NEW ISSUE: FULL BOOK ENTRY

RATINGS: "A+" Fitch
"A2" Moody's
See "RATINGS" herein

In the opinion of Quarles & Brady LLP, and Crump Law Firm, LLC, Co-Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended, under existing law interest on the 2014 Bonds is excludable from the gross income of the owners of the 2014 Bonds, except for interest on any 2014 Bonds held by a "substantial user" of the facilities financed by the 2014 Bonds or a related person. Interest on the 2014 Bonds is an item of tax preference for federal income tax purposes. See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the 2014 Bonds. The interest on the 2014 Bonds is not exempt from present Wisconsin income or franchise taxes. The 2014 Bonds will not be designated as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

$23,655,000

MILWAUKEE COUNTY, WISCONSIN

AIRPORT REVENUE REFUNDING BONDS, SERIES 2014A (AMT)

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

The Airport Revenue Refunding Bonds, Series 2014A (AMT) (the "2014 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, 2015. The 2014 Bonds are subject to optional and mandatory redemption, as more fully described herein.

The 2014 Bonds will be special, limited obligations of Milwaukee County, Wisconsin (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 herein with the 2014 Bonds as the Outstanding Bonds, and any additional airport revenue bonds which may hereafter be issued by the County on a parity with the Outstanding Bonds, as provided in the General Bond Resolution, as defined herein.

The 2014 Bonds will not be a general obligation of the County, nor will the County be obligated to levy any taxes in connection with the 2014 Bonds.

The 2014 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 2014 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 2014 Bonds as described herein.

SEE INSIDE COVER PAGE FOR MATURITY AND PRICING SCHEDULE AND CUSIP NUMBERS

The 2014 Bonds may not be suitable for all investors. Prospective purchasers of the 2014 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 2014 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 2014 Bonds by Quarles & Brady LLP and Crump Law Firm, 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 Chapman and Cutler LLP. It is expected that the 2014 Bonds in book-entry form will be available for delivery through DTC, on or about November 6, 2014.

The date of this Official Statement is October 22, 2014.

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

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MATURITY AND PRICING SCHEDULE, AND CUSIP† NUMBERS

MILWAUKEE COUNTY, WISCONSIN

$23,655,000

AIRPORT REVENUE REFUNDING BONDS, SERIES 2014A (AMT)

Maturity (December 1)	Principal Amount	Rate	Yield	CUSIP
2015	$ 1,035,000	4.00%	0.33%	602248JL1
2016	1,155,000	5.00%	0.66%	602248JM9
2017	1,215,000	5.00%	1.03%	602248JN7
2018	1,275,000	5.00%	1.40%	602248JP2
2019	1,340,000	5.00%	1.71%	602248JQ0
2020	1,400,000	5.00%	2.03%	602248JR8
2021	1,470,000	5.00%	2.32%	602248JS6
2022	1,545,000	5.00%	2.57%	602248JT4
2023	1,625,000	5.00%	2.72%	602248JU1
2024	1,705,000	5.00%	2.87%	602248JV9
2025	1,790,000	5.00%	2.95%	602248JW7
2026	1,880,000	5.00%	3.05%	602248JX5
2027	1,975,000	5.00%	3.12%	602248JY3
2028	2,070,000	5.00%	3.16%	602248JZ0
2029	2,175,000	5.00%	3.21%	602248KA3

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† 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.

This Official Statement is submitted in connection with the sale of securities as referred to herein and may not be reproduced or be used, in whole or in part, for any other purpose. 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 as contained in this Official Statement in connection with the offering described herein and, if given or made, such other information or 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 2014 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 which are believed to be reliable, but it is not to be construed as a representation by the Financial Advisor or the Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made thereafter shall, under any circumstances, create any implication that there has been no change in the affairs of the County or in any other information contained herein, since the date hereof (or since the date of any information included herein that is dated other than the date hereof).

This Official Statement is not to be construed as a contract with the purchaser of the 2014 Bonds. Statements contained in this Official Statement involving estimates, forecasts, or matters of opinion, whether or not expressly so described herein, are intended solely as such, and are not to be construed as representations of fact. This Official Statement contains "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.

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 2014 BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS AFTER THE 2014 BONDS ARE RELEASED FOR SALE, AND THE 2014 BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE 2014 BONDS INTO INVESTMENT ACCOUNTS. IN CONNECTION WITH THE OFFERING OF THE 2014 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2014 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 2014 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 OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT

MILWAUKEE COUNTY, WISCONSIN

$23,655,000
AIRPORT REVENUE REFUNDING BONDS, SERIES 2014A (AMT)

INTRODUCTION

This Official Statement is furnished to provide information regarding the $23,655,000 Airport Revenue Refunding Bonds, Series 2014A (AMT) (the "2014 Bonds") of Milwaukee County, Wisconsin (the "County"). The 2014 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 (the "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 INFORMATION."

The Airport, a medium hub airport, is Wisconsin's largest and busiest airport located on approximately 2,331 acres approximately six miles south of downtown Milwaukee. The airfield at the Airport contains two air carrier runways and three other runways. The terminal complex consists of a main terminal building and three concourses with 48 gates. The Airport 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 preliminary data from the FAA Air Carrier Activity Information System ("ACAIS"), the Airport ranked 49th among U.S. commercial service airports based on CY 2013 revenue enplanements. From 2003 to 2010, passenger traffic at the Airport grew each year, except in 2009. Enplanements increased at an average annual rate of 4.4 percent from 2003 to 2009, and then increased nearly 24 percent to a record high in 2010. The rapid growth in the Airport's passenger traffic resulted from a number of significant developments in air service. From 2003 through 2007, Midwest, the dominant carrier at the Airport at the time, operated and expanded its network hub at the Airport. When Midwest began to scale down its hub operation at the Airport in 2008, AirTran Airways ("AirTran") expanded service. In November 2009, Southwest Airlines ("Southwest") began service at the Airport. AirTran and Frontier Airlines (Frontier) responded to Southwest's entry by lowering fares and increasing service. Fare competition and the expansion of low-cost carrier service brought significant growth in Airport enplanements in 2010.

Facing financial difficulties, both Midwest and Frontier were acquired by Republic Airways Holdings, Inc. in 2009, and were merged into a single airline, Frontier, beginning in 2010. Frontier's financial situation did not improve, and the airline began cutting its hub operations at the Airport in September 2010. Largely due to significant cuts in Frontier's service, enplanements at the Airport decreased each year after 2010: by 3.4 percent in 2011, by 20.6 percent in 2012, and by 13.6 percent in 2013. Total enplanements in 2013 were down 33.7 percent from the 2010 record peak, but they were still up 7.4 percent from the peak level reached in 2000, before all the significant air service developments at the Airport took place. In comparison, total U.S. enplanements by all U.S. carriers in 2013 were up 11 percent from the same 2000 base year.

The Airport's passenger traffic appears to be stabilizing in 2014. Airport enplanements during the first seven months are up 2.6 percent from the same period in 2013. Based on enplanements through July 2014, Southwest, together with AirTran, now holds the largest market share of 47.6 percent. Delta Air Lines ("Delta") holds the second largest share of 25.4 percent, and the combined enplanements of American Airlines and US Airways make up the third largest share of 12.1 percent. Frontier's share is down to 4.5 percent during the first seven months of 2014, from 33.5 percent combined share of Frontier and Midwest in 2010.

The County has entered into a series of similar airline-airport use and lease agreements (the "AUA") with 16 signatory airlines, including affiliates (the "Signatory Airlines") as of July 2014, providing the terms and conditions upon which the Signatory Airlines use the Airport. The AUA expires December 31, 2015, but a five-year extension can be obtained by mutual agreement and acceptance of another five-year capital improvement program to December 31, 2020. See "AIRLINE-AIRPORT USE AND LEASE AGREEMENT" herein, for a more detailed description of the AUA. Airport management is currently discussing the extension of the AUA for the period January 1, 2016 through December 31, 2020 with the signatory airlines.

The 2014 Bonds are being issued to refund the 2015 through 2029 maturities of the County's Airport Revenue Bonds, Series 2004A, 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 prepared a letter report summarizing key facts of the Airport's financial operations, which appears as APPENDIX A hereto.

The 2014 Bonds are being issued pursuant to the 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 a supplemental resolution adopted by the County Board of Supervisors on July 31, 2014 (the "2014 Supplemental Resolution" and together with the General Bond Resolution, the "Bond Resolutions").

Capitalized terms used herein, which are not defined herein, have the meanings given them in APPENDIX C "SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND 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 2014 BONDS

General

The 2014 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 2014 Bonds is to be computed on the basis of a 360-day year of twelve 30-day months. The payment of interest on the 2014 Bonds shall be made on June 1, 2015 and on each June 1 and December 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 2014 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 2014 Bonds are subject to optional redemption, as more fully described under the caption "DESCRIPTION OF THE 2014 BONDS - Optional Redemption".

The 2014 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 2014 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 2014 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 2014 Bonds. (See "BOOK-ENTRY-ONLY SYSTEM" herein.) So long as Cede & Co. is the registered owner of the 2014 Bonds as nominee, references herein to the bondholders, owners or registered owners of the 2014 Bonds shall mean Cede & Co., as aforesaid and shall not mean the beneficial owners of the 2014 Bonds.

Optional Redemption

The 2014 Bonds maturing on or after December 1, 2024 are subject to redemption prior to maturity at the option of the County in whole or in part on December 1, 2023, and on any date thereafter, at a redemption price equal to 100 percent of the principal amount of the 2014 Bonds to be redeemed plus accrued interest to the date fixed for redemption. The amounts and maturities of the 2014 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 2014 Bonds of that maturity to be redeemed shall be selected by lot.

Notice and Manner of Redemptions

Notice of redemption is to be given by registered or certified mail, overnight express delivery, facsimile or electronic transmission or in any other manner required by the depository at least 30 days and no more than 60 days prior to the date fixed for redemption to each registered owner of a 2014 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 2014 Bonds.

Transfer, Registration and Exchange of Bonds

The 2014 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 2014 Bonds. Purchases by beneficial owners of the 2014 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 in APPENDIX G "BOOK-ENTRY-ONLY SYSTEM."

If the 2014 Bonds are no longer held in book-entry-only form, the 2014 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 2014 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 2014 Bond or 2014 Bonds of the same aggregate principal amount and series, interest rate and maturity as the surrendered 2014 Bond. The 2014 Bonds may also be exchanged, alone or with other 2014 Bonds of the same series, interest rate and maturity, at the principal office of the Trustee, for a new 2014 Bond or 2014 Bonds of the same aggregate principal amount, series, interest rate and maturity, without transfer to a new registered owner in authorized denominations.

Transfers, registrations and exchanges of the 2014 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 2014 Bonds, nor during the 45 days next preceding the date fixed for redemption of the 2014 Bonds.

SECURITY FOR THE 2014 BONDS

Pledge of Revenues

The 2014 Bonds are special obligations of the County, and are being issued on a parity with the County's currently outstanding bonds (collectively, with the 2014 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 2004A[1] (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");
- Airport Revenue Bonds, Series 2010A (the "Series 2010A");
- Airport Revenue Refunding Bonds, Series 2010B (the "Series 2010B");
- Airport Revenue Bonds, Series 2013A (the "Series 2013A");
- Airport Revenue Refunding Bonds, Series 2013B (the "Series 2013B").

The principal of and premium, if any, and interest on the 2014 Bonds are payable solely from, and are secured equally and ratably by a pledge of the Net Revenues derived from the Airport System. For the definition of Net Revenues, see APPENDIX C "SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION – Definition of Certain Terms." Under the 2014 Supplemental Resolution, Passenger Facility Charge revenues ("PFC Revenues") are included in the Revenues pledged to the payment of the principal of and interest on the 2014 Bonds to the extent that the projects financed by the Series 2004A Bonds were approved for funding with PFC Revenues. In accordance with the related Bond Resolutions, such PFC Revenues will be deposited in the Special Redemption Fund. It is currently expected that approximately 91.0 percent of the debt service associated with the 2014 Bonds will be eligible for funding by PFC Revenues. See "SOURCES OF REVENUES OF THE AIRPORT SYSTEM – Passenger Facility Charges" for information regarding PFC Revenues.

Revenues of the Airport System

The revenues of the Airport System are derived from rentals, fees and charges paid by users of the Airport System. In the AUA, the Signatory Airlines pay for their usage of the Airport 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 "AIRPORT SYSTEM REVENUES" and APPENDIX F for a more detailed description of the AUA, and the cost recovery formulae.

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 2014 Bonds as a Debt Service Expense under the AUA. In addition, Airport System Management intends to pay a certain portion of these costs from PFC Revenues to the extent that the projects financed by the Series 2004A Bonds were approved for funding with PFC Revenues. It is anticipated that approximately 91.0 percent of the debt service associated with the 2014 Bonds will be PFC eligible; therefore, PFC Revenues will be pledged to pay this portion of the debt service of the 2014 Bonds. See "AIRPORT SYSTEM REVENUES – PFC Pledged Revenues" for additional information regarding PFC Revenues.

[1] The 2015-2029 maturities of the Series 2004A are being refunded by the 2014 Bonds. The mandatory redemption payment due December 1, 2014 on the Series 2004A Bonds will be paid with Revenues of the Airport System on December 1, 2014.

Rate Covenant

The County has covenanted in the General Bond Resolution 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 to the funds provided in the General Bond Resolution.

The General Bond Resolution contains 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 Bonds then 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 specifically designated as revenues in the Bond Resolutions authorizing the bonds. PFC Revenues are not included in the revenues pledged to Series 2009B, Series 2010B, and Series 2013B Bonds, but are included in the revenues pledged to Series 2004A, Series 2005A, Series 2005B, Series 2006A, Series 2006B, Series 2007A, Series 2009A, Series 2010A, Series 2013A Bonds, and 2014 Bonds as described under "SECURITY FOR THE 2014 BONDS - 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 Bond 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 such 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 Bond 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 Bonds then Outstanding during the then-current or any future fiscal year, (ii) 125 percent of the average annual debt service on the Bonds then Outstanding, or (iii) 10 percent of the principal amount (as defined in the Bond Resolutions) of all Bonds then Outstanding 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 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 Bonds then Outstanding 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 Bonds then Outstanding in that fiscal year exceeds the amount of depreciation to be charged to the Signatory 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 credited to the Reserve Account 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 Bonds then Outstanding (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.

The Reserve Account is funded fully with cash at this time.

Flow of Funds

The County will set aside and deposit all Revenues, including PFC Revenues, into the Airport Revenue Fund established by the General Bond Resolution and apply all monies on deposit therein at such times and in accordance with the priorities established in the General Bond Resolution. 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 Bond 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 Bond Resolutions and their priority of payment are set forth in the following table. See APPENDIX C "SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION – Definitions of Certain Terms" for a definition of Revenues.

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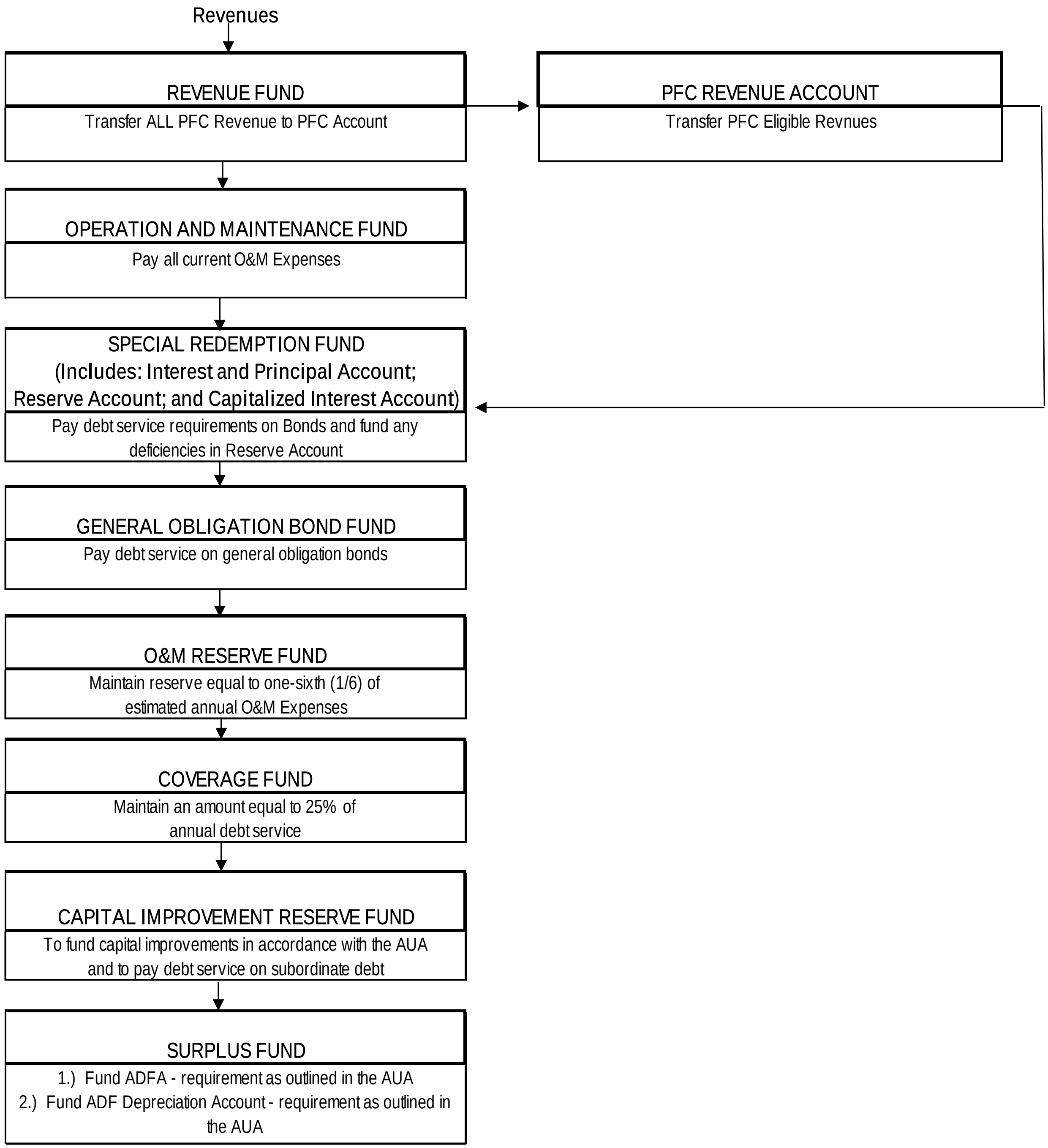
MILWAUKEE COUNTY AIRPORT SYSTEM
FLOW OF FUNDS PER GENERAL RESOLUTION



The Bond Resolutions provide that, except as otherwise provided therein, all income from the investment of any fund or account established under the Bond 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 Bond 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 THE GENERAL BOND RESOLUTION - Creation of Funds; Flow of Funds."

Additional Bonds

The General Bond Resolution permits the issuance of one or more additional series of Bonds on a parity with the Bonds then Outstanding ("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 Bonds then Outstanding 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 Bonds then Outstanding 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 Additional 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 General Bond 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 General Bond 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 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 Bond Resolutions. For a summary of the conditions for the issuance of Special Facility Bonds, see APPENDIX C "SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION – Issuance of Subordinate Securities and Special Facility Bonds." There are no subordinate lien securities or Special Facility Bonds outstanding as of the date of this official statement.

PLAN OF FINANCE

Authorization and Purpose

The County Board of Supervisors adopted the 2014 Supplemental Resolution authorizing the issuance of 2014 Bonds on July 31, 2014. The 2014 Bonds are being issued on a parity with the other Outstanding Bonds. Pursuant to the 2014 Supplemental Resolution, the County Board of Supervisors delegated to the Comptroller of the County the authority to accept on behalf of the County a proposal for the purchase of the 2014 Bonds so long as the proposal satisfies the terms and conditions of the 2014 Supplemental Resolution.

The proceeds of the 2014 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 2014 Bonds.

Dated	Issue	Maturities Outstanding	Maturities Refunded	Amount Refunded	Call Date
03/31/2004	Airport Revenue Bonds, Series 2004A	2015-2029[2]	2015-2029	$ 27,160,000	12/01/2014

The Refunded Obligations were issued to finance or partially finance: (1) the design and construction of an expansion of the C Concourse, (2) the design and construction of an expansion of the D Concourse security checkpoint area, (3) close-out costs for the parking structure which was completed in 2002, (4) bus/limousine queue area repair, and (5) design work associated with the potential remodel of the E Concourse stem.

[2] The mandatory redemption payment due December 1, 2014 on the Series 2004A Bonds will be paid with funds of the Airport System on December 1, 2014.

SOURCES AND USES OF FUNDS

The proceeds of the 2014 Bonds, together with other available funds of the County will be applied as follows.

Estimated Sources:	
Par Amount of the 2014 Bonds	$ 23,655,000.00
Original Issue Premium	3,503,029.40
Release from Debt Service Reserve Fund	368,745.17
Total Sources of Funds	$ 27,526,774.57
Estimated Uses:	
Refunded Principal of Series 2004A	$ 27,160,000.00
Estimated Costs of Issuance [3]	363,229.01
Deposit to Debt Service Fund for 2014 Bonds	3,545.56
Total Uses of Funds	$ 27,526,774.57

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[3] This amount represents the underwriter's discount and other costs of issuance, such as legal fees, printing, financial advisor fees, rating agency fees and related expenses.

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 10 cities and nine villages. The City of Milwaukee, which is the County seat, contains approximately 62.8 percent of the County's population and 45.7 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 an 18-member County Board of Supervisors (the "County Board"). The County Executive and the County Board are elected on a nonpartisan basis. Each supervisor is elected from a district with an average population of approximately 52,700. In addition, six constitutional and two statutory officers are elected on a partisan basis to serve four-year terms as shown below.

County Officials

(Year sworn into office follows name)

County Executive*:*	**Chris Abele (2011)**
County Clerk:	*Joseph J. Czarnezki (2009)*
Register of Deeds:	*John La Fave (2003)*
Treasurer:	*- vacant -*
Clerk of Circuit Court:	*John Barrett (1999)*
Sheriff:	*David A. Clarke, Jr. (2002)*
District Attorney:	*John T. Chisholm (2007)*
County Comptroller:	*Scott Manske (2012)*

Board of Supervisors

Marina Dimitrijevic - Chairwoman (2004)
Peggy West - 1st Vice Chairperson (2004)
Steve Taylor- 2nd Vice Chairperson (2012)

Deanna Alexander (2012)	*Theodore A. Lipscomb (2008)*
Mark A. Borkowski (1992)	*Michael Mayo, Sr. (1994)*
David Bowen (2012)	*Khalif Rainey (2013)*
Gerry P. Broderick (2002)	*James J. Schmitt (1998)*
David Cullen (2012)	*- vacant -*
Jason Haas (2011)	*Anthony Staskunas (2013)*
Willie Johnson, Jr. (2000)	*John F. Weishan, Jr. (2000)*
Patricia Jursik (2007)	

Wisconsin 2013 Act 14

On June 2, 2013, Wisconsin Act 14 ("Act 14") relating to the County became effective. Act 14, among other things, changes the compensation structure of a member (a "Supervisor") of the County Board of Supervisors of the County (the "Board"), changes the length of the term of a Supervisor from four years to two years, affects the right of an annuitant under the Milwaukee County Employee's Retirement System if rehired by the County, limits the authority of the County to enter into certain intergovernment agreements, revises the approval process for public contracts, removes and clarifies some authority of the Board, increases and clarifies the authority of the County Executive of the County, and requires a referendum regarding the compensation of the Supervisors.

Pursuant to Act 14, a local referendum was held in Milwaukee County on April 1, 2014 that placed limitations on the annual salaries of the Milwaukee County Board Chairperson and Milwaukee County Board Supervisors. The referendum was approved by a vote of 47,588 (70.2%) to 20,182 (20.8%).

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 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, Personnel and Audit
- 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

County Employee Pension Benefits

The Employees' Retirement System of the County of Milwaukee (the "ERS") was established in 1938 and is a single-employer defined benefit pension plan. Employees who were enrolled in the ERS prior to 1971 receive contributions to their member accounts by the County, which are presently less than $15,000 a year. For all other members, the ERS was substantially noncontributory until 2011. In that year, employees were required under state statute to begin contributing half of the actuarially determined annual required contribution to the ERS. Public safety employees were specifically exempted from this requirement, but in 2012, the Milwaukee Deputy Sheriffs' Association agreed to pay one-half of the Annual Required Contribution ("ARC"). The Milwaukee County Firefighters Association has not agreed to a contribution. The January 1, 2014 Actuarial Valuation Report has a funded ratio of 85.73 percent.

County Employee Other Post-Employment Benefits ("OPEB")

The County administers single-employer defined benefit healthcare and life insurance plans for retired employees. The plans provide health and life insurance contributions for eligible retirees and eligible spouses through the County's self-insured health insurance plan and the County's group life insurance plan. The County stopped providing post-retirement health care and life insurance 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 were eligible for post-retirement health care. The Airport employees are a part of this system.

The County has received its third actuarial report of Other Post-Employment Benefits ("OPEB") under Governmental Accounting Standards Board Statement #45 – "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions" ("GASB #45"). The County has chosen to continue on a "pay as you go basis" for its OPEB liabilities. However, under the GASB #45 rules, the County is required to accrue the cost of the ARC for proprietary funds, and footnote the cost associated with governmental funds. The County required an actuarial report for its employees, and a separate actuarial report was prepared for the Milwaukee County Transit System (the "MCTS"), which is separately managed by Milwaukee Transport Services, Inc., a non-stock, not-for-profit Wisconsin corporation.

An actuarial valuation report was prepared as of January 1, 2012 for the County. The County's total actuarial accrued liability for OPEB for all funds, excluding the MCTS, is estimated at $1.13 billion, based on a six percent discount rate. The estimated liability for Proprietary Funds totals $86.5 million of the total actuarial accrued liability. Within the Proprietary Funds, the total estimated liability for the Airport is $69.6 million.

The ARC for the County as of January 1, 2012 was $87.9 million. Normal cost is $2.2 million and amortization of the unfunded liability was $85.7 million. The amortization of the unfunded liability assumes a 30-year amortization using a level dollar amount. The net ARC cost for 2011 and 2012 was $44.6 million and $31.8 million, respectively, which excluded the retiree health costs that are separately budgeted by the County. 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. The net OPEB Obligation as of December 31, 2011 and 2012 was $255.8 and $284.7 million, respectively.

As of December 31, 2013, the Airport has expensed and accrued a total of $12.6 million for future OPEB costs. The accrual of OPEB costs for the Airport will continue in accordance with GASB rules.

Separately, MCTS has contributed and maintains assets in a trust of $47 million towards an OPEB actuarial accrued liability of $241 million as of December 31, 2012.

Legal challenges have been brought against the County regarding the healthcare plan design changes imposed on retirees, the elimination of the Medicare Part B premium reimbursement for future retirees, the reduction in the pension multiplier from 2.0 percent to 1.6 percent for most employees and the modification of the backdrop pension benefit. The U.S. Court of Appeals has issued a final ruling in favor of the County with respect to issues regarding healthcare plan design changes imposed on retirees. The Wisconsin Court of Appeals has ruled in favor of the County on the elimination of the reimbursement of Medicare Part B premiums for future retirees, but that issue is now under review by the Wisconsin Supreme Court. The Wisconsin Court of Appeals has ruled against the County with respect to the change in the pension multiplier for employees in active service at the time of the change. The County has requested review of this decision and review has been accepted by the Wisconsin Supreme Court, but no decision has yet been issued. If the County loses the appeals, there will be a financial impact; however, these impacts have not yet been determined. The case related to the backdrop benefit was just recently filed and no decision has been rendered as it is awaiting the outcome of the pending appeals.

THE AIRPORT SYSTEM

General

The County owns and operates the Airport and Timmerman Airport, which together comprise the Milwaukee County Airport System. The Airport is the major air carrier airport in Wisconsin, serving a primary air service area of approximately 1.6 million people. Timmerman Airport is a general aviation reliever airport for the Airport, containing two paved runways and three instrument approaches.

The County began operating its first airport in 1919. In 1927, the Airport 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, a 4,440-space parking garage was completed in 1980, 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 accounted for as an enterprise fund within Milwaukee County. The Airport System includes the operations of the Airport and Timmerman Airport. 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, 2007 through 2013. 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 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, 2009 through 2013.

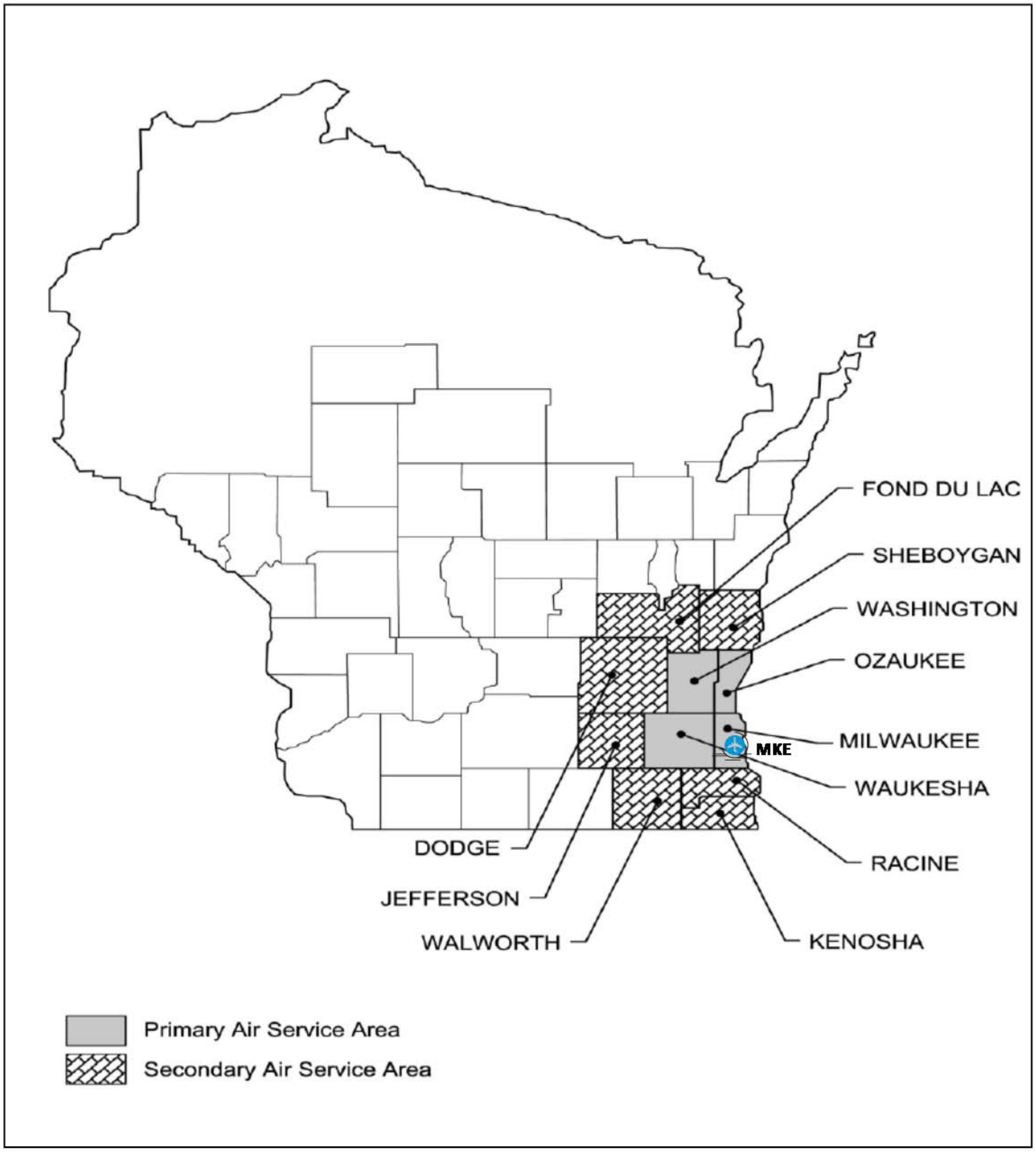
The Airport System is economically self-sustaining and operates solely on revenue generated from operations and concessions, and federal and state funding. For financial purposes, and in the calculation of airline rates and charges, the County combines the financial operations of the Airport and Timmerman Airport.

Airport Service Area

The Airport's primary and secondary air service areas ("ASAs") cover the southeastern region of Wisconsin. The primary ASA is defined by the boundaries of the Milwaukee Metropolitan Statistical Area (MSA), which includes the counties of Milwaukee (including West Allis City), Ozaukee, Washington, and Waukesha.[4] The secondary ASA includes the counties of Dodge, Fond du Lac, Jefferson, Kenosha, Racine, Sheboygan, and Walworth.

[4] Office of Management and Budget (OMB) MSA definition.

GENERAL MITCHELL INTERNATIONAL AIRPORT
AIR SERVICE AREA



Public transportation in the Airport area includes bus service to all major cities and train service between Chicago and Milwaukee. See APPENDIX A "REVIEW OF THE AIRPORT CONSULTANT" for a description of the local Milwaukee economy.

Presence of Other Airports

General Mitchell Airport is the major commercial airport in Wisconsin. Located 72 miles away from Chicago O'Hare International Airport and 95 miles away from Chicago Midway Airport, the Airport's strategic location makes it an accessible alternative airport for Northern Illinois residents. The Airport is also able to capture traffic from markets served by the small local airports, because the Airport offers lower fares and more flights.

Other airports within 125 miles of the Airport include Austin-Straubel International Airport in Green Bay (124 miles north of the Airport), Outagamie County Airport in Appleton (113 miles north of the Airport), Chicago/Rockford International Airport (99 miles south of the Airport) and Dane County Regional Airport in Madison (83 miles west of the Airport). The table below includes a comparison of these surrounding airports.

GENERAL MITCHELL INTERNATIONAL AIRPORT
LOCAL AREA COMMERCIAL SERVICE AIRPORTS

Location				CY 2013 Enplanements			Drive To GMIA	
City	State	Airport	Hub	Rank	Enplanements	YOY Change	Miles	Hours
Chicago	IL	Chicago O'Hare International	L	3	32,278,906	0.3%	72	1.2
Chicago	IL	Chicago Midway International	L	24	9,919,985	5.1%	95	1.6
Milwaukee	**WI**	**General Mitchell International**	**M**	**49**	**3,214,617**	**-13.4%**		
Madison	WI	Dane County Regional-Truax Field	S	95	826,019	3.4%	84	1.3
Green Bay	WI	Austin Straubel International	N	155	293,703	3.8%	124	2.0
Appleton	WI	Outagamie County Regional	N	164	246,211	7.4%	113	1.8
Rockford	IL	Chicago/Rockford International	N	221	109,384	2.8%	99	1.5

Source: Federal Aviation Administration and Google Maps

Airport System 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 Management include the Airport Director; Deputy Airport Director, Finance and Administration; Deputy Airport Director, Operations and Maintenance; and Airport Engineer. Biographical data concerning the Airport Director and other key officials of the Airport System is set forth below.

Airport Director. Terry Blue has served as Interim Airport Director since the retirement of C. Barry Bateman in 2014. Mr. Blue was appointed Deputy Airport Director in 2008, following 10 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 the Airport. Mr. Blue earned a BS in Aviation Management at Southern Illinois University and a Master's Degree in Public Administration from the University of Illinois-Springfield.

Deputy Airport Director, Finance and Administration. Patricia M. Walslager was appointed Deputy Airport Director, Finance and Administration in 2011. Ms. Walslager served in various fiscal management positions in Milwaukee County from 1996 to 2011 in the following departments: Department of Health and Human Services, Behavioral Health Division, which consisted of a 2007 appointment to Associate Administrator, BHD – Fiscal. Ms. Walslager who is a Certified Public Accountant ("CPA") is a graduate of the University of Wisconsin – Milwaukee, with a BS in Secondary Education Mathematics and Economics and advanced studies in accounting. She has been a practicing CPA for over 30 years.

Deputy Airport Director, Operations and Maintenance. Kathleen David was appointed Interim Deputy Airport Director in April 2014. Ms. David previously served as Airport Operations Manager at General Mitchell International Airport since 2008. Ms. David has worked in the Airport Operations Department for 25 years; 19 of those years in management.

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.

Facilities and Services

Airfield and Aircraft Parking Aprons. The Airport'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 w/ Asphalt overlay

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.

Terminal Facilities. The Airport'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.

Public Parking. The Airport currently has approximately 11,000 public parking spaces, consisting of approximately 7,800 spaces in the parking garage (short-term and long-term) and approximately 3,400 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. The 2013 – 2017 CIP includes the expansion of remote Lot B, adding approximately 500 spaces. However, this project will be undertaken only if future parking demand requires.

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.

Other Facilities. Other facilities located at the Airport include rental car, general aviation, air cargo, and aviation support facilities. The Airport has six 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 a 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 and Air Wisconsin occupy maintenance hangars at the Airport. Air Wisconsin continues to operate a maintenance facility at its hangar. Midwest Airlines, however, was acquired by Frontier Airlines in 2009 and neither airline currently operates the hangars as maintenance facilities. Also located within the Airport's perimeter fence is the MKE Regional Business Park, which is land that was previously used by the 440th Air Force Reserve Station, which closed in February 2008. The site contains approximately 175,000 square feet of building space, which can accommodate a wide range of uses as long as revenues are retained by the Airport.

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AIRLINE-AIRPORT USE AND LEASE AGREEMENT

The County's current AUA went into effect on October 1, 2010, although the rate methodologies under the previous AUA were in effect through December 31, 2010. The AUA is set to expire December 31, 2015, but may be extended for an additional period of five years ending December 31, 2020 upon mutual agreement, approval by the Signatory Airlines of a new five-year capital improvement plan (2016 – 2020), and agreement on a new Net Financing Requirement Cap. The Airport and the Signatory Airlines have commenced discussions regarding the extension of the AUA through December 31, 2020.

The AUA specifies the terms and conditions of the Signatory Airlines' use of the Airport facilities and their operations at the Airport. The primary airline rates charged by the Airport are landing fees, terminal rents, and apron fees. The revenues generated by these fees are used to finance the activities of the Airport, including operating and maintaining the terminal complex and the airfield and apron facilities.

Prior to the issuance of the Series 2000A Bonds, the AUA 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 the AUA to allow the Airport to include general airport revenue bond principal repayments in airport rates and charges.

The major provisions of the 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 five-year capital improvement program and Net (Airline) Financing Requirement Cap.

A residual rate methodology with deposits to the Surplus Fund

- Airport System Management deposits an amount equivalent to 10 percent of Airport concession revenues into the Airport Development Fund Account ("ADFA").
    - 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 System Management can transfer up to $4 million over the term of the agreement from the ADFA to the ADF Depreciation Account.
    - Monies can be used for capital improvements or any lawful Airport System purpose, subject to certain limitations.
    - Projects funded from the ADF Depreciation Account will be depreciated or amortized and will affect airline rates and charges.

Five-Year Capital Improvement Plan

- The 2011 - 2015 CIP was approved by the Signatory Airlines in accordance with the AUA.
- The 2011 - 2015 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. The 2011 - 2015 CIP anticipates using approximately $47.3 million of the Net (Airline) Financing Requirement Cap. This amount has been financed with proceeds from prior Bond issues. No additional new money bonds will be issued during the remainder of the term of the AUA.

- The Airport can add or modify projects without Majority-In-Interest ("MII") approval provided that the Net (Airline) Financing Requirement Cap on the total capital improvement plan is not exceeded.
- The airline MII process will continue to apply for additional capital projects not covered above.

Other

- Established the MKE Regional Business Park as a new cost center with the total net requirement allocated to the Airfield cost center.
- Signatory Airlines report passengers of their affiliates (code share partners & subsidiaries, parent companies or contract airlines) combined with their own passengers and pay their affiliates' landing fees and rents.
- Non-Signatory Airlines pay 125 percent of the rates paid by Signatory Airlines.
- There are two differential Terminal Rental rate classifications replacing 12 prior classifications. Public-Access Airline Space is at the base rate and Non-Public Access Space is at 75 percent of the base rate.
- All airline gates are preferential use with a utilization standard for each gate and also new entrant and expanding carrier accommodation language. Reassignment of gates by the Airport is allowed if the utilization standard has not been met over a 12-month look back period should such gate be required by another airline.

Airline Rates and Charges

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 Airport 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.

For more information on airlines rates and charges, particularly the methodology for calculating these fees, see APPENDIX F, "SUMMARY OF AIRLINE LEASES – Payments by Airlines."

Airline Airport Affairs Committee

The AUA provides 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 AUA, the Signatory Airlines consented to the Airport System's Capital Improvement Program for the years 2011 through 2015 as a condition of entering into the AUA. If additional projects are proposed to be added to the CIP that would exceed the negotiated cap amount that the Signatory Airlines and the County have agreed to in the AUA for the years 2011 through 2015, then the projects must be submitted to the AAAC for approval. Under the 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.

For a more complete discussion of the AAAC, see APPENDIX F herein.

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, except as hereinafter described. Revenues do not include PFC Revenues, except to the extent PFC Revenues are specifically designated as included in Revenues in a Supplemental Resolution. Unless and to the extent otherwise provided by a Supplemental Resolution, Revenues do not include (a) proceeds of Bonds or other borrowings by the County, or interest earned thereon, (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, (e) Special Facility Revenues, or (f) PFC Revenues. Under the 2014 Supplemental Resolution, PFC Revenues are pledged to the payment of the 2014 Bonds to the extent that the projects originally financed by the Series 2004A Bonds were PFC-eligible. Approximately 91.0 percent of the 2014 Bonds debt service may be funded with PFC Revenues. Other Supplemental Resolutions authorizing the issuance of other series of Outstanding Bonds have also pledged PFC Revenues to the payment of such series of Outstanding Bonds to the extent that the projects financed and or refinanced by such series of Outstanding Bonds could be funded with PFC Revenues.

Airfield Revenues

Airfield Revenues consist of landing fees from Signatory Airlines and Non-Signatory Airlines, revenues from general aviation operations, and air cargo rentals. Total Airfield revenues increased from approximately $16.0 million in 2009 to approximately $22.4 million in 2013. Total Airfield revenues are projected to increase to approximately $27.7 million in 2018, 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 Airlines and non-Signatory Airlines based on the landed weight of each carrier's activity at the Airport. The airlines pay fees established to recover the Airfield net deficit, which equal total Airfield expenses minus non-airline revenues. Landing Fee Revenues increased 8.7 percent per year from 2009 to 2013. The increases were a result of increased expenses and a reallocation of expenses beginning in 2010. In addition, as a result of the new AUA in 2011, there was less non-signatory airline activity at the Airport which resulted in fewer credits shared with the signatory airlines. Finally, Landing Fee Revenues increased to account for the deficit from the MKE Regional Business Park.

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. Hangar Rentals increased by 1.6 percent per year from approximately $484,000 in 2009 to $516,000 in 2013.
   - Fuel and Oil Charges – a per-gallon fuel flowage fee is assessed to general aviation fuel purchases in lieu of landing fees. Fuel and Oil revenue decreased 1.9 percent per year from approximately $164,000 in 2009 to $152,000 in 2013.
   - Fixed Base Operator ("FBO") revenues – rents collected from FBOs for land, apron hangars, and other buildings. FBO revenues decreased 1.5 percent per year from approximately $428,000 in 2009 to $402,000 in 2013.
   - Other revenues – includes all miscellaneous revenues paid to the Airfield, including but not limited to other rental income, interest on investments, other federal grants, reimbursements, and fleet maintenance. Other revenues became a new classification in 2011 as a result of the new AUA. Other revenues have remained relatively flat from 2011 to 2013 at approximately $1.1 million.

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 Rentals decreased by roughly 1.7 percent per year from approximately $558,000 in 2009 to $521,000 in 2013.

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. Terminal Revenues Include:

a. Signatory Space Rental. Signatory Space Rental revenue consists of rents collected from Signatory Airlines for space occupied in the Airport Terminal. As explained previously, the Signatory Airlines pay fees established to recover the Terminal net deficit, which equals total Terminal expenses minus non-airline revenues such as Terminal concessions revenues, rental car revenues, and public parking revenues. Signatory Space Rental revenue increased 26 percent per year from 2009 to 2013. The increase was primarily driven by the reduction in credits to the Terminal Requirement which was a result of the 2011 AUA that allowed the Airport to reduce the credits by 10 percent.

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). Other Charges and Fees decreased by 11.7 percent per year from approximately $445,000 in 2009 to $270,000 in 2013.

c. Concessions. Concession revenues consist of fees collected from Terminal concession operators. The major categories of concession revenues are: Car Rental, Gifts and Novelties, Food and Beverage, Other, and Public Parking Concessions.

- Car Rental revenues increased by approximately 6.3 percent per year from approximately $8.0 million to $10.2 million from 2009 to 2013.
- Gifts and Novelties revenues fluctuated throughout the historical period as a result of traffic fluctuations. Gifts and Novelties revenues were $1.5 million in 2009, increased to $1.9 million in 2011, and decreased back to $1.5 million in 2013.
- Food and Beverage revenues grew by roughly 7.6 percent per year from 2009 to 2013. Those revenues grew from approximately $2.7 million to $3.6 million. This increase was a result of locating concessions in Concourses D and E post security and phasing in a new concession program.
- Other concession revenues include, but are not limited to, fees received from the display advertising, travel agents, automated teller machines, shoe shine stands, and insurance services. Other concession revenues increased from approximately $1.4 million in 2009 to $3.2 million in 2013. The majority of the increase is a result of the reclassification of accounts. In 2011, Other concession revenues reached a high of $5.4 million. In 2012 and 2013, Other concession revenues decreased to $3.4 million and $3.2 million, respectively, as a result of reduced traffic.
- Public Parking revenues fluctuated throughout the historical period. Public Parking revenues were $25.1 million in 2009, increased to $28.5 million in 2011, and decreased to $25.9 million in 2013. The fluctuations were primarily a result of traffic fluctuations.

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. The 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. Apron Fees decreased by roughly 1.9 percent per year from approximately $1.3 million in 2009 to $1.2 million in 2013.

Other Revenues

Other revenues received by the Airport include reimbursements from the airlines for the Airport's security costs (Flexible Response Security Charges), rent collected by the County for the old military base that is located on Airport grounds (MKE Regional Business Park), and rent collected from the County for Airport land and building space used for highway maintenance and other purposes as well as interest earnings (Other Revenues/Services).

- Flexible Response Security Charges revenue represents amounts collected from the airlines for services provided by the County Sheriff's Department at the concourse checkpoints. During the historical period, Flexible Response Security Charges revenue ranged from a high of approximately $2.7 million in 2010 to a low of $1.9 million in 2012.
- MKE Regional Business Park revenue is rental income generated from the old military base located on Airport grounds. MKE Regional Business Park revenue grew from approximately $630,000 in 2011 to $738,000 in 2013.
- Other Revenues/Services revenue consisted 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 decreased from approximately $3.9 in 2009 to $3.1 million in 2010. In 2011, there was a revenue reclassification and this category is no longer being used.

PFC Pledged Revenues

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 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.

On August 14, 2012 the Airport submitted to the FAA PFC amendment applications 6 and 7 requesting to increase the PFC collection rate from $3.00 to $4.50 per eligible enplanement. The FAA approved the amendment applications and the effective date that began collection of the $4.50 collection rate was November 1, 2012 and is expected to continue through November 2015 based on communications from the FAA during October 2014.

On June 13, 2013, the FAA approved PFC application 17, which requested impose and use authority for various PFC eligible projects resulting in a change to the PFC charge collection date to November 1, 2026. Further, Airport System management is reviewing applications 10, 12, and 13 to request the authority to amend the collection rate from $3.00 to $4.50, which would have the effect of extending the current $4.50 collection authority until 2019.

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 2014 Supplemental Resolution, PFC Revenues are pledged to the payment of the 2014 Bonds to the extent that the projects originally financed by the Series 2004A Bonds were PFC-eligible. 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, Series 2009A, Series 2010A, and Series 2013A, general obligation airport bonds and on a pay-as-you-go basis for other FAA-approved projects.

The following table presents Airport Revenues for fiscal years 2009 through 2013. Total Revenues grew from $72.1 million to $86.3 million from 2009 to 2013 at an average annual growth rate of 4.6 percent.

MILWAUKEE COUNTY AIRPORT SYSTEM
AIRPORT REVENUE
FOR YEARS 2009-2013

Airport Revenues	Actual [1] 2009	2010	2011	2012	2013	Avg. Annual Growth Rate 2009-2013
Airfield						
Landing Fees						
Signatory Landing Fees	$13,040,096	$18,178,083	$18,738,474	$16,482,877	$19,158,175	10.1%
Non-Signatory Landing Fees	1,251,535	993,595	98,891	723,897	554,405	-18.4%
Total Landing Fees	$14,291,631	$19,171,678	$18,837,365	$17,206,774	$19,712,580	8.4%
General Aviation and Other						
Hydrant Fueling Revenues	$93,609	$44,880	$0	$0	$0	n/a
Hangar Rentals	483,548	490,745	513,567	544,753	515,847	1.6%
Fuel and Oil Charges	163,967	180,721	176,787	336,036	151,832	-1.9%
Fixed Base Operator	427,780	412,827	405,172	412,530	402,475	-1.5%
Other [2]	-	-	1,093,348	1,065,799	1,081,566	n/a
Total General Aviation and Other	$1,168,904	$1,129,173	$2,188,874	$2,359,117	$2,151,720	16.5%
Air Cargo Rentals	557,822	443,719	484,353	590,052	521,391	-1.7%
Total Airfield Revenues	$16,018,357	$20,744,570	$21,510,592	$20,155,943	$22,385,690	8.7%
Terminal						
Signatory Airlines						
Space Rentals	$3,237,119	$1,886,374	$3,962,058	$6,299,728	$8,156,755	26.0%
Other Charges and Fees	445,007	224,700	303,270	284,633	270,060	-11.7%
Total Signatory Airlines	$3,682,126	$2,111,074	$4,265,328	$6,584,361	$8,426,815	23.0%
Concessions						
Car Rental	$7,972,956	$9,123,370	$9,542,702	$9,764,370	$10,187,385	6.3%
Gifts & Novelty	1,506,288	1,790,926	1,887,807	1,567,218	1,511,460	0.1%
Food & Beverage	2,659,529	3,118,620	3,636,231	3,595,868	3,565,954	7.6%
Other [2]	1,408,909	1,366,666	5,435,653	3,401,432	3,226,708	23.0%
Public Parking	25,127,710	27,671,362	28,513,688	26,942,584	25,854,488	0.7%
Total Concessions	$38,675,392	$43,070,944	$49,016,081	$45,271,471	$44,345,995	3.5%
Total Terminal Revenues	$42,357,518	$45,182,018	$53,281,409	$51,855,832	$52,772,810	5.7%
Apron						
Signatory Apron Fees	$1,260,482	$1,258,665	$1,283,439	$1,224,395	$1,135,453	-2.6%
Non - Signatory Apron Fees	60,802	63,556	108,996	88,205	89,105	10.0%
Total Apron Revenues	$1,321,284	$1,322,221	$1,392,435	$1,312,600	$1,224,557	-1.9%
Other						
Flexible Response Security	$1,946,189	$2,653,686	$2,122,181	$1,924,623	$1,940,521	-0.1%
MKE Regional Business Park	-	-	629,735	529,296	737,541	n/a
Other Revenues/Services [2]	3,938,008	3,135,804	-	-	-	n/a
PFC Revenues [3]	6,540,033	6,767,538	8,294,412	8,325,766	7,255,240	2.6%
Total Other Revenues	$12,424,230	$12,557,028	$11,046,328	$10,779,685	$9,933,302	-5.4%
TOTAL AIRPORT REVENUES	$72,121,389	$79,805,838	$87,230,764	$84,104,060	$86,316,360	4.6%

[1] Based on schedules prepared from Airport System records, certain amounts can be referenced to the County CAFR's audited statement of Revenues, Expenses and Changes in Retained Earnings.

[2] Beginning in 2011, various miscellaneous revenue accounts were reclassified from Other Revenues/Services.

[3] Portion of PFC Revenues pledged for PFC eligible debt service.

OPERATION AND MAINTENANCE EXPENSES

Airport System Operation and Maintenance Expenses are incurred in the operation and maintenance of the Airport System. As described in "SECURITY FOR THE 2014 BONDS – Flow of Funds" herein, Airport System Revenues are first applied to the Operation and Maintenance Fund for the payment of current Operation and Maintenance Expenses. 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.

Salaries and Benefits

Salaries and Fringe Benefits are the largest expense for the Airport System. This expense category is related to the compensation of personnel. During the historical period 2009 to 2013, Salaries and Fringe Benefits increased from approximately $20.4 million to approximately $26.2 million, or by an average annual growth rate of 6.5 percent. The increase in Salaries and Fringe Benefits during this period is primarily the result of additional positions and County cost of living adjustments. Fringe Benefits increased by approximately $600,000 over the period due to the increased contribution requirements for the County's pension plan. Fringe benefit costs include the Airport's proportional share of retired employees receiving health care and pension benefits.

Contractual Services

Contractual Services 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 contractual services not mentioned above including waste removal expenses, bank fees, advertising fees and other miscellaneous expenses.

Contractual Services increased by 0.9 percent per year from 2009 to 2013, from approximately $16.4 million to $17.0 million. Increases in Contractual Services were primarily due to the Airport's utility usage and the related rates. During the historical period, annual fluctuations were caused by responses to security-related alerts and the number and type of repair and maintenance projects. In 2013, Contractual Services decreased by 13 percent from approximately $19.5 million to $17.0 million. To control costs at the Airport, Airport management worked to decrease costs associated with repairs and maintenance in 2013. Professional services expenditures were lower in 2013 as well.

Intra-County Services

Intra-County Services consist of costs charged to the Airport System by other County departments, including Sheriff, Professional Services, Insurance, and other expenses, with Sheriff expenses representing the largest component of the total. Expenses for Intra-County Services increased from approximately $9.4 million in 2009 to almost $10.0 million in 2011, down to $9.3 million in 2010, and up to $10.2 million in 2013, representing an average annual increase of 2.2 percent during this period.

Commodities

Commodities include building, plumbing, roadway, and other materials and supplies, including technological supplies. This category increased from approximately $4.1 million in 2009 to approximately $5.2 million in 2013 for an average annual growth rate of 6.1 percent. In 2011, there were significant increases in chemicals and industrial gases purchased by the Airport, increasing from $1.1 million in 2010 to $1.9 million in 2011. Commodities and related expenses increased from $4.9 million in 2012 to $5.2 million in 2013. The majority of the 2013 increase was an increase in gasoline purchases and an increase in repair parts purchased.

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, based on the number and type of major maintenance projects conducted. This line item increased from approximately $481,000 in 2009 to approximately $1.6 million in 2010. Major Maintenance expenses decreased to approximately $1.2 million and $649,000 in 2011 and 2012, respectively. The negative value for 2013 of ($367,968) was due to a timing issue with the capitalization of projects. There was a delay in the capitalization in 2012 which resulted in a large offset in 2013 to correct for the timing issue.

Other

Other expenses include interest and penalties, bad debt expense, and other miscellaneous charges. This expense category increased from approximately $388,000 in 2009 to approximately $865,000 in 2013. The increase in 2013 is the expenses portion of the sale of the 2013 bonds. As historical numbers indicate, expenses in this line item are highly variable and difficult to forecast.

The following table presents Operation and Maintenance Expenses for fiscal years 2009 through 2013. Total O&M Expenses increased from approximately $51.0 million in 2009 to approximately $59.1 million in 2013, averaging an annual growth rate of 3.7 percent. The largest increases in Operation and Maintenance Expenses during the historical period occurred in Salaries and Fringe Benefits, which increased approximately $5.9 million or an average annual growth rate of 6.5 percent and Commodities by approximately $1.1 million or an average annual growth rate of 6.1 percent.

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MILWAUKEE COUNTY AIRPORT SYSTEM
TOTAL AIRPORT SYSTEM O&M EXPENSES
FOR YEARS 2009-2013

Airport Expenses	Actual [1] 2009	2010	2011	2012	2013	Avg. Annual Growth Rate 2009-2013
BY EXPENSE CATEGORY						
Salaries and Fringe Benefits	$20,367,529	$23,991,103	$25,299,745	$24,117,710	$26,223,778	6.5%
Contractual Services						
Utilities	$3,992,418	$4,939,750	$4,768,800	$5,176,168	$5,194,711	6.8%
Repairs/Maintenance	3,197,910	3,498,775	4,485,800	4,186,493	2,812,396	-3.2%
Prof. Services/Admin	6,381,621	6,549,900	7,954,442	7,374,375	6,515,971	0.5%
Other	2,778,495	1,858,236	2,280,523	2,765,662	2,446,121	-3.1%
Subtotal	$16,350,444	$16,846,661	$19,489,565	$19,502,698	$16,969,201	0.9%
Intra-County Services						
Sheriff	$6,697,277	$8,040,178	$7,560,633	$6,732,907	$7,270,582	2.1%
Fleet Maintenance	10,120	10,000	-	-	-	n/a
Prof. Service	363,842	245,000	295,000	470,403	699,350	17.7%
Insurance	475,618	604,510	621,334	863,326	630,779	7.3%
Other	1,807,188	698,316	1,500,407	1,279,775	1,608,965	-2.9%
Subtotal	$9,354,045	$9,598,004	$9,977,374	$9,346,411	$10,209,676	2.2%
Commodities	$4,073,014	$4,018,420	$5,093,686	$4,917,386	$5,157,177	6.1%
Major Maintenance	481,247	1,599,657	1,182,304	649,263	(367,967)	-6.5%
MKE Regional Business Park	-	788,694	-	-	-	n/a
Other	387,522	1,108,054	31,261	20,327	864,874	22.2%
Total O & M Expenses	**$51,013,801**	**$57,950,592**	**$61,073,935**	**$58,553,796**	**$59,056,739**	3.7%
BY COST CENTER						
Terminal	$30,051,439	$33,268,210	$35,238,821	$33,579,982	$33,257,527	2.6%
Airfield	16,646,223	20,556,352	20,480,368	19,714,176	20,788,481	5.7%
Apron	2,028,769	1,179,481	1,270,504	1,245,314	1,285,667	-10.8%
Flexible Response Security	2,031,086	2,157,854	2,154,715	2,040,655	1,989,903	-0.5%
MKE Regional Business Park	256,284	788,694	1,929,527	1,973,669	1,735,161	61.3%
Total O & M Expenses	**$51,013,801**	**$57,950,592**	**$61,073,935**	**$58,553,796**	**$59,056,739**	3.7%

[1] Based on schedules prepared from Airport System records, certain amounts can be referenced to the County CAFR's audited statement of Revenues, Expenses and Changes in Retained Earnings.

HISTORICAL ENPLANEMENTS

The Airport experienced rapid growth in enplanements from 2004 through 2010 and a sharp decrease in enplanements from 2010 through 2013. Between 2004 and 2013, enplaned passengers at the Airport decreased at an average annual rate of 0.2 percent, as compared to the average annual growth rate in total U.S. enplanements, which was 0.5 percent during the same period.

- Total enplanements at the Airport increased from approximately 3.33 million in 2004 to 4.93 million in 2010. Enplanements increased at an average annual rate of 3.7 percent from 2004 to 2009, and then increased nearly 24 percent in 2010. The rapid growth in the Airport's passenger traffic during these years resulted from a number of significant developments in air service: (1) the expansion of Midwest's hub operations at the Airport from 2003 through 2007; (2) the expansion of low cost carrier service from AirTran, Southwest, and Frontier, which took over Midwest's network hub at the Airport when the two airlines merged in 2010; and (3) the fare competition in 2010 that followed Southwest's entry into the Airport market in September 2009.
- Facing continued financial weakness, increased costs and increased competition, Frontier began to reduce service and discontinue its hubbing activity at the Airport in September 2010. Frontier continued to reduce flights by 21 percent in 2011, 78 percent in 2012 and 80 percent in 2013. Frontier cut its service at the Airport from an average of 86 flights per day in 2010 to an average of three flights per day in 2013. Other airlines have expanded service at the Airport since 2010, although not enough to compensate for Frontier's service cuts. As a result, the Airport's enplanements declined 3.4 percent in 2011, 20.6 percent in 2012 and 13.6 percent in 2013─a cumulative decrease of 33.7 percent from 2010 to 2013. From a record-peak 4.93 million in 2010, the Airport's total enplanements were down to 3.3 million in 2013.
- The Airport's share of U.S. total system revenue enplanements increased from 0.47 percent in 2004 to 0.68 percent in 2010, and then decreased to 0.44 percent in 2013.

AIRPORT AND U.S. ENPLANEMENTS
2004-2013

Year	Milwaukee Enplanements [1]	U.S. Enplanements [2]	Milwaukee Market Share
2004	3,331,255	714,014,000	0.47%
2005	3,629,554	747,171,000	0.49%
2006	3,641,503	750,791,000	0.49%
2007	3,868,098	775,989,000	0.50%
2008	4,000,765	749,242,000	0.53%
2009	3,987,607	709,290,000	0.56%
2010	4,927,558	726,545,000	0.68%
2011	4,760,952	737,377,000	0.65%
2012	3,780,315	742,806,000	0.51%
2013	3,266,309	748,464,000	0.44%
	Average Annual Growth Rate		
2004-2013	-0.2%	0.5%	-

[1] Source: Airport records.

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

The Airport's passenger traffic appears to be stabilizing in 2014. Enplanements have been increasing year-over-year since February 2014. Total enplanements during the first seven months in 2014 were up 2.6 percent from the same period in 2013. Low fares, inexpensive parking, nonstop service to many destinations, expanded Southwest service to New Orleans and Fort Lauderdale, and Frontier's new nonstop service to Orlando and Fort Meyers contribute to the current growth in passenger traffic. The published airline schedules for the entire year 2014 show that Frontier has maintained an average of three flights a day from the Airport, the same as in 2013. The integration of AirTran into Southwest has resulted in a decrease in their combined flights from the Airport to an average of 44 per day in 2013 and 40 per day in 2014, from a peak of 62 flights per day in 2010.

The table below shows that the large majority of the Airport's passengers are bound for U.S. destinations. In 2013 domestic enplanements accounted for nearly 99 percent of the annual total. International traffic is very small, but it increased at a higher average annual rate than domestic traffic from 2004 through 2013.

DOMESTIC AND INTERNATIONAL ENPLANEMENTS
2004-2013 and January-July 2014

	Domestic		International[1]		Total
Year	Enplanements	Share	Enplanements	Share	Enplanements
2004	3,303,947	99.2%	27,308	0.8%	3,331,255
2005	3,601,657	99.2%	27,898	0.8%	3,629,554
2006	3,614,863	99.3%	26,640	0.7%	3,641,503
2007	3,839,368	99.3%	28,731	0.7%	3,868,098
2008	3,973,739	99.3%	27,027	0.7%	4,000,765
2009	3,963,619	99.4%	23,989	0.6%	3,987,607
2010	4,896,990	99.4%	30,568	0.6%	4,927,558
2011	4,712,624	99.0%	48,329	1.0%	4,760,952
2012	3,737,482	98.9%	42,833	1.1%	3,780,315
2013	3,219,249	98.6%	47,060	1.4%	3,266,309
Jan-July 2013	1,868,969	98.0%	37,494	2.0%	1,906,462
Jan-July 2014	1,910,469	97.7%	45,675	2.3%	1,956,143
	Average Annual Growth Rate				
2004-2013	-0.3%	-	6.2%	-	-0.2%
Jan-July 2014	2.2%	-	21.8%	-	2.6%

[1] Calculated as one half of total international passengers.

Source: Airport records.

Origin and destination ("O&D") traffic, which accounted for over 94 percent of the Airport's 2013 enplanements, provides a strong and stable market base for air travel demand. O&D enplanements increased an average of 0.7 percent annually from 2.9 million in 2004 to 3.1 million in 2013.

Annual connecting enplanements at the Airport increased from approximately 430,000 in 2004 to approximately 1.0 million in 2010 and 2011, and then decreased to just under 187,000 in 2013. January-July 2014 data show that connecting enplanements continue to decline; they are estimated to finish the year lower than their 2013 level.

The following table presents the distribution of enplanements at the Airport between O&D and connecting enplanements:

O&D AND CONNECTING ENPLANEMENTS
2004-2013 and January-July 2014

	O&D		Connecting		Total Enplanements
Year	Actual	Share	Actual	Share	Actual
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	3,199,198	80.2%	788,410	19.8%	3,987,607
2010	3,866,789	78.5%	1,060,770	21.5%	4,927,558
2011	3,754,817	78.9%	1,006,136	21.1%	4,760,952
2012	3,281,412	86.8%	498,904	13.2%	3,780,315
2013	3,079,463	94.3%	186,847	5.7%	3,266,309
Jan-July 2013	1,798,836	94.4%	107,626	5.6%	1,906,462
Jan-July 2014	1,866,506	95.4%	89,637	4.6%	1,956,143
	Average Annual Growth Rate				
2004-2013	0.7%	-	-8.8%	-	-0.2%
Jan-July 2014	3.8%	-	-16.7%	-	2.6%

[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.

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The Airport has a broad base of air service providers. In July 2014, six major airlines and 10 regional airlines provided scheduled passenger service at the Airport. The six major airlines are AirTran, American, Delta, Frontier, Southwest, and US Airways. Southwest acquired AirTran on May 2, 2011 and expects to complete the integration of AirTran by the end of 2014. American and US Airways merged in December 2013 but continue to operate separately. The 10 regional airlines include: Air Canada (operated by Air Georgia), Air Wisconsin (US Airways), Envoy (American), Compass (Delta), Endeavor (Delta), ExpressJet (Delta/United), GoJet (Delta), PSA (US Airways), Shuttle America (Delta), and SkyWest (American/Delta/United).

- Prior to its acquisition by Southwest in 2011, AirTran expanded to become the second largest carrier at the Airport by enplanement share in 2009 and 2010—behind Midwest, which merged with Frontier in 2010. AirTran accounted for 23.5 percent of Airport enplanements in 2009 and 29.9 percent of Airport enplanements in 2010. Southwest, the leading low-cost airline, began serving the Airport on November 1, 2009. Southwest accounted for 8.0 percent of Airport enplanements in 2010, its first full year serving the Airport. Since 2011, the combined operations of Southwest and AirTran have accounted for the largest share of Airport enplanements, which decreased from 40.9 percent in 2011 to 45.9 percent in 2013. Their combined share of Airport enplanements increased further to 47.6 percent during the first seven months of 2014.

- Since 2012, Delta, together with its regional affiliates, has held the second largest share of Airport enplanements: 21.7 percent in 2012, 27.0 percent in 2013, and 25.4 percent during the first seven months of 2014. Prior to 2012, after its merger with Northwest Airlines, Delta accounted for the third largest share of Airport enplanements: 8.5 percent in 2010 and 16.6 percent in 2011.

- Frontier's share of Airport enplanements was down to 4.5 percent in 2013 and during the first seven months of 2014, from 33.4 percent—the largest share—in 2010. Republic Airways Holdings, Inc. acquired both Midwest and Frontier in 2009, and merged the two airlines' operations into Frontier in 2010. Frontier's financial difficulties continued after the merger, prompting significant service cuts at the Airport that caused the sharp decrease in Airport passenger traffic from 2010 to 2013.

- During the first seven months of 2014, United Airlines accounted for 9.8 percent of Airport enplanements, US Airways accounted for 7.0 percent, and American Airlines accounted for 5.1 percent.

- The 2008-2009 U.S. economic recession prompted another round of airline consolidations and significant airline system capacity cuts. At the Airport, low cost carrier service expansion, Southwest's entry into the Airport market in 2009, and the fare competition that followed Southwest's entry, tempered the effects of the recession and airline capacity adjustments during the recession.

- Southwest's entry into the market in 2009, the expansion of AirTran, and the continued expansion of their combined operations after the merger contributed to the expansion of mainline service at the Airport. In addition, Frontier was increasing mainline service as it assumed Midwest operations in 2010. As a group, mainline carriers increased their share of Airport enplanements from 58.8 percent in 2009 to 83.3 percent in 2013.

- Regional service declined especially after the elimination of Midwest Connect service in 2010. Regional carriers decreased their share of Airport enplanements from 41.1 percent in 2009 to 16.3 percent in 2013.

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The following table shows the trends in airline market shares at the Airport for the years 2009 through 2013, and January-July 2014.

AIRLINE ENPLANEMENTS AND MARKET SHARES
2009-2013 and January-July 2014

	Enplanements						Market Share					
Airline	**2009**	**2010**	**2011**	**2012**	**2013**	**2014 YTD July**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014 YTD July**
Mainline Carrier												
AirTran	930,278	1,339,492	1,522,118	1,204,978	262,685		23.3%	27.2%	32.0%	31.9%	8.0%	
American			78,866	57,922	75,716	47,671			1.7%	1.5%	2.3%	2.4%
Continental	732						0.0%					
Delta	86,514	596,414	591,351	586,161	667,414	401,909	2.2%	12.1%	12.4%	15.5%	20.4%	20.5%
Frontier	128,706	559,148	1,373,437	384,677	148,448	88,192	3.2%	11.3%	28.8%	10.2%	4.5%	4.5%
Midwest	513,715	701,331					12.9%	14.2%				
Northwest	509,675						12.8%					
Southwest	63,245	392,068	425,535	679,351	1,238,043	930,211	1.6%	8.0%	8.9%	18.0%	37.9%	47.6%
Sun Country	1,130	1,054	1,571	1,230	1,460	790	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
United				111,305	245,287	50,339				2.9%	7.5%	2.6%
USA 3000	21,170						0.5%					
US Airways	87,736	87,054	81,587	82,647	80,884	49,395	2.2%	1.8%	1.7%	2.2%	2.5%	2.5%
Subtotal - Mainline	**2,342,901**	**3,676,561**	**4,074,465**	**3,108,271**	**2,719,937**	**1,568,507**	**58.8%**	**74.6%**	**85.6%**	**82.2%**	**83.3%**	**80.2%**
Regional/Commuter Carrier												
Air Canada Jazz	12,701	13,252	13,789	11,748	11,458	3,690	0.3%	0.3%	0.3%	0.3%	0.4%	0.2%
Air Georgia						4,089						0.2%
Subtotal-Air Canada	12,701	13,252	13,789	11,748	11,458	7,779	0.3%	0.3%	0.3%	0.3%	0.4%	0.4%
SkyWest (AirTran Connection)	5,736	135,411					0.1%	2.7%				
American Eagle (American Connection)	119,955	111,320	32,868	57,990	47,964	23,953	3.0%	2.3%	0.7%	1.5%	1.5%	1.2%
Chautauqua (American Connection)	22,357	47,213	55,229	36,419	36,570	5,863	0.6%	1.0%	1.2%	1.0%	1.1%	0.3%
Skywest (American Connection)						22,514						1.2%
Subtotal-American Connection	142,312	158,533	88,097	94,409	84,534	52,330	3.6%	3.2%	1.9%	2.5%	2.6%	2.7%
Continental Express (ExpressJet)	160,593	762					4.0%	0.0%				
Atlantic Southeast (Delta Connection)	51,737	25,269	20,037	1,525			1.3%	0.5%	0.4%	0.0%		
Chautauqua (Delta Connection)	36,231	594	1,362	2,350	3,469	435	0.9%	0.0%	0.0%	0.1%	0.1%	0.0%
Comair (Delta Connection)	17,162	11,228	48,948	14,242			0.4%	0.2%	1.0%	0.4%		
Compass (Delta Connection)		5,098	18,471	23,272	15,723	3,492	0.0%	0.1%	0.4%	0.6%	0.5%	0.2%
Endeavor (Delta Connection)					15,653	22,183					0.5%	1.1%
Express Jet (Delta Connection)		157,132	30,260	17,011	22,899	11,170	0.0%	3.2%	0.6%	0.4%	0.7%	0.6%
Freedom (Delta Connection)		716						0.0%				
Go Jet (Delta Connection)				30,692	20,998	21,990	0.0%	0.0%	0.0%	0.8%	0.6%	1.1%
Mesaba (Delta Connection)		6,693	9,473	75			0.0%	0.1%	0.2%	0.0%	0.0%	0.0%
Pinnacle (Delta Connection)	25,525	47,037	28,762	50,075	40,763		0.6%	1.0%	0.6%	1.3%	1.2%	
Shuttle America (Delta Connection)	1,735	29,901	3,534	18,895	42,045	6,247	0.0%	0.6%	0.1%	0.5%	1.3%	0.3%
SkyWest (Delta Connection)	48,208	32,875	39,437	77,296	52,124	30,212	1.2%	0.7%	0.8%	2.0%	1.6%	1.5%
Subtotal-Delta Connection	180,598	316,543	200,284	235,433	213,674	95,729	4.5%	6.4%	4.2%	6.2%	6.5%	4.9%
Great Lakes Airlines	5,468	6,008	1,444				0.1%	0.1%	0.0%			
Chautauqua (Midwest Connect)	78,957	386,487					2.0%	7.8%				
Republic (Midwest Connect)	398,804						10.0%					
SkyWest (Midwest Connect)	380,373						9.5%					
Subtotal-Midwest Connect	858,134	386,487	0	0		0	21.5%	7.8%	0.0%	0.0%	0.0%	0.0%
Compass (NW Airlink)	9,916						0.2%					
Mesaba (NW Airlink)	24,327						0.6%					
Pinnacle (NW Airlink)	14,908						0.4%					
Subtotal-NW Airlink	49,151						1.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Express Jet (United Express)			103,182			35,914			2.2%			1.8%
Mesa (United Express)	20,451						0.5%					
Republic (United Express)						1,161						0.1%
Shuttle America (United Express)						63						0.0%
SkyWest (United Express)	108,441	136,177	170,777	199,782	79,251	104,498	2.7%	2.8%	3.6%	5.3%	2.4%	5.3%
Trans States (United Express)	2,925						0.1%					
Subtotal-United Express	131,817	136,177	273,959	199,782	79,251	141,636	3.3%	2.8%	5.8%	5.3%	2.4%	7.2%
Air Wisconsin (US Airways Express)	77,797	89,780	85,091	111,962	129,341	66,773	2.0%	1.8%	1.8%	3.0%	4.0%	3.4%
Mesa (US Airways Express)					5,561	1,630					0.2%	0.1%
PSA (US Airways Express)	15,295	2,051	19,078	13,177	9,951	18,179	0.4%				0.3%	0.9%
Republic (US Airways Express)	257				196		0.0%	0.0%	0.0%	0.0%	0.0%	
Subtotal-US Airways Express	93,349	91,831	104,169	125,139	145,049	86,582	2.3%	1.9%	2.2%	3.3%	4.4%	4.4%
Subtotal - Regional/Commuter	**1,639,859**	**1,245,004**	**681,742**	**666,511**	**533,966**	**384,056**	**41.1%**	**25.3%**	**14.3%**	**17.6%**	**16.3%**	**19.6%**
Subtotal - Charter	**4,847**	**5,993**	**4,745**	**5,533**	**12,406**	**3,580**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.4%**	**0.2%**
TOTAL - ALL AIRLINES	**3,987,607**	**4,927,558**	**4,760,952**	**3,780,315**	**3,266,309**	**1,956,143**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: Airport management records.

Note: Southwest and AirTran reported as single entity beginning in July 2013.

As part of the consolidation in the industry, airlines have cut flights and the number of markets they serve. In 2013, the Airport had, on average, 115 flight departures per day to 34 domestic markets and two international markets—a decrease from 134 flight departures per day to 44 domestic markets and two international markets in 2012. The following table shows the top 20 airports served from the Airport, ranked by the share of the Airport's 2013 O&D passengers.

GENERAL MITCHELL INTERNATIONAL AIRPORT
TOP 20 AIRPORTS BY PASSENGER COUNT
For the 12 Months Ended December 31, 2013

Rank[1]	Airport	Airport Code	Share of MKE O&D Passengers	Avg. Daily Nonstop Departures[2]
1	Orlando, FL	MCO	6.1%	4
2	New York, NY	LGA	5.5%	8
3	Phoenix, AZ	PHX	5.1%	4
4	Denver, CO	DEN	4.6%	7
5	Las Vegas, NV	LAS	4.5%	3
6	Atlanta, GA	ATL	4.4%	11
7	Washington, DC	DCA	3.7%	4
8	Los Angeles, CA	LAX	3.6%	1
9	Tampa, FL	TPA	3.5%	2
10	Minneapolis/St. Paul, MN	MSP	3.4%	9
11	San Francisco, CA	SFO	3.0%	1
12	Boston, MA	BOS	2.9%	2
13	Ft. Myers, FL	RSW	2.9%	2
14	Baltimore, MD	BWI	2.2%	3
15	Dallas/Ft. Worth, TX	DFW	2.1%	5
16	Philadelphia, PA	PHL	2.1%	5
17	South Florida	FLL	2.0%	1
18	Seattle, WA	SEA	1.8%	1
19	Kansas City, MO	MCI	1.8%	2
20	Charlotte, NC	CLT	1.6%	5
	Top 20 O&D Airports		**66.6%**	**77**
	Other Airports		**33.4%**	**38**
	TOTAL		**100.0%**	**115**

1 Rank by share of Airport O&D passengers.
2 The number of daily nonstop departures equals annual scheduled nonstop departures divided by 365.
3 Sources: OAG Aviation Solutions and U.S. Department of Transportation OD1A Database.

FUTURE CAPITAL IMPROVEMENT PROJECTS

The AUA includes an Airline-approved Five-Year Capital Improvement Program for CYs 2011 – 2015 (the "2011 – 2015 CIP") totaling approximately $218 million of project costs. The AUA also provides for a lease extension that contains a provision that requires the approval by the Airlines of a new Five-Year CIP for CYs 2016 - 2020 (the "2016 - 2020 CIP"). The 2016 -2020 CIP contains approximately $135 million of project costs. The financial projections anticipate the County issuing Additional Bonds in 2016 to finance $9.0 million of project costs that will be rate-based to the Airlines, and Additional Bonds in 2017 to finance $28.9 million of project costs that the debt service is expected to be repaid with PFCs.

AIRPORT SYSTEM INDEBTEDNESS

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
03/31/2004	Airport Revenue, Series 2004A *	$ 37,360,000	12/01/2029	4.50% - 5.00%	$ 1,220,000
12/22/2005	Airport Revenue, Series 2005A	29,010,000	12/01/2030	4.00% - 5.25%	28,130,000
12/22/2005	Airport Revenue Ref., Series 2005B	7,755,000	12/01/2014	4.00%	1,005,000
11/16/2006	Airport Revenue, Series 2006A	25,665,000	12/01/2031	4.00% - 5.00%	21,545,000
11/16/2006	Airport Revenue Ref., Series 2006B	5,020,000	12/01/2015	5.00%	705,000
11/15/2007	Airport Revenue, Series 2007A	13,445,000	12/01/2032	4.125% - 5.00%	11,505,000
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	4.00%	455,000
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	4.00% - 5.00%	39,530,000
08/14/2013	Airport Revenue, Series 2013A	47,095,000	12/01/2038	5.00% - 5.25%	47,095,000
08/14/2013	Airport Revenue Ref., Series 2013B	3,330,000	12/01/2022	2.25% - 4.00%	3,330,000
	Subtotal - Existing Debt				$ 198,780,000
11/06/2014	Airport Revenue Ref., Series 2014	23,655,000	12/01/2029	4.00% - 5.00%	23,655,000
	Total				$ 222,435,000

* Principal Outstanding reflects the refunding of the callable maturities by the 2014 Bonds.

Airport Revenue Debt by Payment Source

GARB Issue	Airfield	Terminal	Apron	PFC	Total
Airport Revenue, Series 2004A	--	9.0%	--	91.0%	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	--	50.7%	--	49.3%	100.0%
Airport Revenue Ref., Series 2010B	--	100.0%	--	--	100.0%
Airport Revenue, Series 2013A	3.9%	71.6%	--	24.5%	100.0%
Airport Revenue Ref., Series 2013B	--	100.0%	--	--	100.0%
Airport Revenue Ref., Series 2014A	--	9.0%	--	91.0%	100.0%

General Obligation 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 THE GENERAL BOND RESOLUTION – Creation of Funds; Flow of Funds."

Total outstanding debt service is shown in the table below.

Outstanding Airport Debt Service

	General Obligation Airport Bonds			Outstanding Airport Revenue Bonds [1]			2014 Bonds			
Year	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**	**Total D.S.**
2015	$ 301,836	$ 33,823	$ 335,659	$ 9,715,000	$ 9,273,015	$ 18,988,015	$ 1,035,000	$ 1,253,817	$ 2,288,817	$ 21,612,491
2016	298,706	22,957	321,663	9,545,000	8,826,553	18,371,553	1,155,000	1,131,000	2,286,000	20,979,216
2017	297,588	11,606	309,194	9,765,000	8,377,878	18,142,878	1,215,000	1,073,250	2,288,250	20,740,322
2018	-	-	-	10,005,000	7,898,053	17,903,053	1,275,000	1,012,500	2,287,500	20,190,553
2019	-	-	-	10,250,000	7,411,615	17,661,615	1,340,000	948,750	2,288,750	19,950,365
2020	-	-	-	10,505,000	6,910,265	17,415,265	1,400,000	881,750	2,281,750	19,697,015
2021	-	-	-	10,775,000	6,397,290	17,172,290	1,470,000	811,750	2,281,750	19,454,040
2022	-	-	-	11,035,000	5,907,821	16,942,821	1,545,000	738,250	2,283,250	19,226,071
2023	-	-	-	11,000,000	5,378,621	16,378,621	1,625,000	661,000	2,286,000	18,664,621
2024	-	-	-	7,520,000	4,841,059	12,361,059	1,705,000	579,750	2,284,750	14,645,809
2025	-	-	-	7,875,000	4,477,909	12,352,909	1,790,000	494,500	2,284,500	14,637,409
2026	-	-	-	8,265,000	4,093,834	12,358,834	1,880,000	405,000	2,285,000	14,643,834
2027	-	-	-	8,675,000	3,682,003	12,357,003	1,975,000	311,000	2,286,000	14,643,003
2028	-	-	-	9,095,000	3,266,759	12,361,759	2,070,000	212,250	2,282,250	14,644,009
2029	-	-	-	9,535,000	2,829,315	12,364,315	2,175,000	108,750	2,283,750	14,648,065
2030	-	-	-	9,990,000	2,368,268	12,358,268	-	-	-	12,358,268
2031	-	-	-	7,900,000	1,875,013	9,775,013	-	-	-	9,775,013
2032	-	-	-	6,470,000	1,473,013	7,943,013	-	-	-	7,943,013
2033	-	-	-	4,795,000	1,142,150	5,937,150	-	-	-	5,937,150
2034	-	-	-	5,035,000	902,400	5,937,400	-	-	-	5,937,400
2035	-	-	-	2,835,000	643,913	3,478,913	-	-	-	3,478,913
2036	-	-	-	2,985,000	495,075	3,480,075	-	-	-	3,480,075
2037	-	-	-	3,140,000	338,363	3,478,363	-	-	-	3,478,363
2038	-	-	-	3,305,000	173,513	3,478,513	-	-	-	3,478,513
2039	-	-	-	-	-	-	-	-	-	-
Total	898,131	68,386	966,517	190,015,000	98,983,693	288,998,693	23,655,000	10,623,317	34,278,317	324,243,526

1. Includes Series 2005A, 2006A, 2006B, 2007A, 2009A, 2010A, 2010B, 2013A and 2013B (excludes 2004A)

REVIEW OF THE AIRPORT CONSULTANT

The County has retained the Airport Consultant to prepare a financial review (the "Review") of the projected operating revenues, expenses and air traffic activity at the Airport, which is attached hereto as APPENDIX A "REVIEW OF THE AIRPORT CONSULTANT." Additionally the Review included historic and projected debt service coverage following the issuance of the 2014 Bonds. The Review should be read in its entirety for an explanation of the assumptions and forecasts used therein.

The conclusions, forecasts, and much of the other information included in the Review 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. The Airport Consultant expresses no opinion as to the accuracy of the financial source data or other materials utilized in preparing the Review. Prospective purchasers should be aware that there might be differences between the projected and actual results, because events and circumstances may not occur as expected and those differences may be material. The achievement of any financial forecast is dependent upon future events that cannot be assured.

The assumptions described above and the analyses contained in the attached Review 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, the Airport's enplanements are projected to increase annually from 2013 levels during CYs 2014 – 2018. Enplanements in 2013 were approximately 3.3 million, and are forecast to reach nearly 3.8 million in 2018 under the base forecast, which equals an average annual growth rate of 3.0 percent. Other forecasts included in the Review had average annual rate increases in enplanements that ranged from 1.7 percent to 2.8 percent for the same period.
- The base forecast is developed using Airport operating results through July 2014. August 2014 Airport operating results published the week of September 22, 2014, were not included in the base forecast.
- Total Airport System Revenues, based on the base enplanement forecast, are projected to increase from approximately $88.8 million in 2014 to approximately $106.5 million in 2018.
- The airline cost per enplaned passenger, under the base enplanement forecast, is projected to increase from $8.84 in 2014 to $10.10 in 2018.
- Annual net discretionary cash flow is projected to range between approximately $4.6 million and $5.1 million during the period.
- Debt service coverage for the base enplanement forecast is projected to range from 1.56 to 1.63 during the forecast period, which remains above the 1.25 debt service coverage minimum requirement.

The financial projections presented in the Review are based on information and assumptions that have been provided by Airport System management, or developed by the Airport Consultant and reviewed with and confirmed by Airport System management. Based upon their review, the Airport Consultant believes that the information is accurate and that the assumptions provide a reasonable basis for the forecast. However, some variations may be material. The Review should be considered in its entirety for an understanding of the forecast and the underlying assumptions.

MILWAUKEE COUNTY AIRPORT SYSTEM
CASH FLOW AND DEBT SERVICE COVERAGE
FOR YEARS 2009 – 2018
BASE CASE

Cash Flow and	Actual					Budget	Proposed Budget	Projected		
Debt Service Coverage	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
AIRPORT SYSTEM REVENUES										
TOTAL REVENUES	$72,121,389	$79,805,838	$87,230,764	$84,104,059	$86,316,359	$88,816,858	$96,267,259	$98,324,686	$101,554,647	$106,513,987
O&M EXPENSES	51,013,801	57,950,592	61,073,935	58,660,142	59,056,739	64,184,596	68,214,527	70,598,486	73,108,361	75,722,945
NET REVENUES	$21,107,588	$21,855,246	$26,156,829	$25,443,917	$27,259,621	$24,632,262	$28,052,732	$27,726,200	$28,446,286	$30,791,042
NET DISCRETIONARY CASH FLOW										
Net Revenues	$21,107,588	$21,855,246	$26,156,829	$25,443,917	$27,259,621	$24,632,262	$28,052,732	$27,726,200	$28,446,286	$30,791,042
Less: Debt Service										
G.O. Bonds	$1,420,489	$768,370	$158,632	$183,456	$133,285	$133,719	$36,587	$36,208	36,072	-
Series 2000 & 2003A Bonds	7,942,919	7,735,919	617,344	586,406	569,531	-	-	-	-	-
Series 2004A Bonds	2,539,400	2,540,150	2,539,900	2,542,150	2,541,650	2,538,400	-	-	-	-
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	2,580,028	2,580,715	2,577,990
Series 2005 B 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	1,838,500	1,839,500	1,840,250
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	931,863	935,613	933,113
Series 2009A Bonds	-	547,465	579,669	579,669	579,669	579,669	1,069,669	1,069,969	1,068,556	1,070,356
Series 2009B Bonds	-	556,206	539,075	513,275	492,000	473,200	-	-	-	-
Series 2010A Bonds	-	-	1,630,649	1,442,343	1,442,343	1,442,343	2,457,343	2,456,894	2,460,094	2,460,594
Series 2010B Bonds	-	-	6,644,732	6,430,250	6,211,000	5,992,500	5,769,750	5,548,000	5,327,250	5,107,500
Series 2013A Bonds	-	-	-	-	177,507	597,218	3,480,638	3,478,388	3,478,638	3,481,138
Series 2013B Bonds	-	-	-	-	33,917	504,113	488,513	467,913	452,513	432,113
Series 2014A Bonds [1]	-	-	-	-	-	-	2,288,817	2,286,000	2,288,250	2,287,500
Series 2016 Bonds [2]	-	-	-	-	-	-	-	-	842,797	842,797
Series 2017 Bonds [2]	-	-	-	-	-	-	-	-	-	2,476,030
Less: Deposits to Coverage Fund	-	1,936,631	-	-	-	34,284	-	210,699	-	-
Less: Depreciation	-	-	2,868,606	3,395,874	4,613,117	1,451,250	2,154,844	2,188,746	2,375,386	2,376,289
Less: Reimbursement of Tax Levy	1,903,131	1,635,741	-	-	-	-	-	-	-	-
Net Discretionary Cash Flow	$1,183,897	$301,112	$4,769,270	$3,984,341	$4,700,599	$5,145,263	$4,584,470	$4,632,994	$4,760,903	$4,905,373
COVERAGE CALCULATION										
Net Revenues [A]	$21,107,588	$21,855,246	$26,156,829	$25,443,917	$27,259,621	$24,632,262	$28,052,732	$27,726,200	$28,446,286	$30,791,042
Add Other Available Funds:										
Series 2000 & 2003 A Bonds	$1,985,730	$1,933,980	$154,336	$146,602	$142,383	$0	$0	$0	$0	$0
Series 2004 A Bonds	634,850	635,038	634,975	635,538	635,413	634,600	-	-	-	-
Series 2005 A Bonds	385,348	384,348	383,348	383,598	383,798	383,948	645,298	645,007	645,179	644,498
Series 2005 B Bonds	259,700	260,250	261,700	261,500	260,950	261,300	-	-	-	-
Series 2006 A Bonds	459,425	460,475	459,975	459,225	459,475	459,425	460,325	459,625	459,875	460,063
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	232,966	233,903	233,278
Series 2009 A Bonds	-	136,866	144,917	144,917	144,917	144,917	267,417	267,492	267,139	267,589
Series 2009 B Bonds	-	139,051	134,769	128,319	123,000	118,300	-	-	-	-
Series 2010A Bonds	-	-	407,662	360,586	360,586	360,586	614,336	614,223	615,023	615,149
Series 2010B Bonds	-	-	1,661,183	1,607,563	1,552,750	1,498,125	1,442,438	1,387,000	1,331,813	1,276,875
Series 2013A Bonds	-	-	-	-	44,377	149,305	870,159	869,597	869,659	870,284
Series 2013B Bonds	-	-	-	-	8,479	126,028	122,128	116,978	113,128	108,028
Series 2014A Bonds [1]	-	-	-	-	-	-	572,204	571,500	572,063	571,875
Series 2016 Bonds [2]	-	-	-	-	-	-	-	-	210,699	210,699
Series 2017 Bonds [2]	-	-	-	-	-	-	-	-	-	619,008
Subtotal Other Available Funds [B]	$4,150,018	$4,303,348	$4,590,080	$4,470,061	$4,453,155	$4,466,936	$5,319,208	$5,164,388	$5,318,481	$5,877,345
Net Revenues plus Other Available Funds [A + B = C]	$25,257,606	$26,158,594	$30,746,909	$29,913,979	$31,712,775	$29,099,199	$33,371,940	$32,890,588	$33,764,766	$36,668,387
Debt Service:										
Series 2000 & 2003 A Bonds	7,942,919	7,735,919	617,344	586,406	569,531	-	-	-	-	-
Series 2004 A Bonds	2,539,400	2,540,150	2,539,900	2,542,150	2,541,650	2,538,400	-	-	-	-
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	2,580,028	2,580,715	2,577,990
Series 2005 B Bonds	1,038,800	1,041,000	1,046,800	1,046,000	1,043,800	1,045,200	-	-	-	-
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	1,838,500	1,839,500	1,840,250
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	931,863	935,613	933,113
Series 2009 A Bonds	-	547,465	579,669	579,669	579,669	579,669	1,069,669	1,069,969	1,068,556	1,070,356
Series 2009 B Bonds	-	556,206	539,075	513,275	492,000	473,200	-	-	-	-
Series 2010A Bonds	-	-	1,630,649	1,442,343	1,442,343	1,442,343	2,457,343	2,456,894	2,460,094	2,460,594
Series 2010B Bonds	-	-	6,644,732	6,430,250	6,211,000	5,992,500	5,769,750	5,548,000	5,327,250	5,107,500
Series 2013A Bonds	-	-	-	-	177,507	597,218	3,480,638	3,478,388	3,478,638	3,481,138
Series 2013B Bonds	-	-	-	-	33,917	504,113	488,513	467,913	452,513	432,113
Series 2014A Bonds [1]	-	-	-	-	-	-	2,288,817	2,286,000	2,288,250	2,287,500
Series 2016 Bonds [2]	-	-	-	-	-	-	-	-	842,797	842,797
Series 2017 Bonds [2]	-	-	-	-	-	-	-	-	-	2,476,030
Total GARB Debt Service [D]	$16,600,071	$17,213,392	$18,360,321	$17,880,246	$17,812,619	$17,867,746	21,276,832	20,657,553	21,273,924	23,509,380
DEBT SERVICE COVERAGE [C / D = E]	**1.52**	**1.52**	**1.67**	**1.67**	**1.78**	**1.63**	**1.57**	**1.59**	**1.59**	**1.56**

[1] Debt service per bond pricing document dated October 22, 2014 prepared by Public Financial Management, Inc.

[2] Estimated debt service based on Airport System Management's proposed Five-Year CIP for CYs 2016 - 2020 that has not been approved by the Airlines.

MILWAUKEE COUNTY AIRPORT SYSTEM
PROJECTED AIRLINE COST PER ENPLANED PASSENGER
For Years 2009 – 2018
BASE CASE

Year	Landing Fees [1]	Terminal Rents & Charges	Apron Fees	Flex Response Security	Total Airline Payments	Enplaned Passengers	Cost Per Enplaned Passenger
2009 Act.	$11,823,688	$3,237,119	$1,321,284	$1,946,189	$18,328,280	3,987,607	$4.60
2010 Act.	$17,660,625	$1,886,374	$1,322,221	$2,653,686	$23,522,906	4,927,558	$4.77
2011 Act.	$17,417,066	$3,962,058	$1,392,435	$2,122,181	$24,893,740	4,760,952	$5.23
2012 Act.	$15,424,248	$6,299,728	$1,312,600	$1,924,623	$24,961,199	3,780,315	$6.60
2013 Act.	$17,737,816	$8,156,755	$1,224,557	$1,940,521	$29,059,650	3,266,309	$8.90
2014 Bud.	$17,849,119	$8,028,325	$1,258,030	$2,422,954	$29,558,428	3,344,700	$8.84
2015 Bud.	$20,117,846	$10,612,266	$1,392,868	$2,308,981	$34,431,962	3,490,303	$9.87
2016 Proj.	$20,604,586	$10,461,153	$1,418,952	$2,380,549	$34,865,240	3,628,544	$9.61
2017 Proj.	$21,533,196	$11,315,880	$1,469,327	$2,466,468	$36,784,870	3,724,496	$9.88
2018 Proj.	$22,363,146	$11,739,077	$1,521,853	$2,555,999	$38,180,076	3,782,005	$10.10

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

The above table presents actual and projected airline cost per enplanement ("CPE") for the CYs 2009 – 2018. The CPE is derived from dividing the costs charged to the airlines for use of the Airport by the actual or estimated enplanements from historic data or the prepared forecast, respectively. The reduction in the number of enplanements during CYs 2011 – 2013 resulted in an increase in the CPE from $5.23 in 2011 to $8.90 in 2013. During the forecast period, the CPE is projected to be $8.84 in 2014 and increase annually to $10.10 in 2018. A significant portion of the CPE increase during the forecast period occurs in 2015, resulting from the debt service associated with the 2013 GARB issues being fully rate-based along with a significant increase in Fringe Benefits that resulted from the settlement of a lawsuit by the County. Despite the increase during the forecast period, the Airport's projected CPE are reasonable compared with the results of the most recent ACI survey conducted in 2013, which showed airports of comparable size having CPEs ranging from a low of $2.89 to a high of $18.02. Although CPE is widely used for the purpose of comparing the cost of one airport to another, information at one airport may not be comparable to another without recognizing and accounting for differences as discussed below:

1. The Airport's costs are forecast while the comparison costs are most often historical.

2. The Airport's CPE forecast includes the projected 2016 – 2018 CIP costs, while the comparative airports included only historic costs. Most mid-sized airports have ongoing capital improvement plans that will likely impact future costs for the comparable airports.

INVESTMENT CONSIDERATIONS

Purchase of the 2014 Bonds is subject to certain risks. Prospective purchasers of the 2014 Bonds are urged to read this Official Statement, including all of the Appendices, in its entirety, giving particular attention to the following matters:

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 Bonds then Outstanding and to make the required deposits to the other funds and accounts established under the General Bond Resolution. See "SECURITY FOR THE 2014 BONDS – Rate Covenant."

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) 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, (b) airlines operating at the Airport will remain able to pay amounts owing under the AUA, (c) various federal airport funding programs (including Airport Improvement Programs and Passenger Facility Charges) will continue, (d) projections of Operation and Maintenance Expenses and non-airline revenues for the Airport System are reasonably accurate and (e) 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 Review of the Airport Consultant

The Review 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 APPENDIX A "REVIEW OF THE AIRPORT CONSULTANT."

Forecast Uncertainty and Risk Factors

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

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 through June 2009. The 2008-2009 recession, referred to as the Great Recession, was the longest and deepest recession the U.S. economy experienced after World War II. The recession lasted six quarters. At the trough in the second quarter of 2009, U.S. real Gross Domestic Product ("GDP"), a broad measure of U.S. economic activity, was more than 4 percent lower than its previous peak level in the fourth quarter of 2007. In two years from the start of the Great Recession, the economy lost a total of 8.7 million jobs—jobs that were created over five years prior to the Great Recession. The recovery that followed the Great Recession has also been the slowest recovery in post-World War II history. The U.S. real GDP took nearly four years to return to its pre-recession peak, compared with the two years it took to recover from the previous 10 recessions. The U.S. nonfarm employment level took nearly 6 ½ years to return to its previous peak, compared with only 2 to 2 ½ years during recoveries from previous recessions.

The U.S. economy is now into its sixth year of expansion since the end of the Great Recession in June 2009. Various economic sources expect the current expansion to continue at rates lower than the U.S. economy experienced historically. Economic growth could accelerate with stronger consumer spending and greater capital investment in both business and housing sectors. A number of factors, including geopolitical risks and weakness in the financial markets due to a change in monetary policy, could hamper the current economic expansion.

Overall Financial Health of the U.S. Airline Industry

In the past decade, a number of factors combined to weaken U.S. airlines' financial results. Passenger and air cargo demand declined during the 2001 economic recession, following the September 2001 terrorist attacks on U.S. aviation, and during the 2008-2009 Great Recession. Fuel prices also increased to record high levels.

U.S. airlines reported net losses for five consecutive years (from CY 2001 through CY 2005), with cumulative losses totaling $57.7 billion. Despite record high oil prices, U.S. airlines earned a net profit of $18.2 billion in CY 2006 and $7.7 billion in CY 2007. In 2008, jet fuel prices continued to rise, the U.S. economy went into recession, and U.S. airlines incurred net losses totaling $23.7 billion. In 2009, the U.S. economic recession continued, but jet fuel prices decreased. U.S. airlines reported smaller net losses totaling $2.6 billion. The difficult business environment forced a number of airlines into bankruptcy and liquidation. To improve financial results, the remaining airlines implemented various measures to cut costs and increase revenues. Airlines reduced staff, retired fuel-inefficient aircraft, and rationalized system capacity. They offered multiple fare sales to stimulate demand and began charging for various services to increase revenues. The industry began to see net profits in 2010 that have continued through 2013. See also "INFORMATION ABOUT CERTAIN AIRLINES SERVING THE AIRPORT – Airline Information" herein.

Airline Economics, Competition, and Airfares

Airfares have an important effect on passenger demand, particularly for relatively short trips where the automobile or other travel modes are alternatives and for price-sensitive "discretionary" travel, such as vacation travel. Airfares are influenced by airline operating costs and debt burden, passenger demand, capacity and yield management, market presence and competition. Future passenger numbers, both nationwide and at the Airport will depend on the level of airfares.

Airline Mergers

To respond to competitive, cost and regulatory pressures, the airline industry has been consolidating. The most recent examples of large mergers include Delta and Northwest in 2009, United and Continental in 2010, Southwest and AirTran in 2011, and American and US Airways in 2013. Airline mergers affect service and traffic at airports, when they consolidate facilities, optimize route networks, and route connecting traffic through other hubs. The impact on affected airports is often immediate. The impact can be significant or trivial, depending upon whether the merging airlines have a large market share at the Airport and whether they carry significant connecting traffic through the Airport.

The Airport has begun to experience the effects of the Southwest and AirTran merger, as Southwest has begun consolidating airport facilities and adjusting flight offerings. At the Airport, Southwest's integration of AirTran and network optimization resulted in a decrease in combined flights from an average of 62 flights per day in 2010 (the highest level) to an average of 44 flights per day in 2013. For 2014, schedules indicate that Southwest and AirTran combined flights at the Airport will average 40 per day. These decreases in the combined Southwest and AirTran flights have been considered in the activity forecasts. The forecasts, however, assume no further reduction in the combined Southwest and AirTran service beyond the reduction in the 2014 flight schedules, published as of September 2014.

Together American Airlines, US Airways, and their regional affiliates accounted for 11.8 percent of total Airport enplanements in 2013. This merger is not expected to have a significant impact on the Airport, because the two airlines account for a relatively small share of total Airport enplanements and do not carry connecting traffic through the Airport.

Price of Jet Fuel

The financial health of the airline industry is affected by the price of jet fuel. From 2004 to 2013, the price of jet fuel increased 158 percent, while the U.S. Consumer Price Index – the price of a representative basket of U.S. goods and services – increased only 23 percent. As a result, fuel expenses, which historically ranged from 10 to 15 percent of U.S. passenger airline operating costs, rose to over 35 percent, according to Airlines For America.

U.S. AVERAGE JET FUEL PRICE AND THE U.S. CONSUMER PRICE INDEX
2004-2013

Year	U.S. Jet Fuel Price (Dollars per gallon)	U.S. CPI (1982-84=100)
2004	$1.17	188.9
2005	$1.65	195.3
2006	$1.95	201.6
2007	$2.09	207.3
2008	$3.06	215.3
2009	$1.89	214.6
2010	$2.23	218.1
2011	$3.05	224.9
2012	$3.17	229.6
2013	$3.03	233.0
	Percent Change	
2004-2013	158.0%	23.3%
2012-2013	-4.4%	1.5%

Sources: Bureau of Transportation Statistics F41 Schedule P12A as of September 2, 2014 and U.S. Bureau of Labor Statistics.

National Security and Threat of Terrorism

Terrorism remains a threat to the aviation industry. Even with tightened security measures implemented by the Department of Homeland Security, terrorists may still disrupt economic and social activities, including air travel. The U.S. Department of Homeland Security periodically updates its assessment of potential threats against the United States, including threats that may target the national aviation system. Travel restrictions imposed pursuant to increased airport security dampen travel demand.

Air Travel Security and Health Concerns

Public health and safety concerns have also affected air travel demand from time to time. In 2003, concerns about the spread of severe acute respiratory syndrome (“SARS”) led public health agencies to issue advisories against nonessential travel to certain regions of the world. In 2009, concerns about the spread of influenza caused by the H1N1 virus reduced international air travel, particularly to and from Mexico and Asia. At that time, however, the United States Center for Disease Control and Prevention (“CDC”) and the World Health Organization (“WHO”) did not recommend that people avoid domestic or international travel. More recently in 2014, an outbreak of the Ebola virus in West Africa and the recent emergence of the Ebola virus in the United States, have again raised concerns about the spread of communicable disease through air travel. The CDC has now urged travelers to defer travel to the affected countries in West Africa in response to concerns about the Ebola virus. The United States government has ordered increased screening for the Ebola virus at certain airports in the United States, although the Airport is not one of the United States airports at which said increased screening is occurring. Furthermore, a number of states have imposed mandatory quarantines and other restrictive measures for any travelers (and others) who are exhibiting symptoms of the Ebola virus. In the event the CDC or the WHO recommends travel restrictions, or should more outbreaks of the Ebola virus occur, such developments may impact activity levels at the Airport.

Termination of PFC Program

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. 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.

Forward-Looking Statements

This Official Statement and APPENDIX A "REVIEW OF THE AIRPORT CONSULTANT," 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 THE AIRPORT

The information provided below regarding the financial condition of certain airlines serving the Airport 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 the Airport, also affect total enplanements.

Performance of Major Airlines at the Airport

The performance of major airlines operating at the Airport can affect future passenger traffic. The four largest airlines by share of enplanements at the Airport are as follows: Southwest (including AirTran) (46 percent), Delta (27 percent), American (including US Airways) (12 percent), and United (10 percent). Together these three airlines accounted for approximately 93 percent of 2013 enplanements. The future operational and financial performances of these airlines will likely influence air traffic activity at the Airport. Recent developments at these mainline carriers are presented below.

Southwest Airlines

Southwest is the second largest scheduled domestic market U.S. carrier based on its share of U.S. system revenue passenger miles (16.0 percent for the 12 months ending in May 2014). It is the only U.S. airline that remained profitable through all the downturns in the airline industry. In CY 2013, Southwest reported its 41st consecutive annual profit of $754 million, a 79 percent increase from $421 million in CY 2012.

Southwest acquired AirTran Airways, Inc. in May 2011. The FAA approved a Single Operating Certificate for Southwest in March 2012. Since that time, Southwest has been working to integrate AirTran operations, a process that Southwest expects to complete by the end of CY 2014.

In 2013, Southwest broke ground on its five-gate, international facility at Houston's William P. Hobby Airport (HOU). Southwest plans to open this international facility in late 2015 to serve destinations in the Caribbean, Mexico, Central America, and the northern cities of South America.

With the removal of Wright Amendment restrictions on nonstop service at Dallas Love Field in October 2014, Southwest will begin nonstop flights between Dallas Love Field and Baltimore/Washington, Chicago Midway, Denver, Las Vegas, Orlando, Atlanta, Fort Lauderdale, Los Angeles, Nashville, New York LaGuardia, Phoenix, Orange County (California), San Diego, Tampa, and Washington Reagan National.

Delta Air Lines

On October 29, 2008, Delta completed its merger with Northwest Airlines, making Delta the largest commercial air carrier in the world. Delta is also the largest scheduled domestic market U.S. carrier, accounting for 16.5 percent of revenue passenger miles in the 12 months ending May 2014). Delta and its regional partners operate an average of 772,000 daily flights to 153 airports. Delta's top markets include Atlanta, Minneapolis, Detroit, New York and Salt Lake City. Delta reported a 2013 net income of $2.1 billion, nearly double its $1.1 billion 2012 net income.

American Airlines and US Airways

American Airlines is the fourth largest scheduled domestic market U.S. carrier based on its share of revenue passenger miles in the 12 months ended May 2014 (12.6 percent). Its merger with US Airways makes the combined airline the largest domestic market U.S. carrier with a combined share of 22.6 percent of revenue passenger miles. The combined airline's top domestic markets are Dallas, Charlotte, Phoenix, Miami and Chicago.

AMR Corporation, parent company of American Airlines, filed for Chapter 11 reorganization on November 29, 2011 and announced a merger agreement with US Airways in February 2013. American Airlines emerged from bankruptcy and merged with U.S. Airways on December 9, 2013. As a result of the merger, US Airways Group became a subsidiary of AMR Corporation, which changed its name to American Airlines Group Inc. (AAG). The new carrier will operate under the American Airlines name.

On a non-GAAP basis excluding net special charges, the 2013 combined net profit of the two airlines was $1.9 billion, a $1.5 billion improvement from their combined 2012 net profit of $407 million.

United Airlines

United is the third largest scheduled domestic market U.S. carrier, as measured by its share of revenue passenger miles (15.5 percent in the 12 months ending May 2014). United Continental Holdings, Inc. (UAL) is the holding company for both United Airlines and Continental Airlines. Together with United Express, Continental Express and Continental Connection, these airlines operate an average of 5,300 daily flights to 360 airports. United and Continental completed their merger on October 1, 2010, and began operating as United on November 30, 2011. United's top markets include Houston, Chicago, San Francisco, Denver and Newark.

In CY 2012, UAL reported a net loss of $723 million. In CY 2013, the company reported a net profit of $571 million from significant improvements in operations and customer service.

Airline Information

AirTran, Delta, and Southwest Airlines, the airlines with the highest market shares at the Airport, along with certain other major and national airlines serving the Airport 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 establishment or collection of Revenues of the Airport System to pay 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 Federal District Court, the Seventh Circuit Court, the federal court of appeals 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.

As a result of recent legislation, the County has implemented a number of changes to its pension and retiree healthcare benefits, resulting in economic savings to the County. Legal challenges have been brought against the County regarding the healthcare plan design changes imposed on retirees, the elimination of the Medicare Part B premium reimbursement for future retirees, the reduction in the pension multiplier from 2.0 percent to 1.6 percent for most employees and the modification of the backdrop pension benefit. With the exception of the case related to the backdrop benefit, the cases on these matters have made it through the lower courts, which have ruled in favor of the claimants on Medicare Part B reimbursement and the pension multiplier and in favor of the County on retiree healthcare plan design. All of these rulings are currently on appeal. If the County loses the appeals, there will be a financial impact; however, these impacts have not yet been determined. The case related to the backdrop benefit was just recently filed and no decision has been rendered. The financial consequences of a final decision adverse to the County in either of these cases is unknown as of the date hereof.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the 2014 Bonds are subject to the approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin, and Crump Law Firm, LLC, Milwaukee, Wisconsin, Co-Bond Counsel (the "Co-Bond Counsel"), who have been retained by, and act as, Co-Bond Counsel to the County. Certain legal matters in connection therewith will be passed upon for the County by the Milwaukee County Corporation Counsel and for the Underwriters by their counsel, Chapman and Cutler LLP.

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 2014 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, Quarles & Brady LLP and Crump Law Firm, LLC, have, at the request of the County, supplied the information under the headings " TAX EXEMPTION," "NOT BANK-QUALIFIED OBLIGATIONS," "ORIGINAL ISSUE DISCOUNT" and "BOND PREMIUM."

TAX EXEMPTION

Quarles & Brady LLP, Milwaukee, Wisconsin, and Crump Law Firm, LLC, Milwaukee, Wisconsin, Co-Bond Counsel, will deliver legal opinions with respect to the federal income tax exemption applicable to the interest on the 2014 Bonds under existing law substantially in the following form:

"The interest on the 2014 Bonds is excludable for federal income tax purposes from the gross income of the owners of the 2014 Bonds, except for interest on any 2014 Bonds held by a "substantial user" of the facilities financed by the 2014 Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the 2014 Bonds is, however, an item of tax preference for purposes of the federal alternative minimum tax imposed on corporations and individuals. The Code contains requirements that must be satisfied subsequent to the issuance of the 2014 Bonds in order for interest on the 2014 Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the 2014 Bonds to be included in gross income retroactively to the date of issuance of the 2014 Bonds. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the 2014 Bonds."

The interest on the 2014 Bonds is not exempt from present Wisconsin income or franchise taxes.

Interest on the 2014 Bonds is an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations. In addition, prospective purchasers of the 2014 Bonds should be aware that ownership of the 2014 Bonds may result in collateral federal income tax consequences to certain taxpayers. Co-Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the 2014 Bonds should consult their tax advisors as to collateral federal income tax consequences.

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the 2014 Bonds. It cannot be predicted whether, or in what form, any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the 2014 Bonds may be enacted. Prospective purchasers of the 2014 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.

NOT BANK-QUALIFIED OBLIGATIONS

The 2014 Bonds will not be designated "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code 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.

BOND PREMIUM

To the extent that the initial offering price of certain of the 2014 Bonds is more than the principal amount payable at maturity, such 2014 Bonds ("Premium Bonds") will be considered to have bond premium.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such

Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Premium Bonds.

UNDERWRITING

The 2014 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 purchase price payable by the Underwriters for the 2014 Bonds is $27,041,781.39, which takes into account an original issue premium of $3,503,029.40 and Underwriters' discount of $116,248.01. The 2014 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 2014 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 2014 Bonds. The making of a market may be discontinued at any time.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the County, for which they received or will receive customary fees and expenses.

The County intends to use a portion of the proceeds from this offering to redeem the Refunded Obligations. To the extent an Underwriter or an affiliate thereof is an owner of Refunded Obligations, such Underwriter or its affiliate, as applicable, would receive a portion of the proceeds from the issuance of the 2014 Bonds contemplated herein in connection with such Refunded Obligations being redeemed by the County.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the County.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

FINANCIAL ADVISOR

The County has retained Public Financial Management Inc. as financial advisor (the "Financial Advisor") in conjunction with the issuance of the 2014 Bonds. The Financial Advisor has relied upon governmental officials, and other sources, which have access to relevant data to provide accurate information for the Official Statement, and the Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Financial Advisor is not a public accounting firm and has 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 Advisor will not participate in the underwriting of the 2014 Bonds.

Requests for information concerning the County may be addressed to Public Financial Management Inc., 115 South 84th Street, Suite 315, Milwaukee, WI 53214, (414/771-2700).

RATINGS

The 2014 Bonds have been assigned the municipal bond ratings of "A+" by Fitch Ratings ("Fitch"), and "A2" by Moody's Investors Service, Inc. ("Moody's"). The rating outlooks for the 2014 Bonds from Fitch and Moody's are both "stable".

The ratings do not constitute a recommendation by the rating agencies to buy, sell or hold the 2014 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 2014 Bonds.

AVAILABILITY AND INCORPORATION BY REFERENCE OF DOCUMENTS AND FINANCIAL INFORMATION

On August 5, 2014, the County filed with the Municipal Securities Rulemaking Board ("MSRB"), the Comprehensive Annual Financial Report of the County for the year ended December 31, 2013 (the "County CAFR"). There is hereby included in this Official Statement by this reference the information contained in the County CAFR with respect to the Airport System, which information should be read in its entirety in conjunction with this Official Statement.

A copy of the County CAFR may be obtained from the MSRB (http://emma.msrb.org/) or the County's website (http://county.milwaukee.gov/ComprehensiveAnnualF12237.htm).

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with SEC Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, as amended, as authorized by the respective Bond Resolutions authorizing the issuance of the 2014 Bonds, the County will enter into a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") for the benefit of the owners of the 2014 Bonds to provide certain financial information and operating data relating to the County to the MSRB through EMMA, and to provide notices to EMMA of the occurrence of certain events enumerated in the Rule. The terms and conditions of the Continuing Disclosure Certificate, as well as the information to be contained in the annual report or the notices of certain enumerated events, are set forth in the Continuing Disclosure Certificate to be executed and delivered by the County at the time the 2014 Bonds are delivered. The Continuing Disclosure Certificate will be in substantially the form attached hereto as APPENDIX E.

During the past five years, the County has failed to file its annual financial information as required in accordance with the Rule. Specifically, under previously executed continuing disclosure certificates, the County was and is obligated to file annual reports containing financial information and operating data no later than 270 days after the end of each fiscal year, as well as notice of any inability or failure to file such annual reports by the required date. For years ended December 31, 2009, 2010 and 2011, not all of the required information was filed within the 270-day period and no notice of any such failure to file on time was sent to EMMA, as further described below:

1. **For Year Ended December 31, 2009**: The financial information portion of the annual report (the County's 2009 CAFR) was filed by the County on EMMA on December 4, 2012. The operating data portion of the annual report was filed by the County on EMMA for its GARBs on September 2, 2014

and for its general obligation and pension appropriation debt instruments on September 10, 2014. However, updated operating data with respect to the County's GARBs was included in the official statement for the County's 2010A and 2010B GARB issues, which was posted to EMMA on August 8, 2010. Similarly, operating data with respect to the County's general obligation and pension appropriation debt instruments was included in the official statement for the County's 2010C and 2010D general obligation issues, which was posted to EMMA on December 20, 2010.

2. **For Year Ended December 31, 2010**: The operating data portion of the annual report was filed by the County on EMMA for its GARBs on November 21, 2011, and for its general obligation and pension appropriation debt instruments on December 12, 2011. The financial information of the annual report (the County's 2010 CAFR) was filed within the 270-day period by the County on EMMA on August 23, 2011.

One item of operating data (i.e., Five-Year Capital Improvement Program) was inadvertently omitted from the County's operating data portion of its annual report filings for 2009, 2010 and 2011. The County filed an operating data filing with the required five-year capital improvement programs on January 4, 2013.

As such, for each of these years, the County was late in filing all or a portion of the County's annual report on EMMA, no notices of failure to file on time were sent to EMMA, and all required information was subsequently filed.

In 2010, both Moody's and Fitch engaged in a recalibration of certain U.S. municipal (i.e., public finance) ratings. The intent of the recalibrations was to provide a greater degree of comparability across the respective rating agency's portfolios of credit ratings. Both rating agencies stated that the recalibrations did not reflect an improvement in credit quality or a change in credit condition for the municipal issuers. Because of the global nature of the 2010 rating recalibrations, the County did not file a material events notice on EMMA at the time of the rating changes.

Prior to 2008, certain general obligation (base CUSIP 602245) and general airport revenue (base CUSIP 602248) issues of the County were issued contemporaneously with a municipal bond insurance policy for the benefit of the owners of the County's obligations. At the time of the issuance of the respective debt issues, the insurance company's rating was higher than the underlying rating of the County's credit. Subsequently, all of the companies that provided insurance policies on the County's obligations received downgrades by the three major rating agencies to the point where none of the insurance companies had a rating higher than that of the County. This created a situation where the County's underlying credit rating was the prevailing credit rating and not that of the insurer with respect to the insured obligations of the County. Because neither the rating agencies nor the bond insurers notified the County of the respective insurer rating downgrades, the County did not file a material events notice on EMMA at the time of the rating changes.

The County filed a notice for the rating recalibrations and insurer downgrades with the MSRB on September 30, 2014. The County filed this notice as a technical clarification and has not made a determination that the rating changes described above were material.

In recognition of the importance of complying with its obligations under the County's continuing disclosure certificates, the County implemented procedures in early 2013 to help ensure future compliance. The County has strengthened its internal controls by placing debt issuance and the associated disclosure requirements under the direct supervision of the Office of the Comptroller of the County.

A failure by the County to comply with the Continuing Disclosure Certificate will not constitute an event of default on the 2014 Bonds or under the respective Bond Resolutions (although owners of the 2014 Bonds will have the right to obtain specific performance under the Continuing Disclosure Certificate). Nevertheless, such a failure must be reported in accordance with the Rule.

CERTIFICATION

As of the date of the settlement of the 2014 Bonds, the Underwriter will be furnished with a certificate signed by the Comptroller, or his designee. The certificate will state that, as of the date of this Official Statement, this Official Statement did not and does not, as of the date of the certificate, contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

* * * * *

APPENDIX A

REVIEW OF THE AIRPORT CONSULTANT

APPENDIX A
REVIEW OF AIRPORT CONSULTANT

October 22, 2014

Mr. Scott Manske,
Comptroller
Milwaukee County Courthouse
901 North 9th Street, Room 301
Milwaukee, WI 53233

Re: Review of the projected operating revenues, expenses and air traffic activity –Milwaukee County Airport Revenue Refunding Bonds, Series 2014A (AMT)

Dear Mr. Manske:

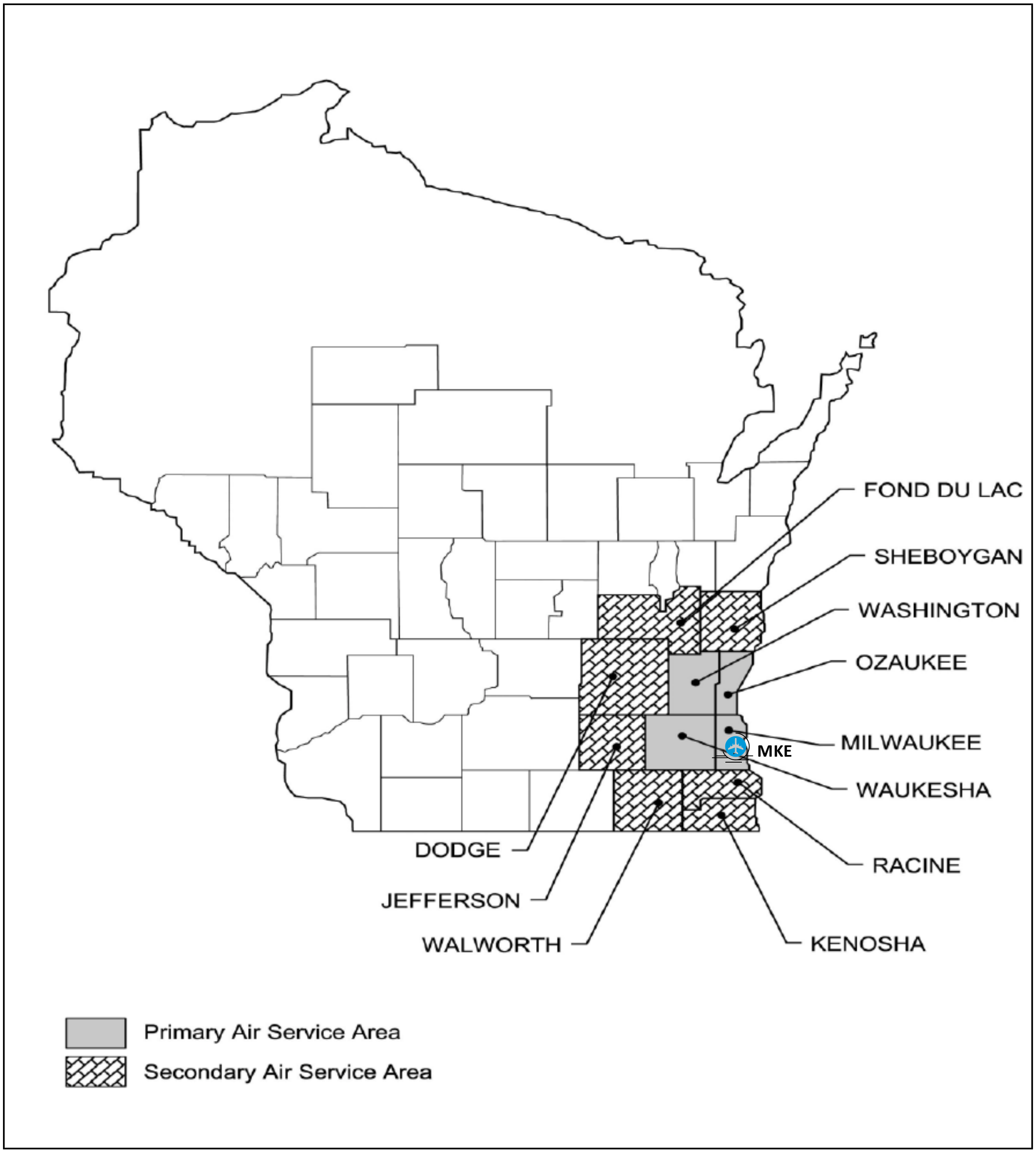
Unison Consulting, Inc. performed a financial review (the "Review") in connection with the issuance of the Milwaukee County (the "County") Airport Revenue Refunding Bonds, Series 2014A (AMT) (the "2014 Bonds"). The 2014 Bonds were issued in the aggregate par amount of $23,655,000. The County Board of Supervisors (the "Board") adopted the 2014 Supplemental Resolution on July 31, 2014, authorizing the issuance of the 2014 Bonds. The 2014 Bonds are being issued, to refund a portion of the outstanding Series 2004A Bonds, which are being issued on parity with the County's outstanding general airport revenue bonds (GARBs).

The General Mitchell International Airport (the "Airport" or "MKE") and Lawrence J. Timmerman Airport (the "Timmerman Airport") comprise (the "Airport System"), which is owned by the County and governed by the County Executive and the Board. The Airport is the major commercial airport in Wisconsin. It is located 72 miles from Chicago O'Hare International Airport and 95 miles from Chicago Midway Airport, making it an accessible alternative airport for the Northern Illinois residents.

ECONOMIC BASE

The Airport serves the southeastern region of Wisconsin shown in **Figure 1**. The Airport's primary service area is the Milwaukee-Waukesha-West Allis Metropolitan Statistical Area (Milwaukee MSA), which includes the counties of Milwaukee (including West Allis City), Ozaukee, Washington, and Waukesha. The Airport's secondary service area includes the counties of Dodge, Fond du Lac, Jefferson, Kenosha, Racine, Sheboygan, and Walworth.

Figure 1
AIRPORT SERVICE AREA

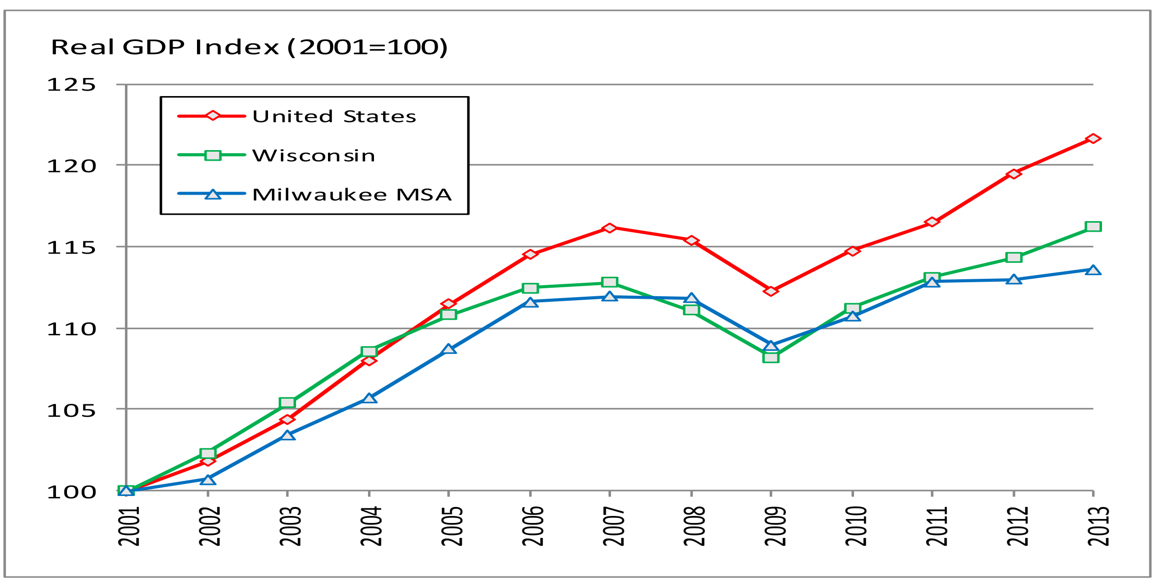


Local and national economic conditions influence the demand for air travel to and from the Milwaukee region. As in most parts of the country, economic conditions in the Milwaukee MSA are still recovering slowly from the recession. Milwaukee and the entire state of Wisconsin received a disproportionate benefit from the Federal American Recovery and Reinvestment Act passed in 2009, and the employment impact of billions of federal stimulus dollars injected into the state's economy in 2009 and 2010. The end of the stimulus, along with state and federal budget cutbacks, partly explains the slow growth in the entire state over the past three years.[1]

Figures 2-7 show the historical trends of key economic indicators in the Milwaukee MSA, Wisconsin and the United States:

- As shown in **Figure 2**, the Milwaukee MSA has lagged behind the state of Wisconsin and the nation in output growth since 2001. In 2013, real Gross Domestic Product (GDP), an inflation-adjusted measure of the value of economic output, grew 0.5 percent in the Milwaukee MSA, compared with 1.7 percent in Wisconsin and 1.8 percent nationwide. Cyclical changes in the Milwaukee MSA economy and Wisconsin have followed national trends. The Milwaukee MSA and Wisconsin economies contracted along with the national economy during the recent recession. Since the recession ended in 2009, economic growth has been slow and uneven, but economic output has surpassed pre-recession peak levels since 2011 in the Milwaukee MSA, the state and the nation.

Figure 2
GROWTH IN REAL GROSS DOMESTIC PRODUCT
2001-2013

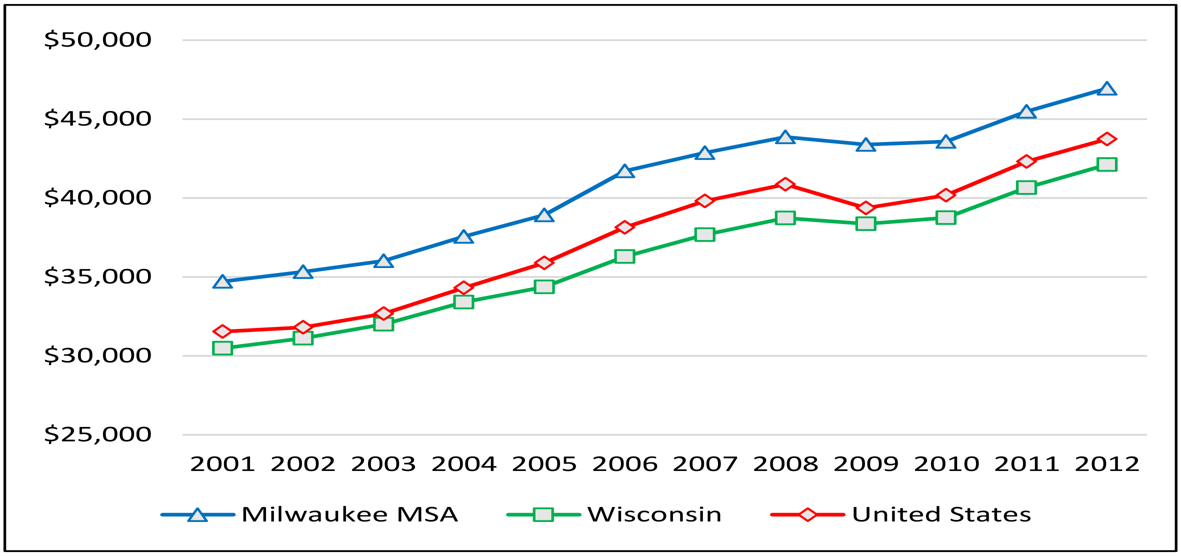


Source: U.S. Bureau of Economic Analysis.

[1] University of Wisconsin Milwaukee, *Gauging Employment Growth in Wisconsin: State-By-State Comparisons, September 2002-2013*, March 2014.

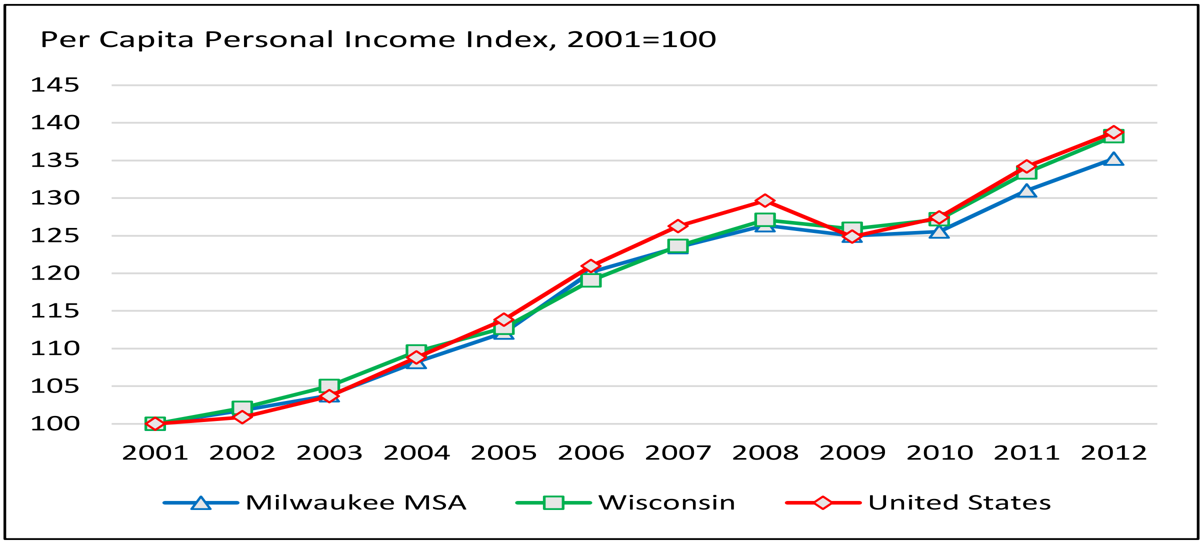
- Because of higher-paying jobs in industrial equipment manufacturing, financial activities, professional and business services, and education and health services, the Milwaukee MSA has maintained a higher per capita personal income than Wisconsin and the United States (**Figure 3**). Since 2010, however, the Milwaukee MSA has lagged behind the state and the nation in per capita personal income growth (**Figure 4**).

Figure 3
PER CAPITA PERSONAL INCOME
2001-2012



Source: U.S. Bureau of Economic Analysis. Data are available through 2012.

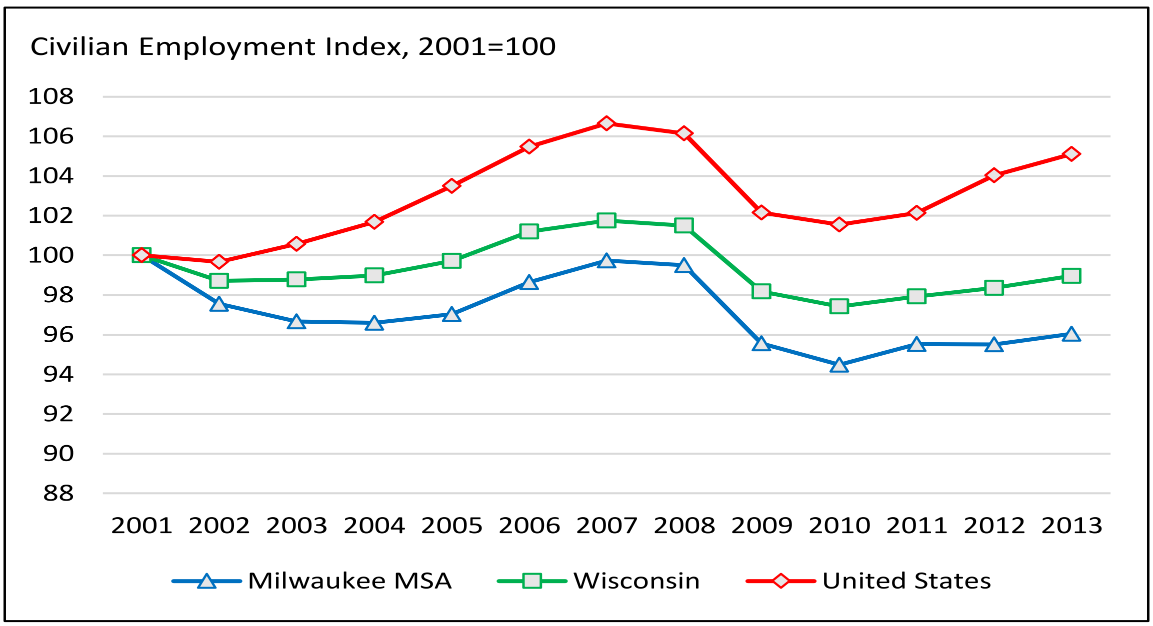
Figure 4
PER CAPITA PERSONAL INCOME GROWTH
2001-2012



Source: U.S. Bureau of Economic Analysis. Data are available through 2012.

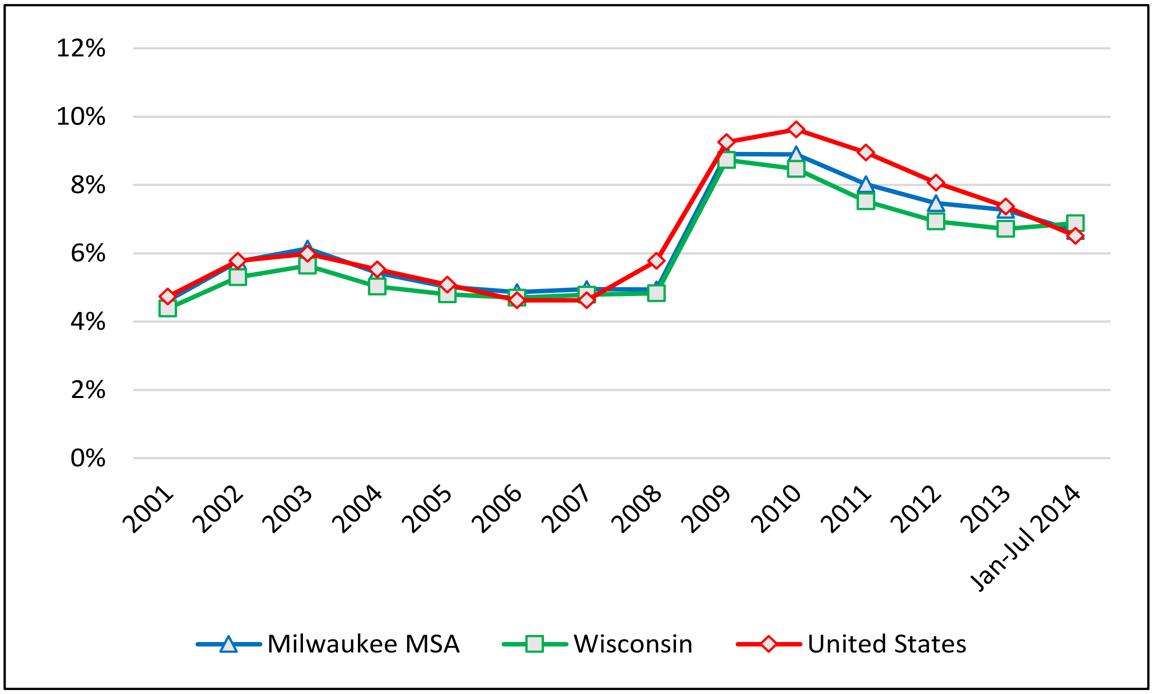
- The Milwaukee MSA has lagged behind the state of Wisconsin and the United States in civilian employment growth from 2001 (**Figure 5**), although recent data show Milwaukee MSA civilian employment growing year-over-year at 1.4 percent, close to the national growth rate of 1.5 percent, during January-July 2014. The local unemployment rate closely tracked the national unemployment rate during the years 2001-2007, and remained lower than the national unemployment rate during the years 2008-2013 (**Figure 6**). In the Milwaukee MSA and nationwide, the unemployment rate peaked during the recession years, 2008-2009, and has since declined. During the first seven months of 2014, the unemployment rate in the Milwaukee MSA averaged 6.7 percent, slightly higher than the U.S. average unemployment rate of 6.5 percent during the same period.

Figure 5
CIVILIAN EMPLOYMENT GROWTH
2001-2013



Source: U.S. Bureau of Labor Statistics.

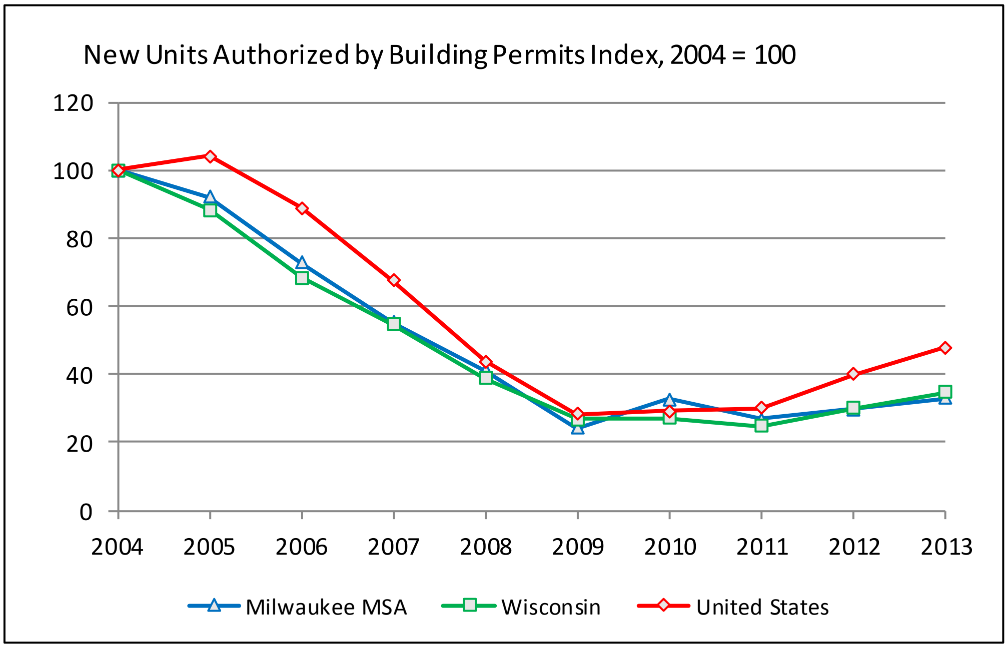
Figure 6
UNEMPLOYMENT RATE
2001-2013 and January-July 2014



Source: U.S. Bureau of Labor Statistics.

- The housing market crash was a central factor in the 2008-2009 recession. Continued weakness in the housing market after the end of the recession inhibited economic recovery. Recent data suggest that the housing market has begun to recover in many parts of the country, including the Milwaukee MSA. New privately-owned housing units authorized by building permits have increased steadily since 2012 in the Milwaukee MSA and Wisconsin, and since 2010 in the United States (**Figure 7**). Until recently, growth in the housing sector in the Milwaukee MSA after the recession has lagged behind national growth. Recent data show that new housing construction in the Milwaukee MSA is picking up. During the first seven months of 2014, new privately-owned housing units authorized by building permits in the Milwaukee MSA increased 19.4 percent over the same period in 2013, while new privately-owned housing units authorized by building permits in the entire country increased only 6.6 percent.

Figure 7
NEW PRIVATELY OWNED HOUSING UNITS AUTHORIZED BY BUILDING PERMITS
2004-2013



Source: U.S. Census Bureau, Building Permits Survey.

The outlook for the Milwaukee MSA for the remainder of 2014 and the following year is for continued, albeit slow, economic recovery.[2] The local unemployment rate is expected to continue its gradual decline, as new job creation progresses slowly and labor force participation improves. Industrial equipment manufacturing, which continues to make up a significant portion of the local employment base, will see a boost from an accelerating U.S. economy. An increase in higher-paying industrial equipment manufacturing jobs will contribute to overall income growth in the Milwaukee MSA. Median household income in the Milwaukee MSA is expected to approach its pre-recession peak before the end of 2014.

Current trends indicate that Milwaukee's housing market, which has posted healthy growth over the past year, will continue to improve. The strong increase in new housing permits issued bodes well for Milwaukee's construction industry. Though still growing at a pace well below historical norms prior to the housing market bubble, Milwaukee's residential construction industry is recovering in line with national and Midwest-regional trends.

Over the years, Milwaukee has been successful in diversifying its economy. Milwaukee has large employment concentrations in education, healthcare, business services and finance, and hosts several corporate headquarters. Within its still large and important manufacturing sector, stalwarts like GE Healthcare and Rockwell buffer the local economy from the cyclicality of traditional machine tool manufacturing.

[2] The discussion on the local economic outlook is based on information from PNC Financial Services Group, *Milwaukee Market Outlook*, 2nd Quarter 2014.

Having made progress toward a more balanced industrial base, Milwaukee's economy remains closely tied to the national economy, which creates demand for Milwaukee's goods and services. The U.S. economy is now into its sixth year of expansion. Experts on the U.S. economy agree that the current economic expansion will continue for a number of years. **Table 1** compiles forecasts of real U.S. GDP growth for the years 2014-2018 from 14 sources. All 14 sources predict modest annual growth rates in U.S. real GDP, averaging 2.1 percent in 2014, 3.2 percent in 2015, 3.0 percent in 2016, 2.7 percent in 2017, and 2.5 percent in 2018. Geopolitical conflicts—in Ukraine and the Middle East—pose the biggest threat to U.S. and global economic growth.

Table 1
FORECAST PERCENT GROWTH IN U.S. REAL GDP

Source	2013E	2014F	2015F	2016F	2017F	2018F
Moody's Analytics, September 8, 2014	2.2	2.2	3.5	3.4	2.8	2.2
Congressional Budget Office, August 2014	1.9	1.5	3.2	3.5	3.0	2.4
Office of Management and Budget March 2014	1.7	3.1	3.4	3.3	3.2	2.8
Economist Intelligence Unit, August 26, 2014	2.2	2.2	3.2	2.5	2.4	2.6
International Monetary Fund, July 2014	1.9	1.7	3.0			
World Bank, June 2014	1.9	2.1	3.0	3.0		
Global Insight, in FAA Aerospace Forecast, published in September 2013 (FFY basis).	1.6	2.3	3.2	3.2	3.1	3.0
Philadelphia Federal Reserve Bank Survey of 43 economists, released August 14, 2014	1.9	2.1	3.1	2.9	2.8	
Federal Reserve Board,[1] June 18, 2014	1.9	2.2	3.1	2.8	2.2	2.2
Bank of Canada, July 2014	1.9	1.7	3.2	3.0		
Conference Board, August 13, 2014	2.2	2.0	3.0	2.3	2.3	2.3
Wall Street Journal Survey of Economists, August 2014	1.9	2.2	2.9	2.9		
OECD, May 6, 2014	1.9	2.6	3.5			
Wells Fargo, August 29, 2014	2.3	2.0	2.9			
Average	**2.0**	**2.1**	**3.2**	**3.0**	**2.7**	**2.5**

[1] Average of Central Tendency Range.
Note: The U.S. Department of Economic Analysis' current estimate of real GDP growth in 2013 is 2.2 percent.

HISTORICAL AVIATION ACTIVITY

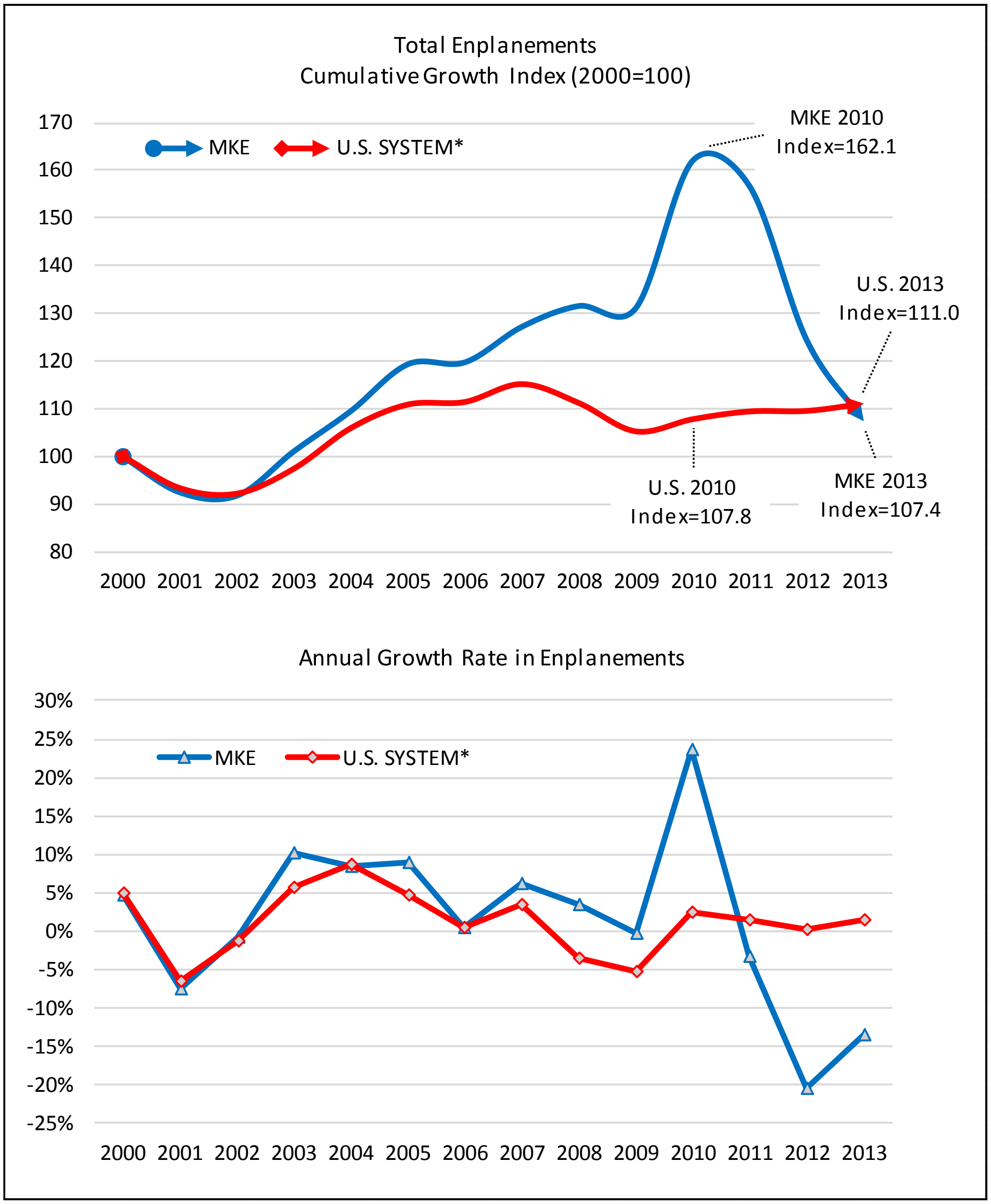
Since 2001, U.S. airports and airlines have faced the following major challenges:

- The 2001 terrorist attacks on the aviation system prompted lasting structural changes in the air travel market and the airline industry.
- Fuel prices rose to a record peak in 2008 and remain at historically high levels.
- The Great Recession of 2008-2009—the longest and deepest recession since the Great Depression—and the slow recovery dampened air travel demand and put pressure on airline finances that had already been weakened by rising fuel costs.
- Airline financial difficulties, which began after the 2001 terrorist attacks and continued through the entire decade, led to industry exits, mergers, route transfers between mainline and regional carriers, route cancellations, significant capacity cuts, and various cost-cutting measures—all with adverse effects falling disproportionately on smaller airports.
- Bad weather, natural disasters, disease outbreaks, and geopolitical conflicts have also affected the aviation industry in various ways—by disrupting air service, by causing traffic declines, and by hampering economic recovery.

Amid all these challenges, the Airport's passenger traffic grew at a higher rate than total U.S. passenger traffic through 2010 (**Figure 8**), because of the following developments in air service:

- Until its merger into Frontier Airlines (Frontier) in 2010, Midwest Airlines (Midwest) operated a network hub at the Airport and held the largest share of the Airport's enplanements. From 2003 through 2007, Midwest expanded its network hub at the Airport.
- When Midwest—facing financial pressures—began reducing its service at the Airport in 2008, AirTran Airways (AirTran) expanded service.
- In November 2009, Southwest Airlines (Southwest) began service at the Airport. AirTran and Frontier responded to the entry of Southwest by lowering fares and increasing flights. Fare competition and the expansion of Low Cost Carrier (LCC) service brought significant growth in Airport enplanements in 2010.

Figure 8
MKE AND U.S. SYSTEM ENPLANEMENT GROWTH TRENDS SINCE 2000



* Includes scheduled and nonscheduled revenue passenger enplanements by all U.S. carriers at all U.S. airports. Sources: Airport records for MKE enplanements and U.S. Bureau of Transportation Statistics for U.S. system enplanements.

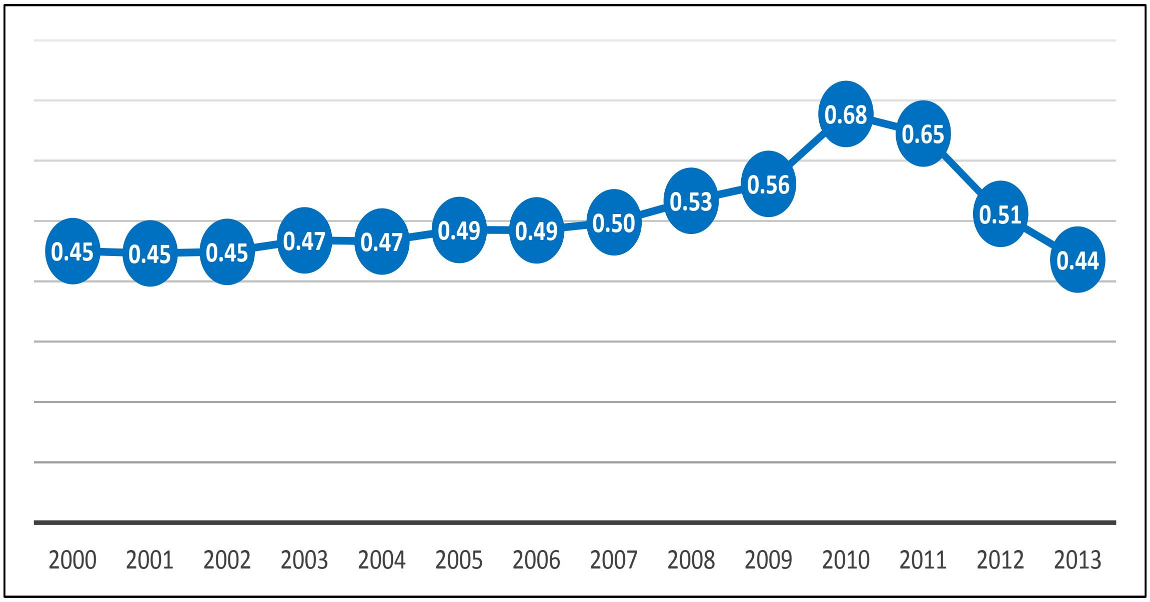
Even as the U.S. economy contracted in 2008 and 2009, and airlines began cutting system capacity, air service increased at the Airport. When the recession ended in 2009, Airport enplanements were up 3.1 percent from their pre-recession level in 2007, while U.S. system enplanements[3] were down 8.6 percent. In 2010, Airport enplanements increased 23.6 percent from the previous year, while total U.S. system enplanements increased only 2.4 percent. Over the entire decade, Airport enplanements increased 62.1 percent, whereas U.S. system enplanements increased only 7.8 percent.

Facing financial difficulties, both Midwest and Frontier were acquired by Republic Airways Holdings, Inc. in 2009, and were merged into a single airline, Frontier, beginning in 2010. Frontier's financial situation did not improve, and, in September 2010, the airline began cutting the hub operations it took over from Midwest. Largely due to Frontier's de-hubbing, enplanements at the Airport decreased each year after 2010: by 3.4 percent in 2011, by 20.6 percent in 2012, and by 13.6 percent in 2013. Total enplanements in 2013 were down 33.7 percent from the 2010 record peak, but they were still up 7.4 percent from the peak level reached in 2000, before the 2001 terrorist attacks and all the significant air service developments at the Airport took place. In comparison, total U.S. enplanements by all U.S. carriers in 2013 were up 11 percent from the same 2000 base year.

As a result of the sharp decreases in Airport enplanements in the last three years, the Airport's share of total U.S. enplanements decreased to 0.44 percent in 2013, from a peak share of 0.68 percent in 2010 (**Figure 9**). The Airport's share of total U.S. enplanements in 2013 is slightly smaller than the Airport's previous shares in the early 2000s, prior to the Midwest hub expansion and the LCC service expansion at the Airport: 2000-2002, 0.45 percent; and 2003-2004, 0.47 percent.

[3] U.S. system enplanements includes enplanements by all U.S. carriers.

Figure 9
MKE'S PERCENT SHARE OF U.S. SYSTEM ENPLANEMENTS*
2000-2013

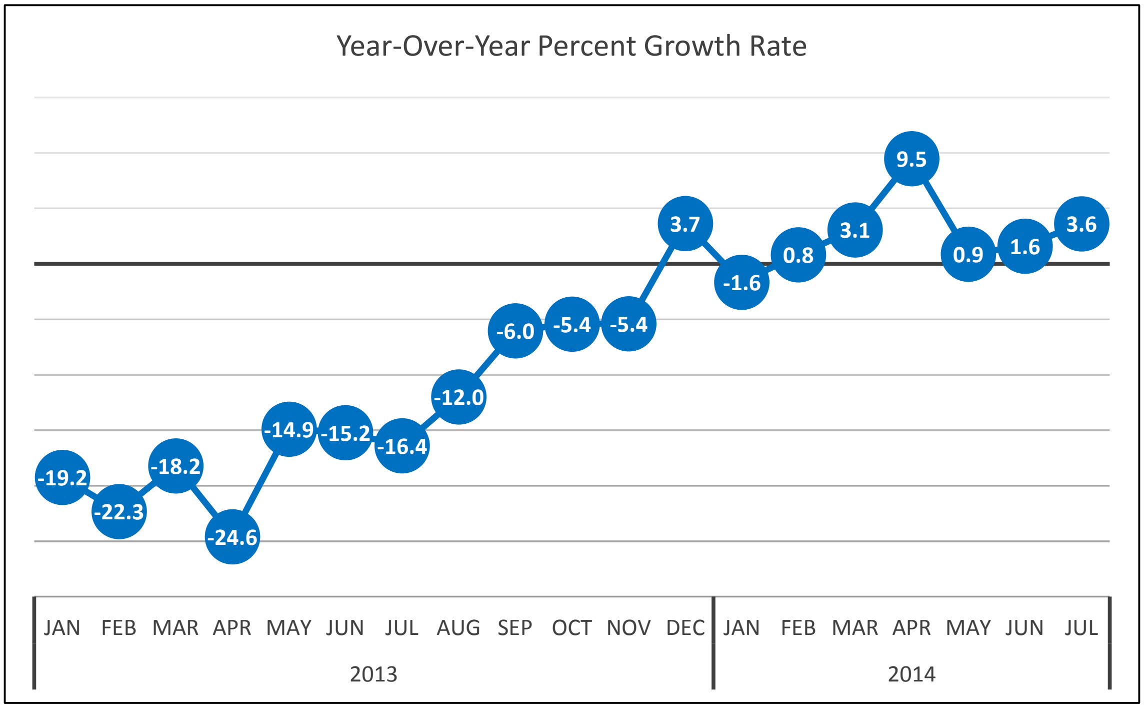


* Includes scheduled and nonscheduled revenue passenger enplanements by all U.S. carriers at all U.S. airports.
Sources: Airport records for MKE enplanements and U.S. Bureau of Transportation Statistics for U.S. system enplanements.

The Airport's passenger traffic appears to be stabilizing in 2014 (**Figure 10**). Enplanements have been increasing year-over-year since February 2014. Total enplanements during the first seven months in 2014 were up 2.6 percent from the same period in 2013. Low fares, inexpensive parking, nonstop service to many destinations, expanded Southwest service to New Orleans and Fort Lauderdale, and Frontier's new nonstop service to Orlando and Fort Myers contribute to the current growth in passenger traffic.[4]

[4] General Mitchell International Airport, "Six Consecutive Months of Passenger Increases at Mitchell Airport," *Airport Business*, August 25, 2014.

Figure 10
MKE MONTHLY ENPLANEMENT TRENDS
January 2013-July 2014



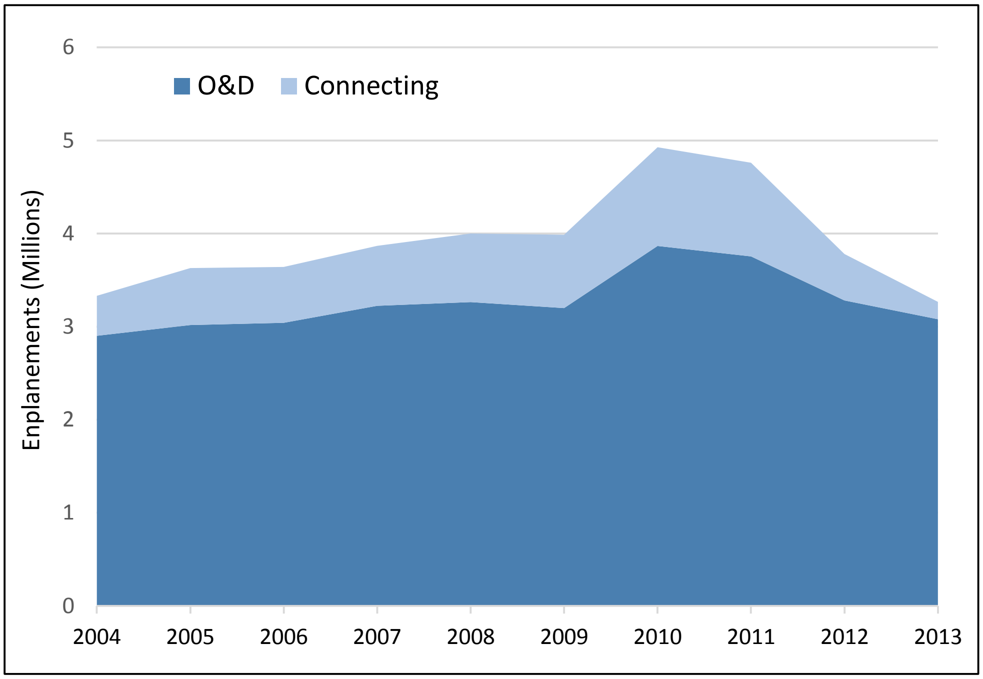
Source: Airport records.

Frontier's de-hubbing caused connecting enplanements to decrease proportionately more than origin and destination (O&D) enplanements beginning in 2011 (**Figure 11**). From a record peak level of 1.06 million in 2010, connecting enplanements decreased 82.4 percent to approximately 187,000 in 2013. Their share of the Airport's total enplanements decreased from 21.5 percent in 2010 to 5.7 percent in 2013. During the first seven months of 2014, connecting enplanements continued to decrease 16.7 percent from the same period in 2013. Their share of total Airport enplanements decreased further to 4.6 percent.

O&D enplanements decreased 20.4 percent from a record peak level of nearly 3.9 million in 2010 to slightly less than 3.1 million in 2013. O&D enplanements have historically dominated the Airport's passenger traffic, although the O&D traffic share decreased from 87.1 percent in 2004 to 78.5 percent in 2010, with the expansion of Midwest and Frontier's hub operations at the Airport. After Frontier's pull out from the Airport as the dominant hub carrier, the O&D traffic share increased to 94.3 percent in 2013 and 95.4 percent during the first seven months of 2014.

In the long run, the predominance of O&D traffic is favorable to the Airport. It reduces the Airport's vulnerability to sharp decreases in traffic—as the Airport experienced during the previous three years—caused by changes in airlines' financial conditions, business models and network strategies.

Figure 11
MKE'S O&D AND CONNECTING ENPLANEMENT TRENDS
2004-2013



Source: Airport records.

The Airport's top 20 O&D airports are listed on **Table 2**. They are all U.S. airports, as domestic passengers account for 99 percent of the Airport's passenger traffic. These markets generate 67 percent of the Airport's O&D passenger traffic flow, based on the U.S. Department of Transportation's 2013 10-percent airline ticket survey. The top three O&D airports are: (1) Orlando, which generates 6.1 percent of the Airport's O&D passenger traffic; (2) LaGuardia Airport in New York, 5.5 percent; and (3) Phoenix, 5.1 percent.

Table 2
MKE'S TOP 20 O&D MARKETS
2013

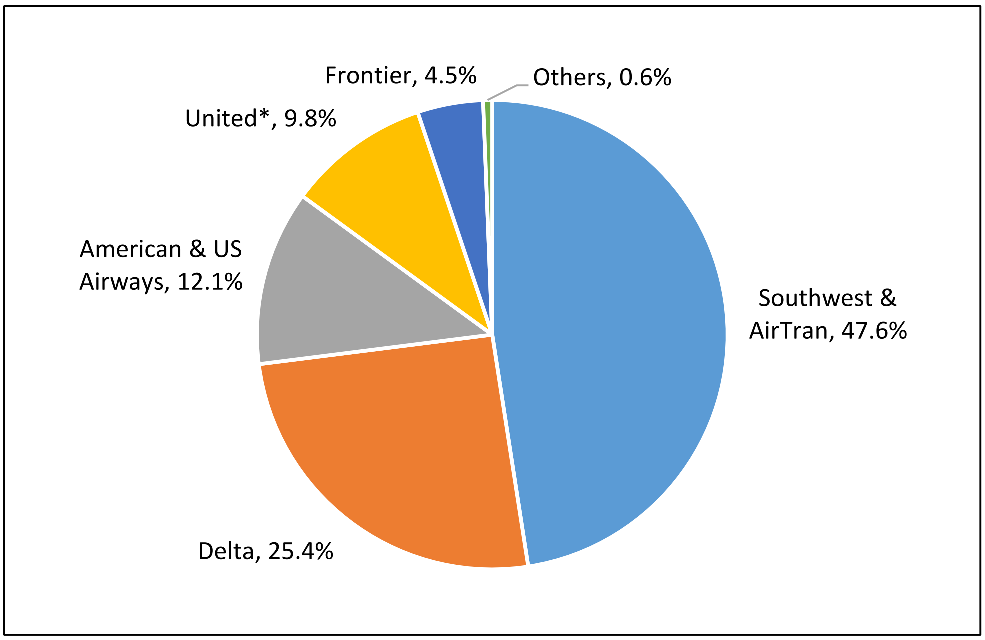
Rank[1]	Airport	Airport Code	Share of MKE O&D Passengers	Avg. Daily Nonstop Departures[2]
1	Orlando, FL	MCO	6.1%	4
2	New York, NY	LGA	5.5%	8
3	Phoenix, AZ	PHX	5.1%	4
4	Denver, CO	DEN	4.6%	7
5	Las Vegas, NV	LAS	4.5%	3
6	Atlanta, GA	ATL	4.4%	11
7	Washington, DC	DCA	3.7%	4
8	Los Angeles, CA	LAX	3.6%	1
9	Tampa, FL	TPA	3.5%	2
10	Minneapolis/St. Paul, MN	MSP	3.4%	9
11	San Francisco, CA	SFO	3.0%	1
12	Boston, MA	BOS	2.9%	2
13	Ft. Myers, FL	RSW	2.9%	2
14	Baltimore, MD	BWI	2.2%	3
15	Dallas/Ft. Worth, TX	DFW	2.1%	5
16	Philadelphia, PA	PHL	2.1%	5
17	South Florida	FLL	2.0%	1
18	Seattle, WA	SEA	1.8%	1
19	Kansas City, MO	MCI	1.8%	2
20	Charlotte, NC	CLT	1.6%	5
	Top 20 O&D Airports		**66.6%**	**77**
	Other Airports		**33.4%**	**38**
	TOTAL		**100.0%**	**115**

[1] Rank by share of Airport O&D passengers.
[2] The number of daily nonstop departures equals annual scheduled nonstop departures divided by 365.
[3] Sources: OAG Aviation Solutions and U.S. Department of Transportation OD1A Database.

The Airport continues to have a broad base of air service providers. In July 2014, six major airlines and 10 regional airlines provided scheduled passenger service at the Airport. The six major airlines are AirTran, American Airlines (American), Delta Air Lines (Delta), Frontier, Southwest, and US Airways. Southwest acquired AirTran on May 2, 2011 and expects to complete the integration of AirTran by the end of 2014. American and US Airways merged on December 9, 2013. They continue to operate as separate brands until they complete integration of their operations under a single operating certificate—expected in late 2015. The 10 regional airlines include: Air Georgia (operating for Air Canada), Air Wisconsin (operating US Airways), Envoy (operating for American), Compass (operating for Delta), Endeavor (operating for Delta), ExpressJet (operating for Delta and United), GoJet (operating for Delta), PSA (operating for US Airways), Shuttle America (operating for Delta), and SkyWest (operating for American, Delta and United).

Based on enplanements from January to July 2014, Southwest, together with AirTran, now holds the largest market share of 47.6 percent (**Figure 12**). In 2010, when total enplanements at the Airport reached a record peak level, the combined share of Southwest and AirTran was 37.9 percent. In 2014, Delta holds the second largest share of 25.4 percent of January-July enplanements. The combined enplanements of American and US Airways, which merged in 2014, make up the third largest share of 12.1 percent. Frontier's share is down to 4.5 percent during the first seven months of 2014, from the 33.4 percent combined share of Frontier and Midwest in 2010.

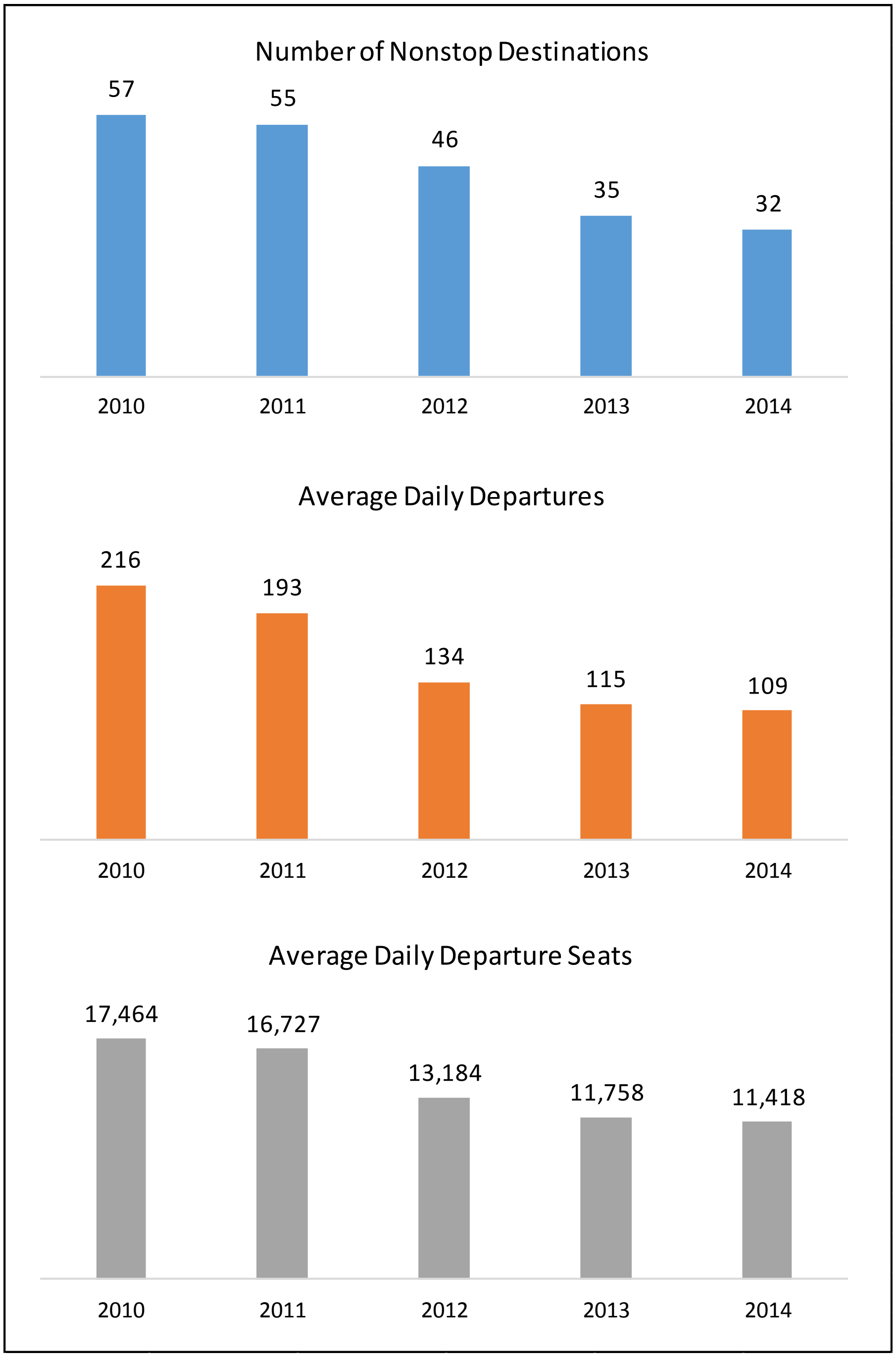
Figure 12
MKE ENPLANEMENTS – SHARE BY AIRLINE
January-July 2014



* United service is provided exclusively by United's regional affiliates.
Source: Enplanement data from Airport records.

Figure 13 shows the annual trends in scheduled air service at the Airport from 2010—when Airport passenger traffic reached its highest level—to 2014, based on published airline schedules in the OAG database. **Figure 13** shows the number of nonstop destinations served from the Airport, the average number of flight departures per day, and the average number of seats on departing flights per day by all airlines. **Table 3** shows the same measures of scheduled air service for Southwest (including AirTran), Delta (mainline and affiliates), American (including US Airways), and Frontier.

Figure 13
TRENDS IN SCHEDULED AIR SERVICE AT MKE – ALL AIRLINES
2010-2014



Source: Published airline schedules accessed through OAG Schedules Analyzer. Average daily departures and seats are calculated by dividing scheduled departures and seats for the entire year by 365 days.

Table 3
SCHEDULED AIR SERVICE AT MKE
2010-2014

	2010	2011	2012	2013	2014
All Airlines					
Number of Nonstop Destinations	57	55	46	35	32
Average Daily Departures	216	193	134	115	109
Average Daily Departure Seats	17,464	16,727	13,184	11,758	11,418
Southwest (including AirTran)					
Number of Nonstop Destinations	27	27	23	20	20
Average Daily Departures	62	61	54	44	40
Average Daily Departure Seats	6,851	7,045	6,981	5,944	5,525
Delta (including affiliates)					
Number of Nonstop Destinations	7	6	8	10	7
Average Daily Departures	24	25	26	26	24
Average Daily Departure Seats	2,552	2,574	2,598	2,944	2,887
American (including US Airways)					
Number of Nonstop Destinations	7	5	5	5	5
Average Daily Departures	19	17	18	19	19
Average Daily Departure Seats	1,142	1,154	1,162	1,278	1,359
Frontier					
Number of Nonstop Destinations	41	42	23	4	3
Average Daily Departures	86	68	15	3	3
Average Daily Departure Seats	5,762	4,835	1,339	435	474

Source: Published airline schedules accessed through OAG Schedules Analyzer. Average daily departures and seats are calculated by dividing scheduled departures and seats for the entire year by 365 days.

By all measures, air service at the Airport decreased significantly from 2010 to 2014. Frontier was largely responsible for the decrease in air service. The integration of Southwest and AirTran also contributed to the decrease in air service at the Airport. The changes in air service at the Airport from 2010 to 2014 are as follows:

- The number of nonstop destinations served by all airlines from the Airport decreased 44 percent, from 57 to 32. The average number of departing flights per day decreased nearly 50 percent from 216 to 109. The average number of seats per day, on departing flights, decreased nearly 35 percent from 17,464 to 11,418.

- The number of nonstop destinations Frontier served from the Airport decreased 93 percent from 41 to 3. The average number of departing flights per day by Frontier decreased 96 percent from 86 to 3. The average number of seats per day, on Frontier's departing flights, decreased 92 percent from 5,762 to 474.

- The combined number of nonstop destinations served by Southwest and AirTran decreased 26 percent, from 27 to 20. The average number of departing flights per day by Southwest and AirTran decreased 36 percent from 62 to 40. The average number of seats per day, on departing flights by Southwest and AirTran, decreased 19 percent, from 6,851 to 5,525.

Southwest (including AirTran), Delta, American (including US Airways) and United have continued to provide service at 21 of the markets that Frontier left, as listed below:

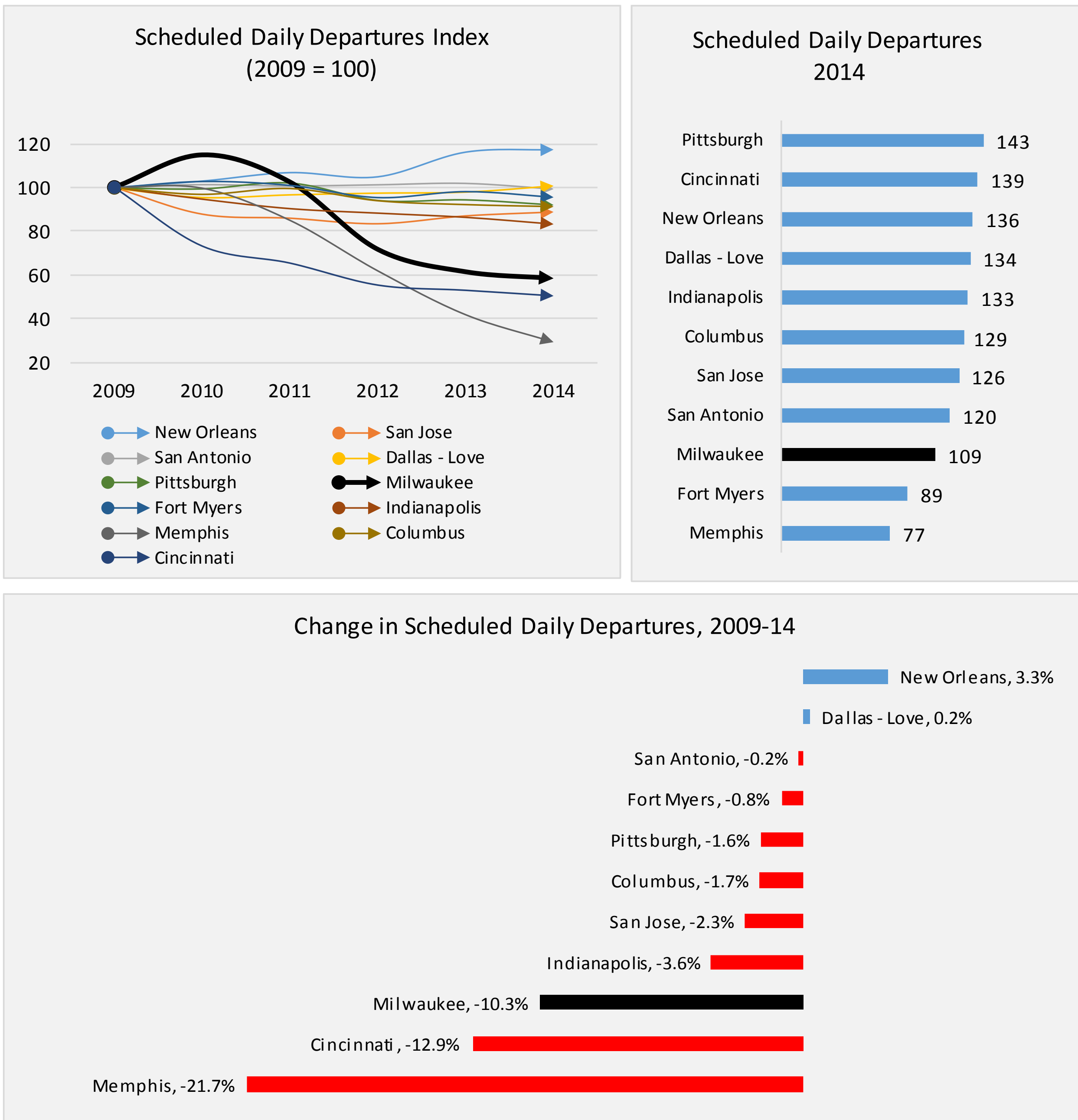
- Boston (BOS)
- Cleveland (CLE)
- Cancun (CUN)
- Ronald Reagan (DCA)
- Denver (DEN)
- Dallas/Fort Worth (DFW)
- Newark (EWR)
- Fort Lauderdale (FLL)
- Las Vegas (LAS)
- Los Angeles (LAX)
- La Guardia (LGA)
- Kansas City (MCI)
- Orlando (MCO)
- Minneapolis/St. Paul (MSP)
- Philadelphia (PHL)
- Phoenix (PHX)
- Fort Myers (RSW)
- Seattle (SEA)
- San Francisco (SFO)
- St. Louis (STL)
- Tampa (TPA)

Figure 14 compares the trends in scheduled daily flight departures at the Airport with the trends at 10 other medium-hub airports, from 2009 to 2014. In 2014, the Airport's 109 flight departures per day rank third from the lowest (77 in Memphis) to the highest number of scheduled flight departures (143 in Pittsburgh).

Figure 14 shows that many medium-hub airports have suffered decreases in flights since 2009, and many suffered decreases in flights in 2010 when the Airport enjoyed significant air service expansion from the competition among Southwest, AirTran and Frontier. Nine of the 11 medium-hub airports in **Figure 14**, including MKE, suffered decreases in flights from 2009 to 2014. After a significant increase from 2009 to 2010, flights at the Airport decreased each year through 2014. From 2009 to 2014, the Airport suffered the third largest percentage decrease in flights among the 11 medium hub airports.

Of the 11 medium-hub airports in **Figure 14**, only two—Louis Armstrong New Orleans International Airport and Dallas Love Field—posted an increase in flight departures from 2009 to 2014; and these two airports each have been going through unusual growth phases. At Louis Armstrong New Orleans International Airport, traffic has been recovering from the sharp declines caused by Hurricane Katrina and the outmigration of many New Orleans residents following Hurricane Katrina. At Dallas Love Field, Southwest Airlines has been expanding service since the Wright Amendment restriction on one-stop and through service from Dallas Love Field was lifted effective October 17, 2007. On October 19, 2014, the remaining restriction on nonstop service from Dallas Love Field will also be lifted.

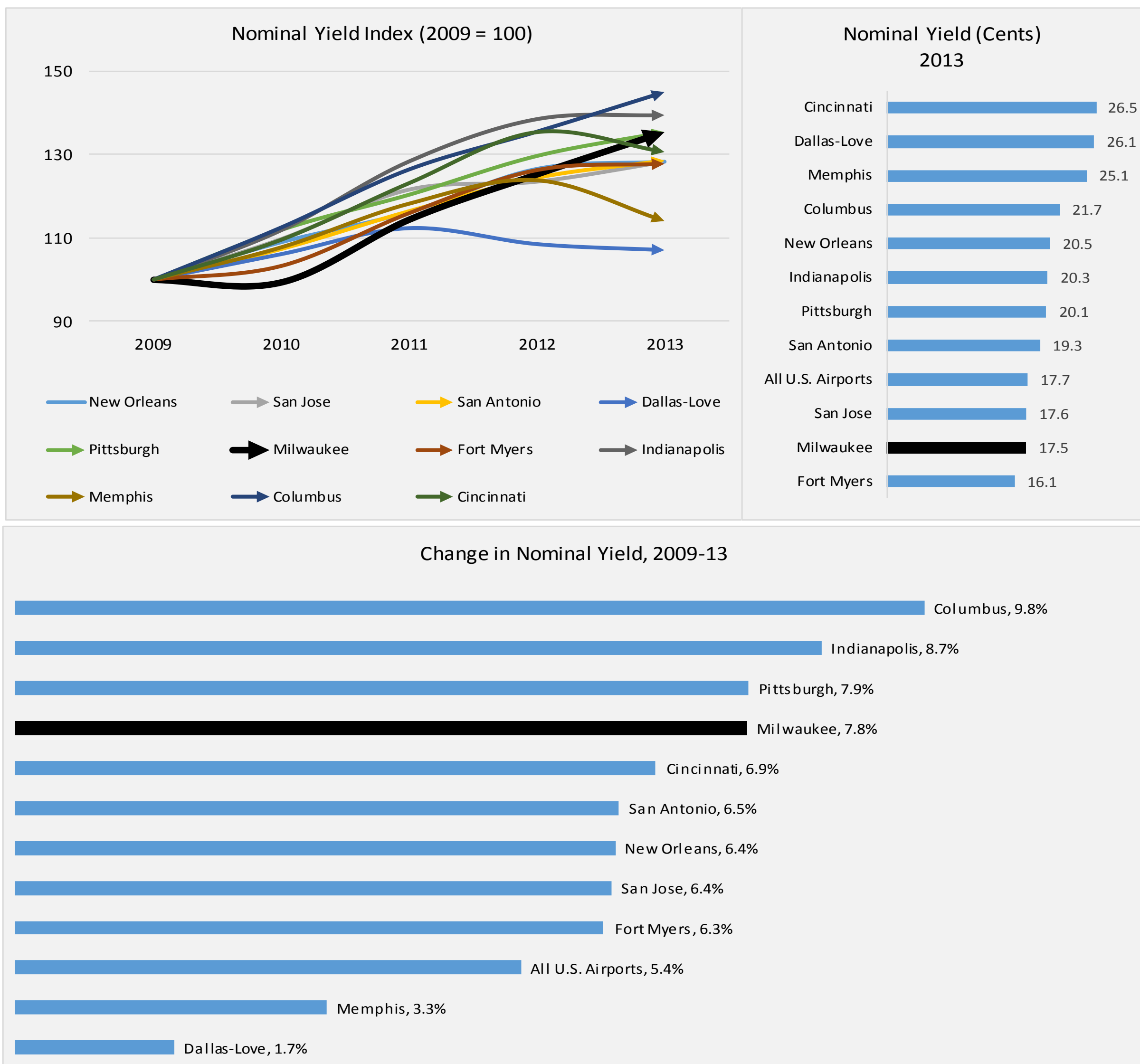
Figure 14
SCHEDULED DAILY FLIGHT DEPARTURES AT SELECTED MEDIUM-HUB AIRPORTS
2009-2014



Source: Unison's calculations using OAG Aviation data on scheduled flight departures.

Yield—the average revenue per revenue passenger mile—measures the price of air travel, adjusted for the distance traveled. **Figure 15** compares the trends in the average yield at MKE with the trends at the other 10 medium hub airports, from 2009 to 2013. Yields increased in all airports. MKE posted the third highest increase of 35.3 percent between 2009 and 2013. In 2013, the Airport's average yield of 17.5 cents per mile was the third lowest in the group.

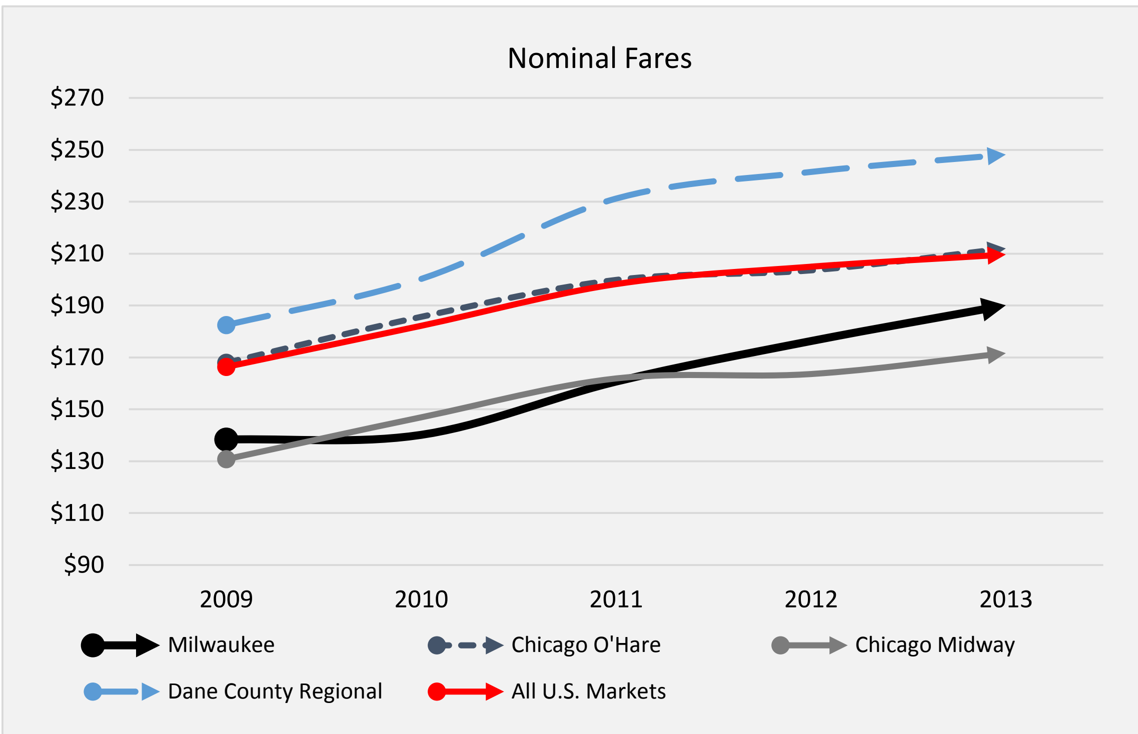
Figure 15
NOMINAL YIELD AT SELECTED MEDIUM HUB AIRPORTS
2009-2013



Source: Unison's calculations using sample data from the U.S. Department of Transportation 10-percent ticket survey, accessed through OAG Aviation.

Residents in Milwaukee and surrounding areas can choose from a number of airports in the region. Air fare is one important consideration in their choice. **Figure 16** compares the trends in average air fare at MKE and surrounding airports. On average, fares at the Airport are lower than fares at Chicago O'Hare International Airport and Dane County Regional-Truax Field.

Figure 16
AVERAGE FARE (IN CURRENT DOLLARS) AT MKE AND NEARBY AIRPORTS
2009-2013



Source: Unison's calculations using sample data from the U.S. Department of Transportation 10-percent ticket survey, accessed through OAG Aviation.

FORECAST AVIATION ACTIVITY

METHODOLOGY

In developing the forecasts of commercial aviation activity for the Airport, we used a hybrid modeling framework that incorporates both supply and demand considerations. This approach has two main features:

- *Capacity-driven, near-term forecast.* The forecast for 2014 considers (1) actual traffic growth through July 2014—Airport enplanements have grown steadily year over year since February; (2) the improvements in airline load factors; and (3) the trends in scheduled seats at the Airport during the remainder of 2014. Published airline schedules provide the basis for projecting aircraft departures (or landings), fleet mix and seat capacity for the remainder of 2014.

The schedules reflect Southwest's expanded service to New Orleans and Fort Lauderdale, and Frontier's new nonstop service to Orlando and Fort Myers.[5] We analyze recent activity and published airline schedules at the Airport, along with information on industry trends and economic conditions, to project aircraft load factors and enplanements for the remainder of 2014.

- *Demand-driven, long-term forecasts.* Regression analysis links growth in future airport activity to trends in key demand drivers. A multivariate regression model quantifies the relationship between passenger traffic trends and explanatory variables such as: (1) changes in the price of air travel, (2) national income growth trends, and (3) significant changes in air service at the Airport, while controlling for structural changes in the industry following the terrorist attacks of September 11, 2001. We use this regression model to forecast enplanements, which then serve as the basis for projecting commercial aircraft operations and landed weight. In the process, we consider industry trends that affect aircraft utilization—for example, the trends in load factors, aircraft size, and mix of mainline and regional service.

The hybrid forecasting framework and the regression model incorporate the key measurable factors that drive the trends in Airport traffic. Actual performance, however, can differ from the forecast for a number of reasons. The actual trends in the forecast drivers can differ from the forecast assumptions. Unexpected events and other changes in the industry—including fuel price changes, airline alliances, and further consolidation, as discussed later in this report—can affect future traffic.

Recognizing uncertainty, we present other possible scenarios for growth in airport activity. We take a probabilistic approach to risk analysis using Monte Carlo simulation. Monte Carlo simulation has several advantages over traditional scenario analysis. It offers a scientific process for setting future values of explanatory variables from a wide range of possible values for these explanatory variables, resulting in a broader range of forecast scenarios for Airport traffic. More importantly, Monte Carlo simulation allows us to estimate the probability (likelihood) of each forecast scenario.

EXPLANATORY VARIABLES

The forecast model links growth in Airport aviation activity to projected trends in the following explanatory variables:

- *Price of air travel.* The demand for air travel is inversely related to its price. All other factors remaining constant, people travel more when air fares decrease and travel less when air fares increase. Until the last few years, airfares have followed a long-term trend of decline since the 1978 deregulation of the U.S. airline industry. The decline in airfares has stimulated long-term growth in air travel. The following factors have put downward pressure on airfares: productivity growth, competition from LCC, price transparency on the Internet, and price consciousness among both leisure and business travelers.

[5] General Mitchell International Airport, "Six Consecutive Months of Passenger Increases at Mitchell Airport," *Airport Business*, August 25, 2014.

- *Income.* The demand for air travel increases alongside income, because increases in income boost consumer spending and stimulate business activity. We use U.S. real per capita GDP to indicate income trends. The U.S. real per capita GDP is derived from U.S. real GDP and population data obtained from Moody's Analytics. The U.S. real per capita GDP increased at an average annual rate of 1.7 percent between 1981 and 2013, and is projected to increase at an average annual rate of 2.0 percent from 2013 through 2018.

- *Significant changes in air service at the Airport.* The forecast model included variables to indicate (1) the expansion of LCC service resulting from Southwest's entry beginning in November 2009 and the competitive response from AirTran and Frontier in 2010, and (2) the retrenchment of Frontier's hub operations beginning in 2011.

- *Post-September 11, 2001 structural changes.* Because the estimation period used in regression modeling extended to years preceding the September 11, 2001 attacks, we included a variable to account for the market's subsequent structural changes.

Table 4 shows the assumptions regarding future trends in the price of air travel (real yield) at the Airport, the U.S. population, the U.S. real GDP, and the U.S. real per capita GDP underlying the base enplanement forecast for the Airport.

Table 4
ASSUMPTIONS REGARDING FUTURE TRENDS IN KEY EXPLANATORY VARIABLES UNDERLYING THE BASE ENPLANEMENT FORECAST FOR THE AIRPORT
2013-2018

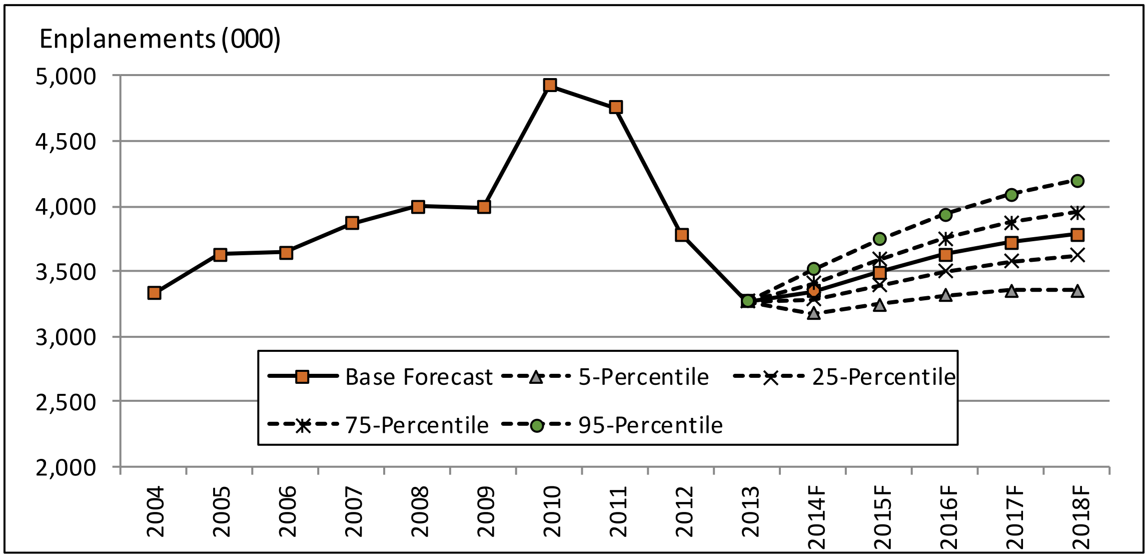
			Real GDP		Real per Capita GDP[4]	
Year	MKE Real Yield[1]	Population[2]	Base Scenario[2]	Consensus[3]	Base Scenario[2]	Consensus[3]
2013 Actual	6.5%	0.7%	2.2%	2.2%	1.5%	1.5%
2014	1.5%	0.8%	2.2%	2.1%	1.4%	1.4%
2015	-0.3%	0.8%	3.5%	3.2%	2.7%	2.3%
2016	-0.2%	0.8%	3.4%	3.0%	2.6%	2.1%
2017	-0.1%	0.9%	2.8%	2.7%	1.9%	1.8%
2018	-0.4%	0.9%	2.2%	2.5%	1.3%	1.6%

[1] Real yields at the Airport are projected to follow industry trends based on the latest FAA Aerospace Forecasts.
[2] Based on Moody's Analytics' forecast.
[3] Based on the average of forecasts from various sources dated from November 2013 to September 2014.
[4] Real GDP divided by population.

FORECAST RESULTS

Figure 17 shows the base forecast enplanements, along with the 5-, 25-, 75-, and 95-percentile forecasts from the Monte Carlo Simulation. The base forecast enplanements are very close to the mean and median simulation results (not shown in the figure).

Figure 17
MKE BASE ENPLANEMENT FORECAST AND
SELECTED MONTE CARLO SIMULATION RESULTS



Enplanements (000)					
	Base Forecast	**5-Percentile**	**25-Percentile**	**75-Percentile**	**95-Percentile**
2004	3,331				
2005	3,630				
2006	3,642				
2007	3,868				
2008	4,001				
2009	3,988				
2010	4,928				
2011	4,761				
2012	3,780				
2013	3,266	3,266	3,266	3,266	3,266
2014F	3,345	3,176	3,282	3,407	3,516
2015F	3,490	3,244	3,393	3,587	3,745
2016F	3,629	3,318	3,502	3,753	3,936
2017F	3,724	3,353	3,575	3,877	4,086
2018F	3,782	3,356	3,618	3,951	4,195
2004-2013	**-0.2%**				
2013-2018	**3.0%**	**0.5%**	**2.1%**	**3.9%**	**5.1%**

Source: Unison Consulting, Inc.

A percentile[6] indicates the probability that actual outcome will be as forecast or lower. For example, the probability that actual outcome will be at or lower than the 25-percentile forecast is 25 percent. It follows that the probability that actual outcome will exceed the 25-percentile forecast is 75 percent.

The 75-percentile results are recommended for a high forecast scenario. There is a 25 percent probability that actual enplanements will exceed the 75-percentile forecast and a 75 percent probability that actual enplanements will be at or below the 75-percentile forecast. The 25-percentile results are recommended for a low forecast. There is a 75-percent probability that actual enplanements will exceed the 25-percentile forecast and a 25-percent probability that actual enplanements will be at or below the 25-percentile forecast.

The range of forecasts bounded by the 25-percentile and the 75-percentile is called the interquartile range—the middle 50 percent of results fall within this range. The range bounded by the 5-percentile and the 95-percentile contains the middle 90 percent of results.

Figure 18 compares the base forecast enplanements with the original FAA Terminal Area Forecast (TAF) for the Airport, the FAA TAF adjusted for actual enplanements in 2013, and another forecast based on the Airport's share of forecast U.S. enplanements:

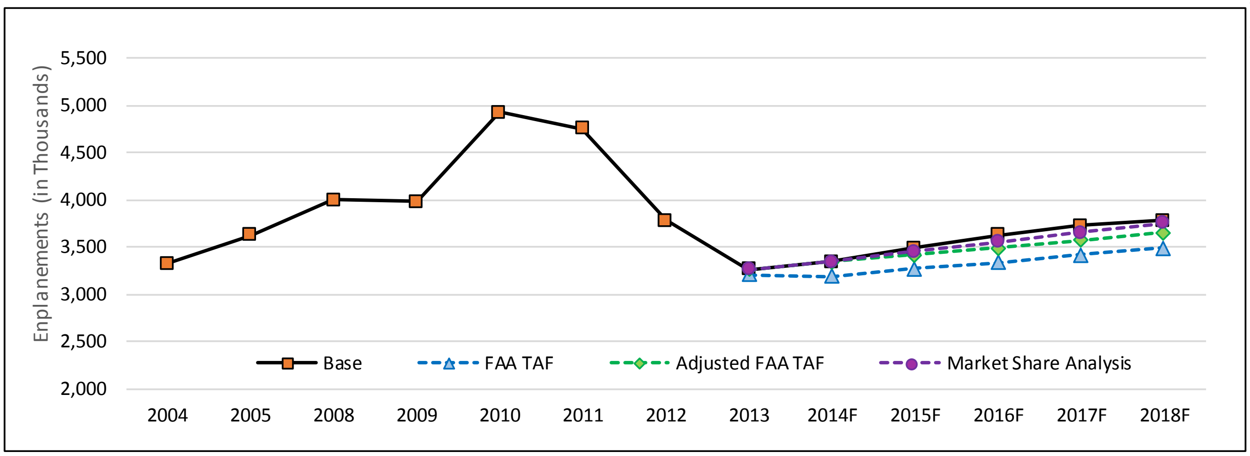
- *FAA Terminal Area Forecasts.* The FAA develops annual Terminal Area Forecasts to project FAA workload and prepare its budget. Most recently released in February 2014, the TAF contains forecasts of enplanements and aircraft operations for each airport. Publication typically lags a year behind forecast development, so that the latest TAF considers actual performance only through federal fiscal year 2012, which ended on September 30, 2012. It does not consider the recent improvement in enplanement trends at the Airport. As a result, the FAA's current TAF forecast enplanements for the Airport are lower than the base forecast enplanements. The TAF forecast enplanement level in 2018 is 7.7 percent lower than the base forecast.

- *Adjusted FAA TAF.* As another approach, we adjusted the FAA TAF to reflect actual Airport enplanements in 2013 and estimated enplanements in 2014 based on actual growth through July, and then applied the forecast annual growth rate in the TAF for the years 2015-2018. The resulting forecast enplanement levels for the years 2015-2018 are slightly lower than the corresponding base forecast levels—lower by 3.4 percent in 2018.

[6] A percentile indicates the value at or below which a given percentage of results fall. For example, if we arrange 100 forecast results for one year from lowest to highest, 25 results (25 percent) will be at or below the 25-percentile, 75 results (75 percent) will be at or below the 75-percentile, and 50 results (50 percent) will be at or below the 50-percentile (also known as the median).

- *Market share analysis.* Also called ratio analysis, market share analysis is a top-down approach to forecasting airport activity. It allocates aggregate activity, such as national, state or regional statistics, to the airport level. Updated and published annually, the FAA national forecasts provide a convenient basis for developing airport forecasts based on airport market share. Since actual enplanement data for January-July and published airline schedules for August-December provide a good basis for an estimate of Airport enplanements in 2014, we applied FAA's national enplanement growth forecast beginning in 2015. The resulting forecast enplanements for the years 2015-2018 are no more than 2 percent lower than base forecast.

Figure 18
MKE BASE FORECAST ENPLANEMENTS AND ALTERNATIVE FORECASTS RESULTING FROM THE FAA TAF, ADJUSTED FAA TAF, AND MARKET SHARE ANALYSIS
2004-2018



Year	Base		FAA TAF			Adjusted FAA TAF			Market Share Analysis		
	EP (000)	Annual Change	EP (000)	Annual Change	Difference from Base	EP (000)	Annual Change	Difference from Base	EP (000)	Annual Change	Difference from Base
2013	3,266	-13.6%	3,213	-18.4%	-1.6%	3,266	-13.6%	0.0%	3,266	-13.6%	0.0%
2014	3,345	2.4%	3,196	-0.5%	-4.5%	3,345	2.4%	0.0%	3,345	2.4%	0.0%
2015	3,490	4.4%	3,270	2.3%	-6.3%	3,422	2.3%	-2.0%	3,455	3.3%	-1.0%
2016	3,629	4.0%	3,341	2.2%	-7.9%	3,497	2.2%	-3.6%	3,558	3.0%	-1.9%
2017	3,724	2.6%	3,416	2.2%	-8.3%	3,575	2.2%	-4.0%	3,655	2.7%	-1.9%
2018	3,782	1.5%	3,491	2.2%	-7.7%	3,653	2.2%	-3.4%	3,752	2.7%	-0.8%
	Average Annual Growth Rate										
2013-2018	3.0%		1.7%			2.3%			2.8%		

See the description of the FAA TAF, Adjusted FAA TAF and Market Share Analysis on the previous page.

Table 5 presents the base forecast enplanements, divided into mainline and regional airline categories and into O&D and connecting traffic segments.

Table 5
MKE BASE FORECAST ENPLANEMENTS BY AIR CARRIER CATEGORY AND TRAFFIC SEGMENT
2013-2018

	Actual	Forecast					AAGR
	2013	2014	2015	2016	2017	2018	2013-18
	Enplanements (000)						
Total	3,266	3,345	3,490	3,629	3,724	3,782	3.0%
Annual growth rate	-13.6%	2.4%	4.4%	4.0%	2.6%	1.5%	
By air carrier category[1]							
Mainline[2]	2,487	2,582	2,695	2,801	2,876	2,920	3.3%
Regional	780	762	796	827	849	862	2.0%
By traffic segment							
O&D	3,079	3,191	3,335	3,467	3,559	3,614	3.3%
Connecting	187	153	155	162	166	168	-2.1%
	Percent of Total						
Mainline[2]	76.1%	77.2%	77.2%	77.2%	77.2%	77.2%	
Regional	23.9%	22.8%	22.8%	22.8%	22.8%	22.8%	
O&D	94.3%	95.4%	95.5%	95.5%	95.5%	95.5%	
Connecting	5.7%	4.6%	4.5%	4.5%	4.5%	4.5%	

AAGR - Average annual growth rate
[1] Estimated by Unison based on Airport records.
[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 6 presents the base forecast for commercial aircraft departures needed to accommodate forecast enplanements. The forecast aircraft departures consider scheduled flights and seats by airline, boarding load factors, and aircraft fleet mix.

Table 6
MKE BASE FORECAST COMMERCIAL AIRCRAFT DEPARTURES
BY AIR CARRIER CATEGORY
2013-2018

	Actual	Forecast					AAGR
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2013-18**
Total	50,268	48,078	48,533	49,960	50,890	51,372	0.4%
Annual growth rate	-12.2%	-4.4%	0.9%	2.9%	1.9%	0.9%	
By air carrier category[1]							
Mainline[2]	25,518	23,788	24,193	25,001	25,534	25,819	0.2%
Regional	18,254	17,885	17,935	18,554	18,951	19,149	1.0%
Cargo	6,496	6,405	6,405	6,405	6,405	6,405	-0.3%
	Percent of Total						
Mainline[2]	50.8%	49.5%	49.8%	50.0%	50.2%	50.3%	
Regional	36.3%	37.2%	37.0%	37.1%	37.2%	37.3%	
Cargo	12.9%	13.3%	13.2%	12.8%	12.6%	12.5%	

AAGR - Average annual growth rate
[1] Estimated by Unison based on Airport records.
[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 7 presents the base forecast for commercial aircraft landed weight. Aircraft landed weight forecasts derive from aircraft arrival forecasts, which equal departures. In projecting aircraft landed weight, we considered the following factors:

- Current and projected allocation of aircraft departures by airline and between mainline and regional carriers.
- Changes in the aircraft fleet mix reflected by the airlines' flight schedules for 2014.
- Industry projections on changes in aircraft gauge.

Table 7
MKE BASE FORECAST COMMERCIAL AIRCRAFT LANDED WEIGHT
BY AIR CARRIER CATEGORY
2013-2018

	Actual	Forecast					AAGR
	2013	2014	2015	2016	2017	2018	2013-18
	Landed Weight (1,000 pounds)						
Total	4,516,637	4,416,972	4,536,677	4,689,742	4,795,191	4,857,439	1.5%
Annual growth rate	-10.1%	-2.2%	2.7%	3.4%	2.2%	1.3%	
By air carrier category[1]							
Mainline[2]	3,095,792	2,998,485	3,112,522	3,226,952	3,304,818	3,349,583	1.6%
Regional	935,638	916,783	922,451	961,085	988,669	1,006,151	1.5%
Cargo	485,207	501,704	501,704	501,704	501,704	501,704	0.7%
	Percent of Total						
Mainline[2]	68.5%	67.9%	68.6%	68.8%	68.9%	69.0%	
Regional	20.7%	20.8%	20.3%	20.5%	20.6%	20.7%	
Cargo	10.7%	11.4%	11.1%	10.7%	10.5%	10.3%	

AAGR - Average annual growth rate
[1] Estimated by Unison based on Airport records.
[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.

The County is currently operating under the Airport Use and Lease Agreement (the "AUA"), which became effective October 1, 2010 and expires December 31, 2015[7], unless the extension for five years is executed in the AUA. The extension must be mutually agreed upon, including a new Five-Year Capital Improvement Program (the "Five-Year CIP"). Airport System management and the Airlines agree to extend the AUA for CYs 2016 - 2020. The remaining points of discussion relate to the phasing and funding of the new Five Year CIP.

The 2014 Bonds are being issued pursuant to a General Bond Resolution adopted by the Board on June 22, 2000, which established an airport revenue bond program (the "General Resolution") and the 2014 Supplemental Resolution adopted July 31, 2014 (the "2014 Supplemental Resolution") and together with the General Resolution, (the "Bond Resolutions"). The 2014 Bonds are special obligations of the County, payable solely from the Net Revenues of the Milwaukee County's Airport System, and amounts on deposit in certain funds and accounts established under the Bond Resolutions. The 2014 Supplemental Resolution include passenger facility charge (PFCs) revenues in the definition of Revenues, since a portion of the 2014 Bond proceeds will be used to refund a portion of the outstanding Series 2004A bonds, which funded PFC eligible projects.

Major Assumptions

The financial projection presented in this Review is for the period calendar years 2014 through 2018 and are based on the following major assumptions:

1. The AUA will be extended by all signatory airlines for the option period of January 1, 2016 through December 31, 2020 and based on the similar business structure with a pre-approved Five-Year CIP.

2. Frontier is forecast to reduce its current leased space to one gate during the new lease period of January 1, 2016 through December 31, 2020.

3. The County will implement all capital projects included in the pre-approved Five-Year CIP included in the option period.

4. There will be no significant changes in air service offerings by any of the three major airlines: Southwest (including AirTran), Delta and American (including US Airways).

5. The financial forecast does not anticipate any additional service or facility reductions after incorporating those resulting from the anticipated space reduction from Frontier noted above.

[7] The AUA starts on the October 1, 2010 or the Commencement Date, whichever is later to accommodate the actual date an Airline signed the Agreement.

6. The financial projections use the base case air service forecast updated in September 2014, and assume no major declines in activity during the forecast period.

7. There will be no disruption or loss of service resulting from a terrorist, weather, or any other catastrophic event.

Findings and Conclusions

The financial tables that follow summarize the results of the Airport's calendar year (CY) 2013 actual, the Airport's CY 2014 budget and the Airport's CY 2015 proposed budget. The financial projections for the forecast period (CYs 2016-2018) assume a base air traffic forecast and other economic assumptions including the projected Consumer Price Index and the impact of the lower interest rate due to the issuance of the 2014 Bonds. It also anticipates Airport Management will take the required actions, including adjustment of rates and charges that will maintain competitive airline rates.

As shown on **Table 10**, Revenues are forecast to be sufficient to pay Operation and Maintenance Expenses and Aggregate Debt Service and meet all of the other funding requirements of the Bond Resolutions, including meeting the Additional Bonds Test as further described in Section 2.4 of the General Resolution, which states in part "the Net Revenues for the last audited Fiscal Year and 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; demonstrating that Net Revenues together with Other Available Funds is not less than 125 percent of such Debt Service…or alternatively a certificate signed by an Airport Consultant, setting forth for each of the three Fiscal Years commencing with the Fiscal Year following that in which…."

Additionally, **Table 10** summarizes the projected cost per enplanement (CPE) during the forecast period. Based on our knowledge of comparable airports and experience in providing financial consulting services to a variety of airports, we believe the forecasted airline costs per enplaned passenger, are reasonable in comparison with other medium hub airports that have completed or are currently implementing major capital improvement programs.

The financial projections presented in this Review are based on information and assumptions that have been provided by Airport Management, or developed by us and reviewed with and confirmed by Airport Management. Based upon our review, we believe that the information is accurate and that the assumptions provide a reasonable basis for the forecast. However, some variation from the forecast is inevitable due to unforeseen events and circumstances, and these variations may be material. This Review should be considered in its entirety for an understanding of the forecast and the underlying assumptions.

We appreciate the opportunity to assist the County on this important financing transaction for the Airport.

Sincerely,

Unison Consulting, Inc.

Cc : Marina Dimitrijevic

TABLE 8

MILWAUKEE COUNTY AIRPORT SYSTEM

AIRPORT SYSTEM REVENUE

FOR YEARS 2013 - 2018

	Actual	Budget	Budget	Projected			CAGR
	2013	2014	2015	2016	2017	2018	2013-2018
Airfield							
Landing Fees							
Signatory Landing Fees	$ 16,279,101	$ 17,249,119	$ 19,517,846	$ 20,355,765	$ 21,279,533	$ 22,103,462	5.23%
Sig Cargo Landing Fees	1,792,105	2,236,489	2,182,346	2,207,445	2,250,406	2,303,820	4.28%
Non-Signatory Landing Fees	371,747	600,000	600,000	248,821	253,663	259,684	-5.80%
Non-Sig Cargo Landing Fees	182,658	100,000	100,000	318,639	324,840	332,550	10.50%
(Over)/Under recovery	1,086,968	-					N/A
Total Landing Fees	$ 19,712,580	$ 20,185,608	$ 22,400,192	$ 23,130,670	$ 24,108,442	$ 24,999,517	4.04%
General Aviation and Other							
Hangar Rentals	515,847	549,390	533,365	544,566	556,546	568,790	1.64%
Fuel and Oil Revenue	151,832	166,500	166,500	174,825	183,566	192,745	4.06%
Fixed Base Operator	402,475	415,300	427,789	436,773	446,382	456,202	2.11%
Other	1,081,566	1,025,160	903,849	912,620	932,697	953,216	-2.08%
Total GA and Other	$ 2,151,720	$ 2,156,350	$ 2,031,503	$ 2,068,783	$ 2,119,191	$ 2,170,953	0.15%
Air Cargo Rentals	521,391	529,000	529,000	540,109	551,991	564,135	1.32%
Total Airfield Revenues	$ 22,385,690	$ 22,870,958	$ 24,960,695	$ 25,739,562	$ 26,779,625	$ 27,734,605	3.64%
Terminal							
Signatory Airlines							
Space Rentals [1]	8,156,755	8,028,325	10,612,266	10,461,153	11,315,880	11,739,077	6.26%
Other Charges and Fees	270,060	285,000	285,000	290,985	297,387	303,929	1.99%
Total Signatory Airlines	$ 8,426,815	$ 8,313,325	$ 10,897,266	$ 10,752,138	$ 11,613,267	$ 12,043,007	6.13%
Concessions							
Car Rental	10,187,385	9,140,500	9,164,400	9,604,267	9,967,110	10,295,512	0.18%
Gifts & Novelty	1,511,460	1,413,600	1,711,200	1,816,334	1,905,381	1,977,367	4.58%
Food & Beverage	3,565,954	3,500,000	3,500,000	3,715,036	3,897,167	4,044,404	2.12%
Other	3,226,708	3,003,017	2,984,867	3,047,549	3,114,595	3,183,116	-0.23%
Total Concessions	$ 18,491,507	$ 17,057,117	$ 17,360,467	$ 18,183,186	$ 18,884,254	$ 19,500,399	0.89%
Public Parking	25,854,488	27,400,000	29,015,000	29,782,217	30,242,046	30,566,024	2.83%
Total Terminal Revenues	$ 52,772,810	$ 52,770,442	$ 57,272,733	$ 58,717,541	$ 60,739,566	$ 62,109,429	2.75%
Apron							
Signatory Apron Fees	1,135,453	1,258,030	1,392,868	1,418,952	1,469,327	1,521,853	5.00%
Other Apron Revenues	89,105	87,586	80,604	82,297	84,025	85,789	-0.63%
Total Apron Revenues	$ 1,224,557	$ 1,345,615	$ 1,473,472	$ 1,501,248	$ 1,553,351	$ 1,607,643	4.64%
Other							
Flexible Response Security	1,940,521	2,422,954	2,308,981	2,380,549	2,466,468	2,555,999	4.70%
MKE Business Park	737,541	825,000	856,545	874,532	892,023	909,864	3.56%
Total Other Revenues	$ 2,678,062	$ 3,247,954	$ 3,165,526	$ 3,255,082	$ 3,358,491	$ 3,465,863	4.39%
PFC Pledged Revenues [2]	7,255,240	8,581,889	9,394,833	9,111,254	9,123,614	11,596,448	8.13%
TOTAL AIRPORT REVENUES	**$ 86,316,359**	**$ 88,816,858**	**$ 96,267,259**	**$ 98,324,686**	**$ 101,554,647**	**$ 106,513,987**	3.57%

[1] In 2014, the debt service for the 2012 and 2013 GARBs (approximately $4.9 mil per year) becomes rate based and causes the Terminal Rental Rate to increase.

[2] Represents the projected PFC Revenues to be used for paying the PFC eligible portion of the debt service on all current and future bonds.

TABLE 9
MILWAUKEE COUNTY AIRPORT SYSTEM
PROJECTED OPERATING & MAINTENANCE EXPENSES
FOR YEARS 2013 - 2018

	Actual	Budget	Requested Budget	Projected			CAGR
Airport Expenses	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2013-2018**
BY EXPENSE CATEGORY							
Personnel Services							
Salaries	$ 13,189,702	$ 13,750,458	$ 13,901,725	$ 14,332,678	$ 14,791,324	$ 15,264,647	2.46%
Fringe Benefits	13,034,076	12,745,620	15,390,739	16,115,643	16,874,690	17,669,487	5.20%
Salaries and Fringe Benefits	$ 26,223,778	$ 26,496,078	$ 29,292,464	$ 30,448,321	$ 31,666,014	$ 32,934,134	3.87%
Contractual Services							
Utilities	$ 5,194,711	$ 5,474,300	$ 6,039,968	$ 6,341,966	$ 6,659,065	$ 6,992,018	5.08%
Repairs/Maintenance	2,812,396	4,757,565	4,415,086	4,679,991	4,960,791	5,258,438	10.99%
Prof. Services/Admin	6,515,971	8,193,185	10,731,647	10,946,280	11,165,206	11,388,510	9.75%
Other	2,446,121	3,051,974	799,887	816,685	834,652	853,014	-16.10%
Subtotal	$ 16,969,201	$ 21,477,024	$ 21,986,588	$ 22,784,922	$ 23,619,713	$ 24,491,980	6.31%
Intra-County Services							
Sheriff	$ 7,270,582	$ 7,066,758	$ 7,517,800	$ 7,750,852	$ 7,998,879	$ 8,254,843	2.14%
Prof. Service	699,350	403,600	401,000	409,421	418,428	427,633	-7.87%
Insurance	630,779	519,993	630,983	644,234	658,407	672,892	1.08%
Other	1,608,965	2,191,301	2,448,885	2,500,312	2,555,318	2,611,535	8.41%
Subtotal	$ 10,209,676	$ 10,181,652	$ 10,998,668	$ 11,304,818	$ 11,631,032	$ 11,966,904	2.68%
Commodities	$ 5,157,177	$ 4,848,387	$ 4,881,807	$ 4,984,325	$ 5,093,980	$ 5,206,047	0.16%
Major Maintenance	$ (367,968)	$ 655,325	$ 536,000	$ 546,720	$ 557,654	$ 573,113	7.66%
Other	$ 864,875	$ 526,130	$ 519,000	$ 529,380	$ 539,968	$ 550,767	-7.25%
Total O & M Expenses	$ 59,056,739	$ 64,184,596	$ 68,214,526	$ 70,598,486	$ 73,108,360	$ 75,722,945	4.23%
BY COST CENTER							
Terminal	33,257,527	36,468,952	38,837,952	40,215,932	41,667,395	43,179,905	4.45%
Airfield	20,788,481	22,252,764	23,718,976	24,560,531	25,446,964	26,370,678	4.04%
Apron	1,285,667	1,278,384	1,393,858	1,443,313	1,495,404	1,549,687	3.16%
Flexible Response Security	1,989,903	2,185,819	2,298,981	2,380,549	2,466,468	2,555,999	4.26%
MKE Business Park	1,735,161	1,998,676	1,964,760	1,998,161	2,032,130	2,066,676	2.96%
Total O & M Expenses	$ 59,056,739	$ 64,184,596	$ 68,214,527	$ 70,598,486	$ 73,108,361	$ 75,722,945	4.23%

TABLE 10
MILWAUKEE COUNTY AIRPORT SYSTEM
PROJECTED AIRLINE COST PER ENPLANED PASSENGER
FOR YEARS 2014 - 2018

Year	Landing Fees [1]	Terminal Rents & Charges	Apron Fees	Flex Response Security	Total Airline Payments	Enplaned Passengers	Cost Per Enplaned Passenger
2009 Act.	$11,823,688	$3,237,119	$1,321,284	$1,946,189	$18,328,280	3,987,607	$4.60
2010 Act.	$17,660,625	$1,886,374	$1,322,221	$2,653,686	$23,522,906	4,927,558	$4.77
2011 Act.	$17,417,066	$3,962,058	$1,392,435	$2,122,181	$24,893,740	4,760,952	$5.23
2012 Act.	$15,424,248	$6,299,728	$1,312,600	$1,924,623	$24,961,199	3,780,315	$6.60
2013 Act.	$17,737,816	$8,156,755	$1,224,557	$1,940,521	$29,059,650	3,266,309	$8.90
2014 Bud.	$17,849,119	$8,028,325	$1,258,030	$2,422,954	$29,558,428	3,344,700	$8.84
2015 Bud.	$20,117,846	$10,612,266	$1,392,868	$2,308,981	$34,431,962	3,490,303	$9.87
2016 Proj.	$20,604,586	$10,461,153	$1,418,952	$2,380,549	$34,865,240	3,628,544	$9.61
2017 Proj.	$21,533,196	$11,315,880	$1,469,327	$2,466,468	$36,784,870	3,724,496	$9.88
2018 Proj.	$22,363,146	$11,739,077	$1,521,853	$2,555,999	$38,180,076	3,782,005	$10.10

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

TABLE 11
MILWAUKEE COUNTY AIRPORT SYSTEM
CASH FLOW AND DEBT SERVICE COVERAGE
FOR YEARS 2009 - 2018

Cash Flow and			Actual			Budget	Proposed Budget		Projected	
Debt Service Coverage	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
AIRPORT SYSTEM REVENUES										
TOTAL REVENUES	$72,121,389	$79,805,838	$87,230,764	$84,104,059	$86,316,359	$88,816,858	$96,267,259	$98,324,686	$101,554,647	$106,513,987
O&M EXPENSES	51,013,801	57,950,592	61,073,935	58,660,142	59,056,739	64,184,596	68,214,527	70,598,486	73,108,361	75,722,945
NET REVENUES	$21,107,588	$21,855,246	$26,156,829	$25,443,917	$27,259,621	$24,632,262	$28,052,732	$27,726,200	$28,446,286	$30,791,042
NET DISCRETIONARY CASH FLOW										
Net Revenues	$21,107,588	$21,855,246	$26,156,829	$25,443,917	$27,259,621	$24,632,262	$28,052,732	$27,726,200	$28,446,286	$30,791,042
Less: Debt Service										
G.O. Bonds	$1,420,489	$768,370	$158,632	$183,456	$133,285	$133,719	$36,587	$36,208	36,072	-
Series 2000 & 2003A Bonds	7,942,919	7,735,919	617,344	586,406	569,531	-	-	-	-	-
Series 2004A Bonds	2,539,400	2,540,150	2,539,900	2,542,150	2,541,650	2,538,400	-	-	-	-
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	2,580,028	2,580,715	2,577,990
Series 2005 B 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	1,838,500	1,839,500	1,840,250
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	931,863	935,613	933,113
Series 2009A Bonds	-	547,465	579,669	579,669	579,669	579,669	1,069,669	1,069,969	1,068,556	1,070,356
Series 2009B Bonds	-	556,206	539,075	513,275	492,000	473,200	-	-	-	-
Series 2010A Bonds	-	-	1,630,649	1,442,343	1,442,343	1,442,343	2,457,343	2,456,894	2,460,094	2,460,594
Series 2010B Bonds	-	-	6,644,732	6,430,250	6,211,000	5,992,500	5,769,750	5,548,000	5,327,250	5,107,500
Series 2013A Bonds	-	-	-	-	177,507	597,218	3,480,638	3,478,388	3,478,638	3,481,138
Series 2013B Bonds	-	-	-	-	33,917	504,113	488,513	467,913	452,513	432,113
Series 2014A Bonds [1]	-	-	-	-	-	-	2,288,817	2,286,000	2,288,250	2,287,500
Series 2016 Bonds [2]	-	-	-	-	-	-	-	-	842,797	842,797
Series 2017 Bonds [2]	-	-	-	-	-	-	-	-	-	2,476,030
Less: Deposits to Coverage Fund	-	1,936,631	-	-	-	34,284	-	210,699	-	-
Less: Depreciation	-	-	2,868,606	3,395,874	4,613,117	1,451,250	2,154,844	2,188,746	2,375,386	2,376,289
Less: Reimbursement of Tax Levy	1,903,131	1,635,741	-	-	-	-	-	-	-	-
Net Discretionary Cash Flow	$1,183,897	$301,112	$4,769,270	$3,984,341	$4,700,599	$5,145,263	$4,584,470	$4,632,994	$4,760,903	$4,905,373
COVERAGE CALCULATION										
Net Revenues [A]	$21,107,588	$21,855,246	$26,156,829	$25,443,917	$27,259,621	$24,632,262	$28,052,732	$27,726,200	$28,446,286	$30,791,042
Add Other Available Funds:										
Series 2000 & 2003 A Bonds	$1,985,730	$1,933,980	$154,336	$146,602	$142,383	$0	$0	$0	$0	$0
Series 2004 A Bonds	634,850	635,038	634,975	635,538	635,413	634,600	-	-	-	-
Series 2005 A Bonds	385,348	384,348	383,348	383,598	383,798	383,948	645,298	645,007	645,179	644,498
Series 2005 B Bonds	259,700	260,250	261,700	261,500	260,950	261,300	-	-	-	-
Series 2006 A Bonds	459,425	460,475	459,975	459,225	459,475	459,425	460,325	459,625	459,875	460,063
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	232,966	233,903	233,278
Series 2009 A Bonds	-	136,866	144,917	144,917	144,917	144,917	267,417	267,492	267,139	267,589
Series 2009 B Bonds	-	139,051	134,769	128,319	123,000	118,300	-	-	-	-
Series 2010A Bonds	-	-	407,662	360,586	360,586	360,586	614,336	614,223	615,023	615,149
Series 2010B Bonds	-	-	1,661,183	1,607,563	1,552,750	1,498,125	1,442,438	1,387,000	1,331,813	1,276,875
Series 2013A Bonds	-	-	-	-	44,377	149,305	870,159	869,597	869,659	870,284
Series 2013B Bonds	-	-	-	-	8,479	126,028	122,128	116,978	113,128	108,028
Series 2014A Bonds [1]	-	-	-	-	-	-	572,204	571,500	572,063	571,875
Series 2016 Bonds [2]	-	-	-	-	-	-	-	-	210,699	210,699
Series 2017 Bonds [2]	-	-	-	-	-	-	-	-	-	619,008
Subtotal Other Available Funds [B]	$4,150,018	$4,303,348	$4,590,080	$4,470,061	$4,453,155	$4,466,936	$5,319,208	$5,164,388	$5,318,481	$5,877,345
Net Revenues plus Other Available Funds [A + B = C]	$25,257,606	$26,158,594	$30,746,909	$29,913,979	$31,712,775	$29,099,199	$33,371,940	$32,890,588	$33,764,766	$36,668,387
Debt Service:										
Series 2000 & 2003 A Bonds	7,942,919	7,735,919	617,344	586,406	569,531	-	-	-	-	-
Series 2004 A Bonds	2,539,400	2,540,150	2,539,900	2,542,150	2,541,650	2,538,400	-	-	-	-
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	2,580,028	2,580,715	2,577,990
Series 2005 B Bonds	1,038,800	1,041,000	1,046,800	1,046,000	1,043,800	1,045,200	-	-	-	-
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	1,838,500	1,839,500	1,840,250
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	931,863	935,613	933,113
Series 2009 A Bonds	-	547,465	579,669	579,669	579,669	579,669	1,069,669	1,069,969	1,068,556	1,070,356
Series 2009 B Bonds	-	556,206	539,075	513,275	492,000	473,200	-	-	-	-
Series 2010A Bonds	-	-	1,630,649	1,442,343	1,442,343	1,442,343	2,457,343	2,456,894	2,460,094	2,460,594
Series 2010B Bonds	-	-	6,644,732	6,430,250	6,211,000	5,992,500	5,769,750	5,548,000	5,327,250	5,107,500
Series 2013A Bonds	-	-	-	-	177,507	597,218	3,480,638	3,478,388	3,478,638	3,481,138
Series 2013B Bonds	-	-	-	-	33,917	504,113	488,513	467,913	452,513	432,113
Series 2014A Bonds [1]	-	-	-	-	-	-	2,288,817	2,286,000	2,288,250	2,287,500
Series 2016 Bonds [2]	-	-	-	-	-	-	-	-	842,797	842,797
Series 2017 Bonds [2]	-	-	-	-	-	-	-	-	-	2,476,030
Total GARB Debt Service [D]	$16,600,071	$17,213,392	$18,360,321	$17,880,246	$17,812,619	$17,867,746	21,276,832	20,657,553	21,273,924	23,509,380
DEBT SERVICE COVERAGE [C / D = E]	**1.52**	**1.52**	**1.67**	**1.67**	**1.78**	**1.63**	**1.57**	**1.59**	**1.59**	**1.56**

[1] Debt service per bond pricing document dated October 22, 2014 prepared by Public Financial Management, Inc.

[2] Estimated debt service based on Airport System Management's proposed Five-Year CIP for CYs 2016 - 2020 that has not been approved by the Airlines.

APPENDIX B

AIRPORT SYSTEM FINANCIAL INFORMATION

An independent public accounting firm audits the County annually. The County's audited Basic Financial Statements for the fiscal years ended December 31, 2009 through 2013 are included in the County's 2009 through 2013 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, 2009 through 2013. 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.

The Airport System financial information is presented in the 2009 through 2013 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://county.milwaukee.gov/ComprehensiveAnnualF12237.htm

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

	2009	2010	2011	2012	2013
Assets					
Current Assets:					
Cash and Investments	$ 31,997	$ 47,526	$ 38,878	$ 47,852	$ 49,088
Cash and Investments - Restricted	29,269	50,026	43,678	34,419	79,160
Receivables:					
Accounts (Net of Allowances for Uncollectible Accounts and Contractual Adjustments)	3,116	3,433	5,197	6,452	4,324
Due from Other Governments (Grants)	8,427	5,486	4,849	10,104	9,720
Total Current Assets	72,809	106,471	92,602	98,827	142,292
Noncurrent Assets:					
Capital Assets:					
Land and Land Improvements	182,780	188,580	220,144	214,564	199,671
Building and Improvements	286,976	312,309	316,215	316,215	258,831
Furniture, Machinery and Equipment	11,772	13,593	16,731	17,254	21,709
Construction in Progress	23,569	21,003	31,739	63,924	51,042
Total Capital Assets	505,097	535,485	584,829	611,957	531,253
Less: Accumulated Depreciation	(208,838)	(225,552)	(244,126)	(264,396)	(178,511)
Net Capital Assets	296,259	309,933	340,703	347,561	352,742
Total Assets	369,068	416,404	433,305	446,388	495,034
Deferred Outflows of Resources	--	--	--	--	3
Total Assets and Deferred Outflows of Resources	$ 369,068	$ 416,404	$ 433,305	$ 446,388	$ 495,037
Liabilities					
Current Liabilities:					
Accounts Payable	$ 3,484	$ 5,553	$ 2,894	$ 2,941	$ 3,718
Accrued Liabilities	359	2,018	2,037	2,080	1,830
Accrued Interest Payable	823	1,302	788	753	879
Unearned Revenues	8,325	10,582	7,014	12,313	7,228
Bonds Payable - General Obligation	1,165	292	159	136	134
Bonds Payable - Revenue Bonds	7,865	8,210	8,510	8,630	8,765
Compensated Absences	1,525	1,534	1,332	1,544	1,901
Capital Leases	196	180	241	211	159
Other Liabilities	10	10	16	16	15
Total Current Liabilities	23,752	29,681	22,991	28,624	24,629
Long-Term Liabilities:					
Bonds Payable - General Obligation	2,616	519	368	237	109
Bonds Payable - Revenue Bonds	175,765	200,378	191,374	182,257	221,716
Compensated Absences	1,524	1,312	1,170	1,119	986
Other Post Employment Benefits	5,686	8,060	9,705	11,046	12,620
Capital Leases	185	210	293	174	86
Total Long-Term Liabilities	185,776	210,479	202,910	194,833	235,517
Total Liabilities	209,528	240,160	225,901	223,457	260,146
Net Position					
Unrestricted	4,926	8,669	3,256	386	1
Restricted for:					
Debt Service	14,253	14,836	15,161	15,288	17,680
Capital Assets Needs	5,113	5,057	8,039	10,450	14,004
Commitments	--	--	--	2,216	2,270
Net Investment in Capital Assets	135,248	147,682	180,948	194,591	200,936
Total Net Position	159,540	176,244	207,404	222,931	234,891
Total Liabilities and Net Position	$ 369,068	$ 416,404	$ 433,305	$ 446,388	$ 495,037

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

	2009	2010	2011	2012	2013
Operating Revenues:					
Rentals and Other Service Fees	$ 57,431	$ 64,477	$ 70,996	$ 67,204	$ 69,108
Admissions and Concessions	13,552	15,154	16,244	16,098	16,408
Total Charges for Services	70,983	79,631	87,240	83,302	85,516
Other Revenues	14	13	14	4	4
Total Operating Revenues	70,997	79,644	87,254	83,306	85,520
Operating Expenses:					
Personnel Services	19,685	22,488	25,301	24,119	26,225
Contractual Services	16,350	16,847	19,490	19,503	17,269
Intra-County Services	9,354	9,598	9,977	9,346	10,202
Commodities	4,073	4,018	5,094	4,917	5,157
Depreciation and Amortization	15,054	16,747	18,915	20,269	21,215
Maintenance	481	1,600	1,182	649	197
Other	304	1,195	30	32	17
Total Operating Expenses	65,301	72,493	79,989	78,835	80,282
Operating Income (Loss)	5,696	7,151	7,265	4,471	5,238
Nonoperating Revenues (Expenses):					
Intergovernmental Revenues	179	309	159	579	235
Investment Income	945	162	313	219	332
Interest Expense	(9,004)	(10,199)	(10,194)	(9,066)	(9,438)
Total Nonoperating Revenues (Expenses)	(7,880)	(9,728)	(9,722)	(8,268)	(8,871)
Income (Loss) Before Contributions and Transfers	(2,184)	(2,577)	(2,457)	(3,797)	(3,633)
Capital Contributions	23,119	25,284	35,767	23,037	15,171
Transfers In	1,393	--	--	2,597	3,812
Transfers Out	(2,876)	(6,003)	(2,150)	(6,310)	(3,390)
Changes in Net Position	19,452	16,704	31,160	15,527	11,960
Net Position - Beginning	140,088	159,540	176,244	207,404	222,931
Net Position - Ending	$ 159,540	$ 176,244	$ 207,404	$ 222,931	$ 234,891

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF GENERAL BOND 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, and 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 (l) 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 Horne Loan Mortgage Corporation or senior debt obligations of other government-sponsored agencies, provided that such agencies are approved by each bond insurer then providing insurance for any Series of Bonds;

(4) Any repurchase agreement with any bank or trust company organized under the laws of any state of the United States or any national banking association, including the Trustee, or government bond dealer reporting to, trading with and recognized as a primary dealer by, the Federal Reserve Bank of New York, which agreement is secured at all times by collateral security described in clause (1) or (2) of this definition and in which the Trustee has a perfected security interest, and which collateral (a) is held by the Trustee or a third party agent, (b) is not subject to liens or claims of third parties, (c) has a market value determined as frequently and in an amount sufficient to satisfy the collateralization levels required by each of the Rating Agencies, and (d) is required to be liquidated due to a failure to maintain the requisite collateral level, provided that such repurchase agreement shall be acceptable to each bond insurer then providing insurance for any Series of Bonds;

(5) Bankers' acceptances which are issued by a commercial bank organized under the laws of any state

of the United States or a national banking association, including the Trustee, eligible for purchase by the Federal Reserve System, which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P; provided, that such bankers' acceptances may not mature more than two hundred seventy (270) days after the date of purchase; and provided, further, that ratings on a holding company may not be considered the rating of such commercial bank;

(6) Commercial paper of "prime" quality which is rated at the time of purchase in the single highest classification "P-1" by Moody's and "A-1+" by S&P, issued by a corporation that is organized and operating within the United States, that has total assets in excess of $500,000,000 and that has an "A" or equivalent or higher rating for its long term debt as rated by Moody's and S&P at the time of purchase; provided that the commercial paper may not mature more than one hundred eighty (180) days after the date of purchase:

(7) A taxable or tax-exempt government money market portfolio restricted to obligations with maturities of one (1) year or less, and either issued or guaranteed as to payment of principal and interest by the full faith and credit of the United States of America and rated at the time of purchase "AAAm" or "AAAm-G" or better by S&P;

(8) Any investment contract or other security meeting the requirements of Section 66.0603(1m) 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 1.148-1(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.

<u>Pledge of Revenues</u>

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.

<u>Creation of Funds; Flow of Funds</u>

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.

<u>Revenue Fund</u>. 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) <u>Operation and Maintenance Fund</u>. 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) <u>Special Redemption Fund</u>. 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 current 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. 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 66.0811(2) 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 (1) 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[1]. 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

[1] The Office of the Comptroller of the County is recommending that the County Board of Supervisors adopt a Supplemental Resolution to amend this section of the General Bond Resolution to cure an ambiguity that exists as to the auditor's statement (in bold above) and to extend the period of time to file its audited financial statement with the Trustee to 270 days from the current 180 days (in bold above). The County Board of Supervisors will consider such Supplemental Resolution on November 6, 2014. Under the terms of the General Bond Resolution, the proposed amendments can be made without the consent of the Bondowners. If the County Board of Supervisors adopts the proposed Supplemental Resolution and the Trustee concurs with it, the last sentence (in bold above) will be replaced with the following sentence: "The report of the auditor shall state whether, in the course of examining the books and accounts relating to the Airport System which it would customarily examine in the course of preparing the audited financial statement required by this Section, there has come to the attention of the auditor any default by the County with respect to the Resolution or the Bonds and, if so, the nature of the default" and the County will have 270 days to file its annual financial statement with the Trustee.

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 FORM OF CO-BOND COUNSEL OPINION

[Proposed form of Opinion of Co-Bond Counsel]

(To be dated the date of Issuance)

Re: Milwaukee County, Wisconsin ("Issuer")
$23,655,000 Airport Revenue Refunding Bonds, Series 2014A,
dated November 6, 2014 ("Bonds")

We have acted as bond counsel to the Issuer in connection with the issuance of the Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Bonds are issued pursuant to Section 66.0621, Wisconsin Statutes, and a resolution adopted by the County Board of Supervisors of the Issuer on June 22, 2000 (the "General Resolution"), and a supplementing resolution adopted by the County Board of Supervisors of the Issuer on July 31, 2014 (the "Supplemental Resolution") (hereinafter the General Resolution and the Supplemental Resolution shall be referred to as the "Resolutions"). Pursuant to the Resolutions, the Bonds are issued on a parity with the Issuer's outstanding 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 10, 2009, Airport Revenue Refunding Bonds, Series 2009B, dated December 10, 2009, Airport Revenue Bonds, Series 2010A, dated October 14, 2010, Airport Revenue Refunding Bonds, Series 2010B, dated October 14, 2010, Airport Revenue Bonds, Series 2013A, dated August 14, 2013 and Airport Revenue Refunding Bonds, Series 2013B, dated August 14, 2013 (the "Prior Bonds"). The Issuer covenanted in the Resolutions that net revenues derived from the operation of the Airport System (the "System") of the Issuer (the "Revenues") shall at all times be sufficient to pay the principal of and interest on the Prior Bonds and the Bonds as the same falls due.

The Bonds are numbered R-1 and upward; bear interest at the rates set forth below; and mature on December 1 of each year, in the years and principal amounts as follows:

Year	Principal Amount	Interest Rate
2015	$1,035,000	4.00%
2016	1,155,000	5.00
2017	1,215,000	5.00
2018	1,275,000	5.00
2019	1,340,000	5.00
2020	1,400,000	5.00
2021	1,470,000	5.00

Year	Principal Amount	Interest Rate
2022	$1,545,000	5.00%
2023	1,625,000	5.00
2024	1,705,000	5.00
2025	1,790,000	5.00
2026	1,880,000	5.00
2027	1,975,000	5.00
2028	2,070,000	5.00
2029	2,175,000	5.00

Interest is payable semi-annually on June 1 and December 1 of each year commencing on June 1, 2015.

The Bonds maturing on December 1, 2024 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on December 1, 2023 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer and within each maturity, by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

We further certify that we have examined the form of the Bonds and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Issuer is duly created and validly existing under the Constitution and laws of the State of Wisconsin with the power to adopt the Resolutions, perform the agreements on its part contained therein and issue the Bonds.

2. The Resolutions have been duly adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer.

3. The Bonds have been lawfully authorized and issued by the Issuer pursuant to the laws of the State of Wisconsin now in force and are valid and binding special obligations of the Issuer enforceable upon the Issuer in accordance with their terms, payable solely from the Revenues of the System. The Bonds, together with interest thereon, do not constitute an indebtedness of the Issuer nor a charge against its general credit or taxing power.

4. The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds, except for interest on any Bonds held by a "substantial user" of the facilities financed by the Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds is, however, an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

We express no opinion regarding the creation, perfection or priority of any security interest in the Revenues or other funds created by the Resolutions or on the sufficiency of the Revenues.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

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.

APPENDIX E

CONTINUING
DISCLOSURE CERTIFICATE

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 $23,655,000 Airport Revenue Refunding Bonds, Series 2014A, dated November 6, 2014 (the "Securities"). The Securities are being issued pursuant to resolutions adopted by the Governing Body of the Issuer on June 22, 2000 and July 31, 2014 (collectively, the "Resolution") and delivered to Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders 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 holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with 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.

"Final Official Statement" means the final Official Statement dated October 22, 2014 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 Office of the Comptroller, Milwaukee County Courthouse, Room 301, 901 North Ninth Street, Milwaukee, Wisconsin 53233, phone (414) 278-4396, fax (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.

"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 the 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, 2014, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and 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 the MSRB within thirty (30) days of being made available to the Issuer.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

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. AIRLINE - AIRPORT USE AND LEASE AGREEMENT (excluding Airline Airport Affairs Committee) - pages 19-20
2. Table: MILWAUKEE COUNTY AIRPORT SYSTEM REVENUE - page 24
3. Table: MILWAUKEE COUNTY AIRPORT SYSTEM TOTAL AIRPORT SYSTEM O&M EXPENSES - page 27

4. Table: O&D AND CONNECTING ENPLANEMENTS - page 30
5. AIRPORT SYSTEM INDEBTEDNESS - pages 34-35
6. Table: 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 are available to the public on the MSRB's Internet website or filed with the SEC. 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 with respect to the Securities:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;

7. Modification to rights of holders of the Securities, if material;

8. Securities calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution or sale of property securing repayment of the Securities, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Issuer;

13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) When a Material Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Material Event, file a notice of such occurrence with the MSRB. 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 holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause the undertakings to violate the Rule. The provisions of this Disclosure Certificate constituting the Undertaking or any provision hereof, shall be null and void in the event that the Issuer delivers to the MSRB 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 constituting the Undertaking may be amended without the consent of the holders of the Securities, but only upon the delivery by the Issuer to the MSRB 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) Except as described in the Final Official Statement, in the previous five years, the Issuer has not 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 holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 6th day of November, 2014.

____
Chairwoman of the County Board

____
County Clerk

Approved as to Form:	Countersigned:
________________________________	________________________________
Corporation Counsel	County Executive

____
Comptroller

APPENDIX F

SUMMARY OF AIRLINE LEASES

SUMMARY OF AIRLINE LEASES

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

SUMMARY OF THE 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 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 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 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 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 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 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 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 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 AUA.

"*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.

"*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 AUA.

"Commencement Date" shall mean 12:01 A.M. on October 1, 2010 if the 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 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 AUA, as shown in the 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 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 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 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 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 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 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 AUA in whole or in part for Airport System facilities and improvements, and remaining outstanding, are set forth in the 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 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 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 AUA.

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

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

"*Operation and Maintenance Expenses*" or "*O&M*" shall mean the reasonable, lawful 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 Facility.

"*O&M Reserve Fund*" shall mean that fund maintained by the 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 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 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 the Airport in conjunction with a flight for which such 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 the Airport, and without making a landing at any other airport, returns to land at the 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 any Special Facility.

"*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 the 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 the 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 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 the County or from the 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 AUA.

"*Special Facility*" 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.

"*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.

"*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 AUA.

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

TERM

The term of the AUA shall begin on the Commencement Date and shall terminate at midnight on December 31, 2015, unless sooner terminated under the provisions the AUA. The term of the 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 AUA, the Airline Premises set forth in the AUA. Each 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 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 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 AUA, will become Airline Premises and will be subject to all the terms, conditions, and other provisions of the 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 AUA.

Notwithstanding the above, each Airline executing an 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, each 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 the 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 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 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 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 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 AUA, rents, fees, and charges shall be calculated based on the principles and procedures set forth in the AUA. The methodology for the calculation of rents, fees, and charges is described in this section.

In addition, for and in consideration of County's ongoing costs and expense in constructing, developing, equipping, operating and maintaining the Airport System, each Airline, notwithstanding any provision contained in the AUA, agrees to pay County rates, fees and charges as will enable the 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 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 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 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 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 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 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 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 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 AUA multiplied by the amount of space in the Airline's Exclusive Use Premises and Preferential Use Premises set forth in the 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 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 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 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 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 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 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 AUA multiplied by the number of County-owned passenger loading bridges in use by the Airline.

The Passenger Loading Bridge Charge, shall be computed as provided in the 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 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 AUA.

The landing fee rate for the use of the Airfield shall be calculated as provided in the 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 AUA multiplied by the Airline's total amount of linear feet of apron area in accordance with the AUA.

The rate for the use of the Aircraft Parking Apron shall be calculated as provided in the 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) 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, each 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 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 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 AUA, such rates may be adjusted based on the new estimates and in accordance with the principles and procedures set forth in the 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 AUA, shall be as follows:

(A) *Employee Parking Charges*. Should an Airline elect to furnish parking for its employees, such 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 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 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.

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, such Airline shall pay all amounts owed to the County on demand in accordance with the payment provisions of the 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 AUA.

Responsibility for maintenance, cleaning and operation of facilities shall be as set forth in the 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 each Airline agrees to observe and obey, with respect to each 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 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 AUA. In such case, the rent payable under the 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 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 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 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 AUA relating to the affected Airline Premises, but the 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 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 AUA relating to the affected Airline Premises, but the 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 AUA upon thirty (30) days written notice.

Notwithstanding the provisions of the 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 AUA under the provisions of the 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 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 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 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 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.

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 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 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 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 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 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 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 AUA.

PASSENGER LOADING BRIDGE PROGRAM

Notwithstanding any provision in the AUA, the County may elect during the term of the AUA to: (i) replace any existing County-owned passenger loading bridges, and/or (ii) purchase passenger loading bridges to be installed at Gates lacking such equipment.

EXPENDITURES FOR PLANNING AND PRELIMINARY DESIGN

Each Airline recognizes in the 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 AUA, the County shall review and discuss with the Signatory Airlines any actions proposed to be taken in accordance with the 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 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 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 AUA.

(H) The rights of any Airline under the 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, such Airline shall remain liable to the County for all arrearages of rentals, fees and charges payable under the AUA and for all preceding breaches of any covenant contained in the 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 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 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 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 AUA and shall not affect the obligations of the Airline for the unexpired term of the 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 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 AUA, the Airline shall remain liable for and promptly pay all rentals, fees and charges accruing under the AUA until expiration of the AUA subject to the provisions of the 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 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 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 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 AUA, be less than the rentals, fees and charges payable during applicable periods by the Airline under the 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 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 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 AUA until the 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 AUA; (iii) to reject or assume the 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 AUA; and (v) to provide to the County such adequate assurance of future performance under the AUA as may be requested by the County, including a tender of a Performance Guarantee as set forth in the AUA.

Notwithstanding any other legal effect of or remedy for Airline's default or breach under the AUA, any acts of default or breach under the following agreements shall also constitute a default or breach under the 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 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 AUA and all rentals, fees and charges payable by the Airline under the 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 AUA, have the right to a suspension of the AUA, or part thereof, and abatement of a just proportion of the payments to become due under the 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 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 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 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 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 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)	Combined Single Limit for Bodily Injury and Property Damage of
• Scheduled Autos	$5,000,000
• Owned/Leased Automobiles	
• Non–owned Automobiles	
• Hired Automobiles	
• 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 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 AUA to the contrary, during the term of the AUA the County may transfer up to $4,000,000 from the ADFA to the ADF Depreciation Account established pursuant to the AUA.

ADF DEPRECIATION ACCOUNT

The County shall establish an ADF Depreciation Account during the term of the 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 AUA to the contrary, during the term of the 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 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, the 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 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.

BOOK-ENTRY ONLY SYSTEM

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 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 2014 Bonds. The 2014 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each annual maturity of the 2014 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: AA+. 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.

Purchases of 2014 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2014 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 2014 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 2014 Bonds, except in the event that use of the book-entry system for the 2014 Bonds is discontinued.

To facilitate subsequent transfers, all 2014 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 2014 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 2014 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2014 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 2014 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 the 2014 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 the 2014 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the 2014 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, the 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 2014 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 2014 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 2014 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 UNDERWRITERS 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 2014 BONDS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BENEFICIAL OWNERS; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER; 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 2014 BONDS.