,623,180	1,650,774	1.7%
Not Allocated	-	-	-	-	-	-	n.a.
Total O & M Expenses	$ 64,042,007	$ 63,709,314	$ 66,377,491	$ 69,169,896	$ 72,095,780	$ 75,154,731	4.2%

1. Salaries and Fringe Benefits

During the historical period 2005 to 2009, Salaries and Fringe Benefits[8] increased from approximately $14.1 million to approximately $20.4 million, or by an average annual growth rate of 9.7 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 a reporting requirement of GAAP to reflect

[8] Fringe Benefits charged to the Airport System include County health care and pension costs for Airport System employees.

the actuarial impact of the OPEB for all airport employees was imposed on the County.

This expense category is estimated to increase to approximately $24.8 million in 2010, which is largely due to an increase in overtime in 2010 associated with snow removal. During the historical period, the County employees did not receive salary increases. In the projections, it is assumed that salary increases will occur annually at a rate of 3.5 percent. Fringe benefits are projected to increase at an average annual growth rate of 5 percent. Total Salaries and Fringe Benefits are projected to increase to approximately $31.2 million in 2015.

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 $12.2 million in 2005 to approximately $16.4 million in 2009, or by an average annual growth rate of 7.6 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. However, in 2009 the Airport realized a decline in total Contractual Services, primarily due to lower electricity usage and lower professional services required in that year.

As mentioned earlier, the 2010 estimate and 2011 proposed 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 4.1 percent during the forecast period, to approximately $23.7 million in 2015. The lower average annual growth rate was primarily due to the following:

- Utilities: Projected expenses for 2012 and subsequent years assume an annual growth rate of 3.0 percent, based on the most recent projected CPI index and anticipated increased activity. Utilities expense is 2015 is projected to be $5.4 million. A recent release by the Bureau of Labor Statistics[9], showed no significant increase in electricity prices anticipated over the forecast period.

- Repairs and Maintenance: This line item is projected to increase to $4.5 million in 2011, a 10 percent increase from 2010. The increase represents expected repairs to buildings and structures for the former 440th Military base. The projected growth rate during the forecast period is 5.0 percent. This line item is projected to increase to $5.5 million in 2015. Airport staff indicated that there were no significant repair projects anticipated during the forecast period.

- Professional Services and Administration: This line item is estimated to increase to approximately $8.4 million in 2010, representing an increase of 32.1 percent. The increase in this line item reflects increased spending anticipated during 2010, due to an increase in the parking operations' snow removal costs and other expenses. Professional Services and Administration is projected to increase to $9.7 million in 2015.

- Other Contractual Services: This line item includes the cost of a private security firm that provides staffing at 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 at an average annual growth rate of 1.9 percent to $3.2 million in 2015.

3. <u>Intra-County Services</u>

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 2005 to $9.4 million in 2009, representing an average annual growth rate of 0.3 percent. The category

[9] Table 1, Total Energy Supply and Disposition Summary, release date March 2009.

category average annual growth rate is lower than previous years primarily due to the decision to begin performing the Fleet maintenance function by Airport personnel beginning in 2009. This function, which was previously performed by County personnel, averaged approximately $1.1 million annually.

The 2010 and 2011 expenses within the Intra-County Services category are based on the Airport's estimate and budget for each corresponding year. Total Intra-County Services are projected to increase at an average annual growth rate of 4.2 percent during the forecast period, to approximately $12.7 million in 2015. 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 2005 through 2009, due to additional staffing costs resulting from heightened security levels. The 2011 budget anticipates the sheriff expenses to increase to $7.3 million in 2010 and to $7.8 million in 2011, primarily as a result of an increase in the sheriff costs from the County, due to 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 other County employees resulting in an estimate of $9.5 million in 2015 which represents a 5.0 percent annual increase.

- 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 declined from approximately $390,000 in 2005 to approximately $364,000 in 2009. The Airport estimated this category would decrease to $245,000 in 2010 and modestly increase from this lower base through the remainder of the forecast period, approximately $308,000 in 2015.

- Insurance: Insurance costs incurred by the County on behalf of the Airport System decreased slightly during the period 2005 to 2009, to $476,000 stemming from lower premiums, as a result of an assessed reduced risk in North America by various insurance companies. [10] The 2010 estimated costs and 2011 proposed budget amounts anticipate a return to premiums that are more consistent with current markets. Following 2010, the insurance expense is projected to increase at the rate of inflation to approximately $672,000 in 2015.

- Other: The County provides other services to the Airport System, including: information management services for data processing and communications;

[10] 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 2010 estimate and 2011 budget were provided by the Airport. The remainder of the forecast period is projected to grow modestly at an average rate of 1.9 percent to $2.2 million in 2015.

4. Commodities

Commodities include building, plumbing, roadway, and other materials and supplies, including technological supplies. This category increased from approximately $1.8 million in 2005 to approximately $4.1 million in 2009 for an average annual growth rate of 23.3 percent. Costs increased during the period resulting from the purchase and build up of repair parts and other weather related commodities that were purchased prior to the end of 2009. During 2010 and 2011, Airport management estimates expenditures for these items will increase to $5.0 million and $4.7 million respectively. Although commodities expenses are projected to decline by 6 percent in 2011, for the remainder of the forecast period, commodities expenses are projected to increase based on the historical annual growth rate. It is estimated that commodities expenses will grow to approximately $5.7 million in 2015 for an average annual increase of 5.0 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 decreased from approximately $580,000 in 2005 to approximately $481,000 in 2009.

Based on the Airport System's schedule of projects, Major Maintenance expenses are estimated to increase to $2.0 million in 2010, before declining by 46.0 percent in 2011. The higher maintenance costs in 2010 are due to additional maintenance that is going to be required at the former 440th Military base and increased traffic at the Airport. Major Maintenance expenses are forecasted to increase to approximately $1.2 million in 2015 due to increased traffic at the airport.

6. Other

Other expenses include interest and penalties, bad debt expense, and other miscellaneous charges. This expense category decreased from approximately $1.0 million in 2005 to approximately $388,000 in 2009, based on a decline in various other charges incurred in 2006. The Airport anticipates this expense to remain at the 2008 level based on the 2011 budget of approximately $556,000. This category is projected to increase to approximately $601,000 in 2015.

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 2010 Supplemental Resolution, PFC revenues are pledged to the payment of the Series 2010A Bonds to the extent that the project costs are PFC-eligible. Therefore, approximately 94.5 percent of the Series 2010A 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 earnings, (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 2005 through 2009, and **Table V-4** presents estimated and budgeted revenues for 2010 and 2011, respectively, that were provided by Airport management and appeared to be reasonable. The remainder of the projected Revenues for the period 2012 through 2015 is projected and includes input from Airport management.

TABLE V-3
MILWAUKEE COUNTY AIRPORT SYSTEM
HISTORICAL AIRPORT REVENUE
FOR YEARS 2005-2009

Airport Revenues	Actual [1] 2005	2006	2007	2008	2009	Avg. Annual Growth Rate 2005-2009
Airfield						
Landing Fees						
Signatory Landing Fees	$10,359,317	9,396,547	10,959,864	11,432,979	13,040,096	5.9%
(Over)/Under recovery	0		(960,883)	0	0	n/a
Non-Signatory Landing Fees	1,545,150	1,590,423	1,471,189	1,837,194	1,251,535	-5.1%
Total Landing Fees	$11,904,467	$10,986,970	$11,470,170	$13,270,173	14,291,631	4.7%
General Aviation and Other						
Hydrant Fueling Revenues	$167,009	182,391	179,801	168,461	93,609	-13.5%
Hangar Rentals	521,886	445,074	448,969	478,419	483,548	-1.9%
Fuel and Oil Charges	230,910	221,651	218,661	203,590	163,967	-8.2%
Fixed Base Operator	418,349	423,649	430,925	438,931	427,780	0.6%
Total General Aviation and Other	$1,338,155	$1,272,764	$1,278,356	$1,289,401	1,168,904	-3.3%
Air Cargo Rentals	$567,668	566,899	545,192	546,876	557,822	-0.4%
Total Airfield Revenues	$13,810,290	$12,826,634	$13,293,718	$15,106,450	16,018,357	3.8%
Terminal						
Signatory Airlines						
Space Rentals	$4,217,940	4,111,735	3,240,959	3,572,400	4,060,250	-0.9%
(Over)/Under recovery	(1,825,512)	(596,894)	(2,832,684)	2,344,862	(823,131)	n/a
Other Charges and Fees	464,562	452,291	427,173	406,671	445,007	-1.1%
Total Signatory Airlines	$2,856,990	$3,967,132	$835,448	$6,323,933	3,682,126	6.5%
Concessions						
Car Rental	$6,667,874	7,035,617	7,307,351	8,440,253	7,972,956	4.6%
Gifts & Novelty	1,354,957	1,323,421	1,519,631	1,689,553	1,506,288	2.7%
Food & Beverage	1,593,911	1,731,836	1,973,199	1,999,246	2,659,529	13.7%
Other	1,263,319	1,383,603	1,392,628	1,357,324	1,408,909	2.8%
Public Parking	22,080,236	23,032,663	26,281,266	26,862,466	25,127,710	3.3%
Total Concessions	$32,960,297	$34,507,139	$38,474,075	$40,348,842	$38,675,392	4.1%
Total Terminal Revenues	$35,817,287	$38,474,271	$39,309,523	$46,672,775	$42,357,518	4.3%
Apron						
Signatory Apron Fees	$1,030,863	948,037	1,091,432	1,146,840	1,260,482	5.2%
(Over)/Under recovery	0	0	(49,966)	0	0	
Non - Signatory Apron Fees	81,548	25,676	28,342	17,106	60,802	-7.1%
Total Apron Revenues	$1,112,411	$973,713	$1,069,808	$1,163,945	1,321,284	4.4%
Other						
Flexible Response Security	$1,715,038	1,684,375	1,737,836	1,823,294	1,946,189	3.2%
Other Revenues/Services	2,489,573	3,125,282	3,506,577	3,925,952	3,938,008	12.1%
PFC Revenues	2,259,771	3,983,334	6,256,704	6,950,332	6,540,033	n/a
Total Other Revenues	$6,464,383	$8,792,990	$11,501,117	$12,699,578	12,424,230	17.7%
TOTAL AIRPORT REVENUES	$57,204,371	$61,067,608	$65,174,166	$75,642,748	$72,121,389	6.0%

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

TABLE V-4
MILWAUKEE COUNTY AIRPORT SYSTEM
PROJECTED AIRPORT SYSTEM REVENUE
FOR YEARS 2010 - 2015

Airport Revenues	ESTIMATE 2010	BUDGET 2011	PROJECTED 2012	2013	2014	2015	Avg. Annual Growth Rate 2011 - 2015
Airfield							
Landing Fees							
Signatory Landing Fees	$ 18,193,690	$ 19,494,742	$ 20,352,205	$ 21,163,239	$ 22,241,372	$ 23,141,578	4.4%
Non-Signatory Landing Fees	1,291,610	959,485	996,811	1,032,938	1,079,371	1,119,496	3.9%
Total Landing Fees	$ 19,485,300	$ 20,454,227	$ 21,349,016	$ 22,196,177	$ 23,320,743	$ 24,261,074	4.4%
General Aviation and Other							
Hangar Rentals	482,300	440,273	448,639	457,163	466,306	475,632	1.9%
Fuel and Oil Revenue	217,500	217,638	221,338	225,101	228,927	232,819	1.7%
Fixed Base Operator	445,000	362,052	368,207	374,466	380,832	387,306	1.7%
Other	956,258	1,526,710	1,554,059	1,581,900	1,610,966	1,640,569	1.8%
Total GA and Other	$ 2,101,058	$ 2,546,673	$ 2,592,243	$ 2,638,630	$ 2,687,032	$ 2,736,327	1.8%
Air Cargo Rentals	530,000	477,308	485,422	493,674	502,067	510,602	1.7%
Total Airfield Revenues	$ 22,116,358	$ 23,478,209	$ 24,426,681	$ 25,328,481	$ 26,509,842	$ 27,508,002	4.0%
Terminal							
Signatory Airlines							
Space Rentals	7,134,866	5,466,124	7,012,464	5,475,535	11,033,396	10,029,848	16.4%
(Over)/Under recovery	-	-	-	-	-	-	n.a.
Other Charges and Fees	450,000	595,466	601,969	613,913	626,675	641,606	1.9%
Total Signatory Airlines	$ 7,584,866	$ 6,061,590	$ 7,614,433	$ 6,089,448	$ 11,660,071	$ 10,671,454	15.2%
Concessions							
Car Rental	7,750,000	8,056,000	8,298,715	8,624,181	8,979,525	9,377,339	3.9%
Gifts & Novelty	1,625,000	1,717,049	1,765,309	1,830,942	1,900,776	1,979,147	3.6%
Food & Beverage	2,050,000	3,414,918	3,436,659	3,466,226	3,497,685	3,587,879	1.2%
Other	5,829,930	4,674,218	4,763,028	4,853,525	4,950,596	5,049,608	1.9%
Public Parking	27,945,000	29,000,000	29,785,774	30,953,939	31,597,393	32,997,233	3.3%
Total Concessions	$ 45,199,930	$ 46,862,185	$ 48,049,485	$ 49,728,814	$ 50,925,975	$ 52,991,205	14.0%
Total Terminal Revenues	$ 52,784,796	$ 52,923,774	$ 55,663,918	$ 55,818,262	$ 62,586,046	$ 63,662,659	29.1%
Apron							
Signatory Apron Fees	1,044,778	1,358,534	1,406,568	1,457,605	1,511,739	1,516,927	2.8%
Non - Signatory Apron Fees	30,000	30,510	31,029	31,556	32,093	32,638	1.7%
Other Apron Revenues	33,660	34,232	34,814	35,406	36,008	36,620	1.7%
Total Apron Revenues	$ 1,108,438	$ 1,423,276	$ 1,472,411	$ 1,524,567	$ 1,579,839	$ 1,586,185	2.7%
Other							
Flexible Response Security	2,429,512	2,383,038	2,484,313	2,590,332	2,701,451	2,817,653	4.3%
Former 440th Military Base	755,740	540,000	549,180	558,516	568,011	577,667	1.7%
Other Revenues/Services	250,000	355,600	362,356	369,241	376,626	384,159	1.9%
Total Other Revenues	$ 3,435,252	$ 3,278,638	$ 3,395,849	$ 3,518,089	$ 3,646,088	$ 3,779,479	3.6%
PFC Pledged Revenues [1]	6,797,132	6,783,020	9,304,718	9,288,520	10,481,606	12,215,358	15.8%
TOTAL AIRPORT REVENUES	**$ 86,241,977**	**$ 87,886,916**	**$ 94,263,576**	**$ 95,477,919**	**$ 104,803,421**	**$ 108,751,683**	**5.5%**

[1] In the Supplemental Resolutions for the Series 2004A, 2005A, 2005B, 2006A, 2007, 2009A, and 2010A 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. Projected PFC revenues shown on this table include PFCs anticipated to be used to pay debt service on future bond issues projected during the forecast period.

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 $13.8 million in 2005 to approximately $16.0 million in 2009. Total Airfield revenues are projected to increase to approximately $27.5 million in 2015, 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 weight 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 $11.9 million in 2005 to approximately $14.3 million in 2009. **Table V-4** shows that Landing Fee revenues are projected to increase to approximately $24.3 million in 2015.

The Airfield net deficit to be recovered from the airlines is projected to increase from approximately $19.5 million in 2011 to approximately $23.1 million in 2015, 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 RATE
FOR YEARS 2009 - 2015

Landing Fee Calculation	ACTUAL 2009	ESTIMATE 2010	BUDGET 2011	PROJECTED 2012	2013	2014	2015
Airfield Expenses							
O&M Expense	$ 16,646,223	$ 22,135,169	$ 21,683,445	$ 22,604,950	$ 23,569,630	$ 24,580,709	$ 25,638,040
Series 2007A d.s.	64,328	64,308	64,239	64,119	64,290	64,050	64,101
Series 2009B d.s.	-	56,789	55,040	52,405	50,233	48,314	-
Future GARB d.s.	-	-	-	-	-	185,144	185,120
Depreciation	601,899	418,417	672,350	638,733	606,796	576,456	547,633
Deposits to Coverage Fund	-	14,197	-	46,286	-	-	-
Total Airfield Expense	$ 17,312,450	$ 22,688,880	$ 22,475,074	$ 23,406,495	$ 24,290,956	$ 25,454,681	$ 26,434,907
Less Credits:							
General Aviation Revenues	$ 1,018,586	$ 1,605,235	$ 1,631,303	$ 1,661,139	$ 1,691,521	$ 1,723,553	$ 1,756,195
Air Cargo Rentals including Cargo Apron	186,976	530,000	477,308	485,422	493,674	502,067	510,602
Non-Signatory Landing Fees	1,190,599	1,206,610	959,485	996,811	1,032,938	1,079,371	1,119,496
Military Landing Fees	60,937	85,000	86,360	88,001	89,673	91,466	93,296
Other Non-Airline Revenue	-	893,345	829,010	843,103	857,436	872,012	886,837
Former 440th Military Base	*(213,895)*	*175,000*	*(1,003,135)*	*(1,020,188)*	*(1,037,531)*	*(1,055,169)*	*(1,073,107)*
Total Credits	$ 2,243,203	$ 4,495,190	$ 2,980,332	$ 3,054,288	$ 3,127,711	$ 3,213,300	$ 3,293,317
Airfield Net Deficit [1]	$ 15,069,247	$ 18,193,690	$ 19,494,742	$ 20,352,208	$ 21,163,245	$ 22,241,381	$ 23,141,590
Signatory Landed Weight	5,552,843	6,513,288	6,554,779	6,612,957	6,727,870	6,852,033	6,998,911
Signatory Landing Fee Rate	$ 2.71	$ 2.79	$ 2.97	$ 3.08	$ 3.15	$ 3.25	$ 3.31

- Total Airfield Expense is projected to increase from approximately $22.5 million in 2011 to approximately $26.4 million in 2015, primarily due to projected increases in O&M Expenses and increased debt service from future GARB issues.
- Total credits deducted from total Airfield Expenses are projected to decrease from $4.5 million in 2010 to approximately $3.3 million in 2015. The reduction in credits is a result of the net increase in expenses anticipated from the impact of including the former 440th Military base in the Airfield beginning in 2011.

The projected signatory Landing Fee rate, as presented on **Table V-5**, is calculated by dividing the projected annual Airfield net deficit by the projected annual signatory landed weight for each year of the forecast period. The total landed weight was estimated at approximately 6.5 million thousand-pound units for 2011, and it is projected to increase to approximately 7.0 million thousand-pound units in 2015. The signatory Landing Fee rate is projected to grow from $2.79 in 2010 to $3.31 in 2015.

b. *General Aviation and Other Revenues.* General Aviation and Other Revenues include the following line items:

- 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 declined approximately $169,000 during the period 2005 through 2009. This was primarily due to a steady decrease in hydrant fueling revenues.

Total revenues budgeted for 2010 and 2011 for each line item in this category was based on the Airport System's estimated budget and discussions with Airport System management. General Aviation and Other Revenues are estimated to increase during the forecast period based on the following:

- Hangar Rentals: For 2010 and 2011, this line item was budgeted by management to reflect the hangar lease provisions. Hangar Rentals are projected to increase at the average 1.9 percent rate 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 $476,000 in 2015.

- Fuel and Oil revenues: During the forecast period, this line item is projected based on the 2011 budget, with subsequent changes based on forecasted aircraft activity and an increase in price. Fuel and Oil Revenues are projected to increase to approximately $233,000 in 2015.
- Fixed Base Operator ("FBO") revenues: For the forecast period, FBO revenues are projected to increase by the assumed average annual inflation rate of 1.7 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 $387,000 in 2015.

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 increased slightly during the period 2005 through 2009 ending at approximately $558,000. The amounts shown for 2010 and 2011 reflect the Airport's estimated and budgeted revenues for these years based on current leases. Air Cargo Rental revenues are projected to increase slightly during the forecast period to approximately $511,000 in 2015.

2. Terminal Revenues

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 $35.8 million in 2005 to approximately $42.4 million in 2009, or by an average annual growth rate of 4.3 percent (**Table V-3**). As shown on **Table V-4**, Total Terminal revenues are projected to increase to approximately $63.7 million in 2015, 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 Airline Space Rental revenue decreased from $4.2 million in 2005 to $4.1 million in 2009 at an average annual rate of 0.9 percent.

   The decrease was primarily due to the increase in parking revenues during the period which offsets costs in this cost center. Signatory Airline Space Rental is projected to increase to approximately $10.0 million by 2015, primarily due to increased O&M Expenses and increased debt service from future GARB issues.

TABLE V-6
MILWAUKEE COUNTY AIRPORT SYSTEM
PROJECTED AIRLINE TERMINAL RENTAL RATE
FOR YEARS 2009 - 2015

Terminal Rental Fee Calculation	ACTUAL 2009	ESTIMATE 2010	BUDGET 2011	PROJECTED 2012	PROJECTED 2013	PROJECTED 2014	PROJECTED 2015
Terminal Expenses							
O&M Expense	$ 30,051,439	$ 37,590,203	$ 36,823,080	$ 38,387,990	$ 40,026,221	$ 41,743,247	$ 43,538,820
Series 2000 & 2003 GARB d.s.	7,942,919	7,735,919	602,344	586,406	569,531	552,188	533,438
Series 2004A GARB d.s.	281,873	281,957	281,929	282,179	282,123	281,762	282,206
Series 2005A GARB d.s.	128,398	128,065	127,731	127,815	127,881	127,931	215,013
Series 2005B GARB d.s.	721,860	723,389	727,420	726,864	725,335	726,308	-
Series 2006A GARB d.s.	217,032	217,528	217,292	216,938	217,056	217,032	217,458
Series 2006B GARB d.s.	198,541	124,202	118,099	113,359	107,321	101,348	95,440
Series 2007A GARB d.s.	130,547	130,514	130,374	130,130	130,479	129,990	130,095
Series 2009A GARB d.s.	-	410,435	434,578	434,578	434,578	434,578	801,931
Series 2009B GARB d.s.	-	463,486	449,211	427,712	409,984	394,318	-
Series 2010A GARB d.s. [2]	-	-	-	79,329	79,329	79,329	135,154
Series 2010B GARB d.s.	-	-	6,644,732	6,430,250	6,211,000	5,992,500	5,769,750
Future GARB d.s.	-	-	-	-	-	5,260,256	5,259,580
Depreciation	1,689,211	1,836,256	1,621,220	1,540,159	1,463,151	1,389,993	1,320,494
Capital Cost Recovery	1,937,596	1,229,392	-	-	-	-	-
Deposits to Coverage Fund	-	1,913,452	-	1,315,064	-	-	-
Total Terminal Expense	$ 43,299,416	$ 52,784,796	$ 48,178,009	$ 50,798,773	$ 50,783,991	$ 57,430,784	$ 58,299,382
Less Credits:							
Other Revenues and Fees	445,008	450,000	535,919	541,772	552,522	564,007	577,445
Concessions [1]							
Car Rental Concessions	7,972,956	7,750,000	7,250,400	7,468,843	7,761,763	8,081,572	8,439,605
Gifts & Novelty	1,506,288	1,625,000	1,545,344	1,588,779	1,647,848	1,710,698	1,781,232
Food & Beverage	2,659,529	2,050,000	3,073,426	3,092,993	3,119,603	3,147,917	3,229,091
Public Parking	25,127,710	27,945,000	26,100,000	26,807,197	27,858,545	28,437,653	29,697,510
Other Terminal Revenues	3,990,908	5,829,930	4,206,796	4,286,725	4,368,173	4,455,536	4,544,647
Total Credits	41,702,399	45,649,930	42,711,886	43,786,308	45,308,454	46,397,385	48,269,530
Terminal Net Deficit	$ 1,597,017	$ 7,134,866	$ 5,466,124	$ 7,012,465	$ 5,475,537	$ 11,033,399	$ 10,029,852
Rented Square Feet [2]	184,350	221,418	196,207	196,207	196,207	196,207	196,207
Projected Terminal Rental Rate	**$ 8.66**	**$ 32.22**	**$ 27.86**	**$ 35.74**	**$ 27.91**	**$ 56.23**	**$ 51.12**
Airline Public Space			94,543	94,543	94,543	94,543	94,543
Airline Public Space Rental Rate			$ 27.86	$ 35.74	$ 27.91	$ 56.23	$ 51.12
Airline Public Space Revenue			$ 2,633,870	$ 3,378,980	$ 2,638,406	$ 5,316,480	$ 4,832,918
Airline Non-Public Space			135,552	135,552	135,552	135,552	135,552
Airline Non-Public Space Rental Rate			$ 20.89	$ 26.81	$ 20.93	$ 42.18	$ 38.34
Airline Non-Public Space Revenue			$ 2,832,254	$ 3,633,485	$ 2,837,131	$ 5,716,919	$ 5,196,934
Total Rental Revenue			$ 5,466,124	$ 7,012,465	$ 5,475,537	$ 11,033,399	$ 10,029,852

[1] Beginning in 2011, all concessions line items show 90% of the concession revenue in accordance with the AUA.
[2] Calendar year 2011 excludes the 2010A GARB debt service payment due to 1 year of Capitilized Interest.
[3] Beginning in 2011, for purposes of establishing the Terminal Rental Rate, the square footage equals 100% of airline public space plus 75% of airline non-public space and therefore will not total the actual rented square footage.

- Total Terminal Expense is projected to increase from approximately $48.2 million in 2011 to approximately $58.3 million in 2015, mainly due to the increased O&M expenses and increased debt service from future GARBs.

- The credits offsetting Terminal expenses are projected to increase from approximately $42.7 million in 2011 to approximately $48.3 million in 2015 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 public and non-public airline space. The Terminal rental rate, as projected on **Table V-6,** was calculated by dividing the projected Terminal net deficit for each year by the projected number of rented square feet. The airline public space Terminal rental rate is projected to increase during the forecast period from $27.86 in 2011 to $51.12 in 2015. Beginning in 2011, the Terminal square footage is going to be divided into airline public square footage and airline non-public square footage. The airline public square footage is currently 94,543 and projected to remain constant throughout the forecast period and the rate is equal to the Terminal rental rate. The Terminal rental rate for airline non-public space is 75% of the airline public space. The airline non-public space square footage is currently 135,552 and it is projected to remain constant throughout the forecast period. The rate for the airline non-public square footage is projected to increase from $20.89 in 2011 to $38.34 in 2015. The significant increase in 2014 in the Terminal rental rate is a result of approximately $5.3 million of additional debt service that is anticipated to be added to the Terminal net deficit. The majority of the increase is a result of funding the entire Baggage Claim Area Renovation - Construction with approximately $46 million in GARB funding. The County has agreed to seek PFC funding for this project. As of the date of this Report, the amount of PFC revenues that will be committed has not been determined. However, PFC revenues in any amount will reduce the impact to the Terminal net deficit and the cost per enplanement (CPE).

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 was relatively flat, declining slightly from approximately $465,000 in 2005 to approximately $445,000 by 2009, mainly due to a fluctuation in international passenger fees. Other Charges and Fees are projected to increase to approximately $642,000 in 2015, reflecting an 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 $33.0 million in 2005 to approximately $38.7 million in 2009. Based on Airport management's estimates, these revenues are projected to increase to $45.2 million in 2010. Concessions revenues are projected to increase to approximately $53.0 million by 2015, as follows:

   (i) *Car Rental Revenues.* Car Rental revenues increased from $6.7 million in 2005 to $8.0 million in 2009, primarily due to the Airport negotiating new agreements with the car rental companies beginning in 2003. Car Rental Revenues were projected to increase during 2010 to $7.7 million as a result of increased enplanements. This revenue category is projected to increase to approximately $9.4 million in 2015. This represents an average annual growth of 3.9% based on the estimated growth in deplanements and inflationary impacts.

(ii) *Gifts and Novelties.* Gift and Novelties revenues increased from approximately $1.4 million in 2005 to approximately $1.5 million in 2009. 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 approximately $2.0 million in 2015.

(iii) *Food and Beverage.* Revenues received from Food and Beverage concessionaires increased from approximately $1.6 million in 2005 to approximately $2.7 million in 2009. The average annual increase of 13.7 percent in Food and Beverage revenues primarily resulted from concessions being located post security in Concourses D and E, and the continued earlier arrival of outbound passengers at the Airport. The Food and Beverage estimates for 2010 and 2011 reflect the phasing in of the new concession program. Due to the addition of a second master food and beverage vendor Select Service Partner (SSP) in 2010, which is in addition to Host, Food and Beverage revenues are projected to increase to approximately $3.6 million in 2015 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 $1.3 million in 2005 to approximately $1.4 million in 2009. 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 $5.0 million in 2015. This increase is largely due to a reclassification of certain revenue accounts beginning in 2010. This line item now includes an allocated portion of the Interest received on investments and other accounts.

(v) *Public Parking Concessions.* Public Parking Concession revenues increased from approximately $22.1 million in 2005 to approximately $25.1 million in 2009. For the forecast period of 2010- 2015, Public Parking Concession revenues is projected using the 2011 Public Parking Concession revenues 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 inflation. Public Parking Concession revenues are projected to increase to approximately $33.0 million in 2015. 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 $1.0 million in 2005 to approximately $1.3 million in 2009 or an average annual increase of 5.2 percent.

The Apron net deficit to be recovered from the signatory airlines, as shown on **Table V-7**, is projected to increase to approximately $1.5 million in 2015, mainly due to increased 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 $299.14 in 2015.

TABLE V-7
MILWAUKEE COUNTY AIRPORT SYSTEM
PROJECTED AIRLINE APRON FEE RATE
FOR YEARS 2009 - 2015

	ACTUAL	ESTIMATE	BUDGET	PROJECTED			
Apron Fee Calculation	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Apron Expenses							
O&M Expense	$2,028,769	$1,303,211	$1,276,616	$1,330,870	$1,387,665	$1,447,193	$1,509,443
Series 2005B d.s.	22,326	22,373	22,498	22,480	22,433	22,463	-
Series 2006A d.s.	21,317	21,366	21,343	21,308	21,320	21,317	21,359
Series 2009B d.s.	-	35,931	34,824	33,158	31,783	30,569	-
Depreciation	39,016	71,574	67,995	64,596	61,366	58,298	55,383
Deposits to Coverage Fund	-	8,983	-	-	-	-	-
Total Apron Expense	$2,111,428	$1,463,438	$1,423,276	$1,472,412	$1,524,569	$1,579,842	$1,586,189
Less:							
Non-Airline Credits	$498,855	$418,660	$64,742	$65,843	$66,962	$68,101	$69,258
Apron Net Deficit	$1,612,573	$1,044,778	$1,358,534	$1,406,569	$1,457,607	$1,511,742	$1,516,931
Linear Feet	4,489	4,985	5,071	5,071	5,071	5,071	5,071
Apron Fee Rate	**$359.19**	**$209.58**	**$267.90**	**$277.38**	**$287.44**	**$298.12**	**$299.14**

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 2005 and increased to approximately $1.9 million in 2009. The 2010 and 2011 estimates provided by the Airport of $2.4 million reflect a continuing increase in security costs. During the forecast period, Flexible Response Security Charges revenue is projected to increase to approximately $2.8 million in 2015.

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 $2.5 million in 2005 to a high of $3.9 million in 2009, 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. Beginning in 2010, there was a rearrangement in the presentation of revenues. Other Revenues now only includes an allocated portion of interest on investments. This line item is projected to be approximately $384,000 in 2015.

5. PFC Revenues

In the Supplemental Resolutions for the Series 2004A, 2005, 2006, 2007A, 2009A and 2010A 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, 2010A Bonds and future bonds are included in total Airport Revenues shown on **Table V-4**.

D. SOURCES AND USES OF FUNDS

The 2010 Bonds are being issued to fund a portion of the costs of the capital projects described in Section II and to refund outstanding Series 2000 Airport Revenue Bonds. **Table V-8** presents the estimated sources and uses of funds related to the Series 2010 Bonds.

TABLE V-8
MILWAUKEE COUNTY AIRPORT SYSTEM
SOURCES AND USES OF FUNDS
2010 BONDS

	Series 2010A	Series 2010B	Total
Sources			
Par Amount	$ 31,570,000	$ 51,590,000	$ 83,160,000
Net Premium	1,300,354	3,561,032	4,861,386
Release from Existing DSRF	-	342,580	342,580
Bond Proceeds	$ 32,870,354	$ 55,493,612	$ 88,363,966
Uses			
Project Fund Deposits	$ 29,380,184	$ -	$ 29,380,184
Refunded Bonds Principal Payment	-	55,095,000	55,095,000
Capitalized Interest through 12/1/2011	1,630,650	-	1,630,650
DSRF Deposit	1,579,366	-	1,579,366
Estimated Cost of Issuance	280,154	398,612	678,766
Total Uses	$ 32,870,354	$ 55,493,612	$ 88,363,966

E. DEBT SERVICE

Table V-9 shows the projected annual debt service requirements for the existing GO bonds, the Series 2000A, Series 2003A, Series 2004A, Series 2005A, Series 2005B, Series 2006A, Series 2006B, Series 2007A, Series 2009A, Series 2009B, Series 2010A, Series 2010B, and future GARBs.

The annual debt service requirements for the existing GO bonds, which are paid by the County from Airport System Revenues, are projected to fluctuate during the forecast period from approximately $768,000 in 2010 to $1.2 million in 2014 before decreasing to approximately $336,000 until maturity in 2017. Annual GARB debt service requirements are estimated at approximately $17.2 million in 2010. Annual GARB debt service is then projected to increase to approximately $25.9 million in FY 2015, due to the planned issuance of the 2010 Bonds and future GARB bonds during the forecast period.

TABLE V-9
MILWAUKEE COUNTY AIRPORT SYSTEM
PROJECTED ANNUAL GARB DEBT SERVICE
FOR YEARS 2009 - 2015

DEBT SERVICE	ACTUAL 2009	ESTIMATE 2010	BUDGET 2011	PROJECTED 2012	PROJECTED 2013	PROJECTED 2014	PROJECTED 2015
GO BONDS							
Existing G.O. Bonds	$1,420,489	$768,370	$776,072	$1,011,414	$1,207,195	$1,174,486	$335,659
Airport Bonds							
Series 2000 and 2003A Bonds	$7,942,919	$7,735,919	$602,344	$586,406	$569,531	$552,188	$533,438
Series 2004A Bonds	2,539,400	2,540,150	2,539,900	2,542,150	2,541,650	2,538,400	2,542,400
Series 2005A Bonds	1,541,390	1,537,390	1,533,390	1,534,390	1,535,190	1,535,790	2,581,190
Series 2005B Bonds	1,038,800	1,041,000	1,046,800	1,046,000	1,043,800	1,045,200	-
Series 2006A Bonds	1,837,700	1,841,900	1,839,900	1,836,900	1,837,900	1,837,700	1,841,300
Series 2006B Bonds	764,500	478,250	454,750	436,500	413,250	390,250	367,500
Series 2007A Bonds	935,363	935,113	934,113	932,363	934,863	931,363	932,113
Series 2009A Bonds	-	547,465	579,669	579,669	579,669	579,669	1,069,669
Series 2009B Bonds	-	556,206	539,075	513,275	492,000	473,200	-
Series 2010A Bonds [1]	-	-	-	1,442,344	1,442,344	1,442,344	2,457,344
Series 2010B Bonds	-	-	6,644,732	6,430,250	6,211,000	5,992,500	5,769,750
Future Bonds	-	-	-	1,173,500	1,172,000	7,832,400	7,831,300
Total GARB Debt Service	$16,600,071	$17,213,392	$16,714,672	$19,053,747	$18,773,197	$25,151,003	$25,926,003
Total Debt Service (including G.O. Bonds)	$18,020,560	$17,981,762	$17,490,744	$20,065,161	$19,980,392	$26,325,489	$26,261,662
Cost Center Allocation							
Terminal	$16,858,004	$16,898,322	$16,413,098	$17,591,337	$17,484,007	$23,667,688	$23,108,043
Airfield	1,059,506	963,891	958,777	2,349,626	2,367,759	2,531,320	3,122,189
Apron	103,051	119,549	118,869	124,198	128,626	126,480	31,429
Total Debt Service	$18,020,561	$17,981,762	$17,490,744	$20,065,161	$19,980,392	$26,325,489	$26,261,662

[1] Calendar year 2011 excludes the 2010A GARB debt service payment due to 1 year of Capitilized Interest.

F. FINANCIAL ANALYSIS

An important component of the financial feasibility report is an assessment of how the 2010 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.

On September 27, 2010, Southwest Airlines Co. ("Southwest") announced it had entered into an agreement to acquire AirTran Holdings, Inc., the parent corporation of AirTran Airways (collectively "AirTran"), subject to the approval of AirTran's shareholders and certain regulatory approval. Given the limited information available regarding Southwest's plans, Unison has not analyzed or made any projections of the financial impact, if any, of the proposed acquisition on the Milwaukee County Airport System in this Report.

1. Airline Cost per Enplanement

The airline 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 the military. **Table V-10** shows that the Airport's airline CPE is projected to range from $5.34 in 2010 to $6.66 in 2014. The increase during the forecast period is mainly due to higher O&M expenses and the issuance of the 2010 Bonds and future bonds. This report assumes the issuance of approximately $46 million in future GARBs to fund the baggage claim renovation project. As a result of this project, approximately $5.3 million in additional debt service will be added. The County is considering applying PFC revenue to reduce the estimated increase in debt service resulting from this project.

TABLE V-10
MILWAUKEE COUNTY AIRPORT SYSTEM
PROJECTED AIRLINE COST PER ENPLANED PASSENGER
FOR YEARS 2010 - 2015

Year	Landing Fees [1]	Terminal Rents & Charges	Apron Fees	Total Airline Payments	Enplaned Passengers	Cost Per Enplaned Passenger
2010 est.	$18,193,690	$7,134,866	$1,044,778	$26,373,334	4,935,121	$5.34
2011	$19,494,742	$5,466,124	$1,358,534	$26,319,399	4,962,217	$5.30
2012	$20,352,205	$7,012,464	$1,406,568	$28,771,237	5,016,409	$5.74
2013	$21,163,239	$5,475,535	$1,457,605	$28,096,378	5,115,944	$5.49
2014	$22,241,372	$11,033,396	$1,511,739	$34,786,507	5,222,291	$6.66
2015	$23,141,578	$10,029,848	$1,516,927	$34,688,352	5,346,717	$6.49

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

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 Airport would continue to generate sufficient PFCs to fund the current PFC projects shown in Table II-1.

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 3.2 million to 5.1 million, which showed a range between $4.45 to $10.45. This range is based on actual CPEs for 2009 and does not include the impact of future capital programs.

2. Net Discretionary Cash Flow

Net discretionary cash flow is calculated as Net Revenues less: total debt service requirements for all outstanding bonds, Series 2010 Bonds, GO Bonds, and Future GARBs; 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[11]; and required increases in the O&M Reserve

[11] 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 reimbursements from the airlines will continue through 2010. The tax levy proceeds covered the

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 $6.7 million in 2011 to approximately $7.3 million in 2015. It should be reiterated that the County, through the New AUA, has the ability to increase rates charged to the airlines to reflect expenditures that are more than 10 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**, for the period 2010 through 2015 is projected to fluctuate between a low of 1.54 to a high of 1.71 due to an increase in future debt, and projected decreases in the depreciation charges included in the airline terminal rate base. 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, if the Airport decided to initiate the projects and rate-base 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 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 annual Debt Service on all Outstanding Bonds and the

difference between the debt service costs and the airline reimbursement amounts during the early years of the Airline Agreements.

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 assumes an average annual decline in enplanements of 2.4 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 Series 2010A 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 to fund all of the PFC projects, 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 $7.05 in 2015. 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 high end of the range. However, the airline costs at other airports will likely increase in the future as future capital projects are completed. Under this scenario, it is estimated that the Airport would need to issue approximately $27.8 million more in GARBs in the 2012 issue.

TABLE V-11
MILWAUKEE COUNTY AIRPORT SYSTEM
CASH FLOW AND DEBT SERVICE COVERAGE
FOR YEARS 2009 - 2015

Cash Flow and Debt Service Coverage	ACTUAL 2009	ESTIMATE 2010	BUDGET 2011	PROJECTED 2012	2013	2014	2015
AIRPORT SYSTEM REVENUES							
TOTAL REVENUES	$72,121,389	$86,241,977	$87,886,916	$94,263,576	$95,477,919	$104,803,421	$108,751,683
O&M EXPENSES	51,013,801	64,042,007	63,709,314	66,377,491	69,169,896	72,095,780	75,154,731
NET REVENUES	$21,107,588	$22,199,970	$24,177,602	$27,886,085	$26,308,023	$32,707,641	$33,596,952
NET DISCRETIONARY CASH FLOW							
Net Revenues	$21,107,588	$22,199,970	$24,177,602	$27,886,085	$26,308,023	$32,707,641	$33,596,952
Less: Debt Service							
G.O. Bonds	$1,420,489	$768,370	$776,072	$1,011,414	$1,207,195	$1,174,486	$335,659
Series 2000 & 2003A Bonds	7,942,919	7,735,919	602,344	586,406	569,531	552,188	533,438
Series 2004A Bonds	2,539,400	2,540,150	2,539,900	2,542,150	2,541,650	2,538,400	2,542,400
Series 2005 A Bonds	1,541,390	1,537,390	1,533,390	1,534,390	1,535,190	1,535,790	2,581,190
Series 2005 B Bonds	1,038,800	1,041,000	1,046,800	1,046,000	1,043,800	1,045,200	0
Series 2006A Bonds	1,837,700	1,841,900	1,839,900	1,836,900	1,837,900	1,837,700	1,841,300
Series 2006B Bonds	764,500	478,250	454,750	436,500	413,250	390,250	367,500
Series 2007A Bonds	935,363	935,113	934,113	932,363	934,863	931,363	932,113
Series 2009A Bonds	-	547,465	579,669	579,669	579,669	579,669	1,069,669
Series 2009B Bonds	-	556,206	539,075	513,275	492,000	473,200	-
Series 2010A Bonds [1]	-	-	-	1,442,344	1,442,344	1,442,344	2,457,344
Series 2010B Bonds			6,644,732	6,430,250	6,211,000	5,992,500	5,769,750
Future Bonds	-	-	-	1,173,500	1,172,000	7,832,400	7,831,300
Less: Deposits to Coverage Fund	-	1,936,631	-	1,361,350	-	-	-
Less: Reimbursement of Tax Levy	1,903,131	1,229,392	-	-	-	-	-
Net Discretionary Cash Flow	$1,183,897	$1,052,184	$6,686,858	$6,459,575	$6,327,632	$6,382,152	$7,335,290
COVERAGE CALCULATION							
Net Revenues	$21,107,588	$22,199,970	$24,177,602	$27,886,085	$26,308,023	$32,707,641	$33,596,952
Add Other Available Funds:							
Series 2000 & 2003 A Bonds	$1,985,730	$1,933,980	$150,586	$146,602	$142,383	$138,047	$133,359
Series 2004 A Bonds	634,850	635,038	634,975	635,538	635,413	634,600	635,600
Series 2005 A Bonds	385,348	384,348	383,348	383,598	383,798	383,948	645,298
Series 2005 B Bonds	259,700	260,250	261,700	261,500	260,950	261,300	0
Series 2006 A Bonds	459,425	460,475	459,975	459,225	459,475	459,425	460,325
Series 2006 B Bonds	191,125	119,563	113,688	109,125	103,313	97,563	91,875
Series 2007 Bonds	233,841	233,778	233,528	233,091	233,716	232,841	233,028
Series 2009 A Bonds	-	136,866	144,917	144,917	144,917	144,917	267,417
Series 2009 B Bonds	-	139,051	134,769	128,319	123,000	118,300	-
Series 2010A Bonds	-	-	-	360,586	360,586	360,586	614,336
Series 2010B Bonds	-	-	1,661,183	1,607,563	1,552,750	1,498,125	1,442,438
Future Bonds	-	-	-	293,375	293,000	1,958,100	1,957,825
Net Revenues plus Other Available Funds	$25,257,607	$26,503,318	$28,356,270	$32,649,522	$31,001,322	$38,995,391	$40,078,453
Debt Service:							
Series 2000 & 2003 A Bonds	7,942,919	7,735,919	602,344	586,406	569,531	552,188	533,438
Series 2004 A Bonds	2,539,400	2,540,150	2,539,900	2,542,150	2,541,650	2,538,400	2,542,400
Series 2005 A Bonds	1,541,390	1,537,390	1,533,390	1,534,390	1,535,190	1,535,790	2,581,190
Series 2005 B Bonds	1,038,800	1,041,000	1,046,800	1,046,000	1,043,800	1,045,200	0
Series 2006 A Bonds	1,837,700	1,841,900	1,839,900	1,836,900	1,837,900	1,837,700	1,841,300
Series 2006 B Bonds	764,500	478,250	454,750	436,500	413,250	390,250	367,500
Series 2007 Bonds	935,363	935,113	934,113	932,363	934,863	931,363	932,113
Series 2009 A Bonds	-	547,465	579,669	579,669	579,669	579,669	1,069,669
Series 2009 B Bonds	-	556,206	539,075	513,275	492,000	473,200	-
Series 2010A Bonds	-	-	-	1,442,344	1,442,344	1,442,344	2,457,344
Series 2010B Bonds		-	6,644,732	6,430,250	6,211,000	5,992,500	5,769,750
Future Bonds	-	-	-	1,173,500	1,172,000	7,832,400	7,831,300
Total GARB Debt Service	$16,600,072	$17,213,392	$16,714,672	$19,053,747	$18,773,197	$25,151,003	$25,926,003
DEBT SERVICE COVERAGE	1.52	1.54	1.70	1.71	1.65	1.55	1.55

[1] Calendar year 2011 excludes the 2010A GARB debt service payment due to 1 year of Capitilized Interest.

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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, 2005 through 2009 are included in the County's 2005 through 2009 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, 2005 through 2009. 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 2005-2009 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 2005 through 2009 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.

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COUNTY OF MILWAUKEE
Balance Sheet - Airport System
December 31
(In Thousands)

	2005	2006	2007	2008	2009
Assets					
Current Assets:					
Cash and Investments	$ 29,614	$ 27,993	$ 34,403	$ 29,968	$ 31,997
Cash and Investments - Revenue Bonds	43,493	45,824	38,650	28,575	29,269
Receivables:					
Accounts (Net of Allowances for Uncollectible Accounts and Contractual Adjustments)	3,628	3,552	3,265	3,140	3,116
Due from Other Governments (Grants)	4,465	4,397	1,790	3,813	8,427
Total Current Assets	81,200	81,766	78,108	65,496	72,809
Noncurrent Assets:					
Capital Assets:					
Land and Land Improvements	136,087	138,897	153,661	163,830	182,780
Building and Improvements	229,515	199,695	270,470	282,976	286,976
Furniture, Machinery and Equipment	7,768	7,078	7,780	8,579	11,772
Construction in Progress	63,527	98,461	15,936	13,041	23,569
Total Capital Assets	436,897	444,131	447,847	468,426	505,097
Less: Accumulated Depreciation	(209,872)	(194,822)	(179,678)	(193,785)	(208,838)
Net Capital Assets	227,025	249,309	268,169	274,641	296,259
Total Assets	$ 308,225	$ 331,075	$ 346,277	$ 340,137	$ 369,068
Liabilities					
Current Liabilities:					
Accounts Payable	$ 1,392	$ 2,010	$ 2,348	$ 2,437	$ 3,484
Accrued Liabilities	922	912	383	182	359
Accrued Interest Payable	--	--	886	815	823
Unearned Revenues	8,678	9,309	13,061	7,502	8,325
Bonds Payable - General Obligation	10,352	1,218	1,215	1,210	1,165
Bonds Payable - Revenue Bonds	5,870	7,405	7,415	7,520	7,865
Compensated Absences	614	871	1,332	1,547	1,525
Capital Leases	--	--	--	144	196
Other Liabilities	58	215	10	10	10
Total Current Liabilities	27,886	21,940	26,650	21,367	23,752
Long-Term Liabilities:					
Bonds Payable - General Obligation	12,390	6,176	4,968	3,766	2,616
Bonds Payable - Revenue Bonds	146,985	170,619	176,798	169,295	175,765
Compensated Absences	1,749	1,749	1,384	1,423	1,524
Other Post Employment Benefits	--	--	1,906	4,097	5,686
Capital Leases	--	--	400	101	185
Total Long-Term Liabilities	161,124	178,544	185,456	178,682	185,776
Total Liabilities	189,010	200,484	212,106	200,049	209,528
Net Assets					
Unrestricted	24,754	3,297	2,527	2,281	4,926
Restricted for:					
Debt Service	10,328	12,061	13,049	14,000	14,253
Capital Assets Needs	3,414	4,120	5,121	5,115	5,113
Invested in Capital Assets, Net of Related Debt	80,719	111,113	113,474	118,692	135,248
Total Net Assets	119,215	130,591	134,171	140,088	159,540
Total Liabilities and Net Assets	$ 308,225	$ 331,075	$ 346,277	$ 340,137	$ 369,068

COUNTY OF MILWAUKEE
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Airport System
For the Years Ended December 31
(In Thousands)

	2005	2006	2007	2008	2009
Operating Revenues:					
Rentals and Other Service Fees	$ 44,793	$ 50,323	$ 52,226	$ 60,632	$ 57,431
Asmissions and Concessions	10,744	11,406	12,320	13,574	13,552
Total Charges for Services	55,537	61,729	64,546	74,206	70,983
Other Revenues	62	15	13	15	14
Total Operating Revenues	55,599	61,744	64,559	74,221	70,997
Operating Expenses:					
Personnel Services	14,082	15,507	18,760	20,895	19,685
Contractual Services	12,200	13,745	14,756	18,472	16,350
Intra-County Services	9,207	9,305	9,849	10,412	9,354
Commodities	1,763	1,998	2,400	3,183	4,073
Depreciation and Amortization	13,751	14,000	13,795	14,107	15,054
Maintenance	549	1,079	414	487	481
Client Payments	1,254	2,222	1,224	1,258	304
Other	--	--	--	--	
Total Operating Expenses	52,806	57,856	61,198	68,814	65,301
Operating Income (Loss)	2,793	3,888	3,361	5,407	5,696
Nonoperating Revenues (Expenses):					
Intergovernmental Revenues	312	216	35	--	179
Nonoperating Revenue	--	--	29	--	945
Gain on Sale of Capital Asset	--	--	--	18	
Investment Income	1,001	1,698	2,070	1,417	
Interest Expense	(6,088)	(6,398)	(7,203)	(8,618)	(9,004)
Total Nonoperating Revenues (Expenses)	(4,775)	(4,484)	(5,069)	(7,183)	(7,880)
Income (Loss) Before Contributions and Transfers	(1,982)	(596)	(1,708)	(1,776)	(2,184)
Capital Contributions	7,371	8,445	8,124	10,354	23,119
Transfers In	39	6,588	9,402	97	1,393
Transfers Out	(1,301)	(3,061)	(12,238)	(2,758)	(2,876)
Changes in Net Assets	4,127	11,376	3,580	5,917	19,452
Net Assets - Beginning	115,088	119,215	130,591	134,171	140,088
Net Assets - Ending	$ 119,215	$ 130,591	$ 134,171	$ 140,088	$ 159,540

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF RESOLUTION

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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 (I) 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.

Other Leases and Contracts. 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.

Books of Account; Annual Audit. 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.

Payment of Taxes and Other Claims. 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.

Government Approval. 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.

Compliance With Terms of Grant-in-aid; Application Thereof: The County shall comply with the requirements of the federal government with respect to grants -in-aid accepted by the County.

To Carry Out Projects. 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

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[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
$31,570,000 Airport Revenue Bonds, Series 2010A

The Airport Revenue Bonds, Series 2010A (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, 2011, at the interest rates per annum, as follows:

YEAR	PRINCIPAL AMOUNT	INTEREST RATE	YEAR	PRINCIPAL AMOUNT	INTEREST RATE
2015	$1,015,000	3.00%	2023	$ 1,445,000	4.00%
2016	1,045,000	4.00	2024	1,500,000	4.00
2017	1,090,000	5.00	2025	1,560,000	4.00
2018	1,145,000	5.00	2026	1,625,000	5.00
2019	1,200,000	5.00	2027	1,705,000	4.00
2020	1,260,000	5.00	2028	1,775,000	4.125
2021	1,325,000	5.00	2029	1,850,000	4.25
2022	1,390,000	4.00	2034	10,640,000	5.00

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 maturing on December 1, 2034, are subject to mandatory sinking fund redemption on December 1 of the years and in the principal amounts set forth in the Bonds, at a redemption price of 100% of the principal amount thereof being redeemed.

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 September 30, 2010. 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, Airport Revenue Bonds, Series 2007A, dated November 15, 2007, Airport Revenue Bonds, Series 2009A, dated December 21, 2009, Airport Revenue Refunding Bonds, Series 2009B, dated December 21, 2009, and Airport Revenue Refunding Bonds, Series 2010B, dated the date hereof, 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,

[PROPOSED FORM OF OPINION OF CO-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
<u>$51,590,000 Airport Revenue Refunding Bonds, Series 2010B</u>

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, 2011, at the interest rates per annum, as follows:

YEAR	PRINCIPAL AMOUNT	INTEREST RATE
2011	$3,905,000	2.00%
2012	4,085,000	5.00
2013	4,070,000	5.00
2014	4,055,000	5.00
2015	4,035,000	5.00
2016	4,015,000	5.00
2017	3,995,000	5.00
2018	3,975,000	5.00
2019	3,955,000	5.00
2020	3,925,000	5.00
2021	3,900,000	4.00
2022	3,845,000	5.00
2023	3,830,000	5.00

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 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 September 30, 2010. 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, Airport Revenue Bonds, Series 2007A, dated November 15, 2007, Airport Revenue Bonds, Series 2009A, dated December 21, 2009, Airport Revenue Refunding Bonds, Series 2009B, dated December 21, 2009, and Airport Revenue Bonds, Series 2010A, dated the date hereof, 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,

APPENDIX E

CONTINUING
DISCLOSURE CERTIFICATE

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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 2010A, dated the date hereof, and Airport Revenue Refunding Bonds, Series 2010B (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 September 30, 2010 (collectively, the *"Resolutions"*) and delivered to Merrill Lynch, Pierce, Fenner & Smith Incorporated, on its own behalf and on behalf of others (the *"Purchaser"*), on the date of this Disclosure Certificate. Pursuant to the respective Resolutions, 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 Resolutions, 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 September 30, 2010, 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, 2010, 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—pages 23-25

2. FINANCIAL MANAGEMENT—pages 33-35

3. MILWAUKEE COUNTY AIRPORT SYSTEM CASH FLOW AND DEBT SERVICE COVERAGE—page 37

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 respective Resolutions.

(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 respective Resolutions 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 respective Resolutions 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 Resolutions 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 respective Resolutions 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 respective Resolutions 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 owners 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 14th day of October, 2010.

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 CURRENT AIRLINE LEASES

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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.

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APPENDIX G

SUMMARY OF PROPOSED NEW AIRLINE LEASE

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SUMMARY OF PROPOSED NEW AIRLINE LEASES

The following is a summary of certain provisions of the New AUA. The summary is subject in all respects to the detailed and complete provisions of the New AUA; copies of the New AUA may be inspected at General Mitchell International Airport, 5300 South Howell Avenue, Milwaukee, Wisconsin 53207.

SUMMARY OF THE NEW AUA

DEFINITIONS

When used in this Appendix, such terms shall have the meanings given to them by the language employed in this Appendix defining such terms unless the context clearly indicates otherwise. Capitalized terms not defined in this Appendix, but defined in the Official Statement, shall have the meanings given to them in the Official Statement. The following terms shall have the following meanings in this Appendix:

"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 the County to provide data to support the calculation of airline rates and fees required under the New AUA.

"Additional Bonds" shall mean the additional parity revenue Bonds and PFC-Backed Airport Revenue Bonds which the County reserves the right to issue in the future as provided in the Bond Resolution and obligations issued to refund any of the foregoing on a parity with the Bonds.

"ADF Depreciation Account" shall mean that account with such name established in the New AUA.

"Affiliate" shall mean any commercial air transportation company designated in writing by each Airline as an affiliate that is operating under the same flight code designator and either (1) is a parent or subsidiary of the Airline or is under the common ownership and control of the Airline or (2) is under contract (*e.g.*, capacity purchase agreement) with the Airline in respect to such operation. Each Affiliate shall execute an operating agreement with the County with terms consistent with the New AUA. Each of Affiliate's Originating Passengers, Enplaned Passengers and landed weight shall be counted and recorded jointly with the Airline's and rents and fees shall be at the same rate. The Rents and Landing Fees for the Airline calculated in accordance with the New AUA shall include the Originating Passengers and landed weight of each of its Affiliates. Each Airline shall serve as financial guarantor for all rentals and landing fees incurred by the Airline and its Affiliate(s).

"Aircraft Parking Apron" shall mean that part of the Ramp Area contiguous to the arrival and departure gates at the Airport, as shown in the New AUA, which is used for the parking of aircraft and support vehicles and the loading and unloading of passengers and cargo.

"Airline" shall mean each airline that has signed the New AUA.

"Airline-Airport Affairs Committee" or *"AAAC"* shall mean a Committee composed of a representative of each Signatory Airline and Signatory Cargo Airline to consult and coordinate with the County in matters related to the planning, promotion, development, operation and financing of the Airport System.

"Airline Non-Public Space" shall mean areas available to be rented by one or more airlines on an exclusive, joint use or common use basis that are not accessible to the public or airline passengers without an escort, including concourse lower level offices, concourse upper level offices, ticket counter offices, baggage makeup areas, holdroom stairwells and baggage tug tunnels.

"Airline Premises" shall mean Exclusive Use Premises, Preferential Use Premises and Joint Use Premises.

"Airline Public Space" shall mean areas available to be rented by one or more Airlines on an exclusive, joint use or common use basis that are accessible to the public or airline passengers without an escort, including ticket counters, e-ticketing machine areas, club rooms, gate holdrooms, baggage service offices and baggage claim areas.

"Airport" shall mean General Mitchell International Airport, owned and operated by the County.

"Airport Concession Revenues" shall mean all concession revenues earned at the Airport including, but not limited to, the items listed in the New AUA and described below in subsection (B) under the caption "LANDING FEE RATES."

"Airport Development Fund Account" or *"ADFA"* shall mean that account established in the New AUA.

"Airport System" shall mean the Airport and the Lawrence J. Timmerman Airport.

"Airport Terminal Building" shall mean the main terminal and the International Arrivals Building at the Airport and the appurtenances thereto, including skywalks, as shown in the New AUA.

"Bond Resolution" shall mean the General Bond Resolution adopted June 22, 2000, and as further amended and supplemented from time to time, that is the authorizing document for all outstanding revenue Bonds issued to finance facilities at the Airport.

"Bonds" shall mean the bonds authorized by the Bond Resolution and issued by the County and all Additional Bonds and other obligations issued as permitted by the Bond Resolution, including Existing Bonds, General Airport Revenue Bonds, PFC-Backed Airport Revenue Bonds and General Obligation Bonds, but does not include Special Facility Revenue Bonds.

"Calendar Year" shall mean the then-current annual accounting period of the County for its general accounting purposes, which is the period of twelve consecutive calendar months ending with the last day of December of any year.

"Capital Improvement" shall mean any improvement or equipment having a useful life of greater than one year and a total cost of at least $200,000, which is amortized or depreciated over its estimated useful life.

"Capital Improvement Reserve Fund" or *"CIRF"* shall mean that fund with such name established in the Bond Resolution and as further described in the New AUA.

"Commencement Date" shall mean 12:01 A.M. on October 1, 2010 if the New AUA is executed by an Airline within ninety (90) days of October 1, 2010, otherwise the Commencement Date shall be the date on which the New AUA is signed.

"Common Use" shall mean the nonexclusive use in common by an Airline and other duly authorized tenants of Airport facilities and appurtenances together with all improvements, equipment, and services which have been or may hereafter be provided for such Common Use.

"Common Use Premises" means the areas leased by the County to an Airline for use by the Airline in common with all other air transportation companies, whether or not signatory to the New AUA, as shown in the New AUA.

"Cost Centers" means the areas (and functional activities associated with such areas) used in accounting for the amortization, the depreciation, the debt service and the Operation and Maintenance Expenses of the Airport for the purposes of calculating rents, fees, and charges, as shown in the New AUA and as may hereafter be modified or expanded, and as more particularly described below:

(A) *"Airfield Cost Center"* means areas of the Airport used for the landing, taking-off, taxiing and movement of aircraft, including runways, taxiways, navigational aids, hazard designation and warning devices, the cargo airline aprons, aircraft deicing areas, airfield security roads and fencing, blast fencing, lighting, clear zones and safety areas, aviation easements, including land utilized in connection therewith or acquired for such future purpose or to mitigate aircraft noise, and associated equipment and facilities, the acquisition, construction or installation cost of which is wholly or partially paid by the County. The net requirement of Timmerman Airport will be included in the Airfield Cost Center.

(B) *"Former 440th Military Base"* means the land and improvements conveyed to the County that formerly housed the USAF 440th Airlift Wing. The revenues, expenses and debt service and other fund requirements of the Former 440th Military Base shall be calculated to determine its net income or loss. The entire net income or loss shall be allocated to the Airfield Cost Center.

(C) *"Aircraft Parking Apron Cost Center"* shall mean that portion of the Ramp Area immediately adjacent to the Airport Terminal Building that is used for the parking of aircraft and support vehicles and the loading and unloading of passengers and cargo.

(D) *"Passenger Loading Bridges Cost Center"* means the passenger loading bridges and appurtenant equipment acquired by the County in accordance with the New AUA, and available for use at any of the Gates in the Airport Terminal Building.

(E) *"Terminal Cost Center"* means the area comprising the passenger terminal complex including all supporting and connecting structures and facilities and all related appurtenances to said building and concourses, excluding County-owned loading bridges. The Terminal Cost Center includes the revenues and expenses of the International Arrivals Building (IAB). The Terminal Cost Center also includes Airport Concession Revenues, of which ninety percent (90%) of those revenues listed in the New AUA and described in subsection (B) under the caption "TERMINAL BUILDING RENTS" is credited to the Terminal Cost Center and ten percent (10%) is credited to the Airport Development Fund Account.

(F) *"Other Cost Centers"* - the County reserves the right under the new AUA to establish other subsidiary cost centers.

"Cost of Capital" shall mean five percent (5%) per annum.

"Debt Service Coverage Fund" shall mean the fund by that name established under the Bond Resolution which shall at all times equal 25% of the Debt Service Requirement.

"Debt Service Reserve Fund" shall mean the Reserve Account established within the Airport Revenue Bond Special Redemption Fund under the Bond Resolution which shall at all times equal 100% of the Debt Service Requirement.

"Debt Service Requirement" shall mean the total, as of any particular date of computation for any particular period or year, the (a) scheduled amounts required during such period or year for the payment of principal of and interest on all Bonds, during such period or Calendar Year and (b) other amounts required by the Bond Resolution.

"Director" shall mean the Airport Director or Acting Airport Director as from time-to-time appointed by the County and shall include such person or persons as may from time-to-time be authorized in writing by the County Executive or by the Transportation and Public Works Director of the County to act for him with respect to any or all matters pertaining to the New AUA.

"Enplaned Passengers" means all revenue and non-revenue originating, on-line transfer, and off-line transfer passengers boarded at the Airport.

"Exclusive Use Premises" shall mean those premises leased to an Airline for the Airline's sole use and occupancy subject to the rules, regulations, and provisions of any federal, state, county and municipal jurisdiction, as shown in the New AUA.

"Existing Bonds" shall mean the General Obligation Bonds, PFC-Backed Airport Revenue Bonds and General Airport Revenue Bonds authorized and issued by the County before the Effective Date of the New AUA in whole or in part for Airport System facilities and improvements, and remaining outstanding, are set forth in the New AUA.

"Federal Aviation Administration," hereinafter referred to as FAA, shall mean that agency of the United States Government created and established under the Federal Aviation Act of 1958, or its successor, which is vested with the same or similar authority.

"Five Year CIP" means the Five Year Capital Improvement Program for calendar years 2011 to 2015, as described in the New AUA.

"General Obligation Bonds" shall mean any General Obligation Bonds and/or bond anticipation notes authorized and issued by the County of Milwaukee for construction of or on the Airport.

"General Airport Revenue Bonds" or *"GARBs"* shall mean any bonds and/or bond anticipation notes secured by general airport revenues authorized and issued by the County of Milwaukee for construction of or on the Airport.

"Joint Use Premises" means the ticket counters and baggage make-up areas leased by County for use by one or more airlines.

"Leased Premises" shall mean the Exclusive Use Premises, Preferential Use Premises, Joint Use Premises and Common Use Premises leased to an Airline by the County.

"Major Maintenance Project – Expensed" shall mean any improvement or equipment having a total cost of less than $50,000, which is expensed in one year.

"Major Maintenance Project – Capitalized" shall mean any improvement or equipment having a useful life of greater than one year and a total cost of at least $50,000 but not more than $200,000, funded by the Capital Improvement Reserve Fund, which is amortized or depreciated over five years or those funded by the Airport Development Fund Account, the cost of which is not amortized or depreciated. No MII approval is required in order for the County to proceed with a Major Maintenance Project – Capitalized.

"Majority-In-Interest" or *"MII"* means those Signatory Airlines (and Signatory Cargo Airlines only with respect to projects located in the Airfield Cost Center or the Former 440th Military Base) that: (i) represent no less than 51% in number of the Signatory Airlines (and Signatory Cargo Airlines, for applicable projects), and (ii) paid no less than 51% of the total rents, fees, and charges paid by all Signatory Airlines (and Signatory Cargo Airlines, for applicable projects) during the immediately preceding Fiscal Year. No airline shall be deemed to

be a Signatory Airline or a Signatory Cargo Airline for purposes of this definition if such airline is under an Event of Default pursuant to, and has received notice in accordance with, the New AUA.

"Maximum Gross Certificated Landing Weight" means the maximum weight, in one thousand (1,000) pound units, at which each aircraft operated by an Airline is authorized by the Federal Aviation Administration to land, as recited in the Airline's flight manual governing that aircraft.

"Net Financing Requirement" shall mean the amount of project cost remaining to be funded after deducting federal and state grant proceeds, PFC revenues, ADFA funds and any other equity funding not recoverable from airline rates and charges.

"Net Financing Requirement Cap" shall mean one hundred percent (100%) of the Net Financing Requirement as shown in the Five Year CIP in the New AUA.

"New AUA" shall mean each Airline – Airport Use and Lease Agreement between the County and Airline, as the same may be amended or supplemented from time to time.

"Non-Signatory Airline" shall mean an airline which is not a party to the New AUA.

"Originating Passengers" means all originating revenue passengers boarded at the Airport.

"Operation and Maintenance Expenses" or *"O&M"* shall mean the reasonable and necessary current expenses of the County, as determined by the County, paid or accrued in administering, operating, maintaining and repairing the Airport System. Without limiting the generality of the foregoing, the term "Operation and Maintenance Expenses" shall include all costs directly related to the Airport System, including, but not limited to: (1) costs of collecting Revenues and of making any refunds therefrom lawfully due others; (2) engineering, auditing, legal and other overhead expenses directly related to its administration, operation, maintenance and repair; (3) 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; (4) costs of repairs, replacements, renewals and alterations not constituting a Capital Improvement or a Major Maintenance Project – Capitalized, occurring in the usual course of business of the Airport System; (5) 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; (6) costs of utility services with respect to the Airport System; (7) costs and expenses of general administrative overhead of the County allocable to the Airport System; (8) costs of equipment, materials and supplies used in the ordinary course of business not constituting a Capital Improvement or a Major Maintenance Project - Capitalized including ordinary and current rentals of equipment or other property allocable to the Airport System; (9) 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 under the Bond Resolution or required by the Bond Resolution to be held or deposited under the Bond Resolution; (10) costs of carrying out the provisions of the Bond Resolution, including trustee paying agents' fees and expenses; costs of insurance required by the Bond Resolution, or a properly allocable share of any premium of any blanket policy pertaining to the Airport System or Revenues, (11) costs of recording, mailing and publication; and (12) 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: (a) costs of extensions, enlargements, betterments and improvements to the Airport System or reserves therefor; (b) reserves for operation, maintenance renewals and repairs occurring in the normal course of business; (c) payment (including redemption) of Bonds or other evidences of indebtedness or interest and premium thereof or reserves therefor; (d) allowances for depreciation and amounts for capital replacements or reserves therefor; and (e) operation and maintenance costs and expenses pertaining to any Special Facilities.

"O&M Reserve Fund" shall mean that fund maintained by County in an amount at all times equal to two months of Operation and Maintenance Expenses as required by the Bond Resolution.

"PFC" shall mean a passenger facility charge as established by 14 CFR Part 158.

"PFC-Backed Airport Revenue Bonds" shall mean any Bonds and/or any bond anticipation notes secured by general airport revenues and by Passenger Facility Charges authorized and issued by the County for construction of or on the Airport.

"Preferential Use Premises" are those premises shown in each New AUA leased to an Airline for its use and occupancy on a basis that gives the Airline priority of use over all other users, subject to the provisions of the New AUA and the rules, regulations, and provisions of any federal, state, county and municipal jurisdiction.

"Ramp Area" shall mean the aircraft parking and maneuvering areas in the vicinity of the Airport Terminal Building.

"Revenue Landing" shall mean an aircraft landing at Airport 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 including flights diverted from other airports, but "Revenue Landing" shall not include any landing of an aircraft which, after having taken off from Airport, and without making a landing at any other airport, returns to land at Airport because of meteorological conditions, mechanical or operating causes, or any other reason of emergency or precaution.

"Revenues" shall mean 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 Bond Resolution to

the extent provided in the Bond Resolution. Revenues shall not include any passenger facility charges described substantially in the manner provided in Section 1113 of the Federal Aviation Act of 1958, as amended, or the rules and regulations promulgated thereby, or any other similar charges that may be imposed pursuant to federal law unless all or a portion of passenger facility charges are pledged as "Revenues" under the Bond Resolution. Unless and to the extent otherwise provided by supplemental Bond 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, or (e) payments from Special Purpose Facilities.

"Rules and Regulations" means any rules, regulations, statutes and ordinances promulgated by federal, state, County or any local government for the orderly use of the Airport System by both the airlines and other tenants and users of the Airport System as the same may be amended, modified, or supplemented from time to time. Copies of the current Rules and Regulations are available upon request to County.

"Scheduled Air Carrier" shall mean an air transportation company performing or desiring to perform, pursuant to published schedules, commercial air transportation services over specified routes to and from Airport, and holding any necessary authority to provide such transportation from the appropriate federal or state agencies.

"Signatory Airline" shall mean a Scheduled Air Carrier which has executed the New AUA with the County that includes the lease of Exclusive Use Premises and Preferential Use Premises directly from the County.

"Signatory Cargo Airline" shall mean a scheduled cargo carrier which has executed an agreement with County or from County's third party developer that includes the lease of cargo building space and preferential cargo ramp space directly from the County for a term comparable to the term of the New AUA.

"Special Purpose Facilities" shall mean any capital improvements or facilities, structures, equipment and other property, real or personal, at the Airport System, which is designated as a "Special Facility" under the Bond Resolution.

"Surplus Fund" shall mean the fund by that name as established under the Bond Resolution.

"Timmerman Airport" shall mean the general aviation reliever airport owned by the County, as shown in the New AUA.

"Total Landed Weight" means the sum of the Maximum Gross Certificated Landing Weight for all aircraft arrivals of Airline over a stated period of time.

TERM

The term of the New AUA shall begin on the Commencement Date and shall terminate at midnight on December 31, 2015, unless sooner terminated under the provisions the New AUA. The term of the New AUA may be extended for an additional period of five years ending December 31, 2020, upon the mutual agreement in writing of the County and an Airline by December 31, 2014, approval by the Airline of a new Five Year Capital Improvement Plan for the Years 2016 through 2020 that specifies the sources of funding for each project, and agreement on a new Net Financing Requirement Cap.

LEASED PREMISES

The County leases to each Airline, subject to the provisions of the New AUA, the Airline Premises set forth in the New AUA. Airline accepts the Airline Premises in as is condition, with no warranties or representations, expressed or implied, oral or written, made by the County or any of its agents or representatives.

The County, acting by and through the Airport Director, and an Airline may, from time to time by mutual agreement, add to or delete space from Airline Premises, but it is the intent of the County not to delete a significant amount of leased airline space unless another tenant will immediately add substantially all of the space to its premises. Any such addition shall be subject to the rates and charges set forth in the New AUA and described below.

The County, acting by and through the Airport Director, shall advise an Airline, in writing, if and when the Airline is found to be operating in space other than the Exclusive Use Premises or Preferential Use Premises and such space is not displayed in the New AUA. The Airline shall upon receipt of Airport Director's written Notice promptly (*i.e.*, within seventy-two (72) hours) cease its use of any and all space not leased to the Airline. In the event the Airline does not immediately cease its use of space, the County shall immediately bill the Airline for the Airline's use of the additional space and, at its option, may require the Airline to vacate the space within 30 days or execute an amendment to its lease for such additional space.

All space added to Airline Premises, pursuant to the New AUA, will become Airline Premises and will be subject to all the terms, conditions, and other provisions of the New AUA and the Airline shall pay to the County all rentals, fees and charges applicable to such additional premises in accordance with the terms of the New AUA.

Notwithstanding the above, each Airline executing a new AUA recognizes and agrees that from time to time the County's Capital Improvement Program may include Terminal Improvements which may include additions to or major renovations of the Terminal facilities. In order to facilitate the planned capital improvements, the Airline agrees to cooperate with the Airport's plan for the relocation of Airlines, as required. Each Airline further agrees that the County, at its option and upon one hundred and twenty (120) days written notice to the Airline, may recapture the premises leased to the Airline if said premises are required by County to implement its capital improvement program. In such event, the County agrees to provide the Airline with comparable facilities, which shall be substituted for the Airline Premises in accordance with the New AUA. The County further agrees to pay reasonable relocation expenses if and when the Airline is required to relocate.

PREFERENTIAL USE GATES

Gates are leased to an Airline on a preferential-use basis. The Airline shall have a priority in using its Preferential Use Gates as follows:

(A) The Airline's right to its Preferential Use Gates shall be subject to a Gate utilization requirement of three and one-half (3.5) flight departures per day for each Gate assigned to the Airline. For purposes of this Section, flight departures by Affiliates shall be counted towards the Airline's Gate utilization requirement.

(B) The Airline shall have the right to permit the occasional use of any of its Preferential Use Gates by other airlines to accommodate non-routine operational anomalies. Such use shall not be considered a sublease arrangement.

(C) If an Airline fails to meet the Gate utilization requirement set forth in the New AUA as described above in subsection (A) as an average for any gate during the preceding twelve-month period, the Airline may be subject to losing its preferential right to one or more Gates. If an Airline is required by the County to relinquish any Gate(s) in accordance with the New AUA as described below in subsection (D), such Gate(s) shall be deleted prospectively from the Airline's Airline Premises and the Airline's rent obligation with respect to such Gate(s) shall cease.

(D) If the County requires an Airline to relinquish one or more of its Preferential Use Gates due to a need for the gate(s) as determined by the Airport Director, the Airport Director and the Airline will confer to determine whether Gates should be relinquished, and if so, which Gates should be relinquished. If after 15 days of good faith negotiations no agreement is reached, the Airport Director shall select the Gate(s) to be relinquished. In making such selection, the Airport Director shall take into consideration the best interest of the traveling public and the operations of the Airport.

(E) If there is no Event of Default with respect to an Airline, the County shall pay all reasonable costs associated with the removal or relocation of Airline's equipment, fixtures, furniture, and signage from the relinquished Preferential Use Gate, and shall reimburse the Airline for the undepreciated value of the tenant's improvements that cannot be relocated pursuant to the provisions of this Section; *provided, however,* that in lieu of reimbursing the undepreciated value of the Airline's tenant improvements, the County may replace such tenant improvements with like improvements. If the Airline is under an Event of Default pursuant to, and has received Notice in accordance with, the New AUA, the Airline shall remove or relocate its improvements at its sole cost and expense.

(F) If an Airline leases a preferential use gate but does not lease the operations areas below the gate, the Airline will be required to allow access across the Airline's Aircraft Parking Apron to others renting the operations areas below the gate.

RELOCATION OF LEASED PREMISES

In order to optimize use of Airport facilities, the County reserves the right to reassign any or all of an Airline's Airline Premises after Notice, followed by a consultation period of no less than 90 days. In making such determination, the Airport Director shall take into consideration the best interests of the traveling public and the operations of the Airport, and will be guided by all pertinent factors, including the Airline's historical and then-present space utilization, the known planned use for such premises, and the Airline's operational space adjacencies. If any such reassignment occurs, the Airline shall be assigned space reasonably comparable in size, quality, finish, and location. An Airline's costs shall not increase as a result of any relocation unless the Airline requests additional space and/or replacement space in a different Cost Center. An Airline's relocation of any of its Airline Premises resulting from such reassignment shall be at the County's sole expense. An Airline shall be reimbursed for its reasonable out-of-pocket expenses incurred as part of the relocation and for the undepreciated value of its tenant improvements that cannot be relocated; *provided, however,* that in lieu of reimbursing the undepreciated value of Airline's tenant improvements; the County may replace such tenant improvements with like improvements in the new space.

GENERAL COMMITMENT

Effective January 1, 2011, and each Calendar Year thereafter during the term of the New AUA, rents, fees, and charges shall be calculated based on the principles and procedures set forth in the New AUA. The methodology for the calculation of rents, fees, and charges is described in this section. The rents, fees, and charges for the period October 1, 2010 through December 31, 2010 shall be calculated based upon the principles and procedures contained in the Current AUA with a term ending September 30, 2010. Any airline that has not executed the New AUA by October 1, 2010, will be a non-signatory airline and pay rates, fees and charges as prescribed by County ordinance.

In addition, for and in consideration of County's ongoing costs and expense in constructing, developing, equipping, operating and maintaining the Airport System, the Airline, notwithstanding any provision contained in the New AUA, agrees to pay County rates, fees and charges as will enable County, 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 the 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 (all as defined and described in the Bond Resolution). Without limiting the generality of the foregoing, it is understood and agreed that in order to facilitate compliance with the terms of the Bond Resolution, the County may, under the New AUA, impose and collect rates, rentals, fees and charges sufficient so that in each fiscal year its Net Revenues including Other Available Funds will be at least equal to 125% of Debt Service on all Bonds outstanding including, without duplication, any Credit Facility Obligations (as defined in the Bond Resolution).

During each Calendar Year the County shall allocate to each applicable Cost Center the debt service on outstanding Bonds as shown in the New AUA. Also, during each Calendar Year the County shall allocate direct and indirect Operation and Maintenance Expenses to each applicable Cost Center using the methodology described in the New AUA.

PAYMENTS BY AIRLINE

Terminal Building Rents and Passenger Loading Bridge Charges. Terminal Building rents for the use of the Leased Premises, including Passenger Loading Bridge Charges shall be due and payable on the first day of each month in advance without invoice from the County.

Landing Fees. Landing fees for the preceding month shall be due and payable 20 days after the date of invoice.

Other Fees. All other rents, fees, and charges required under the New AUA shall be due and payable within 20 days of the date of the invoice.

Interest Charges and Late Charges on Overdue Payment.

(i) *Interest.* Unless waived by the County Board, air carriers and air transportation companies shall be responsible for the payment of interest on amounts not remitted in accordance with the requirements of the New AUA. The rate of interest shall be the statutory rate in effect for delinquent county property taxes (presently one (1) percent per month or fraction of a month) as described in s. 74.80(1), Wis. Stats. The obligation or payment and calculation thereof shall commence upon the day following the due dates established in the New AUA.

(ii) *Penalty.* In addition to the interest described above, air carriers and air transportation companies shall be responsible for payment of penalty on amounts not remitted in accordance with the terms of the New AUA. Said penalty shall be the statutory rate in effect for delinquent county property taxes (presently five-tenths (0.5) percent per month or fraction of a month) as described in section 6.06(1) of the Code and s. 74.80(2), Wis. Stats. The obligation for payment and calculation thereof shall commence upon the day following the due dates established in the New AUA.

TERMINAL BUILDING RENTS

Each Airline shall pay the County for the use of its Exclusive Use Premises and Preferential Use Premises a monthly rent equal to the applicable Terminal Rental Rates calculated in accordance with the New AUA multiplied by the amount of space in the Airline's Exclusive Use Premises and Preferential Use Premises set forth in the New AUA.

Each Airline shall pay the County for the use of Common Use Premises a monthly rent based on the Terminal Rental Rates calculated in accordance with the New AUA as described in this section, as follows:

(i) Common Use space shall be multiplied by the appropriate annual square foot rate calculated in accordance with the New AUA. Twenty percent (20%) of the total monthly amount calculated shall be divided equally among all Signatory Airlines using the Common Use Premises.

(ii) Eighty percent (80%) of the total monthly amount calculated for each category and area shall be prorated among all Signatory Airlines using the Common Use Premises based on the ratio of each such Signatory Airline's Originating Passengers (including their Affiliates) during the calendar month for which such charges are being determined, to the total of all Originating Passengers during said calendar month.

(iii) Non-Signatory Airlines shall pay a fee per Originating Passenger established by County based upon 125% of the estimated total annual cost of the Common Use Premises divided by the estimated total annual Originating Passengers. The estimated Non-Signatory Airline common use charges shall be deducted from the common use requirement for the Signatory Airlines.

Each Airline shall pay the County for the use of Joint Use Premises a monthly rent based on the Terminal Rental Rates calculated in accordance with the New AUA, as follows: Airline's monthly share of rent for the Joint Use Premises shall be calculated by the ratio of the number of its ticket counter positions divided by the total number of ticket counter positions serving the Joint Use baggage make-up area.

The rental rates for the Airport Terminal Building shall be calculated as provided in the New AUA.

(A) The total costs attributable to the Terminal Cost Center shall be calculated by adding together the following:

(i) direct and indirect Operation and Maintenance Expenses, any required deposits to the O&M Reserve Fund, and Major Maintenance Projects - Expensed allocable to the Terminal Cost Center;

(ii) total debt service charged for Major Maintenance Projects - Capitalized and Capital Improvements financed with Bonds and allocable to the Terminal Cost Center put into service on or before the end of the following Calendar Year;

(iii) depreciation on land improvements, buildings and structures allocable to the Terminal Cost Center;

(iv) amortization of Major Maintenance Projects - Capitalized and Capital Improvements financed with Capital Improvement Reserve Fund funds allocable to the Terminal Cost Center that have been or will be placed in service prior to the end of the following Calendar Year;

(v) any required deposits to the Debt Service Coverage Fund resulting from the issuance of Additional Bonds allocable to the Terminal Cost Center; and

(vi) any replenishment of the Debt Service Reserve Fund, and other reserve or restricted purpose funds allocable to the Terminal Cost Center, as may be required by the Bond Resolution.

(B) The net "Terminal Requirement" shall then be calculated by subtracting from the total costs of the Terminal Cost Center ninety percent (90%) of the income from a number of Airport Concession Revenue accounts including, but not limited to:

(i) Public Parking Fees

(ii) Car rental concession fees (not including Customer Facility Charges)

(iii) Gifts, Souvenirs & Novelty Fees

(iv) Restaurant Concession Fees

(v) Catering Fees

(vi) Displays Concessions Fees

(vii) Public Transportation Concession Fees

(viii) Golf Driving Range Concession Fees

(ix) Bank Commissions

(C) The net "Terminal Requirement" shall then be further calculated by subtracting one hundred percent (100%) of the income from all other terminal cost center revenue accounts not itemized above.

(D) The annual Airport Terminal Building Rental Rates shall then be calculated by dividing the net Terminal Requirement calculated in accordance with the New AUA as described above in subsections (A), (B) and (C) by the sum of (a) the total number of square feet rented by the airlines that is Airline Public Space plus (b) seventy-five percent (75%) of the number of square feet rented by the airlines that is Airline Non-Public Space in the Airport Terminal Building. The rental rate for Airline Non-Public Space shall be seventy-five percent (75%) of the rental rate for Airline Public

Space. The respective monthly Terminal Rental Rates shall be 1/12 of the annual Terminal Rental Rates.

(E) Notwithstanding the calculation methodology described above, the minimum terminal building rental rate for Airline Public Space established at the beginning of each year during the term of the New AUA shall be ten dollars ($10.00) per square foot and for Airline Non-Public Space shall be seven dollars and fifty cents ($7.50) per square foot. Notwithstanding these minimum billing rates, the year-end adjustment and settlement process described below under the caption "ANNUAL READJUSTMENT OF RENTAL FEES AND CHARGES" shall apply to the Terminal Cost Center.

PASSENGER LOADING BRIDGE CHARGES

Each Airline shall pay the County a monthly use fee equal to the applicable fee calculated in accordance with the New AUA multiplied by the number of County-owned passenger loading bridges in use by the Airline.

Until the acquisition by the County of a majority of the airline-owned passenger loading bridges, estimated to occur in 2012, the County will continue to charge for the use of County-owned passenger loading bridges with the rate set by ordinance. Following the acquisition of the majority of the airline-owned passenger loading bridges, the Passenger Loading Bridge Charge, shall be computed as provided in the New AUA and is described as follows:

(A) The total cost of the Passenger Loading Bridges Cost Center shall be calculated by adding together the following:

(i) direct and indirect Operation and Maintenance Expenses, any required deposits to the O&M Reserve Fund, and Major Maintenance Projects - Expensed, if any, allocable to the Passenger Loading Bridges Cost Center;

(ii) amortization of Major Maintenance Projects - Capitalized and Capital Improvements allocable to the Passenger Loading Bridges Cost Center and financed with Airport Capital Improvement Fund funds that have been or will be placed in service prior to the end of the following Calendar Year;

(iii) total debt service charged for Major Maintenance Projects - Capitalized and Capital Improvements allocable to the Loading Bridges and financed with bond proceeds that have been or will be placed into service on or before the end of the following Calendar Year; and

(iv) any replenishment of the Debt Service Reserve Account, and other reserve or restricted purpose funds allocable to Loading Bridge, as may be required by the Bond Resolution.

(B) The annual Passenger Loading Bridge Charge applicable to each County-owned passenger loading bridge shall be calculated by dividing the total cost and charges allocable to the Passenger Loading Bridges Cost Center in accordance with the New AUA as described above in subsection (A) by the total number of County-owned passenger loading bridges then assigned for airline use or located at rented County-Controlled gates. The monthly Passenger Loading Bridge Charge shall be 1/12 of the annual Passenger Loading Bridge Charge as calculated above.

LANDING FEE RATES

Each Airline shall pay to the County landing fee charges for Revenue Landings for the preceding month at the rate and in the amount calculated in accordance with the New AUA.

The landing fee rate for the use of the Airfield shall be calculated as provided in the New AUA and is described as follows:

(A) The total costs of the Airfield Cost Center shall be calculated by adding together the following:

(i) direct and indirect Operation and Maintenance Expenses, any required deposits to the O&M Reserve Fund, and Major Maintenance Projects - Expensed allocable to the Airfield Cost Center;

(ii) total debt service charged for Major Maintenance Projects - Capitalized and Capital Improvements financed with bonds and allocable to the Airfield Cost Center and put into service on or before the end of the following Calendar Year;

(iii) depreciation on land improvements, buildings and structures allocable to the Airfield Cost Center;

(iv) Amortization of Major Maintenance Projects - Capitalized and Capital improvements financed with Airport Capital Improvement Fund funds allocable to the Airfield Cost Center that has been or will be placed in service prior to the end of the following Calendar Year;

(v) any required deposits to the Debt Service Coverage Fund resulting from the issuance of Additional Bonds allocable to the Airfield Cost Center;

(vi) any replenishment of the Debt Service Reserve Fund and other reserve or restricted purpose funds allocable to the Airfield Cost Center, as may be required by the Bond Resolution; and

(vii) any net loss incurred at Timmerman Airport.

(B) The "Airfield Requirement" shall then be calculated by subtracting the following revenue items from the total costs of the Airfield Cost Center:

(i) general aviation revenues including FBO income, rentals of hangars, T-hangars and buildings and land in the Airfield Cost Center, fuel and oil charges, and utility resale and reimbursements;

(ii) air cargo building rentals;

(iii) signatory cargo airline apron fees;

(iv) Non-Signatory Airline landing fees and military use fees, if any;

(v) other non-airline revenues including other rental income, catering fees, interest charges and other miscellaneous revenues;

(vi) the net income of the Former 440th Military Base; and

(vii) any net income incurred at Timmerman Airport.

(C) The Signatory Airline landing fee rate shall be calculated by dividing the Airfield Requirement by the projected aggregate Landed Weight of all Signatory Airlines and cargo airlines for the particular Calendar Year.

APRON USE CHARGE

Each Airline shall pay the County for the use of its Apron area a monthly rent equal to the Rate calculated in accordance with the New AUA multiplied by the Airline's total amount of linear feet of apron area in accordance with the New AUA.

The rate for the use of the Aircraft Parking Apron shall be calculated as provided in the New AUA.

(A) The total costs of the Aircraft Parking Apron Cost Center shall be calculated by adding together the following:

(i) direct and indirect Operation and Maintenance Expenses, any required deposits to the O&M Reserve Fund, and Major Maintenance Projects - Expensed allocable to the Aircraft Parking Apron Cost Center;

(ii) total debt service charged for Major Maintenance Projects - Capitalized and Capital Improvements financed with Bonds and allocable to the Aircraft Parking Apron Cost Center and put into service on or before the end of the following Calendar Year;

(iii) depreciation on land improvements, buildings and structures allocable to the Aircraft Parking Apron Cost Center;

(iv) amortization of Major Maintenance Projects - Capitalized and Capital Improvements financed with Capital Improvement Reserve Fund funds allocable to the Aircraft Parking Apron Cost Center that has been or will be placed in service prior to the end of the following Calendar Year;

(v) any required deposits to the Debt Service Coverage Fund resulting from the issuance of Additional Bonds allocable to the Aircraft Parking Apron Cost Center; and

(vi) any replenishment of the Debt Service Reserve Fund, and other reserve or restricted purpose funds allocable to the Aircraft Parking Apron Cost Center, as may be required by the Bond Resolution.

(B) The net "Apron Requirement" shall be calculated by subtracting the following revenues items from the total Aircraft Parking Apron Cost Center:

(i) Apron parking fees

(ii) Concourse D hydrant fueling fees

(C) The Aircraft Parking Apron Rate shall be calculated by dividing the net Apron Requirement of the Aircraft Parking Apron Cost Center by the total leased linear feet of Aircraft Parking Apron as measured twenty (20) feet from the face of the adjoining terminal building or as otherwise agreed upon by an Airline and the County. Each Airline's charge for use of the Aircraft Parking Apron shall be based upon its leased number of linear feet of Aircraft Parking Apron. The monthly Aircraft Parking Apron Fee shall be 1/12 of the annual Aircraft Parking Apron Fee as calculated above.

O&M CHARGES FOR JOINT USE FACILITIES

It is further understood and agreed by and between the parties that in addition to the rentals, fees, and charges described herein, Airline, together with other Signatory Airlines occupying the Joint Use baggage makeup areas and leased ticket counter areas including all conveyor systems and walkways, will pay actual operating and maintenance costs for the Outbound Baggage Handling System (OBHS) owned and installed by the County in the shared baggage make-up area. Said operating and maintenance costs shall include labor and related overhead charges as are necessary to provide maintenance on the units.

FEES AND CHARGES FOR PARKING OF AIRCRAFT AND USE OF OTHER FACILITIES OF COUNTY

The County may, at the County's option, designate alternate parking areas for an Airline's aircraft other than the Aircraft Parking Apron described above under the caption "APRON USE CHARGE." For the parking of aircraft on such parking areas, an Airline shall pay to the County such amounts as shall be set forth in a fee schedule to be established by the County by ordinance and as same may be amended from time to time. In addition to the rentals, fees, and charges, the Airline will, for the use of other facilities of the County, including the International Arrivals Building, pay such fees or charge as the County shall set forth in the ordinance.

INTERNATIONAL ARRIVALS BUILDING FACILITIES CHARGES

An Airline shall pay charges for use of the International Arrivals Building Facilities at the rates and in the amounts established by the County.

COMMITMENT FOR AIRPORT REVENUES

The County covenants and agrees in the New AUA that insofar as legally permitted to do so under federal and state law and the Bond Resolution, 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 the County for Airport System purposes as contemplated in the New AUA.

RATE ADJUSTMENT

If, at any time during any Calendar Year, the County projects that the total costs attributable to the Airport Terminal Building, the total costs attributable to the Airfield Cost Center, or the aggregate Landed Weight for all Signatory Airlines, including Affiliates, will vary 10% or more from the estimates used in setting rents, fees, and charges in accordance with the provisions of the New AUA, such rates may be adjusted based on the new estimates and in accordance with the principles and procedures set forth in the New AUA. Such adjustments shall be made at the County's discretion and the resulting new rates shall be effective for the balance of such Calendar Year. The County shall notify an Airline of a meeting for the purpose of discussing any such rate adjustment, along with a written explanation of the basis for such rate adjustment, 45 days prior to the effective date of the new rates. Unless extraordinary circumstances warrant additional adjustments, the County shall limit any such rate adjustment to no more than once during each Calendar Year.

ANNUAL READJUSTMENT OF RENTALS FEES AND CHARGES

Following the completion of the County's accounting period 14-3 for each Calendar Year, but no later than 30 days thereafter, the County shall provide each Airline with an accounting of the total costs actually incurred, revenues and other credits actually realized (reconciled to the year-end closeout financial statements of the County), and actual Originating Passengers and total Landed Weight during such Calendar Year with respect to each of the components of the calculation of rents, fees, and charges, and the County shall recalculate the rents, fees, and charges, and provide to the Airline a settlement required for the Calendar Year based on those actual numbers. Following reasonable notification, the County shall convene a meeting with the Signatory Airlines and Signatory Cargo Airlines to discuss the calculation of the year-end settlement and shall give due consideration to the comments and suggestions made by the Signatory Airlines and Signatory Cargo Airlines before finalizing the settlement calculations.

If the Airline's Terminal Building Rents and Aircraft Parking Apron Fees paid during the Calendar Year combined are more than the required amount of Terminal Building Rents and Aircraft Parking Apron Fees as calculated during the year-end rate settlement process, such excess amount shall be transferred to the Operation and Maintenance Fund and will be refunded to the Airline by check written from the Operation and Maintenance Fund as an Operation and Maintenance Expense within 60 days following the completion of the year-end settlement calculation. Similarly, if the Airline's Landing Fees paid during the Calendar Year are more than the required amount of Landing Fees as calculated during the year-end rate settlement process, such excess amount shall be transferred to the Operation and Maintenance Fund and will be refunded to the Airline by check written from the Operation and Maintenance Fund as an Operation and Maintenance Expense within 60 days following the completion of the year-end settlement calculation. Each Signatory Airline and Signatory Cargo Airline shall receive a share of the excess amount in proportion to the total amount that they paid in Landing Fees during that Calendar Year. However, the year-end settlement rate process may be modified at any time in the event that the process is determined to be illegal or, in the opinion of the Airport Director or County bond counsel, that the year-end settlement will result in a higher rate of interest being paid by County on its Bonds.

If the Airline's (i) Terminal Building Rents and Aircraft Parking Apron Fees or (ii) Landing Fees paid during the Calendar Year are less than the required amount of (i) Terminal Building Rents and Aircraft Parking Apron Fees or (ii) Landing Fees as calculated during the year-end rate settlement process, such deficiencies will be billed to the Airline.

OTHER FEES AND CHARGES

Other charges payable by an Airline, in addition to those specified elsewhere in the New AUA, shall be as follows:

(A) *Employee Parking Charges*. Should the Airline elect to furnish parking for its employees, the Airline shall pay to the County in advance by the first day of each December charges as are reasonably established by the County for the use of employee parking areas designated in the New AUA. The County will refund to an Airline the prorated annual parking charge for parking spaces no longer used by Airline employees.

(B) *Miscellaneous*. Charges for miscellaneous items or activities not specified in the New AUA (*e.g.* badges, extraordinary electrical usage, personal property storage, etc.) shall be assessed by the County as reasonably determined by the Airport Director and paid by the Airline.

An Airline shall pay all other charges which are assessed by the County for the use of other Airport facilities or for services that may be provided by the County to the Airline from time to time, including employee parking (as described in the New AUA) and issuance of security identification badges.

Security Interests

All PFCs collected by an Airline for the benefit of the County that are in the possession or control of the Airline are to be held in trust by the Airline on behalf and for the benefit of the County. To the extent that the Airline holds any property interest in such PFCs, and notwithstanding that the Airline may have commingled such PFCs with other funds, the Airline pledges to the County and grants the County a first priority security interest in such PFCs, and in any and all accounts into which such PFCs are deposited to the extent of the total amount of such PFCs (net of the airline compensation amounts allowable in accordance with 14 C.F.R. §158.53) held in such accounts.

As a guarantee by an Airline for the payment of all rents, fees, and charges, and all PFC remittances due to the County, each Airline pledges to the County and grants the County a security interest in all of its leasehold improvements and fixtures located on or used by Airline at the Airport.

Airline as Guarantor of its Affiliates

Each Airline unconditionally guarantees all Rents Landing Fees and all PFC remittances of any of its Affiliates accrued during the period of such designation, to the extent that such Affiliate's operations at the Airport were performed for the benefit or in the name of the Airline. Upon receipt of Notice of default by any such Affiliate from the County due to nonpayment of such rents, Landing Fees or PFC remittances, Airline shall pay all amounts owed to the County on demand in accordance with the payment provisions of the New AUA.

Maintenance and Operation by County

Each Airline will furnish janitorial service to its Exclusive Use Premises, Preferential Use Premises and its preferential Aircraft Parking Apron. Each Airline will maintain its Exclusive Use Premises, Preferential Use Premises and its preferential Aircraft Parking Apron in safe and proper working order as specified in the New AUA.

Responsibility for maintenance, cleaning and operation of facilities shall be as set forth in the New AUA.

The airlines may, subject to the approval of the Airport Director, establish a consortium which will be responsible for the maintenance and operation of facilities and equipment at the Airport. The Airport Director will also approve the standards to which the facilities and equipment will be maintained.

Rules and Regulations

The County shall have the right to and shall adopt and amend from time to time and enforce reasonable rules and regulations of general application, which the Airline agrees to observe and obey, with respect to the Airline's use of the Airport and its facilities, *provided* that such rules and regulations shall not be inconsistent with safety and with rules, regulations, and orders of the Federal Aviation Administration and other applicable governmental agencies and with the procedures prescribed or approved from time to time by the Federal Aviation Administration or other applicable governmental agencies with respect to the operation of Airline's aircraft.

DAMAGE, DESTRUCTION, ABATEMENT

If any part of the Airline Premises, or adjacent facilities directly and substantially affecting the use of the Airline Premises, shall be partially damaged by fire or other casualty, but said circumstances do not render Airline Premises unusable as reasonably determined by the County and the related Airline, the same shall be repaired to usable condition with due diligence by the County as provided in the New AUA with no rental abatement whatsoever.

If any part of the Airline Premises, or adjacent facilities directly and substantially affecting the use of the Airline Premises, shall be so extensively damaged by fire or other casualty as to render any portion of said Airline Premises unusable but capable of being repaired, as reasonably determined by the County and the related Airline, the same shall be repaired to usable condition with due diligence by the County as provided in the New AUA. In such case, the rent payable under the New AUA with respect to the Airline's affected Airline Premises shall be paid up to the time of such damage and shall thereafter be abated equitably in proportion as the part of the area rendered unusable bears to total Airline Premises until such time as such affected Airline Premises shall be restored adequately for the Airline's use. The County shall use its best efforts to provide the Airline with suitable alternate facilities to continue its operation while repairs are being completed, at a rental rate not to exceed that provided in the New AUA for the unusable space.

If any part of the Airline Premises, or adjacent facilities directly and substantially affecting the use of the Airline Premises, shall be damaged by fire or other casualty, and is so extensively damaged as to render any portion of said Airline Premises incapable of being repaired as reasonably determined by the County and the related Airline, the County shall notify the Airline within a period of ninety (90) days after the date of such damage of its decision to reconstruct or replace said space, *provided* the County shall be under no obligation to replace or reconstruct such Airline Premises. The rentals payable under the New AUA with respect to the affected Airline Premises shall be paid up to the time of such damage and thereafter shall cease until such time as replacement or reconstructed space shall be available for use by Airline.

In the event the County reconstructs or replaces the affected Airline Premises, the County shall use its best efforts to provide the related Airline with suitable alternate facilities to continue its operation while reconstruction or replacement is being completed, at a rental rate not to exceed that provided in the New AUA for the damaged space; *provided, however,* if such damaged space shall not have been replaced or reconstructed, or the County is not diligently pursuing such replacement or reconstruction within ninety (90) days after the date of such damage or destruction, the Airline shall have the right, upon giving the County thirty (30) days advance written notice, to cancel that portion of the New AUA relating to the affected Airline Premises, but the New AUA shall remain in effect with respect to the remainder of said Airline

Premises, unless the affected Airline Premises render use of the remaining Airline Premises impracticable, in which case the Airline may terminate the entire New AUA upon thirty (30) days written notice.

In the event the County does not reconstruct or replace the affected Airline Premises, the County shall meet and consult with the Airline on ways and means to permanently provide the Airline with adequate replacement space for the affected Airline Premises; *provided however,* the Airline shall have the right, upon giving the County thirty (30) days advance written notice, to cancel that portion of the New AUA relating to the affected Airline Premises, but the New AUA shall remain in full force and effect with respect to the remainder of said Airline Premises, unless the affected Airline Premises render use of the remaining Airline Premises impracticable, in which case Airline may terminate the entire New AUA upon thirty (30) days written notice.

Notwithstanding the provisions of the New AUA, in the event that due to the negligence or willful act of an Airline or of its employees (acting within the course or scope of their employment) or agents, any Airline Premises shall be damaged or destroyed by fire, other casualty or otherwise, there shall be no abatement of rent during the restoration or replacement of said Airline Premises and the Airline shall have no option to cancel the New AUA under the provisions of the New AUA. To the extent that the cost of repairs shall exceed the amount of any insurance proceeds payable to the County by reason of such damage or destruction, the Airline shall pay the amount of such cost to the County.

The County shall maintain levels of insurance required under the Bond Resolution, *provided, however,* that the County's obligations to reconstruct or replace under the provisions of the New AUA shall in any event be limited to restoring the affected Airline Premises to substantially the condition that existed prior to the improvements made by the Airline and shall further be limited to the extent of insurance proceeds available to the County for such reconstruction or replacement. The Airline agrees that if the County elects to reconstruct or replace as provided in the New AUA, then the Airline shall proceed with reasonable diligence and at its sole cost and expense to reconstruct and replace its improvements, signs, fixtures, furnishings, equipment and other items provided or installed by the Airline in or about the Airline Premises in a manner and in a condition at least equal to that which existed prior to its damage or destruction.

FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM

The County has developed a Five Year (CY 2011-CY 2015) Capital Improvement Program (*"Five Year CIP"*) for the Airport, which is attached to and incorporated within the New AUA. The total projected cost of the Five Year CIP is $212,047,000 and the projected Net Financing Requirement is $59,571,000. The Net Financing Requirement Cap during the term of the New AUA is established as one hundred percent (100%) of the projected Net Financing Requirement. The total cost of the Five Year CIP may be revised without MII approval as long as the Net Financing Requirement Cap is not exceeded.

It is the intent of the County to submit an application for a $4.50 PFC including funding for a reasonable portion of the cost of the Baggage Claim Area Renovation—Construction project to be determined by the County in 2011, taking into account other capital requirements of the Airport. The amount of PFC-backed Bonds issued for the Baggage Claim Area Renovation—Construction project will be deducted from the Net Financing Requirement Cap.

COORDINATION PROCESS

By May 15 of each year and upon request, an Airline shall provide the County with an estimate of the total maximum certificated gross landed weight of all aircraft expected to be landed at the Airport by the Airline and each of its Affiliates during the following Calendar Year. If the Airline has not provided the County with the estimate of total landed weight for the following calendar year by June 1, the County shall provide its own estimate of landed weight by using the total landed weight for the Airline and its Affiliates from the previous Calendar Year and the current year.

By August 1 of each year, the County shall present to the AAAC the Airport's Operation and Maintenance and Capital Improvement budgets and the County's preliminary calculation of rent, fees, and charges for the following Calendar Year.

On or about August 1 of each year, the County shall convene a meeting with the AAAC to review and discuss the County's preliminary calculation of rents, fees, and charges for the following Calendar Year. The County shall give due consideration to the comments and suggestions made by the AAAC representatives pertaining to the Operation and Maintenance and Capital Improvement budgets and the preliminary rents, fees and charges. The County shall prepare a final calculation of rents, fees, and charges for the following Calendar Year, and will make its best efforts to provide a copy to each Airline no later than the last business day of the month preceding the start of the new Calendar Year. Notwithstanding anything else to the contrary, the County's final calculation of rents, fees, and charges shall take effect on the first day of each Calendar Year.

ADDITIONAL APPROVED CAPITAL IMPROVEMENTS

(A) Each Airline recognizes that, from time to time, the County may consider it necessary, prudent, or desirable to undertake Capital Improvements other than those identified in the Five Year CIP or, if the option to extend the term of the New AUA is exercised, other than those identified in the new Five Year Capital Improvement Plan for the Years 2016 through 2020 (*"Additional Approved Capital Improvements"*).

(B) Contemporaneously with the coordination process set forth in the New AUA and described above under the caption "COORDINATION PROCESS," and otherwise at any time during each Calendar Year as needed, the County shall review and discuss all such proposed Additional Approved Capital Improvements with the AAAC. Following such meeting, the relevant Additional Approved Capital Improvements shall be deemed approved.

(C) Notwithstanding the provisions of the New AUA as described above in the final paragraph under the caption "FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM" and below under the caption "CAPITAL IMPROVEMENT REVIEW AND APPROVAL PROCESS," the County may undertake Additional Approved Capital Improvements, and recover the Net Requirement attributable to each such Additional Approved Capital Improvement through rents, fees, and charges, if such Additional Approved Capital Improvement is undertaken under certain circumstances described in the New AUA without Airline approval.

(D) The County may also proceed with any additional Capital Improvement that does not impact Airline's rates and charges through depreciation or amortization charges.

CAPITAL IMPROVEMENT REVIEW AND APPROVAL PROCESS

If the County plans to initiate a Capital Improvement project that will result in a revised Five Year CIP for which the Net Financing Requirement will exceed the Net Financing Requirement Cap, then the County and the AAAC will follow the following process:

(A) The Airport Director shall submit a report on the proposed Capital Improvement(s) to the AAAC including for each project an estimate of its construction and operating costs, description of the work proposed, its benefits and funding sources. Subsequent to receipt of said report, the following procedural steps are established:

(B) MII of the Signatory Airlines (including Signatory Cargo Airlines, for projects located in the Airfield Cost Center or the Former 440th Military Base) will either approve, disapprove, or make no comment within thirty (30) days of receipt of the information.

(C) The AAAC may request a meeting with the Airport Director for the purpose of commenting on any proposed Capital Improvement.

(D) Each Capital Improvement referred to in the report shall be deemed approved unless written disapproval is received by the Airport Director within thirty (30) days of AAAC receipt of the report. The AAAC may, notwithstanding any prior written disapproval, rescind such action and approve in writing any Capital Improvement at any of the County's established procedural steps.

(E) The County may resubmit substantially the same Capital Improvement in the second calendar year for AAAC action and the aforesaid procedural steps shall again be followed.

(F) The County may proceed with any disapproved Capital Improvement at any time during the first two calendar year submissions, *provided, however,* that the cost of said Capital Improvement shall not at any time, directly or indirectly, become part of the calculation of residual rates, fees and charges assessed to the Signatory Airlines. However, if the County makes a Capital Improvement and an Airline subsequently decides to occupy and/or use the Capital Improvement, it shall pay such rentals, fees and charges as shall be set by the County.

(G) After the second calendar year budget submittal, should the County desire to proceed with a Capital Improvement, the aforesaid procedural steps shall again be followed.

(H) The County may proceed with any Capital Improvement during the third calendar year submission without AAAC approval and include its costs in the calculation of the airline rentals, fees and charges.

MAJOR MAINTENANCE PROJECTS — EXPENSED

For the purposes of calculating rents, fees, and charges in accordance with the New AUA, the cost of Major Maintenance Projects - Expensed shall be allocated to the applicable Cost Center and expensed in the Calendar Year in which they occur. The County will make its best efforts to disclose all proposed Major Maintenance Projects - Expensed for each Calendar Year as part of the coordination process in accordance with the New AUA. Each Airline recognizes, however, that certain unbudgeted Major Maintenance Projects - Expensed may be required to be undertaken during the course of any Calendar Year in order to properly operate, maintain, or repair the Airport facilities. The County reserves the right to undertake such Major Maintenance Projects - Expensed as it deems necessary; *provided, however,* that the County shall not subdivide Capital Improvements into smaller projects solely for the purpose of re-characterizing such Capital Improvements as Major Maintenance Projects - Expensed to avoid a Majority-In-Interest review in accordance with the New AUA.

PASSENGER LOADING BRIDGE PROGRAM

Each Airline acknowledges in the New AUA that it is the County's long-term policy to own all the passenger loading bridges at the Airport Terminal Building. It is the intent of the County, as included in the Five Year CIP, to purchase additional passenger loading bridges in 2012 and to utilize PFCs and the ADFA to fund these purchases. Notwithstanding any provision in the New AUA, the County may elect during the term of the New AUA to: (i) replace any existing County-owned passenger loading bridges, (ii) purchase passenger loading bridges to be installed at Gates lacking such equipment, and/or (iii) enter into negotiations with any airline serving the Airport Terminal Building to acquire and/or replace any or all Airline-owned passenger loading bridges at the Airport Terminal Building.

EXPENDITURES FOR PLANNING AND PRELIMINARY DESIGN

Each Airline recognizes in the New AUA that, from time to time, the County may engage with outside professionals to provide planning and preliminary design services to define the scope and costs of proposed Capital Improvements. The County reserves the right to undertake such services, and the County reserves the right to include the Net Requirement of such services in the rents, fees, and charges upon completion of such Capital Improvements, or if and when such projects are ultimately cancelled. Net Requirement of planning and preliminary design for projects that proceed to construction shall be amortized over the useful life of the project. Net Requirement of planning and preliminary design of projects that are cancelled shall be amortized over five years. Contemporaneously with the coordination process set forth in the New AUA, the County shall review and discuss with the Signatory Airlines any actions proposed to be taken in accordance with the New AUA during the upcoming year.

ALTERATIONS AND IMPROVEMENTS BY AN AIRLINE

An Airline may construct and install, at the Airline's sole expense, such improvements in its Airline Premises as the Airline deems to be necessary for its operations under the terms and provisions set forth in the New AUA. No reduction or abatement of rents, fees, and charges shall be allowed for any interference with the Airline's operations by such construction.

EVENTS OF DEFAULT AND REMEDIES

Each of the following shall constitute an "Event of Default by Airline":

(A) Any Airline fails to pay rentals, fees and charges when due, and such default continues for a period of fifteen (15) days after receipt by the Airline of written notice thereof.

(B) Any Airline fails after the receipt of written notice from the County to keep, perform or observe any term, covenant or condition of the New AUA (other than as described above in subsection (A)) to be kept, performed or observed by the Airline, and such failure continues for thirty (30) days after such receipt or if by its nature such Event of Default cannot be cured within such thirty (30) day period, if the Airline shall not commence to cure or remove such Event of Default within said thirty (30) days and to cure or remove same as promptly as reasonably practicable.

(C) Any Airline shall become insolvent; shall take the benefit of any present or future insolvency statute; shall make a general assignment for the benefit of creditors; shall file a voluntary petition in bankruptcy or a petition or answer seeking a reorganization or the readjustment of its indebtedness under the federal bankruptcy laws or under any other law or statute of the United States or of any state thereof; or shall consent to the appointment of a receiver, trustee, or liquidator of all or substantially all of its property.

(D) An Order for Relief shall be entered at the request of any Airline or any of its creditors under the federal bankruptcy or reorganization laws or under any law or statute of the United States or any state thereof.

(E) A petition under any part of the federal bankruptcy laws or an action under any present or future insolvency law or statute shall be filed against any Airline and shall not be dismissed within sixty (60) days after the filing thereof.

(F) By or pursuant to or under the authority of any legislative act, resolution or rule, or any order or decree of any court or governmental board, or agency, an officer, receiver, trustee, or liquidator shall take possession or control of all or substantially all of the property of any Airline and such possession or control shall continue in effect for a period of fifteen (15) days.

(G) Any Airline shall become a corporation in dissolution or voluntarily or involuntarily forfeit its corporate charter other than through merger with a successor corporation, as set forth in the New AUA.

(H) The rights of any Airline under the New AUA shall be transferred to, pass to, or devolve upon, by operations of law or otherwise, any other person, firm, corporation, or other entity, as a result of any bankruptcy, insolvency, trusteeship, liquidation, or other proceedings or occurrence described above in subsection (C) through (G), inclusive.

(I) Any Airline shall voluntarily discontinue its operations at the Airport for a period of thirty (30) days unless otherwise agreed to by the County and the Airline.

Upon the occurrence of an Event of Default by any Airline, the Airline shall remain liable to the County for all arrearages of rentals, fees and charges payable under the New AUA and for all preceding breaches of any covenant contained in the New AUA. The County, in addition to the right of termination and to any other rights or remedies it may have at law or in equity, shall have the right of reentry and may remove all Airline persons and property from the Airline Premises. Upon any such removal, the Airline property may be stored in a public warehouse or elsewhere at the cost of, and for the account of, the Airline. Should the County elect to reenter, as provided in the New AUA, or should it take possession pursuant to legal proceedings or pursuant to any notice provided by law, it may, at any time subsequent to an Event of Default by the Airline, terminate the New AUA relating to that Airline and relet such Airline Premises and any improvements thereon or any part thereof for such term or terms (which may be for a term extending beyond the term of the New AUA) and at such rentals, fees and charges and upon such other terms and conditions as the County in its sole discretion may deem advisable, with the right to make alterations, repairs or improvements on said Airline Premises. No reentry or reletting of the Airline Premises by the County shall be construed as an election on the County's part to forfeit its rights under the New AUA and shall not affect the obligations of the Airline for the unexpired term of the New AUA. In reletting the Airline Premises, the County shall be obligated to make a good faith effort to obtain terms and conditions no less favorable to itself than those contained in the New AUA and otherwise seek to mitigate any damages it may suffer as a result of the Airline's Event of Default.

Even if the County elects to terminate the New AUA, the Airline shall remain liable for and promptly pay all rentals, fees and charges accruing under the New AUA until expiration of the New AUA subject to the provisions of the New AUA.

In the event that the County relets, rentals, fees and charges received by the County from such reletting shall be applied: *first,* to the payment of any indebtedness other than rentals, fees and charges due under the New AUA from the Airline to the County; *second,* to the payment of any cost of such reletting; *third,* to the payment of rentals, fees and charges due and unpaid under the New AUA; and the remaining balance, if any, shall be held by the County and applied in payment of future rentals, fees and charges as the same may become due and payable under the New AUA. Should that portion of such rentals, fees and charges received from such reletting which is applied to the payment of rentals, fees and charges under the New AUA, be less than the rentals, fees and charges payable during applicable periods by the Airline under the New AUA, then the Airline shall pay such deficiency to the County. The Airline shall also pay to the County, as soon as ascertained, any costs and expenses incurred by the County in such reletting not covered by the rentals, fees and charges received from such reletting.

Notwithstanding anything to the contrary in the New AUA, if a dispute arises between the County and the Airline with respect to any obligation or alleged obligation of the Airline to pay money, the payment under protest by the Airline of the amount claimed by the County to be due shall not waive any of the Airline's rights, and if any court or other body having jurisdiction determines that all or any part of the protested payment was not due, then the County shall as promptly as reasonably practicable reimburse the Airline any amount determined as not due.

The Airline shall pay to the County all costs, fees, and expenses incurred by the County in the exercise of any remedy upon an Event of Default by the Airline.

To the extent that the County's right to terminate the New AUA as a result of an event described in this section is determined to be unenforceable under the Federal Bankruptcy Code, as amended from time to time, or under any other statute, then the Airline and any trustee who may be appointed agree: (i) to perform promptly every obligation of the Airline under the New AUA until the New AUA is either assumed or rejected under the Federal Bankruptcy Code; (ii) to pay on a current basis all rentals, fees, and charges set forth in the New AUA; (iii) to reject or assume the New AUA within sixty (60) days of a filing of a petition under the Federal Bankruptcy Code; (iv) to cure or provide adequate assurance of a prompt cure of any default of the Airline under the New AUA; and (v) to provide to the County such adequate assurance of future performance under the New AUA as may be requested by the County, including a tender of a Performance Guarantee as set forth in the New AUA.

Notwithstanding any other legal effect of or remedy for Airline's default or breach under the New AUA, any acts of default or breach under the following agreements shall also constitute a default or breach under the New AUA. Any agreement related to or involving the following operations and activities at the Airport, regardless of the other parties to such agreement:

(1) The operation and management of the airport/airline hydrant fuel system;

(2) The operation and management of any portion of the Airport Terminal Building by an Airline consortium; or

(3) Any other consortium approved by the Airport Director.

TERMINATION OF LEASE BY AIRLINE

Each of the following events shall constitute an "Event of Default by County":

(A) The County fails after receipt of written notice from an Airline to keep, perform or observe any term, covenant or condition in the New AUA contained to be kept, performed, or observed by the County and such failure continues for thirty (30) days or if by its nature such Event of Default cannot be cured within such thirty (30) day period, if the County shall not commence to cure or remove such Event of Default within said thirty (30) days and to cure or remove the same as promptly as reasonably practical.

(B) The permanent closure of the Airport as an air carrier airport by act of any Federal, state or local government agency having competent jurisdiction.

(C) The assumption by the United States Government or any authorized agency of the same (by executive order or otherwise) of the operation, control or use of the Airport and its facilities in such a manner as to substantially restrict Airline from conducting its operations, if such restriction be continued for a period of ninety (90) days or more.

Upon the occurrence of an Event of Default by the County, an Airline shall have the right to suspend or terminate the New AUA and all rentals, fees and charges payable by the Airline under the New AUA shall abate during a period of suspension or shall terminate, as the case may be. In the event that the Airline's operations at the Airport should be restricted substantially by action of any governmental agency having jurisdiction thereof, then the Airline shall, in addition to the rights of termination granted in the New AUA, have the right to a suspension of the New AUA, or part thereof, and abatement of a just proportion of the payments to become due under the New AUA, from the time of giving written notice of such election until such restrictions shall have been remedied and normal operations restored.

INDEMNITY AND INSURANCE BY AIRLINE

Each Airline covenants and agrees under the New AUA to fully indemnify and hold harmless, the County and the elected officials, employees, directors, volunteers and representatives of the County, individually or collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees, fines, penalties, proceedings, actions demands, causes of actions, liability and suits of any kind and nature, including but not limited to, personal or bodily injury, death and property damage, made upon the County to the extent directly or indirectly arising out of resulting from or related to the Airline's activities in, on or about Airline Premises, or from any operation or activity of the Airline upon the Airport Premises, or in connection with its use of Airline Premises, including any acts or omissions of the Airline, any agent, officer, director, representative, employee, consultant or subcontractor of the Airline, and their respective officers, agents, employees, directors and representatives while in the exercise or performance of the rights or duties under the New AUA, all without however, the County waiving any governmental immunity or other rights available to the County under Wisconsin Law and without waiving any defenses of the parties under Wisconsin law. The provisions of this indemnity are solely for the benefit of the parties to the New AUA and not intended to create or grant any rights, contractual or otherwise, to any other person or entity. The Airline shall promptly advise the County in writing of any claim or demand against the County or the Airline known to the Airline related to or arising out of the Airline's activities under the New AUA and shall see to the investigation and defense of such claim or demand at Airline's cost. The County shall have the right, at its option and at its own expense, to participate in such defense without relieving Airline of any of its obligations described in this paragraph.

Each Airline has agreed to obtain and maintain the following types of insurance under the New AUA:

TYPE OF INSURANCE	LIMITS OF LIABILITY
Comprehensive Airline Liability Insurance, Including Premises Liability and Aircraft Liability, in respect of all aircraft owned, used, operated or maintained by Named Insured	$100,000,000 each accident

Commercial General Liability insurance to include coverage for the following:

• General Aggregate	$10,000,000 per occurrence; $25,000,000 general aggregate or its equivalent in Umbrella or Excess Liability coverage.
(A) Premise/Operations	$10,000,000
(B) Pollution Liability*	$5,000,000/occurrence/annual aggregate $500,000/self–insurance retention
(C) Products/Completed Operations	$10,000,000
(D) Contractual Liability	$10,000,000
(E) Explosion, Collapse. Underground	$10,000,000
(F) Fire legal liability	$50,000
• Business Automobile Liability (airside and landside) • Scheduled Autos • Owned/Leased Automobiles • Non–owned Automobiles • Hired Automobiles	Combined Single Limit for Bodily Injury and Property Damage of $5,000,000
• Worker's Compensation	Statutory
• Employer's Liability	$1,000,000 / $1,000,000 / $1,000,000
• Property Insurance	Value of Airline Property on premises, to include improvements and betterments.

- If the Airline has been approved as self-funded under Wisconsin Law and complies with the County of Milwaukee Self-Insurance requirements, the County may accept the Airline's certificate of self-funding or self-insurance.

AIRPORT DEVELOPMENT FUND ACCOUNT

The County shall establish an Airport Development Fund Account (the *"ADFA"*) during the term of the New AUA, which shall be a special, segregated account maintained in the Surplus Fund, and shall be subject to the terms and provisions of the Bond Resolution. The annual contributions to the ADFA are to be equal to (a) ten percent (10%) of Airport Concession Revenues described in subsection (B) under the caption "TERMINAL BUILDING RENTS" and (b) income received from the investment of monies in the ADFA. Such Fund shall be used by the Airport Director, as appropriations permit, to finance (a) future Capital Improvements or Major Maintenance Projects – Capitalized or portions thereof at the Airport or at Timmerman Airport, or (b) for any other Airport System purpose permitted by, and subject to, the permitted uses of the Surplus Fund under the terms and provisions of the Bond Resolution. The monies on deposit in the ADFA, like other monies on deposit in the Surplus Fund, are subject to the terms and provisions of the Bond Resolution which may require use of such monies in the ADFA to fund deficiencies in the other funds and accounts established and held under the Bond Resolution. The County Accounting System will not include depreciation or amortization in airline rates, fees and charges for those portions of improvements paid for by monies from the Airport Development Fund Account, from federal or state grants or from Passenger Facility Charges specifically provided for that purpose or for the cost of those projects that are paid for by other parties.

The maximum amount that may be held in the Airport Development Fund Account from time to time is $15,000,000; *provided,* that if amounts on deposit in the ADFA are less than $15,000,000 at any time, deposits will continue to be made to the ADFA. If at the end of any Calendar Year the amount of cash in the Airport Development Fund Account exceeds $15,000,000, such excess amount shall be transferred to the Operation and Maintenance Fund and will be refunded by check written from the Operation and Maintenance Fund as an Operation and Maintenance Expense within 60 days following the completion of the year-end settlement calculation. Each Signatory Airline shall receive a share of the excess amount in proportion to the total amount that they paid in Terminal Building Rents during that calendar year.

Notwithstanding anything in the New AUA to the contrary, during the term of the New AUA the County may transfer up to $4,000,000 from the ADFA to the ADF Depreciation Account established pursuant to the New AUA.

SPECIAL PROJECT CAPITAL IMPROVEMENT ACCOUNT

Any funds in the Special Project Capital Improvement Account on September 30, 2010 (which funds represent depreciation payments on facilities at Timmerman Airport under prior airline leases) will be transferred to the Capital Improvement Reserve Fund as contemplated by and in accordance with the Bond Resolution, and the SPCIA will be closed.

ADF DEPRECIATION ACCOUNT

The County shall establish an ADF Depreciation Account during the term of the New AUA, which shall be a special, segregated account in the Surplus Fund, and shall be subject to the terms and provisions of the Bond Resolution. Such account shall be used by the Airport Director, as appropriations permit, to finance (a) future Capital Improvements or Major Maintenance Projects – Capitalized or portions thereof at the Airport or at Timmerman Airport, or (b) for any other Airport System purpose permitted by, and subject to, the permitted use of the Surplus Fund under the terms and provisions of the Bond Resolution. The monies on deposit in the ADF Depreciation Account, like other monies on deposit in the Surplus Fund, are subject to the terms and provisions of the Bond Resolution which may require use of such monies in the ADF Depreciation Account to fund deficiencies in the other funds and accounts established and held under the Bond Resolution. Notwithstanding anything in the New AUA to the contrary, during the term of the New AUA the County may expend up to $4,000,000 from the ADF Depreciation Account and include depreciation or amortization in airline rates, fees and charges resulting from these expenditures. The depreciation or amortization charges will be credited to the ADF Depreciation Account.

NON-SIGNATORY RATES

In recognition of the fact that an Airline and other airlines which are signatory to the New AUA will be making a long-term commitment to pay rentals, fees, and charges for the use and occupancy of Airport, for 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 one hundred twenty-five (125) percent of the rentals, fees, and charges being imposed on Airline and other Signatory Airlines pursuant to the New AUA. A Signatory Cargo Airline will be considered a Signatory Airline for the purpose of charging landing fees. The non-signatory rates will be adjusted concurrent with the adjustment of the rates of the Signatory Airlines. However, non-signatory rates may be discontinued at any time in the event that they are determined to be illegal or, in the opinion of the Airport Director or County bond counsel that the existence of non-signatory rates will result in a higher rate of interest being paid by County on Airport bonds.

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