

In the opinion of Co-Bond Counsel, under existing statutes, regulations, rulings and court decisions, and subject to the conditions described herein under “TAX MATTERS,” interest on the Series 2010 Bonds (as hereinafter defined) is excluded from gross income of the holders of such Series 2010 Bonds for federal income tax purposes, except that such exclusion shall not apply during any period such Series 2010 Bonds are held by a “substantial user” of the facilities financed or refinanced with proceeds of the Series 2010 Bonds or a “related person” within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended. Interest on the Series 2010A Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Series 2010B Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Such interest may be subject to other federal income tax consequences referred to herein under “TAX MATTERS.”



GREATER ORLANDO AVIATION AUTHORITY

\$79,705,000
Airport Facilities Revenue Bonds,
Series 2010A (Non-AMT)
of the City of Orlando, Florida

\$84,105,000
Airport Facilities Refunding Revenue Bonds,
Series 2010B (AMT)
of the City of Orlando, Florida

Dated: Date of Delivery

Due: October 1, as shown on inside cover

The \$79,705,000 Greater Orlando Aviation Authority Airport Facilities Revenue Bonds, Series 2010A (Non-AMT) of the City of Orlando, Florida (the “Series 2010A Bonds”) and the \$84,105,000 Greater Orlando Aviation Authority Airport Facilities Refunding Revenue Bonds, Series 2010B (AMT) of the City of Orlando, Florida (the “Series 2010B Bonds” together with the Series 2010A Bonds, the “Series 2010 Bonds”) are revenue bonds issued by the Greater Orlando Aviation Authority (the “Authority”), an agency of the City of Orlando, Florida (the “City”), under and pursuant to the Constitution and laws of Florida, including particularly, the Act (as defined herein), and other applicable provisions of law, and pursuant to the Airport Facilities Revenue Bond Resolution, the codified version of which was adopted by the Authority on September 17, 2008, as amended and supplemented from time to time (the “Airport Facilities Revenue Bond Resolution”), and as specifically supplemented by that certain Supplemental Airport Facilities Revenue Bond Resolution, authorizing the issuance of the Series 2010A Bonds, adopted by the Authority on March 17, 2010, and that certain Supplemental Airport Facilities Revenue Bond Resolution, authorizing the issuance of the Series 2010B Bonds, adopted by the Authority on March 17, 2010 (collectively the “2010 Supplemental Resolution,” and together with the Airport Facilities Revenue Bond Resolution, the “Bond Resolution”). See “SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT FACILITIES BOND RESOLUTION” attached hereto as APPENDIX B.

The Series 2010A Bonds are being issued for the purpose of providing funds sufficient, together with other available funds of the Authority, to: (a) finance all or a portion of the costs of the 2010 Projects (as described herein), which include certain PFC Projects, (b) pay capitalized interest on the Series 2010A Bonds, and (c) pay certain costs of issuance of the Series 2010A Bonds. See “THE 2010 PROJECTS” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

The Series 2010B Bonds are being issued for the purpose of providing funds sufficient, together with other available funds of the Authority, to: (a) currently refund and redeem all or a portion of the Greater Orlando Aviation Authority’s Airport Facilities Revenue Bonds, Series 1999A of the City of Orlando, Florida, (the “Refunded Bonds”), and (b) pay certain costs of issuance of the Series 2010B Bonds. See “THE REFUNDING PROGRAM” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

The Authority has received approval from the Federal Aviation Administration to collect and use certain passenger facility charges to fund Debt Service with respect to that portion of the Series 2010A Bonds allocated by the Authority to finance a portion of the 2010 Projects. See “AIRLINE REVENUES AND OTHER REVENUE SOURCES – Passenger Facility Charges” herein.

The Series 2010 Bonds are being issued as fully registered bonds and will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Individual purchases of beneficial interests in the Series 2010 Bonds will be made in book-entry only form, in the principal amount of \$5,000 and any integral multiple of \$5,000. Interest on the Series 2010 Bonds will accrue from their dated date and will be payable on April 1 and October 1 of each year commencing on October 1, 2010. Purchasers of beneficial interests in the Series 2010 Bonds will not receive physical delivery of certificates. Transfers of beneficial interests in the Series 2010 Bonds will be effected through the DTC book-entry system as described herein. The Series 2010 Bonds will not be transferable or exchangeable, except for transfer to another nominee of DTC or otherwise as described herein. Principal, interest, and the redemption price, if any, with respect to the Series 2010 Bonds will be payable by The Bank of New York Mellon Trust Company, N.A., as paying agent in Jacksonville, Florida for the Series 2010 Bonds to Cede & Co., as nominee of DTC. See “BOOK-ENTRY ONLY SYSTEM” herein.

The Series 2010 Bonds are subject to redemption prior to maturity as more fully described herein. See “DESCRIPTION OF SERIES 2010 BONDS” herein.

The Series 2010 Bonds are limited obligations, payable solely from and secured by a pledge of certain Revenues (as defined herein) derived by the Authority from the operation of the Airport System (as defined herein) and other funds as described herein. The pledge and lien of the Series 2010 Bonds upon the Revenues is on a parity as to payment with the Outstanding Airport Facilities Revenue Bonds and any Additional Bonds (as each is defined herein) hereafter issued under the Bond Resolution. See “SECURITY FOR THE SERIES 2010 BONDS” herein. The Authority has entered into Lease and Use Agreements (as defined herein) with certain airlines serving the Orlando International Airport that provide for the payment of fees and charges by such airlines as more fully described herein. See “AIRLINE REVENUES AND OTHER REVENUE SOURCES” herein.

THE SERIES 2010 BONDS ARE NOT OBLIGATIONS OF THE STATE OF FLORIDA OR GENERAL OBLIGATIONS OF THE AUTHORITY, THE CITY OR ANY POLITICAL SUBDIVISION OF THE STATE OF FLORIDA. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE SERIES 2010 BONDS, OR THE INTEREST OR PREMIUM, IF ANY, THEREON. THE AUTHORITY HAS NO TAXING POWER. THE PRINCIPAL OF AND INTEREST ON THE SERIES 2010 BONDS SHALL NOT BE PAYABLE FROM OR BE A CHARGE OR LIEN ON ANY FUNDS OF THE CITY OR THE AUTHORITY OTHER THAN THOSE PLEDGED UNDER THE BOND RESOLUTION TO THE PAYMENT THEREOF.

This cover page contains certain information for quick reference only. It is not a summary of the Series 2010 Bonds. Investors should read this entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2010 Bonds are offered when, as and if issued, and subject to the approval of legality by Nabors, Giblin & Nickerson, P.A., Tampa, Florida and Ruye H. Hawkins, P.A., Orlando, Florida as Co-Bond Counsel. Certain legal matters will be passed on for the Authority by Broad and Cassel, Issuer’s Counsel to the Authority. Marchena and Graham, P.A., Orlando, Florida, has served as Disclosure Counsel. Certain legal matters in connection with the Series 2010 Bonds will be passed upon for the Underwriters by Greenberg Traurig, P.A., Orlando, Florida, counsel to the Underwriters. Morgan Keegan & Company, Inc., Winter Park, Florida and National Minority Consultants, Inc., Winter Park, Florida are Co-Financial Advisors to the Authority. It is expected that the Series 2010 Bonds in definitive form will be available for delivery through DTC on or about April 15, 2010.



MORGAN STANLEY

BofA Merrill Lynch
Citi
Gardnyr Michael Capital
M. R. Beal & Company

J.P. Morgan
Estrada Hinojosa & Company, Inc.
Jefferies & Company
RBC Capital Markets

Raymond James
FirstSouthwest
Loop Capital Markets, LLC
SunTrust Robinson Humphrey

GREATER ORLANDO AVIATION AUTHORITY

\$79,705,000

**Airport Facilities Revenue Bonds,
Series 2010A (Non-AMT)
of the City of Orlando, Florida**

Maturities, Principal Amounts, Interest Rates, Yields, Prices and Initial CUSIP Numbers

\$26,885,000 Serial Bonds

Maturity (October 1)	Principal Amount	Interest Rate	Yield	Price	Initial CUSIP Numbers**
2014	\$1,095,000	4.000%	2.180%	107.696	392274YL4
2015	1,140,000	4.000	2.530	107.453	392274YM2
2016	2,020,000	4.000	3.050	105.531	392274YN0
2017	2,100,000	5.000	3.370	110.672	392274YP5
2018	2,205,000	3.600	3.620	99.854	392274YQ3
2019	2,285,000	4.000	3.840	101.257	392274YR1
2020	2,375,000	5.000	3.960	108.835	392274YS9
2021	2,495,000	5.000	4.060	107.945*	392274YT7
2022	2,615,000	4.125	4.260	98.703	392274YU4
2023	2,725,000	4.250	4.340	99.088	392274YV2
2024	2,845,000	5.000	4.420	104.814*	392274YW0
2025	2,985,000	5.000	4.500	104.133*	392274YX8

\$25,515,000 - 5.000% Term Bond Due October 1, 2032, Yield 4.870%, Price 101.053*, Initial CUSIP 392274YZ3

\$27,305,000 - 5.000% Term Bond Due October 1, 2039, Yield 5.050%, Price 99.235, Initial CUSIP 392274YY6

\$84,105,000

**Airport Facilities Refunding Revenue Bonds,
Series 2010B (AMT)
of the City of Orlando, Florida**

Maturities, Principal Amounts, Interest Rates, Yields, Prices and Initial CUSIP Numbers

Maturity (October 1)	Principal Amount	Interest Rate	Yield	Price	Initial CUSIP Numbers**
2011	\$15,740,000	3.000%	1.840%	101.664	392274ZA7
2012	18,100,000	5.000	2.250	106.547	392274ZB5
2013	20,240,000	5.000	2.600	107.893	392274ZC3
2014	2,400,000	5.000	3.050	108.074	392274ZD1
2015	2,490,000	5.000	3.420	107.808	392274ZE9
2016	5,645,000	5.000	3.910	106.168	392274ZF6
2017	6,010,000	5.000	4.200	105.077	392274ZG4
2018	13,480,000	4.250	4.390	99.017	392274ZH2

* Priced to the first optional call date of October 1, 2020 at par.

** CUSIP Numbers are included solely for the convenience of the reader of this Official Statement. The Authority takes no responsibility for the accuracy or use of the CUSIP numbers in this Official Statement.

**Greater Orlando Aviation Authority
One Airport Boulevard
Orlando, Florida 32827-4399
(407) 825-2001**

Authority Board Members

Jeffry Fuqua, Chairman*
Jacqueline Bradley, Vice-Chairperson**
Cesar Calvet, Treasurer
The Honorable Buddy Dyer, Mayor, City of Orlando
The Honorable Richard T. Crotty, Mayor, Orange County
Joseph L. Colon, Member
James Palmer, Member

City Council Commissioners

Buddy Dyer, Mayor
Phil Diamond
Daisy W. Lynum
Tony Ortiz
Patty Sheehan
Robert F. Stuart
Samuel B. Ings

Authority Management

G. Steve Gardner, Executive Director***
Phillip N. Brown, Deputy Executive Director-Administration***
Robert L. Gilbert, Deputy Executive Director-Facilities
C. Christian Schmidt, Deputy Executive Director-Airport Operations
Dayci S. Burnette-Snyder, Assistant Secretary and Manager of Board Services
Jacki M. Churchill, Chief Financial Officer

Issuer's Counsel

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Co-Bond Counsel

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NATIONAL MINORITY CONSULTANTS, INC
Winter Park, Florida

Airport Consultant

JACOBS CONSULTANCY
Burlingame, California

Independent Auditors

ERNST & YOUNG LLP
Orlando, Florida

* Jeffry Fuqua's term as an Authority Board member and chairman expires on April 16, 2010. Mr. Frank Kruppenbacher has been appointed as Mr. Fuqua's successor effective April 17, 2010.

** Jacqueline Bradley's term as an Authority Board member expires on April 16, 2010. Dr. Jason Pirozzolo has been appointed as Ms. Bradley's successor effective April 17, 2010.

***Mr. Gardner's term as executive director expires on September 19, 2010. The Authority Board has selected Phillip N. Brown, Deputy Executive Director-Administration as his successor.

NO DEALER, BROKER, SALESMAN OR ANY OTHER PERSON HAS BEEN AUTHORIZED BY THE AUTHORITY, THE CITY OR THE UNDERWRITERS TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION, OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, IN CONNECTION WITH THE OFFERING OF THE SERIES 2010 BONDS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE FOREGOING. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SERIES 2010 BONDS AND THERE SHALL BE NO SALE OF THE SERIES 2010 BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE INFORMATION AND EXPRESSIONS OF OPINION CONTAINED IN THIS OFFICIAL STATEMENT ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE THE IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE AUTHORITY SINCE THE DATE HEREOF OR THE EARLIEST DATE AS OF WHICH SUCH INFORMATION IS GIVEN.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING STATEMENT FOR INCLUSION IN THIS OFFICIAL STATEMENT: THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR 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.

THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT WITH THE PURCHASERS OF THE SERIES 2010 BONDS. STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT WHICH INVOLVE ESTIMATES, FORECASTS OR MATTERS OF OPINION, WHETHER OR NOT EXPRESSLY SO DESCRIBED IN THIS OFFICIAL STATEMENT, ARE INTENDED SOLELY AS SUCH AND ARE NOT TO BE CONSTRUED AS REPRESENTATIONS OF FACTS.

ALL SUMMARIES HEREIN OF DOCUMENTS AND AGREEMENTS ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO SUCH DOCUMENTS AND AGREEMENTS, AND ALL SUMMARIES HEREIN OF THE SERIES 2010 BONDS ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE FORM THEREOF INCLUDED IN THE AFORESAID DOCUMENTS AND AGREEMENTS.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2010 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2010 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2010 BONDS TO CERTAIN

DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE INSIDE COVER PAGE OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

THE SERIES 2010 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE BOND RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2010 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES, IF ANY, IN WHICH THE SERIES 2010 BONDS HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2010 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT

relating to

GREATER ORLANDO AVIATION AUTHORITY	GREATER ORLANDO AVIATION AUTHORITY
\$79,705,000	\$84,105,000
Airport Facilities Revenue	Airport Facilities Refunding
Bonds,	Revenue Bonds,
Series 2010A (Non-AMT)	Series 2010B (AMT)
of the City of Orlando, Florida	of the City of Orlando, Florida

INTRODUCTION

The purpose of this Official Statement, which includes the cover page, the inside cover and Appendices attached hereto, is to set forth information concerning the Greater Orlando Aviation Authority (the "Authority"), the Airport System (as defined herein), the City of Orlando, Florida ("City"), and certain other information in connection with the sale of the \$79,705,000 Greater Orlando Aviation Authority Airport Facilities Revenue Bonds, Series 2010A (Non-AMT) of the City of Orlando, Florida (the "Series 2010A Bonds") and the \$84,105,000 Greater Orlando Aviation Authority Airport Facilities Refunding Revenue Bonds, Series 2010B (AMT) of the City of Orlando, Florida (the "Series 2010B Bonds" together with the Series 2010A Bonds, the "Series 2010 Bonds"). Unless otherwise defined herein, capitalized terms used in this Official Statement shall have the meanings set forth in "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT FACILITIES BOND RESOLUTION" attached hereto as APPENDIX B and "REPORT OF THE AIRPORT CONSULTANT" attached hereto as APPENDIX A.

The Series 2010A Bonds are being issued for the purpose of providing funds sufficient, together with other available funds of the Authority, to: (a) finance all or a portion of the costs of the 2010 Projects (as described herein), which include certain PFC Projects, (b) pay capitalized interest on the Series 2010A Bonds, and (c) pay certain costs of issuance of the Series 2010A Bonds. In addition, the Authority is applying \$7.7 million as a source of funding for the 2010A Bonds from a release of funds from the Debt Service Reserve Account. See "THE 2010 PROJECTS" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Series 2010B Bonds are being issued for the purpose of providing funds sufficient, together with other available funds of the Authority, to: (a) currently refund and redeem all or a portion of the Greater Orlando Aviation Authority's Airport Facilities Revenue Bonds, Series 1999A of the City of Orlando, Florida, (the "Refunded Bonds"), and (b) pay certain costs of issuance of the Series 2010B Bonds. See "THE REFUNDING PROGRAM" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Authority has received approval from the Federal Aviation Administration ("FAA") to collect and use certain passenger facility charges to fund Debt Service with respect to that portion of the Series 2010A Bonds allocated by the Authority to finance PFC projects. See "AIRLINE REVENUES AND OTHER REVENUE SOURCES – Passenger Facility Charges" herein.

The Authority has previously issued various series of Airport Facilities Revenue Bonds pursuant to the Bond Resolution (as defined herein), \$1,065,824,224 aggregate principal amount of which were outstanding as of January 1, 2010 (the "Outstanding Airport Facilities Revenue Bonds"). The Series 2010 Bonds are being issued pursuant to the Bond Resolution and will be secured on a parity with the Outstanding Airport Facilities Revenue Bonds as to the pledge of, lien on and source of payment from Revenues. Subject to certain conditions as set forth in the Bond Resolution, Additional Bonds and Refunding Bonds may be issued under the Bond Resolution on a parity with the Outstanding Airport Facilities Revenue Bonds and the Series 2010 Bonds. See "SECURITY FOR THE SERIES 2010 BONDS – Additional Debt" herein. The Outstanding Airport Facilities Revenue Bonds, the Series 2010 Bonds and any Additional Bonds and Refunding Bonds hereafter issued are collectively referred to as the "Bonds."

The Authority also has incurred, and may continue to incur, indebtedness and other obligations that are junior and subordinate to the Bonds. See "OTHER INDEBTEDNESS AND INTEREST RATE SWAPS" herein.

THE AUTHORITY

The Authority was established as an agency of the City pursuant to Chapter 57-1658, Special Laws of Florida 1957 which was subsequently repealed, recodified and amended by Chapter 98-492, Special Laws of Florida 1998, as amended (the "Act"). The Airport is owned by the City. Pursuant to an Operation and Use Agreement dated September 27, 1976, by and between the City and the Authority, as amended (the "Transfer Agreement"), the City transferred to the Authority custody, control and management of the Airport for a term that will expire on September 30, 2026, subject to certain conditions, unless extended by the City and the Authority. Under the Transfer Agreement, the Authority pays the City for specific services rendered by the City in accordance with schedules negotiated with the City. Upon the expiration of the term of the Transfer Agreement, the custody, control and management of the Airport will revert to the City and the City shall automatically assume all of the Authority's obligations under the Bond Resolution and all of the liabilities of the Authority with respect to the Airport, but all such obligations or liabilities, including debt service on any Bonds, which are outstanding on and after the expiration of the Transfer Agreement, shall continue to be payable solely from their respective identified sources. Any such obligations or liabilities of the Authority which extend beyond the term of the Transfer Agreement will not be a general obligation of the City and neither the faith and credit nor the taxing power of the City will be pledged for the payment of any such obligations or liabilities, including the payment of principal, interest or premium on any Bonds.

The Authority operates the facilities of the Airport (the "Airport System" as such term is further defined in the Bond Resolution) for the accommodation of air commerce and

transportation. The Authority also operates the Orlando Executive Airport as a general aviation airport which is located closer to downtown Orlando. The Orlando Executive Airport does not constitute a part of the Airport System and revenues derived from the operation of the Orlando Executive Airport are not pledged to payment of the Bonds or the interest or the premium, if any, thereon. However, the Authority may include the Orlando Executive Airport within the definition of the Airport System by future Supplemental Resolution upon (a) delivery to The Bank of New York Mellon Trust Company, N.A., or its successor, in its capacity as trustee under the Bond Resolution (the "Trustee"), of an opinion of counsel that such inclusion will not violate or cause a breach or default under the Lease and Use Agreements (as defined herein), (b) confirmation from each Rating Agency that such action will not result in a reduction or withdrawal of current ratings on the Series 2010 Bonds or the Outstanding Airport Facilities Revenue Bonds, and (c) written consent of any applicable bond insurer or credit enhancer. The Authority has no current plans to include the Orlando Executive Airport within the Airport System. See "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT FACILITIES BOND RESOLUTION" attached hereto as APPENDIX B.

The Authority is governed by a seven-member board (the "Board"). Five members are appointed by the Governor of the State of Florida, subject to confirmation by the State Senate, one member is the Mayor of the City and one member is the Mayor of Orange County, Florida. One of the five members of the Board appointed by the Governor must be a resident of Osceola County. Members appointed by the Governor are appointed for four-year terms and the elected government officials serving as Board members are elected for two-year terms. All Authority Board members may be reappointed, provided that the maximum consecutive service for appointed members may not exceed eight years or two consecutive four year terms, whichever is longer. The Authority elects its own officers and appoints the Executive Director. The Authority management serves at the pleasure of the Executive Director.

AUTHORIZATION OF THE SERIES 2010 BONDS

Under the Act, the Authority is authorized to issue revenue bonds to finance airport facilities and to refund outstanding bonds or other indebtedness of the Authority. The Series 2010 Bonds are being authorized and issued under and pursuant to the Act and the Airport Facilities Revenue Bond Resolution, the codified version of which was adopted by the Authority on September 17, 2008, as amended and supplemented from time to time (the "Airport Facilities Revenue Bond Resolution") and as specifically supplemented by that certain Supplemental Airport Facilities Revenue Bond Resolution, adopted by the Authority on March 17, 2010 and that certain Supplemental Airport Facilities Revenue Bond Resolution, authorizing the issuance of the Series 2010B Bonds, adopted by the Authority on March 17, 2010 (collectively, the "2010 Supplemental Resolution," and together with the Airport Facilities Revenue Bond Resolution, the "Bond Resolution"). A summary of certain provisions of the Bond Resolution is set forth under the caption "SECURITY FOR THE SERIES 2010 BONDS" herein and in "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT FACILITIES BOND RESOLUTION" attached hereto as APPENDIX B.

THE 2010 PROJECTS

The 2010 Projects consist of Bag System Improvements and Vertical Circulation and Central Plant Improvements as described below.

Bag System Improvements (North Terminal Capacity Program). This \$60 million project consists of improvements to the existing landside terminal baggage claim and make-up systems, including:

- Replace bag claim devices. This project element will replace 18 bag claim devices with new flat plate carousels and extend the fingers to within approximately three feet of the building column line within the same layout. The project will increase capacity and address security issues related to the current configuration.
- Replace slope plate carousels. This project element will replace two existing slope plate carousels currently used by United Airlines and British Airways with a sort pier system. The work includes nine sort piers and a recode line layout. Ticket counter conveyors will also be replaced or refurbished. This system is preferred over a carousel system because it provides operational efficiencies by allowing separation of airline activity and provides additional capacity.
- Replace sort piers. This project element will replace the entire baggage system and sort piers. The replacement is recommended over refurbishment because it will increase belt width from 30 inches to 36 inches, which will improve operations, and increase capacity. Ticket counter conveyors will also be replaced or refurbished.
- Upgrade bag make-up area electrical system. This project element will provide several baggage systems in the Level 2 bag make-up area (including Delta and United) with new lighting and ventilation as well as emergency generator backup power. This will improve safety, operations and efficiency of the baggage handling system as well as ensure operation of the system in the event of a power failure.
- Develop baggage reporting/tracking system. This project element will develop a terminal-wide reporting system for the baggage handling system. Currently there are four independent systems manufactured by different companies which results in different graphics, diagnostics, reporting, and monitoring capabilities. This will increase operational efficiency and improve diagnostic and repair capability. It will also unify the software and program, and upgrade it to current technology.

It is expected that construction will begin in mid 2010 and these project elements will be substantially complete in three years (mid 2013). These project elements will be phased to maintain bag system operations throughout the construction period. See "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT" attached hereto.

Vertical Circulation and Central Plant Improvements. This project includes (1) replacement of four escalators from the parking garage tunnels to level 3 in the landside terminal, (2) central

plant improvements for the north terminal complex, and (3) modifications to the Airside 1 Federal Inspection Services (FIS) facilities.

The central plant improvements include replacement of three chillers and associated pumps, replacement of two cooling towers and associated condenser pumps, changing to a sloped basin below the new towers, and performing various modifications to ease plant operation. Construction is expected to begin in July 2010 and be substantially complete in May 2011.

The Airside 1 FIS improvements include modifications to the current passenger arrival process by modifying public circulation space, constructing new space, and adding new vertical circulation from the ramp level to the transfer level of Airside 1. These improvements will enable most arriving international passengers to bypass the airside security checkpoint and board the automated people mover (APM) system with some or all of their baggage. Modifications will also be made at the landside APM station to facilitate the segregated movement of the arriving international passengers into the landside building. Construction is expected to begin in August 2010 and be substantially complete in February 2012. See "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT" attached hereto.

THE REFUNDING PROGRAM

The Refunded Bonds will be called for redemption on or about May 21, 2010 at a redemption price equal to 101 percent of the principal amount thereof, plus accrued interest to the redemption date thereof. To effect the refunding and redemption of the Refunded Bonds, a portion of the proceeds of the Series 2010B Bonds, together with other available funds of the Authority, will be deposited with The Bank of New York Mellon Trust Company, N.A., as escrow agent (the "Escrow Agent") in an escrow deposit trust fund created under an Escrow Deposit Agreement to be dated as of April 15, 2010 between the Authority and the Escrow Agent (the "Escrow Deposit Agreement"). The proceeds of the Series 2010B Bonds, together with other available funds of the Authority deposited with the Escrow Agent, other than an initial cash deposit, will be applied by the Escrow Agent to purchase certain Investment Securities, the principal of and accrued interest on which shall be sufficient, together with the initial cash deposit, to pay the principal of, accrued interest and redemption premium on the Refunded Bonds on their redemption date. The portion of the proceeds of the Series 2010B Bonds held by the Escrow Agent as well as the maturing principal and interest on the Investment Securities, if any, and other amounts held by the Escrow Agent under the Escrow Deposit Agreement will be held in trust for the sole benefit of the holders of the Refunded Bonds. Such amounts will not be available to pay the principal of or interest on the Series 2010B Bonds. The sufficiency of the amounts deposited pursuant to the Escrow Deposit Agreement to pay the principal of, accrued interest and redemption premium on the Refunded Bonds shall be verified by Causey Demgen & Moore Inc., as Verification Agent. See "VERIFICATION OF MATHEMATICAL ACCURACY" herein.

Upon the deposit of such funds with the Escrow Agent, the purchase of such Investment Securities, if any, and the giving of certain notices and instructions required under the Bond Resolution, in the opinion of Co-Bond Counsel, rendered in reliance on certain schedules

provided by Morgan Stanley & Co. Incorporated, and the Verification Report of Causey Demgen & Moore Inc., described under “VERIFICATION OF MATHEMATICAL ACCURACY” herein, the Refunded Bonds will be deemed paid and shall cease to be entitled to any lien, benefit or security under the Bond Resolution and all covenants, agreements and obligations of the Authority to the holders of the Refunded Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds to be received from the sale of the Series 2010 Bonds are expected to be applied as follows:

Sources:	Series 2010A Bonds	Series 2010B Bonds
Par Amount of Series 2010 Bonds	\$79,705,000.00	\$84,105,000.00
Net Original Issue Premium	1,199,985.25	3,953,461.90
Other Authority Funds	7,700,000.00	0.00
Total Sources	\$88,604,985.25	\$88,058,461.90
 Uses:		
Deposit to 2010 Construction Account	\$79,900,000.00	\$0.00
Deposit to Escrow Deposit Trust Fund	0.00	87,193,885.43
Deposit to Composite Reserve Subaccount	6,028,611.99	0.00
Deposit to Capitalized Interest Fund	1,762,826.08	0.00
Costs of Issuance ⁽¹⁾	913,547.18	864,576.47
Total Uses	\$88,604,985.25	\$88,058,461.90

⁽¹⁾ Includes, but is not limited to the additional proceeds used for rounding purposes and the Underwriters' Discount.

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DESCRIPTION OF THE SERIES 2010 BONDS

General

The Series 2010 Bonds shall be dated the date of the delivery thereof, and will mature and bear interest from their dated date to their respective maturity dates in the amounts and at the rates set forth on the inside cover page of this Official Statement. Interest on the Series 2010 Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, as registrar, paying agent and trustee for the Series 2010 Bonds on April 1 and October 1 of each year commencing on October 1, 2010, provided however, that if any such day is not a business day (i.e., a Saturday, Sunday, legal holiday or a day in which banking institutions in the city where the corporate trust offices of the Paying Agent is located are closed, or a date on which the Paying Agent is closed), then such payment shall be made on the next business day thereafter without payment of additional interest. Interest shall be paid by check or draft mailed by the Paying Agent to the registered owners thereof as their addresses appear on the registration books maintained by the Trustee, as Bond Registrar, at the close of business on the 15th day (whether or not a business day) of the month next preceding the interest payment date (the "Record Date"), irrespective of any transfer or exchange of such Series 2010 Bonds after such Record Date and before such interest payment date unless the Authority shall be in default of interest due on such interest payment date. The principal of the Series 2010 Bonds will be payable at the corporate trust operations office of the Trustee in Jacksonville, Florida. Registered owners of \$1,000,000 or more in principal amount of Series 2010 Bonds may arrange for the payment of principal and interest with respect to the Series 2010 Bonds by wire transfer in immediately available funds by written request made to the Trustee within certain times and upon certain conditions set forth in the Bond Resolution.

The Series 2010A Bonds are being issued as Additional Bonds under the Bond Resolution and the Series 2010B Bonds are being issued as Refunding Bonds under the Bond Resolution. The Series 2010 Bonds are being issued solely in the form of fully registered bonds in denominations of \$5,000 and any integral multiple thereof. See "SECURITY FOR THE SERIES 2010 BONDS – Additional Debt" herein.

For every exchange or transfer of the Series 2010 Bonds, the Authority, the City and the Trustee, as Bond Registrar, may charge the registered owner an amount sufficient to reimburse them for any tax, fee or other governmental charge required (other than by the City or the Authority) to be paid with respect to or in connection with any such transfer or exchange and may require that such amount be paid before any such new Series 2010 Bonds are delivered.

The City, the Authority, the Bond Registrar and the Paying Agent may deem and treat the registered owner of any Series 2010 Bond as the absolute owner of such Series 2010 Bond for the purpose of receiving payment of the principal thereof and the interest thereon. Subject to the provisions of the Bond Resolution, a Series 2010 Bond may be exchanged at the office of the Bond Registrar for a like aggregate principal amount of Series 2010 Bonds of other authorized denominations of the same series and maturity.

Optional Redemption

The Series 2010A Bonds maturing before October 1, 2021 are not subject to optional redemption prior to maturity. The Series 2010A Bonds maturing on or after October 1, 2021 are subject to redemption prior to maturity, at the option of the Authority, in whole or in part, on October 1, 2020 and any date thereafter, at the Redemption Price equal to the principal amount of the Series 2010A Bonds or portions thereof to be redeemed.

An optional redemption shall be a Conditional Redemption and the notice of redemption shall state that the redemption is conditional upon the conditions set forth therein, and such notice and optional redemption shall be of no effect (i) if by no later than the scheduled redemption date, the conditions set forth therein have not been satisfied, or (ii) the Authority or the Trustee, at the written direction of the Authority, rescinds such notice on or prior to the scheduled redemption date. Such redemption shall be conditional upon receipt by the Trustee or escrow agent named by the Authority of sufficient moneys to redeem the Series 2010A Bonds and satisfaction of such other conditions set forth in the notice of redemption. A Conditional Redemption shall be deemed canceled once the Authority or the Trustee, at the written direction of the Authority, has given notice of rescission. The Authority or the Trustee, at the written direction of the Authority, shall give notice of rescission of a Conditional Redemption by the same means as is provided for the giving of notice of redemption. Any Series 2010A Bonds subject to a Conditional Redemption which has been canceled shall remain Outstanding, and neither the rescission nor the failure of funds being made available in part or in whole on or before the proposed redemption date shall constitute an Event of Default.

The Series 2010B Bonds are not subject to optional redemption prior to maturity.

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Mandatory Sinking Fund Installments

The Series 2010 Bond maturing on October 1, 2032 is subject to mandatory redemption in part, prior to maturity, by operation of the Debt Service Account to satisfy Sinking Fund Installments at redemption prices equal to 100 percent of the principal amount thereof, plus accrued interest to the date of redemption, on October 1 in the following years and in the following principal amounts.

<u>Year</u>	<u>Principal Amount</u>
2026	\$3,135,000
2027	3,290,000
2028	3,450,000
2029	3,630,000
2030	3,810,000
2031	4,000,000
2032*	4,200,000

*Maturity

The Series 2010 Bond maturing on October 1, 2039 is subject to mandatory redemption in part, prior to maturity, by operation of the Debt Service Account to satisfy Sinking Fund Installments at redemption prices equal to 100 percent of the principal amount thereof, plus accrued interest to the date of redemption, on October 1 in the following years and in the following principal amounts.

<u>Year</u>	<u>Principal Amount</u>
2033	\$3,355,000
2034	3,520,000
2035	3,700,000
2036	3,880,000
2037	4,075,000
2038	4,280,000
2039*	4,495,000

*Maturity

Subject to certain requirements in the Bond Resolution, amounts accumulated in the Debt Service Account with respect to any Sinking Fund Installment (together with amounts accumulated therein with respect to the interest on the Series 2010 Bonds for which such Sinking Fund Installment was established) may, and if so directed by the Authority shall, be applied by the Trustee, on or prior to the 40th day preceding such Sinking Fund Installment to the purchase of the Series 2010 Bonds for which such Sinking Fund Installment was established, or to the redemption of such Series 2010 Bonds if they are then redeemable by their terms. Any such purchase or early redemption shall reduce the amount of Series 2010 Bonds to be redeemed on the scheduled sinking fund redemption date.

Upon any purchase or redemption of Bonds of any series and maturity for which Sinking Fund Installments shall have been established in advance of their scheduled maturity or mandatory redemption date, an amount equal to the principal amount of such Bonds so purchased or redeemed shall be credited toward a part (an integral multiple of \$5,000, or such other authorized denomination as may be provided by Supplemental Resolution with respect to a Series of Bonds) or all of any one or more Sinking Fund Installments thereafter to become due, as directed by the Authority in a certificate in writing signed by an Authorized Officer of the Authority and filed with the Trustee, or in the absence of such direction toward such Sinking Fund Installments in inverse order of their due dates.

Selection of Series 2010 Bonds to be Redeemed

In the event less than all of the Series 2010 Bonds of an entire maturity thereof are redeemed, the Series 2010 Bonds to be selected for redemption shall be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate. However, in selecting for redemption portions of any Series 2010 Bonds of a denomination of more than \$5,000, the Trustee shall treat each such Series 2010 Bond as representing that number of Series 2010 Bonds of \$5,000 denomination, which is obtained by dividing the principal amount of such Series 2010 Bond to be redeemed in part by \$5,000 and the Trustee shall redeem only that portion of such Series 2010 Bonds that is in the principal amount of \$5,000 or any integral multiple thereof.

Notice of Redemption

Notice of redemption meeting the requirements set forth in the Bond Resolution shall be mailed at least 30 days and not more than 60 days before the redemption date to the registered owners of any Series 2010 Bonds or portions of Series 2010 Bonds to be redeemed at their last addresses appearing upon the registration books maintained by the Trustee. Failure to mail such notice to a registered owner of a Series 2010 Bond, or any defect therein, shall not affect the validity of the proceedings for redemption of any Series 2010 Bond or portion thereof with respect to which no such failure or defect occurred. Any notice mailed as provided in the Bond Resolution shall be conclusively presumed to have been duly given, whether or not the owner of such Series 2010 Bond receives such notice.

As described under "BOOK-ENTRY ONLY SYSTEM" herein, for so long as the Series 2010 Bonds are registered in the name of DTC, Cede & Co., or any other nominee of DTC, notice of redemption of any Series 2010 Bond will be given by the Trustee only to Cede & Co., or such other nominee, as registered owner thereof. Cede & Co. will be solely responsible for selecting and notifying those Direct Participants who will in turn be solely responsible to notify Indirect Participants and Beneficial Owners to be affected by such redemption.

Payment of Redeemed Series 2010 Bonds

Notice having been given in the manner required as described above and the conditions for such redemption having been satisfied, the Series 2010 Bonds or portions thereof so called for redemption shall become due and payable on the redemption date at the Redemption Price, plus accrued interest to the redemption date. If less than all of a Series 2010 Bond shall be

selected for redemption, the Paying Agent will deliver, upon the surrender of such Series 2010 Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Series 2010 Bond so surrendered, Series 2010 Bonds of such series of like maturity in any authorized denomination. If on the redemption date moneys for the redemption for the Series 2010 Bonds to be redeemed, together with interest to the redemption date, shall be held by the Paying Agent, and if notice of redemption shall have been given in the manner required as described above, then interest on the Series 2010 Bonds so called for redemption shall cease to accrue from and after the redemption date. If moneys shall not be so available, such Series 2010 Bonds shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Purchase in Lieu of Redemption

At any time the Series 2010 Bonds are subject to optional redemption, all or a portion of the Series 2010 Bonds to be redeemed pursuant to an optional redemption may be purchased in lieu of being redeemed by the Trustee at the direction of the Authority on the date on which such Series 2010 Bonds would otherwise have been redeemed. The purchase price for Series 2010 Bonds purchased in lieu of redemption will be equal to the Redemption Price that would have been applicable to the Series 2010 Bonds on such date. No notice to the owners of the Series 2010 Bonds to be purchased (other than the notice of redemption otherwise required by the Bond Resolution) is required. All Series 2010 Bonds to be so purchased in lieu of redemption that are not delivered to the Trustee on the purchase date shall be deemed to have been so purchased and not redeemed on the purchase date and shall cease to accrue interest as to the former Registered Owner on the purchase date.

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning The Depository Trust Company, New York, New York ("DTC"), and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

DTC will act as securities depository for the Series 2010 Bonds. The Series 2010 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2010 Bond certificate will be issued for each maturity of the Series 2010 Bonds and 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 (the "Indirect Participants"). DTC has Standard & Poor's highest rating: "AAA." The DTC rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Series 2010 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2010 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2010 Bond (each a "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 (collectively, "Participants") through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2010 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2010 Bonds, except in the event that use of the book-entry system for the Series 2010 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2010 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2010 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2010 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2010 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2010 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2010 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2010 Bond documents. For example, Beneficial Owners

of Series 2010 Bonds may wish to ascertain that the nominee holding the Series 2010 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2010 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2010 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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 Series 2010 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2010 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent on a payment date in accordance with their respective holdings shown on DTC's records. Payments by DTC 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 DTC Participant and not of DTC nor its nominee, the Trustee, the Registrar, the Paying Agent, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest on the Series 2010 Bonds, as applicable, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2010 Bonds at any time by giving reasonable notice to the Authority or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2010 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC upon compliance with any applicable DTC rules and procedures. In that event, Series 2010 Bond certificates 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 Authority believes to be reliable, by the Authority takes no responsibility for the accuracy thereof.

The Authority, the City, and the Paying Agent and Registrar do not have any responsibility or obligation to the Direct Participants, Indirect Participants or the Beneficial

Owners with respect to (a) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (b) the payment by DTC or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of and interest on the Series 2010 Bonds; (c) the delivery or timeliness of delivery by DTC or any Direct Participant or Indirect Participant of any notice to any Beneficial Owner, which is required or permitted under the terms of the Bond Resolution to be given to Bondholders; or (d) any consent given or other action taken by DTC, or its nominee, Cede & Co., as Bondholders.

SECURITY FOR THE SERIES 2010 BONDS

Brief descriptions of the source of payment of the Series 2010 Bonds, the flow of funds under the Bond Resolution, the Authority's rate covenant set forth in the Bond Resolution and certain other provisions of the Bond Resolution are provided herein. The descriptions provided herein are qualified in their entirety by the applicable provisions of the Bond Resolution. See "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT FACILITIES BOND RESOLUTION" attached hereto as APPENDIX B.

General

The Series 2010A Bonds are being issued as Additional Bonds pursuant to the Bond Resolution and the Series 2010B Bonds are being issued as Refunding Bonds under the Bond Resolution. As such, the Series 2010 Bonds are "Bonds" as such term is used in the Bond Resolution and are on a parity with the Outstanding Airport Facilities Revenue Bonds as to the pledge of, lien on and source of payment from Revenues. In accordance with and subject to the terms and conditions of the Bond Resolution, Additional Bonds and Refunding Bonds may be issued under the Bond Resolution on a parity with the Outstanding Airport Facilities Revenue Bonds and the Series 2010 Bonds.

THE SERIES 2010 BONDS ARE LIMITED OBLIGATIONS PAYABLE SOLELY FROM THE REVENUES OF THE AUTHORITY, AS PROVIDED IN THE BOND RESOLUTION AND ARE NOT OBLIGATIONS OF THE STATE OF FLORIDA OR GENERAL OBLIGATIONS OF THE AUTHORITY, THE CITY OR ANY POLITICAL SUBDIVISION OF THE STATE OF FLORIDA. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE SERIES 2010 BONDS, OR THE INTEREST OR PREMIUM, IF ANY, THEREON. THE AUTHORITY HAS NO TAXING POWER. THE PRINCIPAL OF AND INTEREST ON THE SERIES 2010 BONDS SHALL NOT BE PAYABLE FROM OR BE A CHARGE OR LIEN ON ANY FUNDS OF THE CITY OR THE AUTHORITY OTHER THAN THOSE PLEDGED UNDER THE BOND RESOLUTION TO THE PAYMENT THEREOF.

Pledge Under the Bond Resolution

Pursuant to the Bond Resolution, the Bonds, including the Series 2010 Bonds, and the interest and premium, if any, thereon, will be payable from and secured by, among other things, a pledge of, and first lien on, Revenues. The Bonds are also secured by the proceeds of the sale

of such Bonds and all funds, and investment earnings thereon, held pursuant to the Bond Resolution. The Composite Reserve Subaccount secures those Bonds designated to be secured by the Composite Reserve Subaccount, and individual series specific debt service reserve subaccounts secure only those series of Bonds designated to be secured by each such subaccount. The Series 2010 Bonds are secured by the Composite Reserve Subaccount of the Debt Service Reserve Account. The Bond Resolution requires an amount equal to the Composite Reserve Requirement to be maintained in the Composite Reserve Subaccount of the Debt Service Reserve Account. The amount on deposit in the Composite Reserve Subaccount of the Debt Service Reserve Account after issuance of the Series 2010 Bonds will equal the Composite Reserve Requirement.

Under the Bond Resolution, the term "Revenues" includes, among other things, all income and revenues from all sources collected or received by the Authority in the operation of the Airport System. The revenues and income from Special Purpose Facilities are not considered "Revenues" to the extent that they are pledged to the payment of obligations of the Authority issued to finance such Special Purpose Facilities. The term "Revenues" may include PFC Revenues, but only to the extent that they constitute "Available PFC Revenues" (generally, those PFC Revenues received by the Authority in an amount equal to 1.25 times debt service on the portion of Bonds issued to finance PFC Projects) for the applicable period. See "AIRLINE REVENUES AND OTHER REVENUE SOURCES - Passenger Facility Charges" herein. PFC Revenues in excess of Available PFC Revenues may be expended by the Authority on a pay-as-you-go basis pursuant to approvals received from the FAA. See "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT FACILITIES BOND RESOLUTION" attached hereto as APPENDIX B for a complete definition of "Revenues".

Flow of Funds

The Bond Resolution requires that all Revenues, including Available PFC Revenues, shall be deposited into the Revenue Fund. Revenues deposited into the Revenue Fund shall be applied monthly to the following funds and accounts, in the following order of priority:

(a) to the Airport Facilities Operation and Maintenance Fund, an amount equal to one-twelfth (or such greater fraction if the period is less than 12 months as may be appropriate) of the money appropriated for Operation and Maintenance Expenses for the then-current Fiscal Year as set forth in the current Annual Budget;

(b) to the Bond Fund for credit to the Debt Service Account, the amount, if and to the extent required so that the balance therein shall equal the Accrued Aggregate Debt Service; provided that, for purposes of computing the amount in said Account, there shall be excluded the amount, if any, set aside therein which was deposited from proceeds of each series of Bonds less the amount of interest accrued and unpaid and to accrue on the Bonds of such series (or any Refunding Bonds issued to refund such Bonds) other than Capital Appreciation Bonds, to the last day of the then-current month for the payment of Debt Service on the Bonds;

(c) except as otherwise provided below, to the Bond Fund for credit of the applicable subaccounts in the Debt Service Reserve Account, the amount, if any, to the

extent required so that the balance in each subaccount shall equal the Debt Service Reserve Requirement with respect thereto;

(d) to the Operation and Maintenance Fund for credit to the Operation and Maintenance Reserve Account, an amount equal to one-twelfth (or such greater fraction if the period is less than 12 months as may be appropriate) of the amount which is equal to the difference between the sum on deposit in the Operation and Maintenance Reserve Account at the beginning of the then-current Fiscal Year and one-sixth of the Operation and Maintenance Expenses set forth in the current Annual Budget;

(e) to the Capital Expenditures Fund, an amount equal to one-twelfth (or such greater fraction if the period is less than 12 months as may be appropriate) of the amount appropriated therefor in the current Annual Budget, plus any deficiencies from deposits in prior months;

(f) to the Renewal and Replacement Fund, an amount equal to one-twelfth (or such greater fraction if the period is less than 12 months as may be appropriate) of the amount appropriated therefor in the current Annual Budget, provided that no further deposits are required so long as the uncommitted moneys therein are equal to or greater than \$1,000,000 or such larger amount as the Airport Consultant shall certify as necessary plus any deficiencies from deposits in prior months; and

(g) to the Discretionary Fund, an amount determined by the Authority from time to time, in its discretion, plus all amounts required to be deposited into such Fund in such month by the terms of any agreements relating to indebtedness issued by the Authority to finance improvements to the Airport System, plus all amounts required to pay in a timely manner all payments the Authority is required to make to any third party under any interest rate swap agreement or other derivative financial product agreement between the Authority and a third party, plus, for deposit in the PFC Account, an amount equal to the difference between (a) the amount of Available PFC Revenues deposited in the Revenue Fund, plus amounts withdrawn from the PFC Account pursuant to the Bond Resolution (to the extent not previously replenished), and (b) the Accrued Aggregate Debt Service with respect to that portion of the Bonds issued to finance PFC Projects, as allocated by a certificate of an Authorized Officer of the Authority, or such lesser amount which will not cause the amount on deposit in such Fund to exceed the Discretionary Fund Maximum Balance; provided that, if any such monthly allocation to said Fund shall be less than the required amount, the amount of the next succeeding monthly payment shall be increased by the amount of such deficiency to the extent that the amount on deposit in such Fund shall not exceed the Discretionary Fund Maximum Balance. The amount of the monthly deposit to the Discretionary Fund and the amount of the Discretionary Fund Maximum Balance may be adjusted by Authority at any time.

Deposits to the Bond Fund shall be increased to the extent required to pay principal, interest and redemption premiums, if any, next becoming due, and to make up any deficiencies or losses that may otherwise arise in such Fund and subaccounts.

If there are not sufficient funds in the Revenue Fund available to make the amounts on deposit in each subaccount in the Debt Service Reserve Account equal to the Debt Service Reserve Requirement for the applicable Series of Bonds, there shall be deposited in each such subaccount an amount equal to the lesser of the Debt Service Reserve Requirement for such subaccount or the total amount available to be deposited into the Debt Service Reserve Account multiplied by a fraction, the numerator of which is the Bond Obligation of all Bonds of the applicable Series then Outstanding and the denominator of which is the total aggregate amount of the Bond Obligation of all Bonds of every Series then Outstanding under the Bond Resolution secured by a subaccount in the Debt Service Reserve Account.

Notwithstanding anything in the Bond Resolution to the contrary, the Authority shall not be required to fully fund a subaccount in the Debt Service Reserve Account at the time of issuance of any Series of Bonds under the Bond Resolution, if it provides on the date of issuance of any Series of Bonds in lieu of such funds, a Reserve Product issued by a Reserve Product Provider in an amount equal to the difference between the applicable Debt Service Reserve Requirement and the sums then on deposit in the applicable subaccount in the Reserve Account. Such Reserve Product as provided above must provide for payment on any interest or principal payment date (provided adequate notice is given) on which a deficiency exists (or is expected to exist) in moneys held under the Bond Resolution for a payment with respect to the applicable Series of Bonds, which cannot be cured by funds in any other account held pursuant to the Bond Resolution and available for such purpose, and which shall name the Trustee or a Paying Agent as the beneficiary thereof. In no event shall the use of such Reserve Product be permitted if it would cause any existing rating on the Bonds or any Series thereof to be lowered, suspended or withdrawn. If a disbursement is made from a Reserve Product as provided above, the Authority shall be obligated to reinstate the maximum limits of such Reserve Product immediately following such disbursement or to replace such Reserve Product by depositing into the applicable subaccount in the Debt Service Reserve Account from the first Available Revenues available for deposit pursuant to subparagraph (c) above after the deposits required by subparagraphs (a) and (b) above, funds in the maximum amount originally payable under such Reserve Product, plus amounts necessary to reimburse the Reserve Product Provider for previous disbursements made pursuant to such Reserve Product, or a combination of such alternatives, and for purposes of subparagraph (c) above, amounts necessary to satisfy such reimbursement obligation and other obligations of the Authority to such a Reserve Product Provider shall be deemed required deposits into the applicable subaccount in the Reserve Account, but shall be used by the Authority to satisfy its obligations to the Reserve Product Provider.

Also notwithstanding anything to the contrary in the Bond Resolution, the Authority shall not be required to fund fully a subaccount in the Debt Service Reserve Account at the time of issuance of any Series of Bonds under the Bond Resolution, if it elects by Supplemental Resolution adopted prior to the issuance of any Series of Bonds and subject to the limits described under the Bond Resolution, to fully fund the applicable subaccount over a period specified in such Supplemental Resolution not to exceed 60 months during which it shall make substantially equal monthly installments in order that the amount on deposit in such subaccount in the Debt Service Reserve Account at the end of such period shall equal the Debt Service Reserve Requirement with respect thereto. The aggregate amounts which may be permitted to be deposited in installments at any time shall not exceed 75 percent of the Debt Service Reserve Requirement with respect to such subaccount in the Debt Service Reserve Account. If a

subaccount in the Debt Service Reserve Account is to be initially funded in installments, the deposits required pursuant to the foregoing may be limited to the amount which will be sufficient to make the required monthly installments specified in the Supplemental Resolution, plus an amount necessary to make up any deficiencies caused by withdrawals or resulting from valuations of the funds on deposit therein.

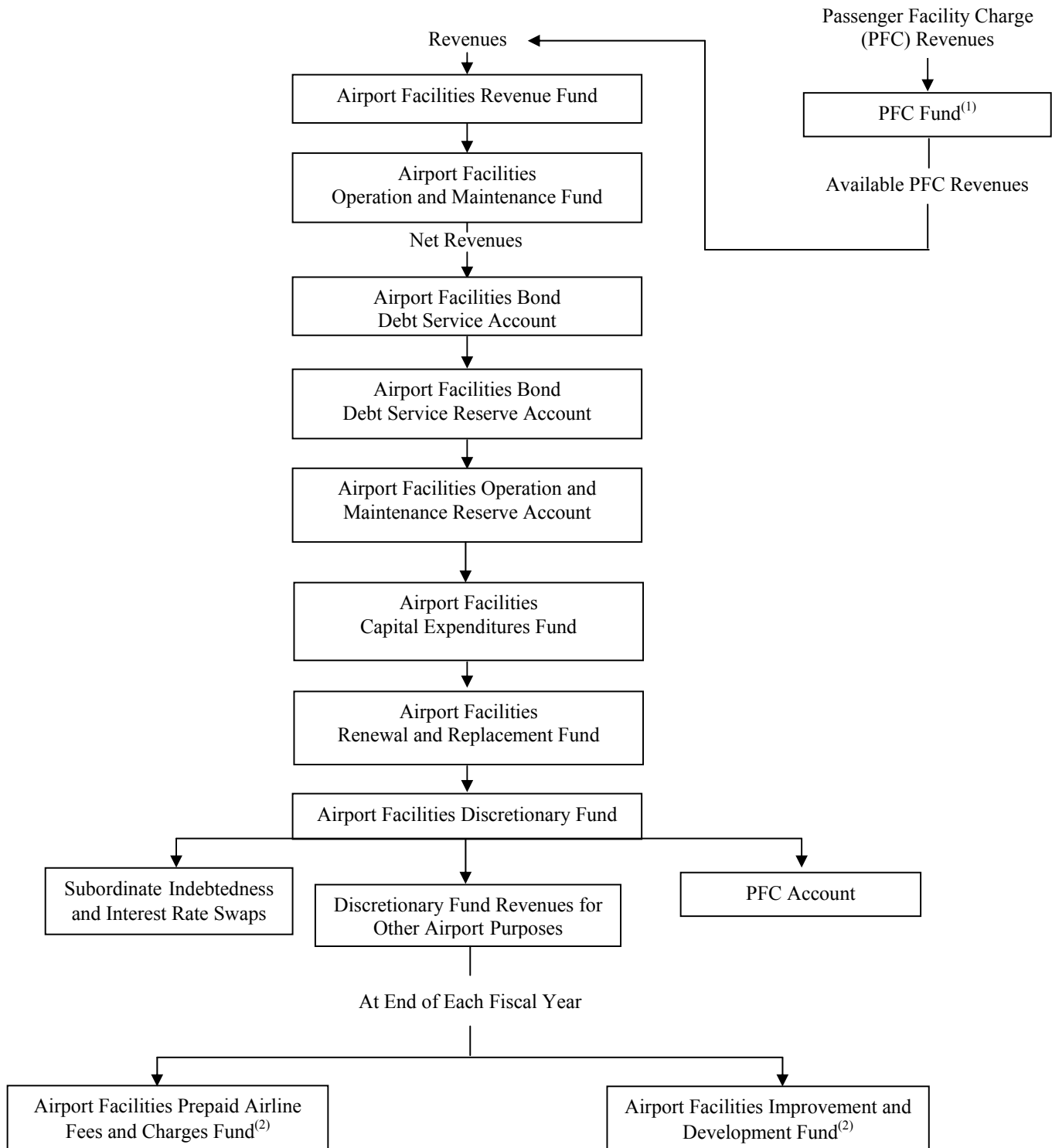
At the end of each Fiscal Year, after all deposits required to be made into each of the aforesaid funds and accounts have been made, the moneys remaining in the Revenue Fund and not required to make up any deficiencies, shall be transferred in equal amounts (50 percent each) to the Improvement and Development Fund and the Prepaid Airline Fees and Charges Fund. Any deposits made into the Prepaid Airline Fees and Charges Fund are transferred to the Revenue Fund in the next subsequent Fiscal Year. As a result of the Lease and Use Agreements with the Signatory Airlines operating at the Airport, which Lease and Use Agreements were effective October 1, 2008, the Authority is no longer required by such Agreements to make any deposits into the Prepaid Airline Fees and Charges Fund and, to the extent any deposits into such Fund are made, they are not credited to the benefit of the airlines. As a result, pursuant to the Bond Resolution, the Authority has increased the deposit to be made into the Discretionary Fund so that after this deposit is made, no moneys remain in the Revenue Fund.

Application of Revenues

The following diagram presents a summary of the application of Revenues to various funds and accounts as governed by the provisions of the Bond Resolution and described above. A more complete description of the application of Revenues is included in "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT FACILITIES BOND RESOLUTION-Application of Revenues" attached hereto as APPENDIX B. See "AIRLINE REVENUES AND OTHER REVENUE SOURCES" herein for a description of the types of income and revenues of the Authority included in the definition of "Revenues."

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Application of Revenues



⁽¹⁾ PFC Revenues in excess of Available PFC Revenues are not subject to the lien of the Bond Resolution and may be expended by the Authority subject to approvals received from the FAA.

⁽²⁾ As a result of the Lease and Use Agreements with the Signatory Airlines operating at the Airport, effective October 1, 2008, the Authority is no longer required by the Lease and Use Agreements to make any deposits into the Prepaid Airline Fees and Charges Fund and, to the extent any deposits into such Fund are made, they are not to be credited to the airlines.

Debt Service Reserve Account

The Bond Resolution creates the Debt Service Reserve Account as an account within the Airport Facilities Bond Fund and within the Debt Service Reserve Account there is created a Composite Reserve Subaccount. An amount equal to the Composite Reserve Requirement is required to be maintained in the Composite Reserve Subaccount. Amounts on deposit in the applicable subaccounts of the Debt Service Reserve Account are required to be applied monthly to cure any deficiencies in the applicable subaccounts of the Debt Service Account established under the Bond Resolution. The Composite Reserve Subaccount secures those Bonds designated to be secured by the Composite Reserve Subaccount, and individual series specific debt service reserve subaccounts secure only those series of Bonds designated to be secured by each such subaccount.

If, on the final business day of any month, the amount in the Debt Service Account shall be less than the amount required to be in such Account pursuant to the Bond Resolution, the Trustee shall apply amounts from the applicable subaccounts in the Debt Service Reserve Account to the extent necessary to make good the deficiency; provided, however, that amounts in the separate subaccounts in the Debt Service Reserve Account shall be used only for the purpose of curing deficiencies with respect to the Series of Bonds secured by such subaccount. As of the date hereof, the Composite Reserve Subaccount secures all of the Outstanding Bonds and no Series of Bonds is secured by its own separate subaccount. Upon issuance of the Series 2010 Bonds, the Composite Reserve Requirement shall be \$72,328,682.99. Such Requirement will be fully funded with Investment Securities and does not currently contain any surety policies. Any proceeds received from a Reserve Product shall be applied to cure deficiencies in a subaccount or subaccounts of the Debt Service Account only with respect to the Series of Bonds secured by the reserve subaccount for which such Reserve Product was provided.

Whenever the moneys on deposit in a subaccount in the Debt Service Reserve Account shall exceed the applicable Debt Service Reserve Requirement applicable to such subaccount, the Trustee, at the direction of an Authorized Officer of the Authority, shall allocate and apply the amount of such excess in the same manner as Available Revenues or Revenues, as the case may be, pursuant to the Bond Resolution.

Whenever the amounts in the applicable subaccounts in the Debt Service Reserve Account, together with the amount in the Debt Service Account, are sufficient to pay fully all Outstanding Bonds in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), the funds on deposit in the Debt Service Reserve Account shall be transferred to the Debt Service Account. Prior to said transfer, all investments held in the Debt Service Reserve Account shall be liquidated to the extent deemed necessary in order to provide for the timely payment of principal and interest (or Redemption Price) on the Bonds Outstanding secured by the applicable subaccount in the Debt Service Reserve Account.

Notwithstanding the foregoing, if one or more subaccounts in the Debt Service Reserve Account have been funded with cash or Investment Securities and no Event of Default shall have occurred and be continuing under the Bond Resolution, the Authority may, at any time in its discretion, substitute a Reserve Product meeting the requirements of the Bond Resolution for the cash and Investment Securities in any such subaccount, and the Authority may then withdraw

such cash and Investment Securities from such account and deposit them to the credit of the Revenue Fund so long as (a) the same does not adversely affect any rating by a Rating Agency then in effect for the applicable Series of Outstanding Bonds, and (b) the Authority obtains an opinion of Bond Counsel that such actions will not, in and of themselves, adversely affect the exclusion from gross income of interest on the applicable Series of Bonds (if other than Taxable Bonds) for federal income tax purposes.

Cash on deposit in the applicable subaccount in the Debt Service Reserve Account shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any Reserve Product. If and to the extent that more than one Reserve Product is deposited in the applicable subaccount in the Debt Service Reserve Account, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

The Composite Reserve Subaccount will be fully funded upon the issuance of the Series 2010 Bonds.

Application of Supplemental Revenues

Each month, all Supplemental Revenues, up to the Accrued Aggregate Debt Service with respect to the Series of Bonds secured by such Supplemental Revenues, shall be deposited to the Bond Fund for the credit of the Debt Service Account and, anything provided herein to the contrary notwithstanding, shall be used solely to pay debt service on the Series of Bonds secured by such Supplemental Revenues. Supplemental Revenues deposited in the Debt Service Account shall be used to pay debt service on the Series of Bonds secured thereby prior to the use of any Revenues or Available Revenues. No Supplemental Revenues are pledged to the repayment of the Series 2010 Bonds or any Outstanding Bonds.

Rate Covenant

The Authority has covenanted in the Bond Resolution that it will establish, fix, prescribe and collect rates, fees, rentals and other charges for the use of the Airport System as shall be required in order that, in each Fiscal Year, Net Revenues less the amounts, if any, required to be deposited from Revenues into the Operation and Maintenance Reserve Account, the Capital Expenditures Fund and the Renewal and Replacement Fund established under the Bond Resolution, plus Supplemental Revenues in an amount not to exceed 1.25 times the Aggregate Debt Service on each series of Bonds secured by such Supplemental Revenues for such Fiscal Year, shall equal at least 1.25 times the Aggregate Debt Service for such Fiscal Year and, in any event, as shall be required to pay or discharge all indebtedness, charges and liens whatsoever payable out of Revenues or Available Revenues under the Bond Resolution.

The Authority remains obligated under the Bond Resolution to establish, fix, prescribe and collect rates, fees, rentals and other charges as provided above until such time as there are no longer any Bonds Outstanding, notwithstanding the expiration or termination of the Lease and Use Agreements. See "AIRLINE REVENUES AND OTHER REVENUE SOURCES - Payments by Airlines Pursuant to Lease and Use Agreements" herein.

Additional Debt

The Bond Resolution provides that one or more series of Additional Bonds, constituting Bonds, may be authenticated and delivered upon original issuance at any time, for the purpose of paying the cost of any Additional Projects upon satisfaction of the following conditions, among others:

(1) A certificate of an Authorized Officer of the Authority setting forth (i) for any period of 12 consecutive calendar months out of the 30 calendar months next preceding the authentication and delivery of such Series, the Net Revenues for such 12-month period, (ii) the Supplemental Revenues, if any (not to exceed 1.25 times the Aggregate Debt Service in such Fiscal Year with respect to each Series of Bonds secured by such Supplemental Revenues), for such 12-month period, and (iii) the Aggregate Debt Service (including the Aggregate Debt Service with respect to each series of Bonds secured by Supplemental Revenues) and the Prior Lien Debt Service for such 12 month period, and demonstrating that for such 12 month period Net Revenues, plus any Supplemental Revenues in an amount not to exceed 1.25 times the Aggregate Debt Service on the Series of Bonds secured thereby, equaled at least 1.25 times the sum of Aggregate Debt Service and Prior Lien Debt Service;

(2) A report of the Consulting Engineers setting forth (i) the estimated substantial completion and placed in service date for the Additional Project for which such Series of Additional Bonds is being issued and for any other uncompleted Project, and (ii) an estimate of the Cost of Construction of such Additional Project and of any other uncompleted Project and any other Additional Project (an "Anticipated Additional Project") as to which the Authority expresses, by a certificate of an Authorized Officer of the Authority, its intention and reasonable expectation to undertake prior to the end of the Fiscal Year following the Fiscal Year in which the completion date described in clause (i) is estimated to occur by the Consulting Engineers; and

(3) A report of the Airport Consultant setting forth for each of the three (3) Fiscal Years following the Fiscal Year in which the Consulting Engineers estimate such Additional Project will be substantially completed and placed in service pursuant to clause (i) of paragraph (2) above, estimates, taking into account the effect of any Anticipated Additional Project, of (i) Net Revenues and Supplemental Revenues, if any, and (ii) amounts to be deposited from Revenues or Available Revenues into the renewal and replacement fund and operating reserve account established under the Trust Agreements, the Operation and Maintenance Reserve Account, the Capital Expenditures Fund and the Renewal and Replacement Fund, (iii) the Aggregate Debt Service (including Aggregate Debt Service for each Series of Bonds secured by Supplemental Revenues), on Outstanding Bonds and, as estimated by an Authorized Officer of the Authority, with respect to future Series of Bonds, if any, which such Authorized Officer shall estimate (based on the estimate of the Consulting Engineers of the Cost of Construction of such Additional Project and any other uncompleted Project and any Anticipated Additional Project) will be required to complete payment of the Cost of Construction of such Additional Project and any other uncompleted Project and any Anticipated Additional Project, and the Prior Lien Debt Service for each of the three (3)

Fiscal Years following the Fiscal Year in which the Additional Project is estimated by the Consulting Engineers to be completed as provided in clause (i) of paragraph (2) above, and demonstrating that the estimated Net Revenues in each of the Fiscal Years set forth in clause (i) above less the sum of the amounts to be deposited in certain funds and accounts in each such Fiscal Year set forth in clause (ii) above, and plus the estimated Supplemental Revenues in each of the Fiscal Years set forth in clause (i) above, not to exceed in any such Fiscal Year an amount equal to 1.25 times the Aggregate Debt Service in such Fiscal Year with respect to each Series of Bonds secured by such Supplemental Revenues, is at least equal to 1.25 times the sum of Aggregate Debt Service and Prior Lien Debt Service for the corresponding Fiscal Year as set forth in clause (iii) above.

The Series 2010A Bonds are Additional Bonds under the Bond Resolution. See "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT FACILITIES BOND RESOLUTION - Additional Bonds" attached hereto as APPENDIX B.

The Bond Resolution also provides that Refunding Bonds may be issued to refund Outstanding Bonds or Subordinated Indebtedness upon satisfaction of the following conditions, among others:

(i) a certificate of an Authorized Officer of the Authority setting forth (1) the Aggregate Debt Service through the date of the latest maturity of any Bonds then Outstanding (A) with respect to the Bonds Outstanding immediately prior to the date of authentication and delivery of such Refunding Bonds, and (B) with respect to the Bonds to be Outstanding immediately thereafter, and (2) that the Aggregate Debt Service set forth pursuant to (B) above is no greater than that set forth pursuant to (A) above; or

(ii) a report of the Airport Consultant demonstrating that estimates of Net Revenues less amounts, if any, required to be deposited from Revenues into the Operation and Maintenance Reserve Account, the Capital Expenditure Fund and the Renewal and Replacement Fund, shall equal at least 1.25 times Aggregate Debt Service on (1) Outstanding Bonds and (2) the proposed Refunding Bonds. The estimates of Net Revenues must satisfy these obligations for each of the three Fiscal Years following the Fiscal Year in which the Refunding Bonds are issued.

The Series 2010B Bonds are Refunding Bonds under the Bond Resolution. See "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT FACILITIES BOND RESOLUTION - Refunding Bonds" attached hereto as APPENDIX B.

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OTHER INDEBTEDNESS AND INTEREST RATE SWAPS

Subordinated Indebtedness

The Bond Resolution permits the Authority to issue, without limit as to amount, Subordinated Indebtedness or other obligations payable from the Discretionary Fund that are subordinate, in all respects, to the Bonds as to the pledge of, lien on, and payment from Revenues (the "Subordinated Indebtedness"). The Authority has outstanding, and may issue in the future, certain Subordinated Bonds and certain Other Parity Indebtedness, each being Subordinated Indebtedness within the meaning of the Subordinated Indenture, which Subordinated Bonds and Other Parity Indebtedness are payable on a parity basis from Revenues deposited in the Discretionary Fund after payment of such amounts as necessary to pay Bonds. The principal amount of certain components of Other Parity Indebtedness that may be issued is not limited by the Subordinated Indenture. The Authority also has outstanding, and may enter into in the future, certain interest rate swaps and other financial products. The Authority's obligations under such interest rate swaps and financial products, as well as under the 1998 Gulf Breeze Loan referred to below, constitute Subordinated Indebtedness secured by a lien on Revenues deposited in the Discretionary Fund that is subordinated to the lien securing the Subordinated Bonds and Other Parity Indebtedness.

Outstanding Subordinated and Secondary Subordinated Indebtedness as of January 1, 2010

Type of Subordinated Indebtedness	<u>Date Originated</u>	Original Principal <u>Amount</u>	Current Outstanding <u>Principal</u>
Gulf Breeze Loan	June 1998	\$19,290,000	\$15,680,000
2002A Taxable Subordinated Bonds	June 28, 2002	\$30,015,000	\$10,265,000
Series 1997 Secondary Subordinated Indebtedness	December 1997	\$90,055,000	\$90,055,000

¹ Excludes the interest rate swap which is described in the table below under the subheading "- Interest Rate Swap."

In addition to the above-described Subordinated Indebtedness incurred as of January 1, 2010, on December 18, 2009 the Authority entered into an agreement with Wachovia Bank, N.A., to provide the Authority with a \$100 million line of credit. The line of credit is to be used as interim financing for capital projects in anticipation of issuance of long term bonds and/or receipt of grants, PFCs, CFCs, Authority funds and other permanent funding sources. The line of credit has a scheduled expiration of three (3) years.

Commercial Paper Program

The Authority had previously provided for the interim financing of certain Airport capital improvements from the proceeds of certain Airport Facilities Subordinated Commercial Paper Notes (the "Commercial Paper Notes"), the initial tranche of which originally was issued on October 26, 1994. The Commercial Paper Notes constituted Subordinated Indebtedness under the Bond Resolution and Other Parity Indebtedness as Line of Credit Indebtedness under the Subordinated Indenture.

On November 5, 2009, the Letter of Credit for Program B expired and no Program B Commercial Paper Notes remain outstanding. As of February 3, 2010 the Program A Commercial Paper Notes expired and no Program A Commercial Paper Notes remain outstanding. The Authority intends to use the line of credit with Wachovia Bank, N.A., in lieu of the Commercial Paper Program for interim financing.

Interest Rate Swap

The Authority has entered into the transaction described below and may enter into additional interest rate swap agreements, forward purchase agreements or other synthetic financial instruments in the future for the purpose of managing the interest cost of its debt. Interest rate swaps and other synthetic financial instruments involve risks that could result in an economic loss to the Authority. The Authority's obligations under the transaction described below are payable from the Discretionary Fund and are subordinate to the Bonds, the Subordinated Bonds and Other Parity Indebtedness.

Authority's Swap as of December 31, 2009

Associated Debt Issue	Notional Amount	Counter Party	Effective Date	Authority Pays	Authority Receives	Swap Expiration
1997B Secondary Subordinated Indebtedness	\$90,055,000	Goldman Sachs Mitsui Marine Derivative Products, L.P.	1/1/2003	4.45%	SIFMA + spread to receive 4.45% ¹	10/1/2027

¹ The Securities Industry and Financial Markets Association Swap Index formerly the Bond Market Association Swap Index ("BMA").

Source: The Greater Orlando Aviation Authority.

For a thorough discussion of this swap, including certain termination rights of the swap counterparty, please refer to Note 15 of the Audited Financial Statements And Report Of The Independent Auditors Thereon For The Fiscal Years Ended September 30, 2008 and 2009 attached hereto as APPENDIX D. At this time the Authority has not received any notice of optional termination from the counterparty based on the downgrade of MBIA Insurance Corporation (insurer of the swap) ("MBIA"). In any event, as long as the Authority maintains a long term senior unsecured debt rating of "A" or better, a downgrade of MBIA in of itself will not result in an optional termination event of this swap.

Customer Facility Charge Debt

The Authority has provided for a rental automobile customer facility charge or "CFC" to be derived from the operation of rental automobile activities, conducted at various rental automobile facilities and has pledged the CFC receipts to pay the costs and expenses of financing, designing, constructing, operating, relocating and maintaining certain rental automobile facilities at the Airport pursuant to a Trust Indenture, dated as of October 1, 2009, between The Bank of New York Mellon Trust Company, N.A., as trustee and the Authority (the "CFC Indenture"). Under the CFC Indenture, the Authority has outstanding \$62,800,000 of its Special Purpose Facilities Taxable Revenue Bonds (Rental Car Facility Project), Series 2009 (the "CFC Bonds"). The CFC Bonds are limited obligations of the Authority, payable solely from and secured by a pledge of the CFCs and other funds pledged under the CFC Indenture. The CFCs were authorized by a resolution of the Authority adopted on August 20, 2008, as amended and restated on August 19, 2009. While the CFC Bonds are outstanding, CFCs are not included in Revenues under the Bond Resolution and are not available to pay principal of and interest on the Bonds, including the Series 2010 Bonds.

THE GREATER ORLANDO AVIATION AUTHORITY AIRPORT SYSTEM

General

The Airport is located in central Florida, nine miles southeast of downtown Orlando in Orange County, Florida. The Airport occupies approximately 13,756 acres of land. The service region for the Airport extends throughout central Florida, an attribute made possible by its location at the crossroads of Florida's road network and the availability of low fares in the market. The primary metropolitan area within the Airport service region is the Orlando-Kissimmee Metropolitan Statistical Area, which comprises Lake, Orange, Osceola and Seminole Counties. With an estimated population of 2,083,923 in 2007, the Orlando-Kissimmee Metropolitan Statistical Area accounted for approximately 11 percent of the population of the State of Florida according to the University of Florida Bureau of Economic and Business Research.

The Airport System presently consists of: (a) the Airport, which is owned by the City and operated by the Authority; and (b) any other aviation facility or airport that is acquired or constructed by the Authority, provided however, that the Airport System currently excludes the Orlando Executive Airport. However, the Authority may include the Orlando Executive Airport within the definition of the Airport System by Supplemental Resolution upon (i) delivery to the Trustee of an opinion of counsel that such inclusion will not violate or cause a breach or default under the Lease and Use Agreements, (ii) confirmation from each Rating Agency that such action will not result in a reduction or withdrawal of current ratings on the Bonds, and (iii) written consent of any applicable bond insurer or credit enhancer. The Authority has no current plans to include the Orlando Executive Airport within the Airport System. See "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT FACILITIES BOND RESOLUTION" attached hereto as APPENDIX B.

Authority Management

The Airport System is managed by an Executive Director who is appointed by the Authority's Board and oversees a staff of approximately 589 full-time employees and 64 part-time and temporary employees as of January 31, 2010. Biographical data concerning the Executive Director and certain other key officials of the Authority is set forth below.

G. Steve Gardner. Mr. Gardner is the Executive Director for the Authority. Mr. Gardner has 35 years experience in project management, including responsibility for numerous projects for the Aviation Authority, the Orlando Orange County Expressway Authority, and Orange County Public Schools. From 1977–1983, he served as Assistant Project Director for design and construction of the 48-gate terminal and airfield facilities at Orlando International Airport. Subsequently, as Resident Engineer for the Authority, Mr. Gardner was responsible for managing numerous construction contracts, including roadways, parking facilities, the Automated People Mover, airfields, runway and parallel/cross-field taxiway construction. Mr. Gardner served as Director of Engineering for the Authority from 1989 through 1991, and from 1992 through 1994, he was the owner's representative for the Authority's general consultant in the planning, design and construction of the Hyatt Regency Hotel at Orlando International Airport. Prior to rejoining the Authority in June 2001, Mr. Gardner served as the Area Construction Manager for a \$500 million building renovation program for Orange County Public Schools in Orlando. He received a Bachelor of Science in Civil Engineering from the University of Virginia, and a Master of Science in Civil Engineering from George Washington University. He is a Certified Florida Professional Engineer. Mr. Gardner recently notified the Authority of his intention not to renew his employment contract expiring on September 19, 2010. On March 17, 2010 the Authority Board approved the recommendation from the selection committee established by the Authority Board naming Phillip N. Brown, the current Deputy Executive Director-Administration as Mr. Gardner's replacement. It is anticipated that the selection of Mr. Brown as the new executive director well in advance of the expiration of Mr. Gardner's term as executive director will facilitate a smooth transition.

Phillip N. Brown, A.A.E. Mr. Brown is the Deputy Executive Director-Administration and the incoming Executive Director for the Authority. He currently has oversight responsibility for the management of the administration/risk management, commercial properties, human resources, marketing, and purchasing departments. Prior to his current employment with the Authority, Mr. Brown served in a variety of public and private sector positions during his thirty years as a business professional. The positions include a previous stint as Deputy Executive Director-Administration for the Authority in the early 1990s as well as County Administrator for Orange County Florida. For the past 14 years Mr. Brown was employed in the public finance arena including four years as an independent financial advisor and ten years as an investment banker for a major Wall Street firm. Mr. Brown is a certified public accountant licensed in Florida and holds a master's degree of business administration from the University of Tennessee.

Robert L. Gilbert. Mr. Gilbert is Deputy Executive Director-Facilities for the Authority. He is responsible for all planning, engineering, construction, environmental affairs, and infrastructure maintenance as well as information technology, risk management and small business management activities at the Airport. Mr. Gilbert is an aviation professional with over thirty-three years experience in airport related activities including aviation operations, master

planning and infrastructure development, construction, maintenance and operations, in addition to community relations, and airport tenant relations. After graduating from the United States Air Force Academy in 1973 and pilot training in 1974, Mr. Gilbert served for over 20 years as a pilot and Air Force civil engineering officer. He culminated his military career in 1996 as the commander of a combat engineering squadron as it conducted multi-million dollar engineering design – build activities in Asia, Europe, the Middle East, Central and South America and the United States. Upon retirement from the military, Mr. Gilbert continued working in numerous aviation venues. Most notably was his successful tenure as Program Manager leading a group of 17 diverse consultant firms that developed the \$13 billion LAX Master Plan and its associated Environmental Impact Statement & Environmental Impact Report. In 2005, he was awarded the City of Los Angeles' Commendation Award for Exemplary Service. He is the only consultant ever to receive this honor. Prior to coming to Orlando, he served as Deputy Program Manager for a consultant to the Transportation Security Administration's (TSA) Program Management Office responsible for the deployment of TSA's explosive detection equipment. Mr. Gilbert holds a master's degree in public administration, with post-graduate studies in engineering and program management.

C. Christian Schmidt. Mr. Schmidt is the Deputy Executive Director-Airport Operations. He is responsible for the day-to-day activity and management of operations, concessions, security and governmental affairs at the Airport. Prior to the Authority, Mr. Schmidt served as Chief of Staff for the Mayor of Orange County, in which the Airport is located. At that time, Orange County provided complete urban services to more than 950,000 citizens, employed over 6,000 employees and had an annual budget of over 2 billion dollars. Mr. Schmidt entered government service following a thirty-five year career in senior management roles in private business, including Fortune 500 companies. Mr. Schmidt retired from the private sector where he served as vice president of a business unit of McGraw-Hill Companies. Mr. Schmidt has served on the Board of Directors for the Orlando Orange County Convention and Visitors Bureau and Valencia Community College Foundation. Mr. Schmidt holds a master's degree in public policy awarded by the University of Central Florida in 1975, as well as a bachelor's degree in communications from the same institution.

Dayci S. Burnette-Snyder. Ms. Burnette-Snyder is the Manager of Board Services for the Authority and serves as an ex-officio officer on the Authority's Board as Assistant Secretary. Ms. Burnette-Snyder has complete responsibility for documenting and maintaining the official records of the Authority as prescribed by law. Ms. Burnette-Snyder joined the Authority in September 1982, and has been in her current position since 1994. Ms. Burnette-Snyder is a Certified Municipal Clerk.

Jacki M. Churchill. Ms. Churchill is the Chief Financial Officer for the Authority. She has over 20 years of experience in the finance industry. She directs all of the Authority's fiscal activities that include financial reporting, investments, construction finance, debt management and the administration of a \$344 million annual budget, and all financial and regulatory reporting requirements with a staff of 38 employees. Ms. Churchill holds a Bachelor of Science degree, and worked for the CPA firm of Coopers & Lybrand prior to joining the Authority in 1993. Ms. Churchill is a member of the American Institute of Certified Public Accountants and the Government Finance Officers Association. She also serves as a member on several Authority committees, including the Construction Committee, Professional Services Committee,

Concessions/Procurement Committee, and Chairperson for the Construction Finance Oversight Committee. Ms. Churchill is also a member of the Airports Council International Finance Subcommittee.

Description of Airport Facilities

The Airport has four north-south parallel runways designated as 18L/36R, 18R/36L, 17R/35L and 17L/35R. The runways are interconnected by a system of taxiways. All four runways have full instrumentation and lighting to permit all weather operations and are capable of handling the largest commercial aircraft currently in use with partial compliance with regard to the Airbus A380. Currently, the Airport has one runway that is 100% compliant to handle the operation of the Airbus A380 aircraft and one partially compliant runway. The Authority has received interim approval from the FAA to utilize the partially compliant runway for the Airbus A380, if necessary. The Authority also has a number of projects in process to improve the runway shoulders and taxiways to further accommodate the Airbus A380 aircraft.

Runway	Length	Width
18L/36R	12,000 feet	200 feet
18R/36L	12,000 feet	200 feet
17R/35L	10,000 feet	150 feet
17L/35R	9,000 feet	150 feet

The Airport facilities include the North Terminal Complex, consisting of a multilevel landside terminal connected by Automated People Movers ("APM") to four airside terminals, aircraft parking aprons, along with a terminal roadway system, ground level and structural parking for automobiles, staging and parking areas for buses, limousines and taxis, connecting taxiways, a hydrant fueling storage and distribution system, a flood control bypass canal, associated terminal and roadway signage, landscaping, rental car facilities, utilities and drainage.

Access to the Airport is provided by a divided highway system, which connects the Airport with the Orlando-Kissimmee Metropolitan area and the interstate highway network. The road system provides direct access to automobile parking adjacent to and above the landside terminal.

Construction of the landside terminal was completed in 1981. The landside terminal was expanded in 1990 and in 2000. Airside terminals 1 and 3 were constructed concurrently with the initial construction of the landside terminal. Airside terminal 4 was built in conjunction with the 1990 expansion of the landside terminal. In August 2000, the Authority completed airside terminal 2.

The landside terminal accommodates passenger ticketing, baggage check-in, and baggage claim facilities; baggage handling and other facilities for airline operations; and space for rental car counters, food and beverage concessions, retail merchandise concessions, and other passenger services; and a 445-room hotel with restaurants and conference facilities. It is served

by a three-level roadway system that provides access to separate enplaning, deplaning, and commercial vehicle curbsides. Rental car and public automobile parking spaces are provided in garages that are an integral part of or adjacent to the landside terminal. Passengers travel between the landside terminal and the airside terminals using the APM system. The airside terminals and aprons provide 96 aircraft gates for jet aircraft and associated passenger waiting areas, concessions, and airline operations space. Federal Inspection Services facilities in two of the four airside terminals provide the capability to accommodate arriving international passengers at 16 of the 96 gates. The combined capacity of the Federal Inspection Services facilities is approximately 2,600 passengers per hour.

There are currently 37 gates used by the Authority for charter airline activity, new airlines serving the Airport and for expansion by airlines already serving the Airport.

Signatory Airlines

Effective as of October 1, 2008 the Authority entered into its Lease and Use Agreements relating to the use of the Airport, the rental of space, and the establishment of landing fees (collectively referred to herein as the "Lease and Use Agreements") with each of the following airlines: Air Canada, AirTran Airways, Inc. ("AirTran"), American Airlines, British Airways, PLC ("British Airways"), Continental Airlines, Inc. ("Continental"), Delta Air Lines, Inc. ("Delta"), jetBlue Airways, Corp. ("jetBlue"), Northwest Airlines, Inc. ("Northwest"), Southwest Airlines, Co. ("Southwest"), Spirit Airlines, Inc. ("Spirit"), United Airlines, US Airways, Virgin Atlantic Airways, Ltd. ("Virgin") and WestJet (collectively, with COPA (as defined below), the "Signatory Airlines"). Effective November 1, 2009, the Authority entered into a Lease and Use Agreement with COPA Airlines ("COPA"). Effective October 1, 2009, Northwest became a non-signatory airline with the terminal space previously leased by Northwest being assumed by Delta.

Effective February 1, 2010 the Authority entered into a Lease and Use Agreement with Allegiant Air.

There is no provision in the Lease and Use Agreements permitting a unilateral relinquishment of gates by a Signatory Airline, although in some instances, the Authority accepts relinquished gates under bankruptcy situations. For a more thorough discussion of the Lease and Use Agreements see "AIRLINE REVENUES AND OTHER REVENUE SOURCES - Payments by Airlines Pursuant to Lease and Use Agreements" herein.

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The following table sets forth the distribution of aircraft gates among the airlines at the Airport as of February 1, 2010:

**Number of Aircraft
Airline Gates as of February 1, 2010**

Air Canada	1
AirTran Airways	8
Allegiant	2
American Airlines	4
British Airways	1
Continental Airlines	4
COPA Airlines	1
Delta Air Lines	8
jetBlue Airways	6
Southwest Airlines	12
Spirit Airlines	2
United Airlines	4
US Airways	4
Virgin Atlantic	1
Westjet	1
Authority Gates	37
Total	96

Source: The Greater Orlando Aviation Authority.

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Enplaned Passengers at the Airport

The following table sets forth the historical number of enplaned passengers at the Airport for Fiscal Years 1999 to 2009 and for the four-month periods ended January 31, 2008 to January 31, 2010, as well as the annual percentage change in enplaned passengers during such periods.

Historical Enplaned Passengers Fiscal Years 1998 through 2009

<u>Fiscal Year*</u>	<u>Domestic Enplaned Passengers</u>	<u>International Enplaned Passengers</u>	<u>Total Enplaned Passengers</u>	<u>Percent Change from Previous Year</u>
1999	13,217,719	1,107,586	14,325,305	4.3
2000	13,921,552	1,235,879	15,157,431	5.8
2001	13,820,578	1,113,135	14,933,713	(1.5)
2002	12,188,801	836,430	13,025,231	(12.8)
2003	12,675,396	856,784	13,532,180	3.9
2004	14,260,609	973,205	15,233,814	12.6
2005	15,760,855	1,072,644	16,833,499	10.5
2006	16,258,674	1,058,199	17,316,873	2.9
2007	16,747,601	1,084,217	17,831,818	3.0
2008	16,920,447	1,317,831	18,238,278	2.3
2009	15,373,029	1,425,573	16,798,602	(7.9)

Four-Month Periods Ended January 31

<u>Year</u>	<u>Domestic Enplaned Passengers</u>	<u>International Enplaned Passengers</u>	<u>Total Enplaned Passengers</u>	<u>Percent Change from Previous Year</u>
2008	5,560,369	414,471	5,974,840	7.9
2009	4,916,846	434,291	5,351,137	(10.4)
2010	4,925,173	509,774	5,434,947	1.6

*Fiscal year ends September 30.

Source: The Greater Orlando Aviation Authority.

Airlines Serving Orlando International Airport

As of February 1, 2010, the following airlines served the Airport:

U.S. Passenger Airlines

Signatory

AirTran Airways
Allegiant Air
American Airlines
Continental Airlines
Delta Air Lines
jetBlue Airways
Southwest Airlines
Spirit Airlines
United Airlines
US Airways

Nonsignatory

Scheduled Service

Domestic

Alaska Airlines
Frontier Airlines
Midwest Airlines
Sun Country Airlines

Regional/Commuter

Continental Connection/Gulfstream
Continental Connection/ExpressJet
Delta Connection/Atlantic Southeast Airlines Inc.
Delta Connection/Comair
Delta Connection/Freedom Airlines
Delta Connection/Pinnacle Airlines
Delta Connection/Shuttle America
Delta Connection//Compass Airlines
US Airways Express/Air Wisconsin
US Airways Express/Republic Airlines

Foreign-Flag Passenger Airlines

Signatory

Air Canada
British Airways
Virgin Atlantic
WestJet Airlines
COPA Airlines

Nonsignatory

Scheduled Service

Foreign

Aer Lingus
Aeromexico
Air Jamaica³
Air Transat
Bahamasair
Lufthansa Airlines
Martinair Holland
Mexicana
TACA International
Airlines¹
TAM Airlines

Nonsignatory Charter

Domestic

Miami Air International
SkyKing Inc.¹

Foreign Charter

CanJet Airlines
SkyService Airlines^{1,2}
Sunwing Airlines

Airlines Providing Cargo Service

Air Transport International
ASTAR Air Cargo
FedEx
Mountain Air Cargo
United Parcel Service

1. Service at the Airport varies from month to month. For certain months, this carrier may not serve the Airport.
 2. SkyService Airlines, a Canadian company, ceased operations on April 1, 2010 and entered the Canadian equivalent to bankruptcy. It is estimated that the Authority is owed approximately \$24,000.
 3. Air Jamaica ceased operations on March 8, 2010.
- Source: The Greater Orlando Aviation Authority.

Airline Market Shares

A diverse group of airlines provide passenger service at the Airport including 32 U.S. airlines and 22 foreign-flag airlines in Fiscal Year 2009. Passenger traffic at the Airport is fairly evenly distributed among several airlines with no one carrier dominating passenger traffic. As of September 30, 2009, the largest market shares were held by (a) Southwest Airlines (22.75 percent), (b) AirTran Airways (12.46 percent), and (c) Delta Air Lines (11.10 percent) and (d) jetBlue Airways (10.73 percent). Major network airlines like American Airlines, US Airways, Continental Airlines and United Airlines accounted for most of the remaining passenger traffic; however, none of these other airlines held more than a 10 percent share. As a group, the Signatory Airlines (excluding Comair) accounted for approximately 96 percent of total passengers at the Airport in Fiscal Year 2009. The following table sets forth comparative passenger market share information for air carriers serving the Airport during Fiscal Years 2004 through 2009.

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**Historical Airline Market Shares
Orlando International Airport
Percentage of Total Passengers
Fiscal Years 2004-2009**

	Fiscal Years 2004-2009					
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Signatory Airlines						
Southwest Airlines	14.69%	16.52%	18.91%	20.70%	21.38%	22.75%
AirTran Airways	5.70	6.16	7.89	9.70	11.03	12.46
Delta Air Lines ⁽¹⁾	17.78	16.01	9.31	11.70	10.84	11.10
American Airlines	10.49	10.14	10.31	9.50	9.05	7.42
jetBlue Airways	3.65	4.37	5.94	7.40	8.80	10.73
US Airways ⁽²⁾	2.83	8.33	7.34	6.80	7.46	7.26
Continental Airlines	5.65	5.62	6.50	6.70	6.18	6.12
United Airlines	6.06	6.28	6.14	6.00	5.36	5.46
Northwest Airlines ⁽³⁾	5.66	5.59	5.40	5.20	4.88	4.91
Spirit Airlines	2.91	2.91	2.64	2.80	3.15	2.38
Virgin Atlantic	2.56	2.33	2.13	2.30	2.45	2.76
Air Canada ⁽⁴⁾	—	—	0.04	0.90	0.93	0.99
Midwest Airlines ⁽⁵⁾	—	—	0.41	1.00	—	—
WestJet ⁽⁶⁾	—	—	—	0.50	0.64	0.74
British Airways	0.70	0.56	0.50	0.50	0.57	0.61
Brendan Airways ⁽⁷⁾	—	0.05	0.19	0.10	—	—
Subtotal Signatory Airlines	<u>82.12%</u>	<u>87.05%</u>	<u>83.84%</u>	<u>91.80%</u>	<u>93.57%</u>	<u>95.92%</u>
Nonsignatory Airlines	9.04	3.98	9.80	2.70	2.62	1.43
Foreign Flag Airlines	3.33	3.13	3.02	1.40	2.22	2.68
Commuter Airlines	5.51	5.84	3.34	4.10	2.43	0.20
TOTAL	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

(1) Delta Airlines filed for bankruptcy on September 14, 2005. Delta Airlines rejected its Lease and Use Agreement with the Authority and ceased being a Signatory Airline as of January 19, 2006. Delta Airlines became a new Signatory Airline on May 1, 2006.

(2) US Airways filed for bankruptcy in August 2002. US Airways rejected its Lease and Use Agreement with the Authority and ceased being a Signatory Airline as of January 16, 2003. US Airways became a new Signatory Airline on June 1, 2004.

(3) Effective October 1, 2009, Northwest became a non-signatory airline and affiliate of Delta.

(4) Air Canada became a Signatory Airline on September 1, 2006.

(5) Midwest Airlines became a Signatory Airline on April 1, 2006, but returned to non-signatory status on October 1, 2008.

(6) WestJet became a Signatory Airline on November 1, 2006.

(7) Brendan Airways became a Signatory Airline on September 1, 2005 and then a non-signatory on September 30, 2008.

Source: The Greater Orlando Aviation Authority.

International Airline Traffic

Orlando International Airport. The Airport is linked by scheduled passenger air service to international destinations in five geographical regions in the world, North America, Central America, South America, the Caribbean and Europe. As of December 31, 2009, a total of 19 scheduled air carriers operated non-stop passenger flights to 23 international destinations. The number of scheduled international flights at the Airport has increased for the last seven calendar years (calendar year 2003 to calendar year 2009) and is already scheduled to increase another 9% in calendar year 2010 as compared to calendar year 2009 according to the proposed airline schedules.

The Authority continues to focus on attracting additional international air service to support the growing Central Florida economy, with recent notable additions including Aer Lingus starting service to Dublin, AirTran to Nassau and Aruba; Lufthansa to Frankfurt, Delta to Cancun, jetBlue to Santo Domingo, Cancun, Bogota and San Jose, TAM to Sao Paulo, Mexicana to Mexico City, Martinair to Amsterdam; Taca to San Salvador, Sunwing seasonally to Montreal, Air Canada to Ottawa and WestJet seasonally to Halifax, Hamilton, London (Ontario), Montreal, Ottawa, and Winnipeg. International service increases included British Airways increasing from 7 to 9 weekly flights to London/Gatwick for the summer season; COPA increasing to 14 flights per week to Panama City; and Lufthansa increasing to daily year-round service, and upgauging to an Airbus A340/600 (with an additional 124 seats per flight) for the winter season. Additions scheduled for 2010 include AirTran to Montego Bay, Air Canada seasonally to Halifax; Air Transat seasonally to Halifax; jetBlue to Montego Bay; and Martinair increasing by 2 to 5 flights by May, dropping to 4 for the summer and then increasing again to 5 in October. These additions continue to expand Orlando's outbound international routes, which is in contrast to the traditional view of Orlando as an inbound market, as well as expanding the U.S.-flag carrier international services in contrast to the historically foreign-flag dominated international market at Orlando. The number of international passenger flights at the Airport has increased by 49 percent over the last 5 years. The Authority anticipates increases in international airline service with international enplanements forecast to outpace domestic passenger growth for the next several years.

Orlando-Sanford International Airport. The Orlando-Sanford International Airport (the "Sanford Airport"), which is not part of the Airport System, is located 24 miles northeast of downtown Orlando and accommodates both scheduled and chartered international flights. The main runway at Sanford Airport is 9,600 feet long and is capable of accommodating operations by large air carrier aircraft. Sanford Airport also has two additional parallel 3,500 foot runways for general aviation traffic and a 6,000 foot crosswind runway for air carrier aircraft. The Sanford Airport has a five-gate terminal designed for international charter operations and a seven-gate terminal designed to accommodate domestic operations and overflow international operations. The Sanford Airport primarily serves international chartered leisure flights, although this market has eroded substantially since 2007. Consequently, Sanford Airport's international passenger traffic has fallen accordingly. For the 12 months ended December 31, 2009, 13.1 percent of international enplanements in the Orlando area occurred at the Sanford Airport compared to 22.2 percent in the previous year. Sanford's domestic service is also in decline with its primary carrier, Allegiant, moving approximately 50% of its activity to Orlando International Airport by early March 2010.

The table that follows presents historical data regarding international enplaned passengers at the Airport during Fiscal Years 1999 through 2009 and for the four-month periods ended January 31, 2008 through January 31, 2010.

**Orlando International Airport
International Enplaned Passengers
Fiscal Years 1999-2009**

<u>Fiscal Year</u>	<u>International Passengers Scheduled Airlines</u>	<u>International Passengers Charter Airlines</u>	<u>International Passengers Total</u>	<u>Average Annual Increase (Decrease)</u>	<u>Percent of Total Passengers</u>
1999	934,627	172,959	1,107,586	11.2%	7.7%
2000	1,029,077	206,802	1,235,879	11.6	8.2
2001	951,977	161,158	1,113,135	(9.9)	7.5
2002	798,979	37,451	836,430	(24.9)	6.4
2003	815,860	40,924	856,784	2.4	6.3
2004	923,282	49,923	973,205	13.6	6.4
2005	1,064,732	7,912	1,072,644	10.2	6.4
2006	1,052,617	5,582	1,058,199	(1.3)	6.1
2007	1,056,401	27,816	1,084,217	2.5	6.1
2008	1,282,982	34,849	1,317,831	21.6	7.2
2009	1,369,632	55,941	1,425,573	8.2	8.5

Four-Month Periods Ended January 31

<u>Year</u>	<u>International Passengers Scheduled Airlines</u>	<u>International Passengers Charter Airlines</u>	<u>International Passengers Total</u>	<u>Average Annual Increase (Decrease)</u>	<u>Percent of Total Passengers</u>
2008	409,001	5,470	414,471	24.1	6.9
2009	424,815	9,476	434,291	4.8	8.1
2010	494,071	15,703	509,774	17.4	9.4

Source: The Greater Orlando Aviation Authority.

For a review of passengers who board domestic flights bound for other gateway airports and connect there to international flights as well as traditional internal passengers departing directly from the Airport, see table 18 entitled "PASSENGERS ENPLANED AT MCO FOR INTERNATIONAL DESTINATIONS" IN APPENDIX A hereto. For a complete review of enplanements at the Airport and forecasting future enplanements, see the "REPORT OF THE AIRPORT CONSULTANT" attached hereto as APPENDIX A.

Airline Activity at the Airport

In fiscal year 2009, the Airport was the 3rd largest domestic origin and destination market in the United States according the United States Department of Transportation and in 2008 was the 11th busiest in the United States and 22nd in the world in terms of total passengers according to the Airports Council International-North America.

Orlando has a diverse mix of legacy and low-cost carriers creating a competitive environment to encourage passenger traffic and support local economic activities. Most notable of the increases in seat capacity from new or increased air service in 2009 were jetBlue (domestic and international), TAM (international), AirTran (domestic), Mexicana (international), Sunwing (international), Virgin Atlantic (international), COPA (international), WestJet (international), Bahamasair (international), Lufthansa (international) and Taca (international). International capacity growth has been much stronger than domestic, a trend which is likely to continue with the upcoming new international services. The seat outlook for 2010 continues to improve as airlines add seats into the market, with positive growth rates over the previous year currently scheduled from April through the end of the year.

Recent and Upcoming Events at the Airport

Although the Authority has experienced declines in growth in domestic enplanements, many airlines have added new service to the Airport recently and additional service is expected in the upcoming months.

A sample of the additions that occurred in recent months include: Air Canada adding service to Ottawa, AirTran adding service to Aruba, Branson, Boston, Key West and Nassau; Allegiant adding service to Lexington and Knoxville; Continental Connection adding service to Tallahassee; Frontier adding service to Oklahoma City; Martinair adding service to Amsterdam; Midwest adding service to Omaha; Southwest adding service to Milwaukee; and Taca adding service to San Salvador.

Future announced additions include: AirTran adding service to Lexington and Montego Bay, Allegiant adding service to Allentown, Grand Rapids, Greenville/Spartanburg, Huntington, Springfield (Mo.), Tri-Cities, and jetBlue adding service to Montego Bay in February. In March AirTran adds service to Des Moines, and Allegiant adds service to Des Moines and Youngstown, and Southwest adds service to Cleveland, Detroit and Omaha. In April Delta adds service to Las Vegas. In May AirTran adds service to Grand Rapids and Southwest adds service to Panama City. In August, Virgin America expects to add service to Los Angeles and San Francisco.

By the end of 2009, AirTran operated 40 flights per week more than it operated in December 2008, jetBlue 23 more flights per week more, and Continental 17 flights per week more. Southwest is scheduled to add 95 more flights per week starting in March 2010, all but 16 of which are scheduled through the end of 2010. During March Southwest will be operating 129 flights on its peak day (Saturdays), compared to 132 in March 2009.

Commercial Property Development at the Airport

The Authority has the ability to pursue both aviation and commercial development of both the Tradeport Drive corridor on the west of the Airport and the Heintzelman Boulevard corridor on the east side of Airport property. The Tradeport area comprises approximately 1,000 acres and the Heintzelman Boulevard corridor comprises approximately 440 acres.

Signature Flight Support and Galaxy Aviation are the two fixed base operators at the Airport. Both have extensive facilities near Tradeport Drive for the handling, storage and servicing of corporate aircraft. Galaxy recently completed construction of a new 24,000 square

foot aircraft storage hangar and 4,000 square foot executive terminal. The United States Postal Service operates a 290,000 square foot regional center on approximately 27 acres of land at the south end of the Tradeport corridor. This activity serves nine counties and employs approximately 1,440 people. The United States Department of Agriculture leases an inspection station facility in the mid-Tradeport area. Foreign Trade Zone, which began operation in September 1979, is also situated around the Tradeport area under special grant from the U.S. Department of Commerce to provide import duty and excise tax incentives for manufacturers and distributors in the Central Florida region.

Cessna Aircraft Company operates a Citation Service Center in the north Tradeport area. The Citation Service Center opened in 2003 and included a 148,000 square foot hangar with offices and shops with a 200,000 square foot aircraft apron. The Service Center immediately initiated an expansion of an additional 24,000 square feet of hangar space to accommodate the demand for service. The expansion was completed in 2004. FlightSafety International, an aviation training company, completed construction of an eight-bay pilot training simulation center in the north Tradeport area to support the new Cessna Citation Service Center in February 2003. This facility was expanded to allow for 12-full motion aircraft simulators in 2006.

Continental Airlines operates a major maintenance facility in two 100,000 square feet hangars on Tradeport Drive. Continental currently employs more than 600 mechanics whose average wage is over \$50,000 annually. These mechanics provide maintenance to Continental's fleet of Boeing jets.

jetBlue Airways operates a flight support campus in the Heintzelman corridor which offers initial and recurrent training for specialties including Flight Operations, Flight Attendant, Technical Operations and Customer Service crewmembers. The 107,000 square feet facility includes an auditorium, classrooms, briefing rooms, offices and an indoor/outdoor training pool. The facility houses four Airbus A320 full-flight simulators and two Embraer E190 full-motion simulators. Additionally, the airline opened a \$24 million 100,000 square foot three aircraft bay hangar for installation of airline in-seat digital entertainment systems by LiveTV into jetBlue aircraft and aircraft owned by other airlines. In addition, jetBlue Airways performs FAA-mandated maintenance and inspections on their aircraft from this hangar.

The Authority approved four rental automobile concession (RAC) agreements with Avis Budget Car Rental, LLC (Avis and Budget brands), DTG Operations, Inc. (Dollar and Thrifty brands), EAN-Orlando, LLC (Enterprise, Alamo and National brands), and The Hertz Corporation (Hertz and Simply Wheelz brands) to streamline processing for rental car customers. The rental car agreements will cause some of the current onsite brands (Avis, Budget, Dollar, Alamo and National) to team with some of the current offsite brands (Thrifty, Enterprise, Hertz and Simply Wheelz) to maintain vehicles and operations on Authority property and serve around 95 percent of rental car customers upon completion of several rental car facility improvement projects to accommodate the higher demand. By resolution approved August 17, 2008, as amended and restated on August 19, 2009, the Authority authorized collection of a customer facility charge assessed on each rental car transaction. The CFCs collected are used to finance in whole or in part the rental car projects, including repayment of the Authority's CFC Bonds. The Authority began collecting the CFCs in October 2008. As long as the CFC Bonds are outstanding, CFCs are not included in Revenues for purposes of the Bond Resolution.

Taxation of Facilities, Rentals and Services

All real and personal property owned by the City or the Authority and used exclusively for governmental, municipal or public purposes is currently exempt from ad valorem taxation. Real property owned by the City, operated by the Authority and used by or leased to private commercial entities for nongovernmental purposes is subject to ad valorem real property taxes. In most cases, a lessee is obligated under its lease with the Authority to pay such taxes. To the extent such taxes are not paid by the lessee, the Authority is obligated to reimburse the City for that portion of taxes assessed against real property operated by the Authority. The Authority is unable to estimate the amount of any such taxes. However, to the extent the Authority reimburses the City for these taxes, the Authority expects that such taxes will be provided for in the Authority's Annual Budget and paid by rates, fees, rentals and other charges for use of the Airport System. No provision was made for the payment of any such amounts in the "AUDITED FINANCIAL STATEMENTS AND REPORT OF THE INDEPENDENT AUDITORS THEREON FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2008 AND 2009" attached hereto as APPENDIX D.

All tangible personal property owned by private enterprises, including that owned by airlines, which is located on municipally owned airports, is currently subject to Orange County tangible personal property taxation.

All gross income received by the Authority for rental of land, buildings or space in buildings (with certain exclusions for property used exclusively for aircraft landing or taxiing and space used by airlines in connection with loading or unloading passengers or property or for fueling aircraft) is subject to the Florida Sales and Use Tax (currently six and one-half percent). Such taxes are normally added to such rents and paid by the tenants to the Authority, but the Authority is also responsible for the collection and payment of such taxes.

The Authority is subject to certain taxes imposed with respect to the rental of Hotel rooms and the providing of goods and services in connection with the operation of the Hotel, but such taxes are ordinarily added to the fees paid by customers of the Hotel.

Insurance

The Authority currently maintains property insurance for property not insured by others with per occurrence limits totaling \$400 million. The property insurance policies contain certain specific sub-limits, and the primary layer contains a self-insured retention of \$100,000 and a maintenance deductible of \$25,000 per occurrence for causes of loss other than named windstorm. It is common and ordinary in Florida for property insurance policies for structures comparable in size and value to the Airport, to include a larger deductible for losses arising from a named windstorm. The Authority's deductible for a named windstorm is 2 percent of the value of each building damaged, which currently compares favorably with similar properties in Florida. The policy provides open-perils protection as opposed to specifically named-perils protection on a replacement cost basis and includes coverage for loss of business income up to \$170 million per occurrence resulting from a covered property loss, including covered terrorism losses. The Authority currently maintains property insurance with per occurrence limits of \$300 million for terrorism events whether caused by international or domestic persons or

organizations. Renovations to existing facilities not insured by others are included as covered losses under the Authority's current property insurance. It is expected that property insurance limits may be adjusted in the future, as is prudent in the airport industry and as insurance markets continue to evolve.

The Authority also maintains builders' risk insurance, when required for construction projects not covered by others and that are not attached to existing structures and therefore not covered by property insurance discussed above. The Authority also maintains fiduciary liability, public official's liability, auto liability, storage tank and pollution liability, boiler and machinery, crime and airport owners and operators liability insurance. The Authority's airport liability insurance has a limit of \$300 million annually and a sub-limit of \$50 million annually for war and terrorism exposures. The Authority maintains workers compensation insurance with statutory limits, which includes a self-insured retention of \$150,000 per occurrence and associated employers' liability insurance.

AIRLINE REVENUES AND OTHER REVENUE SOURCES

Payments by Airlines Pursuant to Lease and Use Agreements

The Lease and Use Agreements will be effective through September 30, 2013. The projections of airline rates and charges incorporated in APPENDIX A - "REPORT OF THE AIRPORT CONSULTANT" are based on the terms and provisions specified in the Lease and Use Agreements. The key provisions of the Lease and Use Agreements, as set forth in APPENDIX C, attached hereto, include a compensatory rate-making methodology for use of the terminal facilities, a residual rate making methodology to establish landing fees for the use of the airfield, revenue sharing between the Authority and the Signatory Airlines and an "extraordinary coverage protection" provision. See "AIRLINE REVENUES AND OTHER REVENUE SOURCES – Extraordinary Coverage Protection" herein and "FORM OF THE LEASE AND USE AGREEMENTS" attached hereto as APPENDIX C.

Signatory Airline payments to the Authority represented approximately 24 percent of the total airport revenues for Fiscal Year 2009. Under its Lease and Use Agreement, each Signatory Airline is required to pay in monthly installments (a) a specified annual rental with respect to space assigned on an exclusive or preferential basis to such Signatory Airline, (b) a charge with respect to space used in common with others, based on the number of Signatory Airlines and a proportionate share based on passenger activity, (c) a landing fee, based on maximum gross landed weight, the number of landings, and the applicable landing fee rate (d) an annual charge for tenant improvements financed by the Authority, and (e) an annual charge for preferential use of aircraft parking aprons.

Payments made to the Authority by the Signatory Airlines in Fiscal Year 2008 under the prior lease and use agreements with terms and provisions substantially different from the current Lease and Use Agreements totaled approximately \$97,584,000 before the application of prepaid airline fees and charges. These Signatory Airline payments, before the application of prepaid airline fees and charges, accounted for approximately 28 percent of total Revenues in Fiscal Year 2008.

Subject to federal regulatory requirements regarding reasonableness of rates and charges, the Authority is authorized under the Act to fix, regulate and collect rates and charges for the services and facilities of the Airport. See "FORM OF THE LEASE AND USE AGREEMENTS" attached hereto as APPENDIX C.

For a discussion of the airlines' present situation and the relative presence of each airline at the Airport, see the sources outlined in "THE GREATER ORLANDO AVIATION AUTHORITY AIRPORT SYSTEM" and "THE AIRLINE INDUSTRY AND OTHER INVESTMENT CONSIDERATIONS" herein.

Extraordinary Coverage Protection

Under the Lease and Use Agreements, fees and charges are reviewed at least annually so that for each Fiscal Year, Revenues (as defined in the Bond Resolution) less Operation and Maintenance Expenses, amounts required to be deposited into the Operation and Maintenance Reserve Account, the Capital Expenditures Fund and the Renewal and Replacement Fund established under the Bond Resolution shall be equal to or greater than 1.25 times the aggregate principal (including Sinking Fund Installments) and interest (other than capitalized interest) to become due and payable in such Fiscal Year on the Bonds or Refunding Bonds hereafter issued under the Bond Resolution. In the event in any Fiscal Year, the amount of Revenues shall be less than that required under the Lease and Use Agreements as detailed above, the Authority shall assess additional rates and charges, pursuant to the "extraordinary coverage protection" provision under the Lease and Use Agreements to recover such shortfall from the Signatory Airlines.

Effect of Bankruptcy on Lease and Use Agreements

When a Signatory Airline seeks protection under the bankruptcy laws, such airline or its bankruptcy trustee must determine whether to assume or reject its agreements with the Authority (1) within 60 days or later, if ordered by the court, with respect to its Lease and Use Agreement or other leases of real property, or (2) prior to the confirmation of a plan of reorganization with respect to any other agreement. In the event of assumption, the Signatory Airline would be required to cure any prior defaults and to provide adequate assurance of future performance under the applicable Lease and Use Agreement or other agreements. Rejection of a Lease and Use Agreement or other agreement or executory contract would give rise to an unsecured claim of the Authority for damages, the amount of which in the case of a Lease and Use Agreement or other agreement is limited by the Bankruptcy Code generally to the amounts unpaid prior to bankruptcy plus the greater of (1) one year of rent or (2) 15 percent of the total remaining lease payments, not to exceed three years. However, the amount ultimately received in the event of a rejection of a Lease and Use Agreement or other agreement could be considerably less than the maximum amounts allowed under the Bankruptcy Code. Additionally, during the pendency of a bankruptcy proceeding, a debtor airline may not, absent a court order, make any payments to the Authority on account of goods and services provided prior to the bankruptcy. Thus, the Authority's stream of payments from a debtor airline would be interrupted to the extent of pre-petition goods and services, including accrued rent and landing fees.

Passenger Facility Charges

As part of the Aviation Safety and Capacity Expansion Act of 1990, as amended (the "PFC Act"), as implemented by the FAA pursuant to published regulations (the "PFC Regulations"), the United States Congress has authorized commercial service airports such as the Airport to collect passenger facility charges ("Passenger Facility Charge" or "PFC") from each paying passenger enplaned at such airport in the amount of \$1.00, \$2.00, \$3.00, \$4.00 or \$4.50, subject to certain limitations. Airport-related projects eligible for PFC's, including a portion of the 2010 Projects, are those that preserve or enhance capacity, safety or security of the national air transportation system, reduce noise from an airport that is part of the system or provide an opportunity for enhanced competition between or among air carriers or foreign air carriers. "Eligible airport related projects" include airport development or planning, terminal development, airport noise compatibility measures and planning and construction of gates and related areas (other than restaurants, rental car facilities, automobile parking or other concessions) for the movement of passengers and baggage. PFCs are collected on behalf of airports by air carriers, certain foreign air carriers and their agents ("Collecting Carriers").

The Collecting Carriers are authorized to withhold, as a collection fee (a) eleven cents per enplaning passenger from whom a PFC is collected and (b) any investment income earned on the amount collected prior to the due date of the remittance. The PFC Act was amended in 1996 to provide that PFC Revenues that are held by a Collecting Carrier constitute a trust fund that is held for the beneficial interest of the eligible agency imposing the fee and that the Collecting Carrier holds neither legal nor equitable interest in the PFC Revenues, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, PFC Regulations require Collecting Carriers to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds in financial statements. The Collecting Carriers, however, are permitted to commingle PFC collections with the carriers' other sources of revenue and are also entitled to retain interest earned on PFC collections until such PFC must be remitted. Notwithstanding provisions of the PFC Act and the FAA Regulations requiring Collecting Carriers to account for PFC collections separately and indicating that those PFC collections are to be regarded as funds held in trust by the Collecting Carriers for the beneficial interest of the public agency imposing the PFC, recent bankruptcy decisions suggest that in a bankruptcy proceeding involving a Collecting Carrier, the PFC collections in the Collecting Carrier's custody may not be treated as trust funds and that the Authority may not be entitled to any priority over other creditors of the collecting airline to such funds. In 2005 the PFC program was amended to incorporate certain changes as set forth in the Vision 100-Century of Aviation Reauthorization Act (Vision 100). One of these changes was a streamlined process for submitting and reviewing amendments to existing PFC Application as well as approvals of new PFC applications.

PFC applications for specific projects are approved by the FAA in specific total amounts and the Authority may impose the designated PFC only until it collects the authorized total amount. Interest earnings on the collections are treated as collections for purposes of the authorized total. The Airport has imposed the Passenger Facility Charge since February 1993. The Authority has received approval from the FAA to collect and use PFCs under 12 applications for a total of \$2.0 billion in collection authority. Through December 31, 2009, PFC Revenues received by the Authority, including investment earnings, totaled \$733,078,578, of

which \$667,952,894 had been expended on approved project costs. The Authority is currently authorized to collect PFCs at a rate of \$4.50 per enplaned passenger at the Airport.

PFCs may be used, subject to applicable regulations, either to pay debt service on all or a portion of bonds secured by PFCs or to pay for eligible capital improvements on a year-to-year basis, as specified in the applicable approval. As further described below, and as set forth in detail in "APENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT FACILITIES BOND RESOLUTION" attached hereto, PFCs are included in the definition of Revenues for purposes of the Bond Resolution, but only to the extent that PFC Revenues constitute Available PFC Revenues for the applicable period. The term "Available PFC Revenues" is defined to mean PFC Revenues received by the Authority in an amount for each relevant period not to exceed 1.25 times Debt Service accruing during such period with respect to that portion of the Bonds issued to finance PFC Projects, as allocated by a certificate of an Authorized Officer of the Authority. Prior to the issuance of the Series 2010 Bonds, there are six outstanding series of Bonds, the proceeds of which have financed all or a portion of PFC Projects which, in turn, permits the Authority to use Available PFC Revenues to pay Debt Service with respect to the applicable portion of such Bonds. The Authority currently estimates that 73% of the proceeds of the Series 2010A Bonds will be used to finance a PFC Project. The Authority currently estimates that 9% of the proceeds of the Series 2010B Bonds will be used to refund the proceeds of a PFC Project. See Exhibits A, B and C to the "REPORT OF THE AIRPORT CONSULTANT" attached hereto as APPENDIX A. The use of Available PFC Revenues permits the Authority to increase Revenues with PFC Revenues received in the relevant period by an amount equal to the portion of Debt Service and coverage requirements attributable to the portions of the Bonds allocated to finance PFC Projects. To ensure that an amount equal to the amount of Available PFC Revenues deposited in the Revenue Fund is used for permitted uses of PFC Revenues, the Bond Resolution requires the Authority to deposit in the PFC Account established in the Discretionary Fund an amount equal to the difference between (a) the amount of Available PFC Revenues deposited in the Revenue Fund, plus amounts withdrawn from the PFC Account to cure Debt Service deficiencies and Operation and Maintenance Expense deficiencies, and (b) the Accrued Aggregate Debt Service with respect to that portion of the Bonds issued to finance PFC Projects, as allocated by an Authorized Officer of the Authority. Amounts in the PFC Account not required to cure such deficiencies or to pay such Accrued Aggregate Debt Service may be withdrawn by the Authority at any time and applied by the Authority, in its discretion, for permitted purposes in accordance with the applicable approvals and authorization of the FAA and applicable regulations. PFC Revenues received in any period in excess of Available PFC Revenues for such period, and PFC Revenues accumulated from earlier periods not constituting Available PFC Revenues for such earlier period, do not constitute Revenues and are not subject to the pledge and lien established by the Bond Resolution.

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**Passenger Facility Charges
December 31, 2009
Orlando International Airport**

Application Number	Collection Authority	Collections through December 31, 2009	Expenditures¹ through December 31, 2009
92-01-C-05-MCO (Closed)	\$34,099,841	\$34,099,841	\$34,099,841
93-02-C-01-MCO (Closed)	8,140,005	8,140,005	8,140,005
95-03-C-02-MCO (Closed)	18,637,986	18,637,986	18,637,986
96-04-C-06-MCO	65,327,000	65,327,000	56,694,517
98-05-C-04-MCO	119,178,876	119,178,876	115,418,759
99-06-C-02-MCO	116,091,803	116,091,803	60,652,859
00-07-C-03-MCO	181,271,854	181,271,854	55,738,429
00-08-C-01-MCO	253,632,770	190,331,213	27,464,527
02-09-C-05-MCO	165,358,198	-	94,646,049
05-10-C-07-MCO	745,494,011	-	183,066,295
07-11-C-00-MCO	48,580,000	-	13,393,627
07-13-C-00-MCO	227,788,000	-	-
Total Authority:	<u>\$1,983,600,344</u>	<u>\$733,078,578</u>	<u>\$667,952,894</u>

¹ Expenditures for each application may commence upon notification of the approval of the Application. For reporting purposes, PFC collections are reported as applied to each application in order of the applications until the collection authority amount has been met for each application. As a result of this reporting method, there are allowable expenditures reported for applications that may not show collections directly assigned to them.

Source: The Greater Orlando Aviation Authority.

No assurance can be given that PFC Revenues will actually be received in the amounts and at the times necessary to provide sufficient Available PFC Revenues in each relevant period, or to fund elements of the Authority's CIP anticipated to be funded with PFC Revenues. The actual amount of PFC Revenues collected, and the rate of collection, will vary depending on the PFC level at the Airport and the actual levels of qualified enplaned passengers at the Airport.

In addition, the FAA may terminate the Authority's ability to impose PFC's subject to informal and formal procedural safeguards, if (a) the Authority fails to use its PFC Revenues as approved by the FAA, the PFC Act or the implementing regulations, or (b) the Authority otherwise violates the PFC Act or regulations. The Authority's ability to impose PFCs may also be terminated if the Authority violates certain provisions of the Airport Noise and Capacity Act of 1990 and its implementing regulations. In the Bond Resolution, the Authority has covenanted to file such applications, submit such reports and take any and all such actions as shall be necessary or desirable to preserve its rights to impose and collect PFCs from which Available PFC Revenues are derived and to use the proceeds of such Available PFC Revenues and amounts required to be deposited in the PFC Account in the manner provided in the Bond Resolution.

There is no assurance that the legislation authorizing the imposition of PFCs or the implementing regulations will not be amended or repealed so as to adversely affect the ability of the Authority to collect PFCs or to apply them as described herein.

The occurrence of any of these events could reduce the amount of PFC Revenues. If PFC Revenues received in any applicable period are less than 1.25 times Debt Service accruing in such period on Bonds allocated to financing PFC Projects, the shortfall will have to be provided from other sources of Revenues. See "THE AIRLINE INDUSTRY AND OTHER INVESTMENT CONSIDERATIONS - Passenger Facility Charges" herein.

Concessions and Other Consumer Revenue Sources

The principal concessions and consumer services at the Airport are the Hotel, automobile parking, rental cars and other ground transportation, food and beverage, and merchandise. The Authority also derives revenues from advertising, telephones, a bank and other concessions and consumer services. The Authority has a written statement of policy for awarding concession and consumer service privileges at the Airport. In accordance with this policy, the Authority specifies performance and operating standards in its agreements with concessionaires in furtherance of its public service and revenue goals. Automobile parking and the Hotel are operated under management agreements.

Revenues received by the Authority in connection with rental car services for Airport passengers are the largest source of nonairline revenue at the Airport. The Authority receives privilege fees and rents (associated with ready/return spaces, terminal counter space, and quick turnaround facilities) from rental car companies serving Airport customers. Onsite Airport rental car brands currently include Avis, Budget, Dollar, Alamo, National, Enterprise, Thrifty, L&M and E-Z.

The Authority has entered into new rental car agreements effective April 1, 2009. The rental car agreements will cause some of the current onsite rental car brands to team with some of the current offsite brands to maintain vehicles and operations on Airport property. The Authority estimates that once the rental car facility improvements are made and the new facilities are occupied, the on-Airport rental car operators will serve approximately 95% of rental car customers and will have facilities to accommodate a higher demand in the future. The new facilities are anticipated to be fully operational on April 1, 2010. The new agreements have a five-year term with two one-year options at the Authority's sole discretion.

Under the new agreements, the rental car operators will pay (1) 10% of gross receipts (which will apply to both onsite and offsite operators), however onsite operators must pay the greater of greater of 10% of gross receipts or a minimum annual guarantee that totals \$51.4 million for the first year of the contract, (2) ready/return space rent on a per space basis, (3) quick turn-around ("QTA") rent, and (4) rent for terminal counters, office, and queuing space. QTA facility rent will include ground rent at 10% of the fair market value of the land. In addition, rental car operators will pay for all operating, utility, maintenance, and service management expenses. The foregoing constitute Revenues under the Bond Resolution. As previously discussed, the rental car operators also pay CFCs, however such CFCs are not included in the definition of Revenues under the Bond Resolution until such time as the CFC Bonds are no longer outstanding. See OTHER INDEBTEDNESS AND INTEREST RATE SWAPS - Customer Facility Charge Debt" herein.

Food and beverage facilities in the Landside Terminal and Airside Terminals 1 and 4 are operated under a 10-year concession agreement effective December 2002, with a minimum annual concession fee of \$5,767,778. The food and beverage concession agreement at Airside 2 has a minimum annual concession fee of \$1,160,018 and was recently amended to extend the agreement until September 2015. The food and beverage concession at Airside 3 was awarded with an initial minimum annual concession fee of \$1,100,000 that increased to a minimum annual concession fee of \$2,200,000 effective with the opening of the new sit-down restaurant on April 1, 2009.

Amounts derived from concessions and consumer services, including automobile parking and the Hotel, totaled approximately \$187,218,000 in Fiscal Year 2009, and represented approximately 58 percent of total Operating Revenues received by the Authority during such period. For the four-month period ended January 31, 2010, such concession and consumer services revenues totaled approximately \$61,309,000 compared with \$62,054,000 for the four-month period ended January 31, 2009. The concession and consumer services revenue represented approximately 56 percent and 55 percent of total Operating Revenues received for the four-month period ending January 31, 2010 and January 31, 2009 respectively. Decrease relates to reduction in hotel revenues, offset by increases in food & beverage and general merchandise concessions revenues.

Other Terminal Area Revenue Sources

Sources of other terminal area revenues include: (a) Federal Inspection Station (FIS) and common facility fees and (b) space rentals paid by rental car operators, non-signatory and other non-airline tenants in the terminal. Other terminal area revenue sources amounted to approximately \$23,728,000 for Fiscal Year 2009, and approximately \$7,557,000 for the four-months ended January 31, 2010, compared with approximately \$8,594,000 for the four-months ended January 31, 2009. The majority of the decrease in other terminal area revenue is attributed to non-signatory space being converted to signatory space as a result of the Delta/Northwest merger that is partially offset by increase in FIS revenues.

Airfield Area Revenue Sources

Sources of airfield area revenues (other than those paid by the Signatory Airlines) include: (a) apron use fees paid by international and domestic non-signatory passenger airlines, (b) landing fees paid by non-signatory passenger and cargo airlines, (c) fueling system rentals and (d) fuel flowage and other aviation fees. Airfield area revenue sources amounted to approximately \$6,961,000 for Fiscal Year 2009 and approximately \$2,833,000 for the four-months ended January 31, 2010, compared with approximately \$2,420,000 for the four-months ended January 31, 2009. The majority of the increase is attributed to an increase in landed weights by non-signatory airlines.

Other Buildings and Grounds

Tenants of buildings and sites at the Tradeport and other airport areas pay rentals and fees for the use of such buildings and sites. Revenues from these areas amounted to approximately \$15,013,000 for Fiscal Year 2009 and approximately \$5,034,000 for the four-months ended

January 31, 2010, compared with approximately \$5,603,000 for the four-months ended January 31, 2009. A majority of the decrease relates to a decrease in revenues received from the JetBlue Training Facility.

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AUTHORITY FINANCIAL INFORMATION

Debt Service Requirements

The following table sets forth the Debt Service Requirements for the Outstanding Bonds.

Total Debt Service Requirements for Bonds⁽¹⁾

Fiscal Year Ending September 30	Outstanding Airport Facilities Revenue Bonds Debt Service ⁽²⁾	Series 2010A Bonds Principal	Series 2010A Bonds Interest ⁽³⁾	Series 2010B Bonds Principal	Series 2010B Bonds Interest	Total Series 2010 Bonds Debt Service	Total Bonds Debt Service
2010	\$114,596,290.40	\$-	\$1,317,665.92		\$1,747,311.39	\$3,064,377.31	\$117,661,267.71
2011	98,022,433.14		2,857,588.76	15,740,000	3,789,350.00	22,386,938.76	120,409,371.90
2012	96,169,468.17		3,516,303.76	18,100,000	3,317,150.00	24,933,453.76	121,102,921.93
2013	137,019,849.49		3,845,661.26	20,240,000	2,412,150.00	26,497,811.26	163,517,660.75
2014	96,049,912.50	1,095,000	3,845,661.26	2,400,000	1,400,150.00	8,740,811.26	104,790,723.76
2015	96,082,667.25	1,140,000	3,801,861.26	2,490,000	1,280,150.00	8,712,011.26	104,794,678.51
2016	93,048,698.75	2,020,000	3,756,261.26	5,645,000	1,155,650.00	12,576,911.26	105,625,610.01
2017	92,957,255.00	2,100,000	3,675,461.26	6,010,000	873,400.00	12,658,861.26	105,616,116.26
2018	85,770,167.50	2,205,000	3,570,461.26	13,480,000	572,900.00	19,828,361.26	105,598,528.76
2019	81,539,911.25	2,285,000	3,491,081.26			5,776,081.26	87,315,992.51
2020	81,542,055.00	2,375,000	3,399,681.26			5,774,681.26	87,316,736.26
2021	81,541,173.75	2,495,000	3,280,931.26			5,775,931.26	87,317,105.01
2022	53,068,073.75	2,615,000	3,156,181.26			5,771,181.26	58,839,255.01
2023	30,216,937.50	2,725,000	3,048,312.50			5,773,312.50	35,990,250.00
2024	20,475,675.00	2,845,000	2,932,500.00			5,777,500.00	26,253,175.00
2025	20,428,131.25	2,985,000	2,790,250.00			5,775,250.00	26,203,381.25
2026	20,392,750.00	3,135,000	2,641,000.00			5,776,000.00	26,168,750.00
2027	20,349,631.25	3,290,000	2,484,250.00			5,774,250.00	26,123,881.25
2028	41,882,500.00	3,450,000	2,319,750.00			5,769,750.00	47,652,250.00
2029	10,462,343.75	3,630,000	2,147,250.00			5,777,250.00	16,239,593.75
2030	10,461,593.75	3,810,000	1,965,750.00			5,775,750.00	16,237,343.75
2031	10,464,256.25	4,000,000	1,775,250.00			5,775,250.00	16,239,506.25
2032	10,462,062.50	4,200,000	1,575,250.00			5,775,250.00	16,237,312.50
2033	5,629,250.00	3,355,000	1,365,250.00			4,720,250.00	10,349,500.00
2034	5,629,250.00	3,520,000	1,197,500.00			4,717,500.00	10,346,750.00
2035	5,629,250.00	3,700,000	1,021,500.00			4,721,500.00	10,350,750.00
2036	5,633,750.00	3,880,000	836,500.00			4,716,500.00	10,350,250.00
2037	5,632,000.00	4,075,000	642,500.00			4,717,500.00	10,349,500.00
2038	5,633,750.00	4,280,000	438,750.00			4,718,750.00	10,352,500.00
2039	5,633,250.00	4,495,000	224,750.00			4,719,750.00	10,353,000.00
Total	\$1,442,424,337.20	\$ 79,705,000.00	\$ 72,921,113.54	\$ 84,105,000.00	\$ 16,548,211.39	\$253,279,324.93	\$1,695,703,662.13

- (1) The Debt Service Requirements are shown for the period in which they accrue and not for the period in which they are paid. Such Debt Service Requirements have not been reduced by payments to be made out of capitalized interest or out of interest income on the Bond Resolution funds deposited into the Debt Service Account under the Bond Resolution. The Debt Service Requirements shown do not include debt service on Subordinated Indebtedness See "OTHER INDEBTEDNESS AN INTEREST RATE SWAPS – Subordinated Indebtedness" herein.
- (2) Debt Service for the Refunded Bonds is excluded from the Outstanding Airport Facilities Revenue Bonds Debt Service.
- (3) Interest reflected for Series 2010A Bonds is net of Capitalized Interest.

Historical Financial Results

The following table presents the historical debt service coverage for the Outstanding Airport Facilities Revenue Bonds pursuant to the Bond Resolution for Fiscal Years 2005 through 2009.

Orlando International Airport Historical Debt Service Coverage Per Bond Resolution Fiscal Years 2005 - 2009 (in thousands)

	Fiscal Year				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues Per Bond Resolution ⁽¹⁾	\$309,290	\$330,800	\$346,916	\$356,263	\$346,496
Less: Operations and Maintenance Expenses per Bond Resolution ⁽²⁾	<u>(134,775)</u>	<u>(148,803)</u>	<u>(172,217)</u>	<u>(182,868)</u>	<u>(174,802)</u>
Net Revenues	<u>\$174,515</u>	<u>\$181,997</u>	<u>\$174,699</u>	<u>\$173,395</u>	<u>\$171,694</u>
Less: Required Account Deposits					
Airport Facilities Operations and Maintenance Reserve Fund	1,117	2,339	3,903	3,365	0
Airport Facilities Capital Expenditure Fund	4,103	5,533	7,180	19,918	369
Airport Facilities Renewal and Replacement Fund	<u>204</u>	<u>5,420</u>	<u>420</u>	<u>0</u>	<u>0</u>
Total Required Account Deposits	<u>\$5,424</u>	<u>\$13,292</u>	<u>\$11,503</u>	<u>\$23,283</u>	<u>\$369</u>
Net Revenues available for Debt Service on Bonds	<u>\$169,091</u>	<u>\$168,705</u>	<u>\$163,196</u>	<u>\$150,112</u>	<u>\$171,325</u>
Net Debt Service on Bonds ⁽³⁾	<u>\$74,901</u>	<u>\$81,484</u>	<u>\$73,960</u>	<u>\$88,514</u>	<u>\$116,848</u>
Coverage Ratio for Bonds	2.26	2.07	2.21	1.70	1.47

Source: The Greater Orlando Aviation Authority.

- (1) Revenues as deposited to the Airport Facilities Revenue Fund before adjustment for year-end transfers to Prepaid Airline Fees and Charges Fund and Improvement and Development Fund, plus miscellaneous receipts in the Operations and Maintenance Fund.
- (2) Expenses and encumbrances are paid from amounts on deposit in the Airport Facilities Operations and Maintenance Fund.
- (3) Debt service is net of applicable capitalized interest.

The following table presents historical amounts of Revenues and Expenses of the Airport for Fiscal Years 2005 through 2009 and the four-month periods ended January 31, 2009 and 2010. These historical amounts relate solely to the Orlando International Airport and do not include revenues and expenses for the Orlando Executive Airport; however, the "AUDITED FINANCIAL STATEMENTS AND REPORT OF THE INDEPENDENT AUDITORS THEREON FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2008 AND 2009" included in APPENDIX D attached hereto present the combined financial position, results of operations and cash flows of Orlando International Airport and Orlando Executive Airport.

Orlando International Airport
Statement of Revenues and Expenses
Fiscal Years 2005-2009 and Four-Month Periods Ended January 31
(in thousands)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	Unaudited Four-Months Ended January 31 <u>2009</u>	<u>2010</u>
Operating Revenues:							
Airfield Area ⁽¹⁾	\$34,438	\$31,731	\$34,814	\$63,226	34,213	12,120	11,958
Terminal Area	194,207	205,621	219,276	237,290	236,573	79,504	79,446
Other Bldgs. and Site Rentals	9,402	9,671	10,310	13,484	15,013	5,603	5,034
Hotel	<u>27,974</u>	<u>33,941</u>	<u>34,565</u>	<u>39,242</u>	<u>30,955</u>	<u>11,814</u>	<u>10,970</u>
Total Operating Revenues	<u>266,021</u>	<u>280,964</u>	<u>298,965</u>	<u>353,242</u>	<u>316,754</u>	<u>109,041</u>	<u>107,408</u>
Operating Expenses							
Operation and Maintenance	(114,927)	(114,435)	(123,029)	(135,821)	(129,438)	(44,313)	(41,200)
General and Administrative	(25,506)	(30,405)	(30,795)	(44,554)	(38,511)	(12,638)	(11,760)
Hotel	(22,140)	(24,995)	(26,505)	(28,008)	(25,151)	(9,864)	(8,888)
Depreciation and Amortization	<u>(90,644)</u>	<u>(92,416)</u>	<u>(91,535)</u>	<u>(94,480)</u>	<u>(101,327)</u>	<u>(32,243)</u>	<u>(35,807)</u>
Total Operating Expenses	<u>(253,217)</u>	<u>(262,251)</u>	<u>(271,864)</u>	<u>(302,863)</u>	<u>(294,427)</u>	<u>(99,058)</u>	<u>(97,655)</u>
Operating Income	12,804	18,713	27,101	50,379	22,327	9,983	9,753
Non-Operating Revenues (Expenses):							
Investment Income	14,101	24,874	30,006	18,983	10,121	6,254	1,003
Interest Expense	(71,556)	(68,790)	(67,150)	(64,130)	(66,850)	(23,283)	(22,846)
Signatory Airline Revenue Sharing					(11,092)	(4,088)	(1,119)
Passenger Facility Charges	43,436	45,933	59,302	70,656	64,302	17,983	18,397
Customer Facility Charges					21,790	7,057	6,620
Federal and State Grants	10,115	11,693	1,964	1,796	460	207	230
Other	<u>29,878</u>	<u>2,188</u>	<u>957</u>	<u>4,083</u>	<u>268</u>	<u>(29)</u>	<u>24</u>
Income Before Capital Contributions	\$38,778	\$34,611	\$52,180	\$81,767	41,326	14,084	12,062
Capital Contributions	<u>35,672</u>	<u>46,740</u>	<u>44,245</u>	<u>68,486</u>	<u>37,286</u>	<u>15,642</u>	<u>16,453</u>
Net Income	<u>\$74,450</u>	<u>\$81,351</u>	<u>\$96,425</u>	<u>\$150,253</u>	<u>\$78,612</u>	<u>\$29,726</u>	<u>\$28,515</u>

(1) Airfield area revenues may fluctuate depending upon operations and the adjustment for Signatory Airline prepaid credits. During Fiscal Year 2008 and in connection with the expiration of the airline agreement on September 30th, airfield related revenue increased over the prior year as a result of previously deferred revenues recognized as revenue.

(2) Prior to 2008, certain reimbursed costs were shown as a reduction of operating expenses. After 2007, these reimbursed costs are shown as revenues and operating expenses are reported at the gross amount. The 2008 amounts reflect this change.

Source: The Greater Orlando Aviation Authority.

Analysis of Airport Operations

Fiscal Year Ended September 30, 2008. The Airport reported operating income of \$50,379,000 and net income of \$150,253,000.

The operating revenues of the Authority increased \$54.3 million in Fiscal Year 2008, or 18.2 percent over the previous year primarily from increased airfield related revenue, terminal rent, concession, rental car parking, hotel revenues and certain reimbursed costs shown as a reduction in operating expenses in 2007, reflected as revenues in 2008. Airfield Area Revenues increased over the prior year due primarily to the expiration of the Lease and Use Agreement on September 30, 2008, resulting in previously deferred revenues being recognized as airfield revenues in the current year. The increase of \$18,014,000 million or 8.2 percent in terminal area revenue included concession revenue increases as well as increases in rental car, parking and other terminal area revenue. The hotel experienced an increase in revenue earnings of \$4.7 million over the prior year as a result of a slight increase in occupancy and a 2.7 percent increase in rates.

Operating expenses, before depreciation increased \$28,054,000 or 15.6 percent compared to the prior fiscal year as a result of maintenance on the new in-line baggage system, safety and security, various expenses associated with the negotiation of the Lease and Use Agreement as well as higher hotel expenses associated with increased occupancy and certain reimbursed costs shown as a reduction in operating expenses in 2007, reflected as revenues in 2008.

Fiscal Year Ended September 30, 2009. The Airport reported operating income of \$22,327,000 and net income of \$78,612,000.

The operating revenues of the Authority decreased \$36.5 million in fiscal year 2009, or 10.3% from the previous year, primarily from decreased airfield area revenue, parking revenues, and hotel revenues. Airfield area revenues decreased \$29.0 million for the 2009 fiscal year due to a decrease in total landing fees as a result of airlines reducing capacity and previously deferred revenues under the prior airline agreement, recognized in airfield area revenues at the end of fiscal year 2008, as a result of the expiration of this agreement on September 30, 2008. Parking revenues decreased \$6.9 million as a result of the reduction of passenger and parking transactions. Overall the passenger traffic decreased approximately 8%. The hotel experienced a decrease in revenue earnings of \$8.3 million from the prior year as a result of a decrease in occupancy of 6.7% and a reduction in average room rate of \$22.08.

Operating expenses, before depreciation, decreased \$15.3 million, or 7.3%, from fiscal year 2008 to 2009 as a result of various cost saving measures adopted by the Authority and lower hotel costs as a result of reduction in occupancy. The Authority reduced certain costs, including but not limited to personnel and related benefits, contractual services such as janitorial, landscaping, and fleet maintenance, and outside services for security. All of these cost saving initiatives resulted in a reduction of expenses of approximately \$12.4 million or 6.9%. In addition, the hotel reduced its costs \$2.9 million or 10.2% to offset its reduced revenues. The Authority monitors operating expenses closely to ensure budget objectives are met.

Four-Month Period Ended January 31, 2010 and 2009. The Authority reported operating income of \$9,753,000 and net income of \$28,515,000 for the four-month period ended January 31, 2010, compared to operating income of \$9,983,000 and net income of \$29,726,000 for the four-month period ended January 31, 2009.

Operating revenues for the four month period ended January 31, 2010 decreased approximately \$1,633,000 when compared to the four month period ended January 31, 2009. The majority of the decrease related to the reduction in hotel revenues. Operating expenses, excluding depreciation, decreased approximately \$4,967,000 or 7.4% primarily because of reduction in various contractual services during fiscal year 2009 and lower hotel cost.

Excluding interest expense and signatory airline revenue sharing, non-operating revenues decreased approximately \$5,198,000 primarily as a result of the decrease in investment earnings and the Fair Market Value (FMV) adjustment in accordance with GAAP. Investment income was approximately \$1,680,000 with a FMV adjustment of (\$677,000) for the four month period January 31, 2010 and approximately \$4,358,000 with a FMV adjustment of \$1,896,000 for the four month period January 31, 2009. This reduction was partially offset by an increase in Passenger Facility Charges.

Pension and Other Post Employment Benefits. For information relating to pension and other post employment benefit expenses of the Authority, see footnotes 11 and 12 in APPENDIX D attached hereto.

Cost Reduction Measures

In 2009, the Authority implemented a number of measures to reduce costs to mitigate the reduction in revenue as a result of the downturn in the economy. These included reduction in certain contracts such as landscaping, fleet maintenance and janitorial, reduction in hotel operating costs, as well as reductions to staff and a hiring freeze. This resulted in reduction of operating expenses of approximately \$15 million from the prior year and approximately \$23 million from the original budget adopted for Fiscal Year 2009. In addition, the Authority restructured some of its debt that resulted in a reduction in annual debt service commencing in Fiscal Year 2010 of approximately \$5 million.

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THE CAPITAL IMPROVEMENT PROGRAM

The Current Capital Improvement Program

In FY 2008, the Authority presented a \$977 million capital improvement program (CIP) for FY 2009 through FY 2013 to the airlines serving the Airport. The \$977 million CIP was approved by the Signatory Airlines as part of the airline Lease and Use Agreement that became effective October 1, 2008. However, as a result of the downturn in the economy and airline announcements regarding capacity cuts, the Authority reviewed the CIP and deferred certain capacity projects until after FY 2013 (the “Revised FY 2009-2013 CIP”). These deferrals, as well as actual bid amounts for certain projects, have resulted in a reduction of that portion of the estimated cost of the CIP that is expected to be funded through FY 2013 to \$641 million.

The Authority also intends to develop a remote baggage screening facility that was not part of the \$977 million CIP approved by the Signatory Airlines. The Authority has FAA approval to fund this project with PFCs, and because it is not part of the airline Cost Centers (Airfield and Terminal), it does not require airline approval.

The Authority expects that a number of the projects deferred in the original FY 2009-2013 CIP will be undertaken in FY 2014 through FY 2016 resulting in an overall CIP of \$820 million for the FY 2009-2016 period. All of the projects in the CIP that require airline approval have been approved by the Signatory Airlines under the Lease and Use Agreement.

The CIP represents to the Authority’s best knowledge and belief at this time, all of the significant capital improvements expected to be undertaken through FY 2016, with the possible exception of a high speed rail station at the Airport in the event the State constructs the intercity high speed rail line connecting downtown Tampa to MCO during this time period. On January 28, 2010, the U.S. Department of Transportation announced the award of a \$1.25 billion grant to Florida toward the creation of a new high-speed rail corridor from downtown Tampa to Orlando International Airport, which the Florida Department of Transportation estimates could be operational by the end of 2014. However, the Authority expects the capital costs of the station would be funded from either State or federal sources and the operating costs would be funded from fare revenues.

The FAA administers the Airport Improvement Program (the “AIP”) and grants are made to airport operators in the form of entitlement funds and discretionary funds. The majority of the grant funds received by the Authority are AIP grants. The 2010 AIP authorization extends to March 31, 2010. 2010 AIP appropriations can be made through September 30, 2010.

The Authority expects to pay for certain CIP projects with FAA AIP grants-in-aid, State of Florida grants-in-aid, Transportation Security Administration (TSA) and American Recovery and Reinvestment Act of 2009 (ARRA) grants, PFC pay-as-you-go revenues, Authority funds (including previously issued bonds, FEMA grants, insurance proceeds), rental car customer facility charges (CFCs), the Series 2009C Bonds, the Series 2010 Bonds, Additional Bonds, and Subordinated Indebtedness as previously described herein.

The Authority reassesses its capital needs at least annually and will modify the CIP as necessary to accommodate traffic activity, security needs, and other factors, which could result in increases or decreases to the CIP, or extend the timing to complete certain projects consistent with the Lease and Use Agreement.

Estimated future debt service and operating expenses associated with the CIP projects are incorporated in the financial analysis reflected in "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT" attached hereto. Key components of the Authority's CIP expected to be undertaken between FY 2009- 2016 include:

Terminal

Airside 1 Rehabilitation. This program includes various improvements to building infrastructure and to bring the level of finish in Airside 1 to the same level as in Airsides 2 and 4, including rehabilitating the transfer level of the three airside wings, the hub area and people mover station. The hub area will include an expansion to accommodate additional concession, public seating, and circulation areas. This is a component of the Airside 1 & 3 Project that was financed in part with the 2009C Bonds, which also includes the rehabilitation and renovation of Airside 3. Both were substantially complete by October 30, 2009.

EDS (Security) Improvements. The Explosion Detection System ("EDS") program includes the third and final phase of the in-line EDS program in the North Terminal. The EDS central system will serve the central ticketing areas of Terminals A and B and the southeast area of the terminal located on Terminal B and is expected to be operational in FY 2010.

Ticket Lobby Improvements/CUSS/CUPPS (North Terminal Capacity Program). The phase 1 portion of this program (to be undertaken in FY 2009-2013) includes a new common use passenger processing system, computer system replacement, and allowance for airline relocations to balance terminal capacity. The phase 2 portion of this program (to be constructed in FY 2014-2016) includes improvements to the level 3 landside terminal ticketing areas spanning the space from the ticket counter backwall to the enplaning curb. These improvements are proposed to be made as part of the effort to recapture ticket lobby areas following the implementation of the in-line Explosive Detection System program.

Bag System Improvements (North Terminal Capacity Program). This program includes improvements to the existing landside terminal baggage claim and make-up systems, including replace bag claim devices, replace slope plate carousels, replace sort piers, electrical system upgrades, replace bag pushers, install dynamic merging, and baggage reporting/tracking system project. This element of the 2010 Projects is expected to be complete by mid 2013.

Vertical Circulation and Central Plant Improvements. This project, which is part of the 2010 Projects, includes (1) replacement of four escalators from the parking garage tunnels to level 3 in the landside terminal, (2) central plant improvements for the north terminal complex, and (3) modifications to the Airside 1 FIS and is expected to be substantially complete in February 2012.

Emergency Electrical System Improvements. This program will segregate discretionary electrical loads from critical or life safety requirements throughout the north terminal complex.

This program excludes additional emergency power for the terminal chillers and baggage systems.

Information Technology Improvements. This program includes a variety of IT projects such as the replacement of the voice communications switches and local area network switches. Projects will also include additional funding to complete the computerized maintenance management system project and the airport systems integration project.

Landside Terminal Infrastructure Improvements. This project is to renovate landside terminal restrooms. This project is expected to be complete by December 2010.

Other Terminal Improvements. This program includes APM System renovations (estimated to be complete by October 2010), and access control improvements.

Airfield

Airfield Pavement Rehabilitation. This program includes rehabilitation to airfield pavement areas including: Runways, Taxiways and Associated Intersections, and Aprons & Holding Pads. It includes improvements to shoulders and fillets for various taxiways.

Taxiway Rehabilitation Projects. This program includes rehabilitation associated with various Taxiways.

High-Speed Taxiways E & J. This program includes pavement strengthening and fillet improvements for various Taxiways.

Other Airfield Improvements. This program includes taxiway widening and rehabilitation associated with the Airside 1 and 3 apron.

Ground Transportation

North Terminal Capacity Program – Rental Car Improvements. This program includes the expansion and reconfiguration of the Terminal A Quick Turnaround Area ("QTA"), construction of a new Terminal B QTA and associated relocation of the bus and taxi hold facilities, addition of ready return spaces at Terminal A, and associated terminal roadway and signage improvements.

North Terminal Capacity Program – Roadway, Curb, and Cell Lot Improvements. This program includes an extended return to terminal road and associated cell phone lot for Terminal A, improvements to both Terminal A and B commercial curb areas to improve pedestrian and vehicular movements, and minor modifications for use of the fourth curb.

Other Ground Transportation Improvements. This program includes an employee parking lot expansion, utility/infrastructure improvements, and South Tradeport Drive resurfacing.

Other

Remote Bag Screening Facility Improvements. The existing Remote Baggage Screening Facility at the Orlando International Airport consists of six L3 Explosive Detection System (EDS) machines in a manual feed configuration. The proposed project is to increase the screening capacity of this facility by upgrading to an automated, in-line screening configuration to meet demand. Associated improvements to facilitate the configuration of these machines include utilities, site work, security fencing and building modifications as needed. This project is expected to be complete by December 2010.

Other programs include environmental mitigation, drainage improvements, Hyatt lobby and public area improvements, and long term planning.

Other Future Projects

In addition to the Fiscal Year 2009 through Fiscal Year 2013 CIP, the Authority is also contemplating other longer-term projects as demand warrants and to comply with new or changing requirements regarding security, mitigation of wildlife attractants, and future terminal capacity. Because the timing of these projects is expected to be beyond the projection period for this financing, and because the scope, timing, cost, and approval of these future projects are uncertain, the financial impacts from developing and implementing them are not reflected in Report of the Airport Consultant. Such future projects include: future South Terminal Program, future airside and Hotel renovations, future taxiways, connectors, and existing airfield improvements and future roadway improvements.

The Authority plans to continually evaluate construction on such future projects based on demand, cost and funding, as well as other factors.

Among the sources of funds that the Authority may consider for the future projects is the future issuance of Airport Facilities Revenue Bonds. A number of factors, including the demand for the projects and the availability of other funds, will affect the timing and amount of such future bond issuance. At this time, the Authority has not determined the amount of or timeframe for any such future financings.

In addition to CIP projects discussed above, approximately \$99 million of Renewal and Replacement ("R&R") project costs are estimated to be undertaken between Fiscal Year 2010 and Fiscal Year 2016. Approximately \$48 million of such R&R expenditures are associated with the Terminal and Airfield cost centers. The Authority will fund the R&R expenditures with Authority funds and will include amortization for Terminal and Airfield expenditures in the calculation of Terminal Rentals and Landing Fees.

The Authority expects that the projects included in the Fiscal Year 2009 through Fiscal Year 2013 CIP, in conjunction with the R&R projects, will provide Airport facilities necessary to satisfy future airline and passenger needs through Fiscal Year 2014.

REPORT OF THE AIRPORT CONSULTANT AND RATE COVENANT FORECAST

The Report of the Airport Consultant (the "Report") dated March 22, 2010, which has been prepared by Jacobs Consultancy (the "Airport Consultant") in connection with the Series 2010 Bonds, is included in APPENDIX A. References made herein to the Report of the Airport Consultant are made to the entire Report which should be read in its entirety, which contains material information, forecasts, findings, assumptions, and conclusions concerning the Airport System.

The Report presents certain airline traffic and financial forecasts for Fiscal Years 2010 through 2014 and sets forth the assumptions upon which the forecasts are based. The financial forecasts are based on certain assumptions that were provided by, or reviewed and agreed to by, Airport management. In the opinion of the Airport Consultant, the assumptions provide a reasonable basis for the forecasts.

The following table, which has been extracted from the Report, shows forecast Net Revenues Available for Debt Service, Debt Service Requirements on Bonds and Subordinated Indebtedness, and debt service coverage on Bonds and total indebtedness. The forecast indicates compliance with the rate covenant for each Fiscal Year of the forecast period.

**Debt Service Coverage – Rate Covenant
Orlando International Airport
(for the 12 months ending September 30; numbers in thousands)**

Fiscal Year	Net Revenues Available for Debt Service	Net Debt Service			Coverage	
		Bonds ⁽¹⁾	Subordinated Indebtedness ⁽²⁾	Total	Bonds	All Indebtedness
2010	\$164,536	\$117,685	\$11,619	\$129,304	1.40	1.27
2011	178,035	120,885	11,600	132,485	1.47	1.34
2012	184,084	122,064	9,714	131,778	1.51	1.40
2013	245,221	166,626	7,210	173,836	1.47	1.41
2014	182,182	110,168	7,206	117,374	1.65	1.55
2015	186,058	110,175	7,197	117,372	1.69	1.59
2016	191,154	112,380	5,123	117,503	1.70	1.63

(1) Includes actual debt service on all Outstanding Bonds (through Series 2009C Bonds), and estimated debt service on the Series 2010 Bonds (as provided by Morgan Keegan), and any future bonds (as estimated by Morgan Keegan for financial forecast purposes only), all net of capitalized interest. Debt service in Fiscal Year 2013 includes a balloon payment for the Series 2008C Bonds payable from Available PFC Revenues.

(2) Includes all Subordinated Indebtedness, net of interest income on any Subordinated Bond Reserve Funds. The assumed variable rate for the 1997B Subordinated Bonds is 4.54%.

Source: Debt Service: Greater Orlando Aviation Authority and Morgan Keegan & Company.

Net Revenues and Coverage: Jacobs Consultancy.

See APPENDIX A - "REPORT OF THE AIRPORT CONSULTANT" for additional information on assumptions for the above table.

THE AIRLINE INDUSTRY AND OTHER INVESTMENT CONSIDERATIONS

Airline Reports

Certain of the airlines serving the Airport (or their respective parent corporations) are subject to the information reporting requirements of the Securities Exchange Act of 1934 and in accordance therewith file reports and other information with the Securities and Exchange Commission (the "Commission"). Only companies with securities listed on the national securities exchange, with securities traded over the counter, which are registered under the Securities Exchange Act of 1934, or which are required to file with the Commission pursuant to the information-reporting requirements will have information on file. Certain information, including financial information as of particular dates concerning such Signatory Airlines or their respective parent corporations, is disclosed in reports and statements filed with the Commission. Such reports and statements can be inspected in the Public Reference Section at the SEC Headquarters, 450 Fifth Street, N.W., Washington, DC 20549, and copies of such reports and statements can be obtained from the Public Reference Section at prescribed rates. Copies of such reports and statements may be obtained from the Public Reference Section of the Commission, Washington, D.C. 20549, at prescribed rates. The Commission also maintains a website that contains reports, proxy and information statements and other written information regarding companies that file electronically with the Commission. The address of the website is www.sec.gov. The Commission does not require foreign companies to file electronically. Foreign companies' reports may be obtained by writing the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549. In addition, the domestic Signatory Airlines are required to file periodic reports of financial and operating statistics with the United States Department of Transportation. Such reports may be inspected at the Office of Aviation Information Management, Data Requirements and Public Reports Division, Research and Special Programs Administration, United States Department of Transportation, 400 7th Street, N.W., Washington, D.C. 20590, and copies of such reports may be obtained from the Department of Transportation at prescribed rates.

Global Events and Uncertainties of the Airline Industry

Since the economic deregulation of the airline industry in 1978, the industry has undergone significant changes. The financial results of the airline industry periodically have been subject to volatility and accumulation of substantial losses. Recent events have had a significant, negative impact on airline industry profitability. The slowing national and global economy, the fluctuation in the price of jet fuel and certain other global events, including military action abroad, have seriously disrupted the air transportation industry, resulting in severe financial instability in the airline industry. Numerous airlines have filed for bankruptcy protection and overall, the airline industry has continued to struggle with higher costs for fuel and depressed passenger revenue. The airlines have responded to the changing nature of the industry by instituting initiatives including but not limited to, furloughing employees, reducing flights, negotiating significant wage reductions, deferring aircraft deliveries, baggage and other service charges, streamlining operations, and improving productivity. While the aviation industry was generally profitable in 2006 and 2007, the Air Transport Association ("ATA") has reported that U.S. airlines may have seen passenger revenues decline 18 percent in 2009 when compared to 2008. It is the largest decline on record, exceeding the 14 percent decline observed

from 2001 to 2002. The U.S. Department of Transportation Bureau of Transportation Statistics ("BTS") reported that passenger traffic for U.S. airlines declined by 3.5 percent in 2008. According to BTS, passenger traffic for the first ten months of 2009 declined by 6.3 percent from the same period in 2008.

The revenues of both the Airport and the airlines serving the Airport may be materially affected by many factors including, without limitation, the following: the availability and costs of aviation fuel and other necessary supplies; declining demand; national and international disasters and hostilities; service and fare competition; mergers; high fixed costs; high capital requirements; the cost and availability of financing; technological changes; the cost and availability of employees; strikes and employee disruptions; the maintenance and replacement requirements of aircraft; the availability of routes and slots at various airports; litigation liability; regulation by the federal government; environmental risks and regulations; noise abatement concerns and regulation; deregulation; federal and state bankruptcy and insolvency laws; acts of terrorism; world health concerns such as Severe Acute Respiratory Syndrome and influenza A (H1N1) "Swine Flu;" availability of satisfactory travel substitution such as video conference; and other risks. Many airlines, as a result of these factors, have operated at a loss in the past and several have filed for bankruptcy, ceased operations and/or have merged with other airlines.

General Financial Condition of Certain Airlines Serving the Airport

The Authority derives a substantial portion of its operating revenues from landing and facility rental fees. The financial strength and stability of the airlines using the Airport, together with numerous other factors, influence the level of aviation activity at the Airport and Revenues of the Authority. Since September 11, 2001, substantially all airlines have been downgraded by the rating agencies, several have restructured through Chapter 11 bankruptcy, some are currently restructuring in Chapter 11 and some have ceased service altogether, and many airlines have implemented service reductions and employee layoffs in response to a reduction in passenger demand. See "- Global Events and Uncertainties of the Airline Industry" above.

The Authority cannot predict the duration nor extent of reductions and disruptions in air travel or the extent of any adverse impact on Revenues, PFC collections, passenger enplanements, operations or the financial condition of the Airport. All airlines have remitted all material post-bankruptcy payments due to the Authority under the Lease and Use Agreements, and, as of the date of this Official Statement and except as described above, all airlines are current on their payment obligations to the Authority. The Authority is not able to accurately predict how long any airline under bankruptcy protection will continue operating at the Airport or whether any of these airlines will liquidate or substantially restructure their operations. Additional bankruptcies, liquidations or major restructurings of other airlines could occur. Further, the Authority cannot predict nor can it give any assurance that the airlines serving the Airport will continue to pay or to make timely payment of their obligations under the Lease and Use Agreements.

Economic Conditions

Historically, the financial performance of the air transportation industry has correlated with the state of the national economy. Future increases in passenger traffic will depend largely on the ability of the U.S. to sustain growth in economic output and income. The recession that began in late 2007 combined with reduced discretionary income has contributed to reduced airline travel demand in 2008 and 2009. Starting in September 2008 and continuing thereafter, there have been significant and dramatic changes in the financial markets. Several U.S. commercial and investment banks declared bankruptcy, were acquired by other financial institutions, combined with other financial institutions or sought huge infusions of capital. The volatility in the capital markets led the U.S. government to intervene by making funds available to certain institutions, taking over the ownership of others and assuming large amounts of troubled financial instruments in exchange for imposing greater regulation over certain institutions in order to restore consumer confidence in the nation's financial markets. The short and long term effects of these developments on the broader economy are not known at this time. There can be no assurances that such developments will not have an adverse effect on the air transportation industry.

Passenger Facility Charges

Termination of PFCs. The Authority's legal authority to impose and use PFCs is subject to certain terms and conditions provided in the PFC Act, the PFC Regulations and each PFC application. If the Authority fails to comply with these requirements, the FAA may take action to terminate or to reduce the Authority's legal authority to impose or to use PFCs. Some of the events that could cause the Authority to violate these provisions are not within the Authority's control. In addition, failure to comply with the provisions of certain federal noise pollution acts may lead to termination of the Authority's authority to impose PFCs. In addition, the FAA may terminate the Authority's ability to collect PFCs to support payment of debt service on any Bonds attributable to PFC Projects on the fifth anniversary of the completion of formal termination proceedings.

Amendments to PFC Act or PFC Regulations. There is no assurance that the PFC Act will not be repealed or amended or that the PFC Regulations or any PFC application will not be amended in a manner that would adversely affect the Authority's ability to collect and use PFC Revenues in an amount sufficient to deposit Available PFC Revenues for payment of principal and interest on the Bonds.

Collection of the PFCs. The ability of the Authority to collect sufficient PFCs depends upon a number of factors including the operation of the Airport by the Authority, the use of the Airport by Collecting Carriers, the efficiency and ability of the Collecting Carriers to collect and remit PFCs to the Authority and the number of enplanements at the Airport. The Authority relies upon the Collecting Carriers' collection and remittance of PFCs, and both the Authority and the FAA rely upon the airlines' reports of enplanements and collection statistics.

If the numbers of enplaned passengers at the Airport is significantly below the numbers forecast by the Airport Consultant in projecting annual PFC Revenues, if the collection fees retained by the Collecting Carriers are increased or if the PFC Act is amended, the amount of

PFC Revenues actually collected by the Authority each year will be less than the amount projected and accordingly, Available PFC Revenues may be less than the amount sufficient to enable the Authority to pay Debt Service on that portion of the Bonds issued to finance PFC Projects. In such event other Revenues would be required to pay Debt Service on that portion of the Bonds issued to finance PFC Projects. Additionally, the Authority may rely upon the "extraordinary coverage protection" provision under the Lease and Use Agreements to recover such shortfall from the Signatory Airlines. See "AIRLINE REVENUES AND OTHER REVENUE SOURCES – Extraordinary Coverage Protection" herein. On the other hand, if the number of annual enplanements is higher than initially projected or if the rate of PFCs is increased above the level described in "AIRLINE REVENUES AND OTHER REVENUE SOURCES – Passenger Facility Charges" herein, the Authority will collect PFC Revenues faster than initially forecast. The Authority will have to manage its PFC program carefully in such event and balance its expenditures with its collecting rates to ensure that sufficient Available PFC Revenues will be available in later years to pay debt service attributable to the Bonds.

The Authority's ability to pay the principal of, premium, if any, and interest on the Bonds depends, in part, upon the timely receipt by the Authority of PFC Revenues, and the amount of PFC Revenues received annually by the Authority depends largely upon the Authority's ability to implement and complete PFC Projects and upon the number of enplanements at the Airport each year. The level of enplanements, in turn, depends upon a number of economic and other factors that are not within the Authority's control. See APPENDIX A "REPORT OF THE AIRPORT CONSULTANT" attached hereto for a discussion of projected PFC Revenues and "AIRLINE REVENUES AND OTHER REVENUE SOURCES - Passenger Facility Charges " herein for a description of some of the requirements and risks associated with obtaining and maintaining the authority to impose and use PFCs.

Cost of Aviation Fuel

According to the ATA, aviation fuel has recently surpassed labor as the largest item of airline expense. Fuel costs fluctuate in response to market forces and exposure to these fluctuations is largely outside of airline management control except through hedging techniques. From 2000 to the first half of 2007, the price of jet fuel more than doubled. In the first half of 2008, the price of oil reached record highs. In the second half of 2008, fuel prices fell sharply as demand was reduced worldwide, although prices again increased in 2009. Significant increases in the cost of fuel for a prolonged period of time may adversely affect airline industry profitability and could jeopardize the recovery plans of airlines which are currently experiencing financial difficulties.

Federal Security Measures

As a result of the September 11, 2001 terrorist attacks, the Federal Aviation and Transportation Security Act ("ATSA") was enacted on November 19, 2001. This legislation makes airport security the responsibility of the newly created Transportation Security Administration (the "TSA"). The TSA was originally made an administrative agency of the United States Department of Transportation, but was subsequently made an administrative agency within the United States Department of Homeland Security in the Homeland Security Act of 2002 ("HSA"). Provisions of the HSA and subsequent directives issued by the TSA called

for, among other things, stronger cockpit doors on commercial aircraft, an increased presence of armed federal marshals on commercial flights, establishment of 100% checked bag screening, and replacement of all passenger and baggage screeners with federal employees, who must undergo criminal history background checks and be U.S. citizens. Foiled plots to attack flights with explosives in the summer of 2006 and, more recently, in December 2009, have led to further changes in security screening procedures.

Airports have the option of "opting out" of using federal screeners and contracting with TSA-approved private screening companies, but most large airports including the Airport, utilize TSA screeners. Airports may now use state or local law enforcement personnel and airport employees to provide security services not related to passenger or baggage screening. Under ATSA, the federal government will pay for the new federal security screening services by charging passengers a security service fee of \$2.50 per departure or connection, not to exceed \$5.00 per one-way trip, which is collected by air carriers and remitted to the federal government. To the extent that such fees are deemed to be insufficient by the TSA, ATSA also authorizes the imposition of an Aviation Security Infrastructure Fee on air carriers.

ATSA also mandates that certain security measures be undertaken at airports, including the Airport. Among other things, the following security measures are required: (1) screening or inspection of all individuals, goods, property, vehicles and equipment before entry into a secured area of the airport, (2) security awareness programs for airport employees, and (3) screening all checked baggage for explosives with explosives detection systems or other means or technology approved by the Undersecretary of the United States Department of Transportation, deployment of sufficient explosive detection systems for all checked baggage, and operation of a system to screen, inspect or otherwise ensure the security of all cargo to be transported in all-cargo aircraft.

In addition to the aforementioned security requirements resulting from the ATSA and subsequent legislation, the TSA has issued additional unfunded mandates by way of TSA security directives. These include: (1) transmittal to the TSA of personal information on all employees holding an airport-issued identification badge for the performance of Security Threat Assessment ("STA") and retrieval of STA results prior to issuing badges and other forms of identification, (2) performance of inspections of all vendors and vendor products entering the sterile areas of the airport, and (3) reduction of the number of airport employees authorized to escort visitors in the secured areas. Thus far, the Airport has been able to meet these requirements without significant financial or operational impact. However, the Authority expects additional unfunded security directives that may have a greater financial effect. These include controlling access at the passenger screening exit lanes, which is currently a function of the TSA, and employee screening.

Costs of Capital Improvement Program and Schedule

The estimated costs of, and the projected schedule for, the CIP are subject to a number of uncertainties. The ability of the Authority to complete the CIP may be adversely affected by various factors including: (1) estimating errors, (2) design and engineering errors, (3) changes to the scope of the capital improvements, (4) delays in contract awards, (5) material and/or labor shortages, (6) unforeseen site conditions, (7) adverse weather conditions, (8) contractor defaults, (9) labor disputes, (10) unanticipated levels of inflation, (11) litigation, (12) delays in permitting,

and (13) environmental issues. Additionally, the FAA's AIP is currently authorized through March 31, 2010. It is expected that the FAA's AIP will be reauthorized but at this time it is impossible to determine when, if any reauthorization will take place and in what amounts. Approximately \$50 million of the current \$820 million CIP budget that is expected to be funded with AIP grant may be subject to risk if the AIP is not reauthorized or is significantly changed.

No assurance can be given that the CIP will not cost more than is currently estimated. Any schedule delays or cost increases could result in the need to issue additional indebtedness and may result in increased costs per enplaned passenger to the airlines utilizing the Airport.

Construction of large projects at airports also involves the risk of disruption of ongoing operations and a resultant reluctance on the part of passengers and airlines to use the Airport. The Authority has taken steps to minimize the impact of construction at the Airport and does not believe that air traffic will be reduced.

LITIGATION AND REGULATORY MATTERS

Litigation

There is not now any litigation pending or, to the knowledge of the Authority, threatened, which if successful would have the effect of restraining or enjoining the issuance or delivery of the Series 2010 Bonds or questioning or affecting the validity of the Series 2010 Bonds or the proceedings and authority under which they are issued. The Authority is currently engaged in certain litigation, the outcome of which would not be expected to have any material adverse effect on the issuance and delivery of the Series 2010 Bonds. See "AIRLINE REVENUES AND OTHER REVENUE SOURCES" for additional discussion relating to potential bankruptcy litigation in which the Authority could be involved as a creditor.

The following actions and claims, which alone or in the aggregate, if decided adversely, could have a material adverse affect on the Revenues available to pay debt service on the Series 2010 Bonds, are pending against the Authority:

Claim by Viad Corp., Aircraft Service International, Inc., and Asig Miami, Inc. This action was filed in April of 2007. Only 1 of the 4 counts pertain to the Authority. The Complaint contends that on January 17, 2001, based upon the site assessment, the Authority recognized that the Maintenance facility, which is leased to ASII (predecessor to Viad), may require remediation, additional site studies and a penalty of \$10,000.00 per day for failure to comply with spill investigation requirements. Viad alleges that it sent notice to Royal and Lloyds of its claims under the respective policies. The Complaint alleges that the Authority is included as a defendant in the action because it claims to be an injured party from the matters involving the Airport, as a potential co-insured or additional insured under the Lloyd's and Royal's insurance policies, and as a party that may be affected by the outcome of the action as it relates to the Airport matter. In Count III of the Complaint, Viad seeks a declaratory judgment against Lloyds, the Authority and others as to whether Lloyds is required under any of its policies to provide coverage for the environmental contamination at OIA and whether the Authority is a covered insured under the Lloyd's policies that insured Viad (or its predecessors), ASII, and other former Viad subsidiaries, and award attorneys' fees to Viad. The Authority has filed counterclaims seeking reimbursement

for any unreimbursed expenses to the Authority as a result of the ongoing assessment and any required clean up and alleging that the Viad, ASII and the insurance companies are required to clean up all contamination. The action has been stayed pending continued investigation of the extent and costs of the environmental clean-up.

Claim by Peninsula Group Capital, Corporation. This action was filed in late 2009. The Complaint contends that the Authority tortiously interfered with a business relationship and contract as well as inappropriately caused a taking of Peninsula's personal property right without compensation. Peninsula alleges that it had an exchange agreement with the United States Army Reserve to acquire two parcels of United States Army Reserve real property in exchange for a Fort Myers property. The allegations are based on a 1999 concept approval letter signed by a Deputy Assistant Secretary of the Army and subsequent negotiations between Peninsula and the United States Army Reserve. Such concept approval was rescinded via Army correspondence dated January 13, 2005, but Peninsula claims the rescission was pretextual and caused by the Authority. The United States Army Reserve and the Government Services Administration transferred one of the parcels property to the Authority on October 14, 2009 pursuant to 49 U.S.C.S. §47151-47153 and elected to retain the second parcel. The Authority has filed a Motion to Dismiss with Prejudice and Supporting Memorandum of Law. To date no preliminary matters or motions have been heard by the Court. The Authority disputes all issues raised in the Complaint. The value of the two combined parcels was estimated at approximately Six Million Five Hundred Thousand Dollars (\$6,500,000.00). At this time it is impossible to determine the outcome of this dispute or the extent of any possible damages.

Discrimination Actions. From time to time discrimination related charges have been filed against the Authority with the City and the EEOC. In each instance the Authority has filed its position statement denying the allegations and provided documentation supporting its position. The Authority intends to contest each matter, if necessary. After a preliminary analysis of the legal and factual issues regarding these matters, the Authority believes that it is probable that the Authority will obtain favorable outcomes with respect to each of the matters. There have been 17 discrimination charges filed against the Authority with the City and the EEOC within the last five (5) years. At this time the Authority is not aware of any suit being filed by any of the complainants.

General Liability Claims. From time to time bodily injury related claims have been filed against the Authority, the defense of which claims has been undertaken by counsel retained by insurance carriers for the Authority. As of December 31, 2009, there are 55 open and fully insured claims being managed by the Authority's insurance carrier. Total amounts reserved by the insurance carrier for these claims are \$317,373. Lawsuits have been filed in eleven of the claims. None of these lawsuits is expected to have a material financial impact on the Authority.

Other Liability Claims. There are no other liability claims at this time.

Worker's Compensation Claims. As of December 31, 2009, there are 12 open workers compensation claims reserved by the Authority's third party administrator at a total of \$68,652. The Authority is unable at this time to predict the ultimate resolution of the above listed personal injury claims, but reserves financially for losses, based on annual actuarial data.

Other. In addition to the foregoing, the Authority is also engaged in other routine litigation, none of which, in the judgment of the Authority, is expected to materially adversely impact the Authority's financial condition.

Regulatory Matters

Contamination Assessment and Rehabilitation or Abatement. The Authority has undertaken contamination assessment and site rehabilitation at a number of locations at the Airport and the Orlando Executive Airport. In addition to the identified areas of environmental contamination, the Authority may be obligated to conduct contamination assessment, site rehabilitation or abatement as the result of the past discharge of certain petroleum based pollutants or hazardous substances at the Airport and the Orlando Executive Airport, or because of the presence of asbestos, lead based paint or indoor air contaminants in certain buildings located thereon, either as a responsible party or as a party voluntarily taking responsibility in the event other parties who are liable are unable to do so. Where soil, groundwater or surface water contamination is present, site rehabilitation has been or will be undertaken upon approval by the Orange County Environmental Protection Department ("EPD") or the Florida Department of Environmental Protection ("FDEP"). The Authority is presently unable to estimate the potential cost to the Authority of such site rehabilitation or abatement activities, but such cost has the potential to be significant. Cost to the Authority for contamination assessment and site rehabilitation depends on a variety of factors including the extent and location of contamination, the type(s) of contaminants, source of the contamination, hydrogeology, and the legal liability and financial capability of the tenant or operator who caused the discharge to pay for such site assessment or rehabilitation. Cost to the Authority for abatement also depends on a variety of factors including the amount of the indoor air contaminants present, the type of contaminants and the conditions of contaminant-containing materials, the use of the space being abated, and the legal liability and financial capability of the tenant or operator to pay for such abatement. Although it is difficult to quantify the potential impact of compliance with environmental protection issues, the Authority believes that the ultimate aggregate cost of environmental assessment, rehabilitation or abatement will not result in a material adverse effect on its financial condition or results of operations. The Authority expects to recover any costs expended on environmental assessment, rehabilitation or abatement through rates, fees, rentals and other charges for the use of the Airport. No provision has been made for payment of these amounts in the "AUDITED FINANCIAL STATEMENTS AND REPORT OF THE INDEPENDENT AUDITORS THEREON FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2008 AND 2009" attached hereto as APPENDIX D.

Wetland Mitigation. Pursuant to environmental permits issued by the United States Army Corps of Engineers, the FDEP and the South Florida Water Management District (collectively, the "Environmental Agencies"), the Authority has been required to provide mitigation for impacts which Authority projects had on existing wetlands. Wetland mitigation includes the preservation of both upland and wetland lands in their natural state, the enhancement of existing wetlands, and the creation of new wetland areas. Wetland mitigation may also include funding the acquisition of environmentally sensitive lands by third parties or purchase of mitigation credits from an approved mitigation bank. The Authority has implemented wetland mitigation activities through the acquisition of necessary land, construction of wetland creation projects, and granting of conservation easements. The Authority is currently

in negotiations with the Environmental Agencies concerning mitigation activities at the Airport. Although it is difficult to quantify the potential cost of compliance with the conditions contained in the existing environmental permits, the Authority expects to include any costs of compliance in the CIP.

TAX MATTERS

General

The Internal Revenue Code of 1986, as amended (the "Code"), contains a number of requirements and restrictions which apply to the Series 2010 Bonds, including investment restrictions, a requirement of periodic payments of arbitrage profits to the Treasury of the United States of America, requirements regarding the timely and proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Authority has covenanted to comply with all requirements of the Code that must be satisfied in order for the interest on the Series 2010 Bonds to be excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Series 2010 Bonds to be included in gross income retroactive to the date of issuance of the Series 2010 Bonds.

THE PROVISIONS OF THE AMERICAN RECOVERY AND REINVESTMENT TAX ACT OF 2009 RELATING TO TREATMENT OF INTEREST ON CERTAIN TAX-EXEMPT BONDS DO NOT APPLY TO THE SERIES 2010B BONDS.

Subject to the condition that the Authority will comply with the pertinent requirements of the Code, in the opinion of Co-Bond Counsel, under present law, (1) interest on the Series 2010 Bonds is not included in the gross income of the holders thereof for federal income tax purposes, except during any period while a Series 2010 Bond is held by a "substantial user" of the facilities financed or refinanced by the Series 2010 Bonds or a "related person" within the meaning of Section 147(a) of the Code, (2) interest on the Series 2010A Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and will not be taken into account in determining adjusted current earnings for purposes of the alternative minimum tax imposed on corporations, however, (3) interest on the Series 2010B Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and will be taken into account in determining adjusted current earnings for purposes of the alternative minimum tax imposed on corporations.

As to questions of fact material to the opinion of Co-Bond Counsel, Co-Bond Counsel will rely upon representations and covenants made on behalf of the Authority in the Bond Resolution, other finance documents, certificates of appropriate officers of the Authority and certificates of public officials (including certifications as to the use of Series 2010 Bond proceeds and of the property refinanced thereby), without undertaking to verify the same by independent investigation.

The Code contains numerous provisions which could affect the economic value of the Series 2010 Bonds to certain Series 2010 Bondholders. Prospective Series 2010 Bondholders, however, should consult their own tax advisors with respect to the impact of such provisions on their own tax situations.

The Series 2010 Bonds will not be "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code. Interest or indebtedness incurred or continued to purchase or carry the Series 2010 Bonds, or in the case of banks and certain other financial institutions, interest expense allocated to interest on the Series 2010 Bonds, will not be deductible for federal income tax purposes.

Internal Revenue Code of 1986

The Code contains a number of provisions that apply to the Series 2010 Bonds, including, among other things, restrictions relating to the use or investment of the proceeds of the Series 2010 Bonds and the payment of certain arbitrage earnings in excess of the "yield" on the Series 2010 Bonds to the Treasury of the United States of America. Noncompliance with such provisions may result in interest on the Series 2010 Bonds being included in gross income for federal income tax purposes retroactive to their date of issuance.

Collateral Tax Consequences

Except as described above, Co-Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of, the Series 2010 Bonds. Prospective purchasers of Series 2010 Bonds should be aware that the ownership of Series 2010 Bonds may result in other collateral federal tax consequences. For example, ownership of the Series 2010 Bonds may result in collateral tax consequences to various types of corporations relating to (1) denial of interest deduction to purchase or carry such Series 2010 Bonds, (2) the branch profits tax, and (3) the inclusion of interest on the Series 2010 Bonds in passive income for certain Subchapter S corporations. In addition, the interest on the Series 2010 Bonds may be included in gross income by recipients of certain Social Security and Railroad Retirement benefits.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2010 BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE BONDHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES REFERRED TO ABOVE. PROSPECTIVE BONDHOLDERS SHOULD CONSULT WITH THEIR TAX ADVISORS FOR INFORMATION IN THAT REGARD.

Other Tax Matters

Interest on the Series 2010 Bonds may be subject to state or local income taxation under applicable state or local laws in some jurisdictions. Purchasers of the Series 2010 Bonds should consult their own tax advisors as to the income tax status of interest on the Series 2010 Bonds in their particular state or local jurisdiction.

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2010 Bonds. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alterations of federal tax consequences may have affected the market value of obligations similar to the Series 2010 Bonds. From time to time, legislative proposals are pending which could have an effect on

both the federal tax consequences resulting from ownership of the Series 2010 Bonds and their market value. No assurance can be given that additional legislative proposals will not be introduced or enacted that would or might apply to, or have an adverse effect upon, the Series 2010 Bonds.

Tax Treatment of Original Issue Discount

Co-Bond Counsel is further of the opinion that the difference between the principal amount of the Series 2010A Bonds maturing on October 1, 2018, 2022, 2023 and 2039 and the Series 2010B Bonds maturing on October 1, 2018 (collectively, the "Series 2010 Discount Bonds") and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Series 2010 Discount Bonds of the same maturity was sold constitutes original issue discount which is excludable from gross income for federal income tax purposes to the same extent as interest on the Series 2010 Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Series 2010 Discount Bond and the basis of each Series 2010 Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Series 2010 Discount Bonds, even though there will not be a corresponding cash payment. Owners of the Series 2010 Discount Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Series 2010 Discount Bonds.

Tax Treatment of Bond Premium

The difference between the principal amount of the Series 2010A Bonds maturing on October 1, 2014, 2015, 2016, 2017, 2019 and 2020 and the Series 2010B Bonds maturing on October 1, 2011, through and including October 1, 2017 (collectively, the "Non-Callable Premium Bonds") and the Series 2010A Bonds maturing on October 1, 2021, 2024, 2025 and 2032 (collectively, the "Callable Premium Bonds" and together with the Non-Callable Premium Bonds the "Premium Bonds") and the initial offering price to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Premium Bonds of the same maturity was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Non-Callable Premium Bond and to the first call date in the case of the Callable Premium Bonds. For the purposes of determining gain and loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering to the public at the initial offering price is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for the purposes of determining various other tax consequences of owning such Premium Bonds. Owners of Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

LEGAL MATTERS

Certain legal matters incident to the validity of the Series 2010 Bonds and the issuance thereof by the Authority are subject to the approval of Nabors, Giblin and Nickerson, P.A., Tampa, Florida, and Ruye H. Hawkins, P.A., Orlando, Florida as Co-Bond Counsel. The proposed form of the opinion of Co-Bond Counsel is attached hereto as APPENDIX E. The actual legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date and subsequent distribution of it by recirculation of the Official Statement or otherwise shall create no implication that Co-Bond Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date. Certain legal matters will be passed on for the Authority by Broad and Cassel, Issuer's Counsel to the Authority and, Marchena and Graham, P.A., Orlando, Florida, Disclosure Counsel. Certain legal matters in connection with the Series 2010 Bonds will be passed on for the Underwriters by their counsel, Greenberg Traurig, P.A., Orlando, Florida.

Co-Bond Counsel has not been engaged to, nor has it undertaken to review (1) the accuracy, completeness or sufficiency of this Official Statement or any other offering material relating to the Series 2010 Bonds except as may be provided in the supplemental opinion of Bond Counsel to the Underwriters and the Authority, upon which only they may rely, or (2) the compliance with any federal or state law with regard to the sale or distribution of the Series 2010 Bonds.

RATINGS

The Series 2010A Bonds have been assigned long-term ratings of "AA-" with a stable outlook by Fitch, "Aa3" with a negative outlook by Moody's and "A+" with a stable outlook by S&P. The Series 2010B Bonds have been assigned long-term ratings of "AA-" with a stable outlook by Fitch, "Aa3" with a negative outlook by Moody's and "A+" with a stable outlook by S&P.

Such ratings express only the views of the rating agencies. An explanation of the significance of such ratings may be obtained from the rating agencies furnishing the same. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agencies if, in the judgment of the rating agencies, circumstances so warrant.

UNDERWRITING

Morgan Stanley & Co. Incorporated on behalf of itself and the other Underwriters (collectively the "Underwriters") has agreed, subject to certain conditions to closing, to purchase the Series 2010A Bonds at an aggregate purchase price of \$80,465,985.49 which represents the initial aggregate principal amount of the Series 2010A Bonds plus a net original issue premium of \$1,199,985.25 and less an Underwriters' discount of \$438,999.76. The Underwriters have agreed, subject to certain conditions to closing, to purchase the Series 2010B Bonds at an aggregate purchase price of \$87,702,082.68 which represents the initial aggregate principal

amount of the Series 2010B Bonds plus a net original issue premium of \$3,953,461.90 and less an Underwriters' discount of \$356,379.22.

The Underwriters will be obligated to purchase all of the Series 2010 Bonds if any Series 2010 Bonds are not purchased. The Series 2010 Bonds may be offered and sold to the Underwriters and certain dealers (including the Underwriters and other dealers depositing such Series 2010 Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

Morgan Stanley and Citigroup Inc., the respective parent companies of Morgan Stanley & Co. Incorporated and Citigroup Global Markets Inc., each an underwriter of the Bonds, have entered into a retail brokerage joint venture. As part of the joint venture each of Morgan Stanley & Co. Incorporated and Citigroup Global Markets Inc. will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, each of Morgan Stanley & Co. Incorporated and Citigroup Global Markets Inc. will compensate Morgan Stanley Smith Barney LLC for its selling efforts in connection with their respective allocations of Bonds.

J.P. Morgan Securities Inc., one of the underwriters of the Series 2010 Bonds, has entered into an agreement (the "Distribution Agreement") with UBS Financial Services Inc. for the retail distribution of certain municipal securities offerings, including the Series 2010 Bonds, at the original issue prices. Pursuant to the Distribution Agreement, J.P. Morgan Securities Inc. will share a portion of its underwriting compensation with respect to the Series 2010 Bonds with UBS Financial Services Inc.

FINANCIAL ADVISORS

Morgan Keegan & Company, Inc., Winter Park, Florida, and National Minority Consultants, Inc., Winter Park, Florida, serve as co-financial advisors to the Authority. Although the co-financial advisors assisted the Authority in the preparation of this Official Statement, and in other matters relating to the planning, structuring and issuance of the Series 2010 Bonds and provided other advice, the Co-Financial Advisors are not obligated to undertake and have not undertaken to make an independent verification of the accuracy, completeness or fairness of the information or statements contained in this Official Statement or the appendices hereto. The Co-Financial Advisors did not engage in any underwriting activities with regard to the sale of the Series 2010 Bonds.

AIRPORT CONSULTANT

Jacobs Consultancy, Burlingame, California has served as the consultant to the Authority. See "REPORT OF THE AIRPORT CONSULTANT" herein and attached hereto as APPENDIX A. References to and excerpts herein from such report do not purport to be an adequate summary of such report or complete in all respects. Such report is an integral part of this Official Statement and should be read in its entirety for complete information with respect to the subjects discussed herein.

CONSULTING ENGINEER

Schenkel Shultz Architecture, Orlando, Florida, has served as the Consulting Engineer in connection with the 2010 Project and has prepared a report relating to the estimated dates of completion and estimated placed in service dates of the 2010 Project.

FINANCIAL STATEMENTS

The Authority's financial statements for the years ended September 30, 2008 and 2009, included in APPENDIX D attached hereto, have been audited by Ernst & Young LLP, independent auditors, as stated in their report included in APPENDIX D attached hereto. Ernst & Young LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included in APPENDIX D any procedures on the financial statements addressed in that report. Ernst & Young LLP also has not performed any procedures relating to this Official Statement.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Section 517.051, Florida Statutes and the regulations promulgated thereunder require that the Authority and the City make full and fair disclosure of any bonds or other debt obligations of such entities that have been in default as to payment of principal or interest at any time after December 31, 1975. Neither the Authority nor the City are presently and, since December 31, 1975, neither the Authority nor the City have been in default as to payment of principal or interest on any bonds or other debt obligations.

CONTINUING DISCLOSURE

In order to provide certain continuing disclosure with respect to the Series 2010 Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time, the Authority has entered into a Continuing Disclosure Agreement ("Continuing Disclosure Agreement") for the benefit of the Holders of the Series 2010 Bonds with Digital Assurance Certification, L.L.C. ("DAC"), under which the Authority has designated DAC as Disclosure Dissemination Agent. The form of Continuing Disclosure Agreement is attached as APPENDIX F.

DAC has only the duties specifically set forth in the Continuing Disclosure Agreement. DAC's obligation to deliver the information at the times and with the contents described in the Continuing Disclosure Agreement is limited to the extent the Authority has provided such information to DAC as required by this Continuing Disclosure Agreement. DAC has no duty with respect to the content of any disclosures or notice made pursuant to the terms of the Continuing Disclosure Agreement. DAC has no duty or obligation to review or verify any information in the Annual Report, Audited Financial Statements, notice of Notice Event or Voluntary Report, or any other information, disclosures or notices provided to it by the Authority and shall not be deemed to be acting in any fiduciary capacity for the Authority, the Holders of

the Series 2010 Bonds or any other party. DAC has no responsibility for the Authority's failure to report to DAC a Notice Event or a duty to determine the materiality thereof. DAC shall have no duty to determine or liability for failing to determine whether the Authority has complied with the Continuing Disclosure Agreement. DAC may conclusively rely upon certifications of the Authority at all times.

The Annual Information will be filed on behalf of the Authority with the Municipal Securities Rulemaking Board ("MSRB") through the Electronic Municipal Market Access system ("EMMA") and with a state depository, if one then exists. Notices of certain enumerated events will be filed by or on behalf of the Authority with the MSRB, through EMMA and with a state depository, if one then exists. The nature of the information to be provided in the Annual Information and the notices of such enumerated events is set forth in "FORM OF CONTINUING DISCLOSURE AGREEMENT" attached hereto as APPENDIX F. A default under the Continuing Disclosure Agreement shall not constitute an Event of Default under the Bond Resolution.

The Authority has not failed to comply with any previous continuing disclosure undertakings.

VERIFICATION OF MATHEMATICAL ACCURACY

The accuracy of the mathematical computations of the adequacy of the maturing principal amount and interest on escrow securities and initial cash balances to pay all principal of, interest on, and redemption premium on the Refunded Bonds through their redemption date will be verified by Causey Demgen & Moore Inc. Such verification will be based upon information provided by the Underwriters.

FORWARD LOOKING STATEMENTS

This Official Statement, and particularly the information contained under the captions "THE CAPITAL IMPROVEMENT PROGRAM" and "REPORT 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," "intend," "expect," and similar expressions identify forward looking statements. Any forecast is subject to such uncertainties. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market

conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Authority. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

MISCELLANEOUS

There are appended to this Official Statement the Report of the Airport Consultant (APPENDIX A), the Summary of Certain Provisions of the Airport Facilities Bond Resolution (APPENDIX B), the Form of Lease and Use Agreements (APPENDIX C), the Audited Financial Statements and Report of Independent Auditors thereon for the Fiscal Years ended September 30, 2008 and 2009 (APPENDIX D), the proposed Form of Co-Bond Counsel Opinion (APPENDIX E), the proposed Form of Continuing Disclosure Agreement (APPENDIX F) Such Appendices are integral parts of this Official Statement and should be read together with all other parts of this Official Statement.

The references herein to the Airport Facilities Bond Resolution, the Lease and Use Agreements, the Transfer Agreement and the Act and the other documents referenced herein are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and reference is made to such documents for full and complete statements of their provisions. Copies of such documents are available from the Office of the Chief Financial Officer, One Airport Boulevard, Orlando, Florida 32827-4399.

Any statements made in this Official Statement involving matters of opinion or of estimates or forecasts, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or forecasts will be realized.

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**AUTHORIZATION OF AND CERTIFICATION CONCERNING
OFFICIAL STATEMENT**

This Official Statement has been authorized and approved by the Authority. Upon the delivery of the Series 2010 Bonds, the undersigned will furnish a certificate on behalf of the Authority to the effect that, to the best of his knowledge, this Official Statement did not, as of its date, and does not as of the date of delivery of the Series 2010 Bonds, contain any untrue statement of a material fact or omit to state a material fact which should be included herein for the purpose for which this Official Statement is to be used, or which is necessary in order to make the statements contained herein, in light of the circumstances under which they were made, not misleading.

**GREATER ORLANDO
AVIATION AUTHORITY**

By: /s/Jeffry B. Fuqua
Jeffry B. Fuqua, Chairman

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APPENDIX A

REPORT OF THE AIRPORT CONSULTANT

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555 Airport Boulevard, Suite 300
Burlingame, California 94010 U.S.A.
1.650.579.7722 Fax: 1.650.343.5220

March 22, 2010

Mr. Jeffry Fuqua
Chairman
Greater Orlando Aviation Authority
Orlando International Airport
One Airport Boulevard
Orlando, FL 32827-4399

**Re: Report of the Airport Consultant, Greater Orlando Aviation Authority
Airport Facilities Revenue Bonds, Series 2010A&B, of the City of Orlando,
Florida**

Dear Mr. Fuqua:

We are pleased to submit this Report of the Airport Consultant on certain aspects of the proposed issuance of the Airport Facilities Revenue Bonds, Series 2010A (the 2010A Bonds) by the Greater Orlando Aviation Authority (the Authority), an agency of the City of Orlando, Florida, for a portion of the costs of certain capital improvements (the 2010 Projects) at Orlando International Airport (the Airport or MCO). This letter and the accompanying attachment and exhibits constitute our report.

The Authority is also considering refunding a portion of the Airport Facilities Revenue Bonds, Series 1999A, with the issuance of the Airport Facilities Refunding Revenue Bonds, Series 2010B if sufficient debt service savings can be achieved on the day the Bonds are sold. (Collectively, the 2010A and 2010B Bonds are referred to as the 2010 Bonds.) In preparing our report, we took this potential refunding into account, which was estimated by Morgan Keegan & Company, the Authority's financial advisor to amount to a savings of approximately \$353,000 per year in annual debt service.

The 2010 Bonds are being issued under the Airport Facilities Revenue Bond Resolution, the codified version of which was adopted by the Authority on September 17, 2008, as amended and supplemented from time to time and as specifically supplemented by the Supplemental Airport Facilities Revenue Bond Resolution, adopted by the Authority on March 17, 2010 (collectively the Bond Resolution). Airport Facilities Bonds (Bonds) are secured by a pledge of and first lien on Revenues of the Airport System, including Available PFC Revenues. Under the Bond Resolution, the Airport System consists of the Airport and does not include Orlando Executive Airport.

Mr. Jeffry Fuqua
March 22, 2010

The net proceeds of the 2010A Bonds, and certain investment earnings thereon, will be used to (1) pay a portion of the costs of the 2010 Projects (as defined below), (2) fund a deposit to the Composite Reserve Subaccount sufficient to cause the balance to equal the Composite Reserve Requirement, (3) fund capitalized interest on a portion of the 2010A Bonds, and (4) pay certain costs of issuance of the 2010A Bonds. In addition, the Authority is applying \$7.7 million as a source of funding for the 2010A Bonds from a release of funds from the Debt Service Reserve Account.

If the 2010B Refunding Bonds are issued, as assumed in this report, then the net proceeds, and certain investment earnings thereon, will be used to (1) currently refund and redeem a portion of the 1999A Bonds, (2) fund a deposit to the Composite Reserve Subaccount sufficient to cause the balance to equal the Composite Reserve Requirement, and (3) pay certain costs of issuance of the 2010B Bonds.

The report presents our forecast of passengers enplaning at Orlando International Airport (the Airport) and evaluates the ability of the Authority to generate Net Revenues* sufficient to satisfy the requirements of the Rate Covenant (defined below) for the forecast period FY 2010 through FY 2016** taking into account the outstanding Bonds, the proposed 2010 Bonds, and the Future Bonds (defined below) estimated to be required to allow completion of the Authority's Capital Improvement Program.

Airport System

The Airport is owned by the City of Orlando and is operated by the Authority as a self-supporting Enterprise Fund, under an agreement that extends to 2026. The Airport is defined as the Airport System under the Bond Resolution. If the agreement with the City is not extended beyond 2026, the City is required to assume all obligations of the Authority, including the obligation to pay Bond debt service from the Revenues of the Airport System.

The Authority also operates the Orlando Executive Airport as a general aviation airport. The Orlando Executive Airport does not constitute a part of the Airport System and revenues derived from the operation of the Orlando Executive Airport are not pledged to payment of the Bonds.

*Capitalized terms in this report and not otherwise defined have the meanings given to such terms in the Bond Resolution, the Airline-Airport Lease and Use Agreement, or the preliminary official statement related to the 2010 Bonds.

**The Authority's Fiscal Year (FY) ends September 30. The forecast period for the Additional Bonds Test in the Bond Resolution extends three Fiscal Years following the Fiscal Year in which the Consulting Engineer estimates that the Additional Project will be substantially complete, which is estimated to be FY 2013. Therefore, the forecast period extends through FY 2016.

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The Airport ranked 10th among U.S. airports in terms of total domestic revenue enplaned passengers in FY 2009 and ranked 3rd among U.S. airports in terms of domestic origin-destination (O&D) passengers in FY 2009, ahead of major hub airports such as Chicago-O'Hare, Atlanta, Denver, Phoenix, and Dallas/Ft. Worth. The Airport is the top-ranking airport in Florida in terms of both domestic enplaned passengers and domestic O&D passengers.

Capital Improvement Program

In FY 2008, the Authority presented a \$977 million capital improvement program (CIP) for FY 2009 through FY 2013 to the airlines serving the Airport. The \$977 million CIP was incorporated into the Airline-Airport Lease and Use Agreement that became effective October 1, 2008. Therefore, these projects have Signatory Airline approval. However, as a result of the downturn in the economy and airline announcements regarding capacity cuts, the Authority reviewed the CIP and deferred certain capacity projects until after FY 2013 (the "Revised FY 2009-2013 CIP"). These deferrals as well as actual bid amounts for certain projects have resulted in a reduction of that portion of the estimated cost of the CIP that is expected to be funded through FY 2013 to \$641 million.

The Authority also intends to develop a remote baggage screening facility that was not part of in the \$977 million CIP approved by the Signatory Airlines. The Authority has FAA approval to fund this project with PFCs, and because it is not part of the airline Cost Centers, it does not require airline approval.*

The Authority expects that a number of the deferred projects in the original FY 2009-2013 CIP will be undertaken in FY 2014 through FY 2016 (as further discussed in the report) resulting in an overall CIP of \$820 million for the FY 2009-2016 period. Therefore, all of the projects in the CIP that require airline approval have been approved by the Signatory Airlines under the Lease and Use Agreement, including the 2010 Projects.

The projects in the CIP, their estimated costs, and the funding plan are described in the attachment and summarized in Table 27 at the end of the report. Cost estimates were provided by the Authority and its A&E consultants and include allowances for design, construction management, contingencies, and escalation.

The CIP represents to the Authority's best knowledge and belief at this time, all of the significant capital improvements expected to be undertaken through FY 2016, with the possible exception of a high speed rail station at the Airport in the event the State

* On October 27, 2009, the Authority received FAA approval to collect and use PFCs for the remote baggage screening facility, which pursuant to FAA regulations, included consultation with the airlines. Airline Cost Centers are the Airfield and Terminal.

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constructs the intercity high speed rail line connecting downtown Tampa to MCO during this time period.* However, the Authority expects the capital costs of the station would be funded from either State or Federal sources and the operating costs would be funded from fare revenues.

The Authority reassesses its capital needs at least annually and will modify the CIP as necessary to accommodate traffic activity, security needs, and other factors, which could result in increases or decreases to the CIP, or extend the timing to complete certain projects consistent with the Lease and Use Agreement.

The 2010 Projects

As shown on Exhibit A, the 2010 Projects consist of the Bag System Improvements (\$60 million) and Vertical Circulation and Central Plant Improvements (\$23 million) with a total estimated cost of \$83 million, including all soft costs and allowances for contingencies. Exhibit A also shows associated sources of funding.

The Authority expects to receive bids on the Bag System Improvements in March 2010 and begin construction in mid 2010 with substantial completion occurring in mid 2013. The Vertical Circulation & Central Plant Improvements are expected to commence in July 2010 with substantial completion occurring in February 2012. No additional funding is anticipated for the 2010 Projects once the 2010A Bonds are issued.

2010 Bonds

Estimated Debt Service requirements for the proposed 2010 Bonds, which are presented in Exhibit C, were provided by Morgan Keegan & Company, the Authority's financial advisor, on the basis of certain data and information provided by the Authority on the cost of the 2010 Projects elements. The 2010 Bonds were assumed to be issued at fixed interest rates.

The 2010A Bonds are considered Additional Bonds and the 2010B Bonds are considered Refunding Bonds under the Bond Resolution. We will separately provide, by documentation outside of the report, the information needed from the Airport Consultant pursuant to the Bond Resolution, which the Authority will use to demonstrate compliance with the test for the issuance of Additional Bonds.

Approximately \$53.9 million of the proceeds of the 2010A Bonds are assumed to be allocated to the financing of PFC eligible costs.

* On January 28, 2010, the U.S. Department of Transportation announced the award of a \$1.25 billion grant to Florida toward the creation of a new high-speed rail corridor from downtown Tampa to Orlando International Airport, which the Florida Department of Transportation estimates could be operational by the end of 2014.

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Proposed Future Bonds

In addition to the 2010 Bonds, the Authority expects to issue Additional Bonds which are assumed to be issued in October 2012 to fund approximately \$52.8 million in project costs and \$14.8 million in 2014 to complete the financing of the Revised FY 2009-2013 CIP, and projected capital expenditures from FY 2014-2016 (the Future Bonds). Approximately \$29.1 million of the proceeds of the 2012 Bonds are assumed to be allocated to the financing of PFC eligible costs.

Airport Facilities Bond Resolution

The 2010 Bonds are being issued under the Bond Resolution. As of January 1, 2010, the principal outstanding on Bonds was \$1,065,824,224 (after the January 2008C principal payment).

Revenues are generally defined as all income and revenues received by the Authority from the operation of the Airport, PFC revenues only to the extent they constitute Available PFC Revenues for the applicable period, and income from Special Purpose Facilities which are not pledged to the payment of obligations issued to finance such Special Purpose Facilities. Revenues do not include, among other things, grants-in-aid for capital projects or customer facility charges (CFCs) to the extent pledged to repay obligations issued to build rental car facilities.*

Available PFC Revenues are the portion of PFC Revenues received by the Authority for PFC-eligible project costs approved by the FAA equal to 1.25 times the Debt Service accruing during an applicable period for the portion of the Bonds issued to finance PFC Projects, as allocated by a certificate of an Authorized Officer of the Authority. The portion of the 2010 Projects for which the Authority is authorized to impose and use PFCs constitutes a PFC Project. PFC revenues that are not Available PFC Revenues do not constitute Revenues and are not subject to the pledge and lien established by the Bond Resolution.

Operation and Maintenance Expenses (or O&M Expenses) consist of the Authority's expenses for operation, maintenance, repairs, ordinary replacement, and ordinary reconstruction of the Airport System but do not include any capital cost or any allowance for depreciation or any operation or maintenance costs for non Authority-owned Special Purpose Facilities.

* CFCs are paid by rental car customers. Currently, all CFCs are pledged to repay obligations issued to build rental car facilities through at least FY 2016.

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In Section 711 of the Bond Resolution (the Rate Covenant) the Authority covenants that it will:

at all times while any Bonds shall be Outstanding, establish, fix, prescribe and collect rates, fees, rentals and other charges for the use of the Airport System as shall be required in order that in each Fiscal Year the Net Revenues less the amounts, if any, required to be deposited from Revenues...into...the Operation and Maintenance Reserve Account, the Capital Expenditures Fund and the Renewal and Replacement Fund shall equal at least 1.25 times the sum of the Aggregate Debt Service...for such Fiscal Year, and in any event, as shall be required to pay or discharge all indebtedness, charges and liens whatsoever payable out of Revenues...under the...Resolution.

Under the Bond Resolution, at the end of each Fiscal Year, after all deposits that are required to be made into each of the Revenue, Operation and Maintenance, Bond, O&M Reserve, Capital Expenditures, Renewal & Replacement, and Discretionary Funds have been made, the moneys remaining in the Revenue Fund and not required to make up any deficiencies, are to be transferred in equal amounts (50% each) to the Improvement and Development Fund and the Prepaid Airline Fees and Charges Fund. Any deposits made into the Prepaid Airline Fees and Charges Fund are transferred to the Revenue Fund in the next subsequent Fiscal Year. Under the new airline Lease and Use Agreements that became effective October 1, 2008, the Authority is no longer required by these agreements to make deposits into the Prepaid Airline Fees and Charges Fund and, to the extent any deposits are made into this fund, they are not credited to the benefit of the airlines. As a result, pursuant to the Bond Resolution, the Authority has increased the deposit to be made into the Discretionary Fund so that after this deposit is made, no moneys remain in the Revenue Fund.

At this time, the Authority has no plans to budget amounts for the Capital Expenditure Fund or Renewal and Replacement Fund.

PFC Program

The Authority has received approval from the Federal Aviation Administration (FAA) to collect and use PFCs under 12 applications for a total of \$2 billion in collection authority. Through December 31, 2009, PFC revenues received by the Authority, including investment earnings, totaled \$733 million, of which \$668 million had been expended on approved project costs. The Authority is currently authorized to impose a PFC of \$4.50 per enplaned passenger at the Airport.

Existing PFC-use approval is reflected in the financial forecasts presented in this report, including the authorization to use PFC revenues to pay a portion of the debt service attributable to the outstanding Series 1999A&B Bonds, Series 2002A&B, Series 2008C

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Bonds, Series 2009C Bonds, 2010A Bonds, and for approved pay-as-you-go PFC expenditures. A portion of the 2010A Bonds when issued will be designated via a certificate by an Authorized Officer of the Authority as issued to finance portions of the 2010 Projects so that PFC revenues up to 1.25x debt service on the PFC-eligible portion of the 2010A Bonds can be included in the calculation of Available PFC Revenues for purposes of the Bond Resolution.

PFC-use approval expected for future applications on both a pay-as-you-go basis and leveraged basis is also reflected in the financial forecasts presented in this report.

Airline Lease and Use Agreements

The Authority has entered into separate, but substantially similar, Airline-Airport Lease and Use Agreements (the Lease and Use Agreements) with certain of the airlines serving the Airport (the Signatory Airlines). The Lease and Use Agreements set forth the terms and conditions governing use of the airfield and apron areas of the Airport and the use and occupancy of space in the Landside Terminal and Airside Buildings. They also establish the procedures for the annual review and adjustment of Signatory Airline rents, fees, and charges, which provides for a compensatory rate-making methodology for use of the terminal facilities, a cost center residual rate making methodology to establish landing fees for the use of the airfield, revenue sharing between the Authority and the Signatory Airlines, and an Extraordinary Coverage Protection provision.

Under the Lease and Use Agreements, fees and charges are reviewed at least annually so that for each Fiscal Year, Revenues less Operation and Maintenance Expenses, amounts required to be deposited into the Operation and Maintenance Reserve Account, the Capital Expenditures Fund, and the Renewal and Replacement Fund established under the Bond Resolution shall be equal to or greater than 1.25 times the aggregate principal and interest (other than capitalized interest) to become due and payable in such Fiscal Year on the then Outstanding Bonds. In the event the analysis of Revenue is less than the requirement, the Authority can recover additional rates and charges, pursuant to an Extraordinary Coverage Protection provision from each Signatory Airline to cover any shortfall of the Authority's Rate Covenant.

The Lease and Use Agreements are scheduled to expire on September 30, 2013. In developing the financial forecasts, the Authority assumed that the existing rate-making procedures would remain in effect through the forecast period (FY 2016).

Scope of Report

The report was prepared to address the ability of the Authority to meet the requirements of the Rate Covenant in the forecast period, FY 2010 through FY 2016,

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taking into account the outstanding Bonds, the proposed 2010 Bonds and the Future Bonds. In conducting our study, we analyzed:

- Future airline traffic demand at the Airport, giving consideration to the demographic and economic characteristics of the airport service region; historical trends in airline traffic; recent airline service developments and airfares; and other key factors that may affect future airline traffic.
- The status and estimated costs of the 2010 Projects, the Revised FY 2009-2013 CIP, and projected capital expenditures from FY 2014-2016 for the Airport (which were part of the original FY 2009-2013 CIP approved by the Signatory Airlines).
- Estimated sources and uses of funds and associated annual Debt Service requirements of the 2010 Bonds and future obligations to complete the financing of the projects comprising the Revised FY 2009-2013 CIP and the projected capital expenditures from FY 2014-2016.
- Historical and estimated future PFC Revenues and the allocation by an Authorized Officer of the Authority of the 2010 Bonds and certain future Additional Bonds to the financing of PFC Projects.
- The Authority's intended use of PFC revenues during the forecast period, including the payment of Debt Service and pay-as-you-go project expenditures.
- Historical relationships among revenues, expenses, and airline traffic for the Airport.
- The facilities expected to be provided, as included in the CIP, and other operational considerations affecting Airport revenues and expenses.
- Audited financial results for the Airport for FY 2008 and FY 2009 and the budget for FY 2010.
- The Lease and Use Agreements and the associated calculation and adjustment of airline rentals, fees, and charges.
- Other contractual agreements relating to the use and lease of the Airport such as the operation of public automobile parking and other concession and service privileges; and the leasing of buildings and grounds.

We have relied upon the Authority and its A&E consultants for estimates of project costs and construction schedules for the 2010 Projects and upon the Authority's

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financial advisor (Morgan Keegan & Company) for the plan of debt finance and estimated debt service requirements for the proposed 2010 Bonds and assumptions for Future Bonds expected to be issued in 2012 and 2014 for financial modeling purposes.

We also identified key factors upon which the future financial results of the Airport may depend and, with Authority management, formulated assumptions about those factors. On the basis of those assumptions, we assembled the financial forecasts presented in the accompanying exhibits provided at the end of this report.

Forecast Debt Service Coverage and Rate Covenant Compliance

As shown in the following table and Exhibit G at the end of the report, Net Revenues after required deposits to the Operation and Maintenance Reserve Account (i.e., Net Revenues available for debt service) are forecast to be at least 1.25 times the Aggregate Debt Service on the Outstanding Bonds, the 2010 Bonds, and the Future Bonds, which are collectively identified as "Bonds" in the table. As also shown, Net Revenues available for debt service are forecast to be sufficient to cover debt service on Bonds and on all Subordinated Indebtedness. These forecast results indicate compliance with the Rate Covenant during the forecast period.

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FORECAST RATE COVENANT COMPLIANCE

Orlando International Airport
(in thousands, except coverage)
(for the 12 months ending September 30)

Fiscal Year	Net Revenues	Net Debt Service			Coverage	
	Available for Debt Service	Bonds ¹	Subordinated Indebtedness ²	Total	Bonds	All Indebtedness
	A	B	C	D = B + C	= A / B	= A / D
2010	\$ 164,536	\$ 117,685	\$ 11,619	\$ 129,304	1.40	1.27
2011	178,035	120,885	11,600	132,485	1.47	1.34
2012	184,084	122,064	9,714	131,778	1.51	1.40
2013	245,221	166,626	7,210	173,836	1.47	1.41
2014	182,182	110,168	7,206	117,374	1.65	1.55
2015	186,058	110,175	7,197	117,372	1.69	1.59
2016	191,154	112,380	5,123	117,503	1.70	1.63

Source: Debt service: Greater Orlando Aviation Authority and Morgan Keegan & Company.
Net Revenues and coverage: Jacobs Consultancy.

Notes:

1. Includes actual debt service on all Outstanding Bonds (through Series 2009C), and estimated debt service on the 2010 Bonds (as provided by Morgan Keegan), and the Future Bonds (as estimated by Morgan Keegan for financial forecast purposes only), all net of capitalized interest.
2. Includes all Subordinated Indebtedness, net of interest income on any Subordinated Bond Reserve Funds. The assumed variable rate for the 1997B Subordinated Bonds is 4.54%.
3. Debt service in FY 2013 includes a balloon payment for the 2008C Bonds payable from Available PFC Revenues.

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Assumptions Underlying the Financial Forecasts

The forecasts are based on information and assumptions that were provided by or reviewed with and agreed to by Authority management. The forecasts reflect Authority management's expected course of action during the forecast period and, in Airport System management's judgment, present fairly the expected financial results of the Airport System. Those key factors and assumptions that are significant to the forecasts are set forth in the attachment, "Background, Assumptions, and Rationale for the Financial Forecasts." The attachment should be read in its entirety for an understanding of the forecasts and the underlying assumptions.

In our opinion, the underlying assumptions provide a reasonable basis for the forecasts. However, any forecast is subject to uncertainties. Inevitably, some assumptions will not be realized and unanticipated events and circumstances may occur. Therefore, there will be differences between the forecast and actual results, and those differences may be material. Neither Jacobs Consultancy nor any person acting on our behalf makes any warranty, expressed or implied, with respect to the information, assumptions, forecasts, opinions, or conclusions disclosed in the report. We have no responsibility to update this report to reflect events and circumstances occurring after the date of the report.

* * * * *

We appreciate the opportunity to serve as the Authority's Airport Consultant in connection with this proposed financing.

Respectfully submitted,


JACOBS CONSULTANCY

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Attachment

BACKGROUND, ASSUMPTIONS, AND RATIONALE
FOR THE FINANCIAL FORECASTS

Greater Orlando Aviation Authority

Orlando International Airport

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AIRLINE TRAFFIC ANALYSIS

This section provides a summary of existing Airport facilities, a description of the region served by the Airport, a description of the role of the Airport, the economic basis for airline traffic at the Airport, key factors affecting future airline traffic, and forecasts of enplaned passengers and aircraft landed weight.

AIRPORT FACILITIES

Orlando International Airport occupies approximately 13,756 acres of land on a site nine miles southeast of downtown Orlando in Orange County. The Airport has four north-south commercial aircraft runways and a midfield passenger terminal complex.

Airfield

Runway 17R/35L is 10,000 feet long, Runway 17L/35R is 9,000 feet long, and Runways 18L/36R and 18R/36L are both 12,000 feet long. All four runways have full instrumentation and lighting to permit all weather operations and are capable of handling all commercial aircraft currently in use with the exception of the A380 aircraft. The Airport currently has one runway that is 100% compliant to handle the A380 aircraft and one runway that is partially compliant for the A380. The Authority has received interim approval from the FAA to use the partially compliant runway for the A380 if necessary. The Authority also has a number of projects in process to improve the runway shoulders and taxiways to further accommodate the A380 aircraft. The spacing between sets of parallel runways is adequate to allow triple simultaneous approaches under FAA instrument flight rules. The runways are supported by a network of taxiways, aprons, and hold areas. Three crossover taxiways connect the runways on either side of the midfield terminal complex.

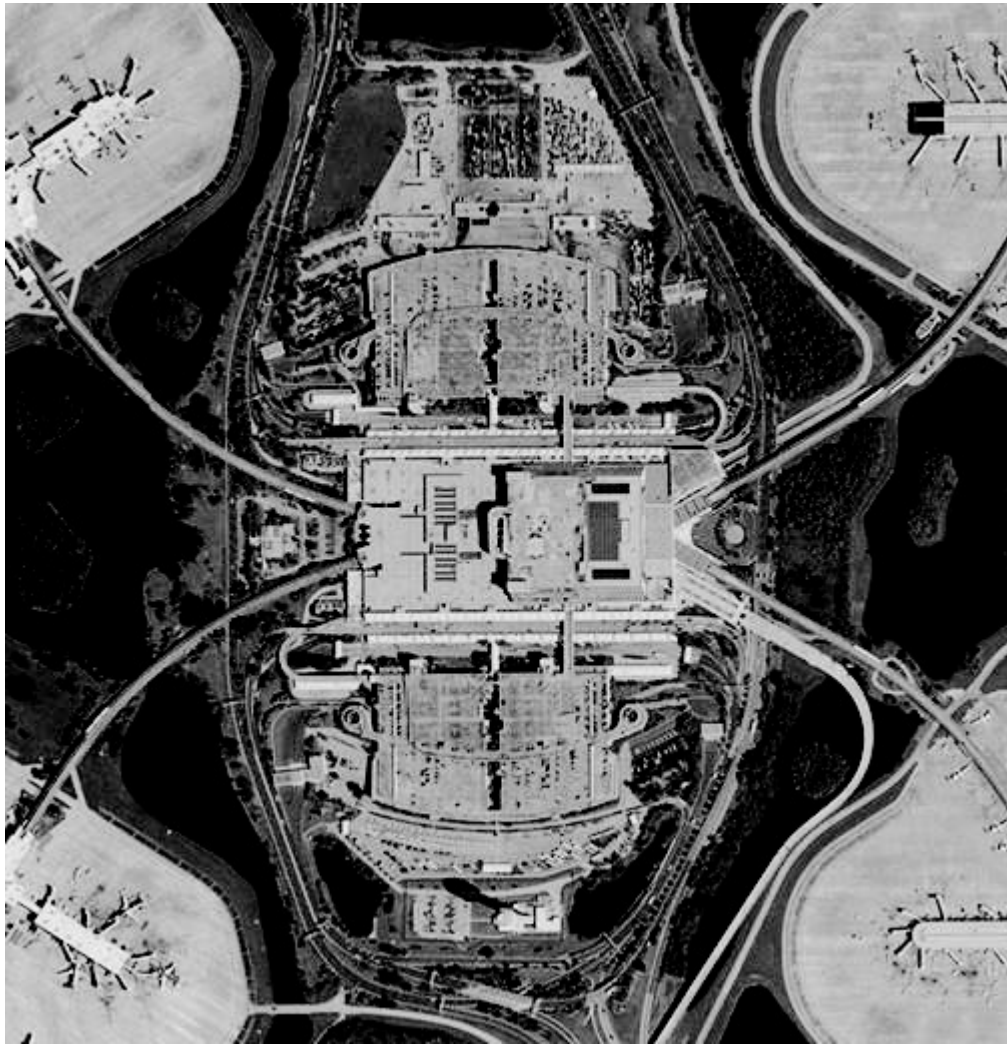
North Terminal Complex

The North Terminal Complex consists of the landside terminal, four airside buildings with associated aircraft parking aprons and connecting taxiways, automated people movers connecting the landside terminal to the airside buildings, an in-terminal hotel, a terminal roadway system with associated signage, ground level and structural parking for automobiles, rental car facilities, landscaping, a hydrant fueling storage and distribution system, a flood control bypass canal, and utilities and drainage.

The landside terminal and airside buildings provide approximately 3.5 million square feet of space, excluding the hotel, which comprises an additional 514,000 square feet. The north and south sides of the landside terminal are known as Terminals A and B, respectively. The airside buildings are known as Airsides 1, 2, 3, and 4.

Figure 1 shows the layout of the landside terminal, airside buildings, automated people movers, and garages in the North Terminal Complex. Areas to the south have been reserved for future development of the South Terminal Complex.

Figure 1
NORTH TERMINAL COMPLEX LAYOUT – ORLANDO INTERNATIONAL AIRPORT



Source: Greater Orlando Aviation Authority.

The landside terminal has 10 levels. Level 1 accommodates ground transportation functions, including staging and parking areas for buses, limousines, and taxis as well as a tunnel under the terminal roadway system to connect passengers to parking facilities. Level 2 accommodates arrival and baggage claim functions, including space for rental car and bus check-in counters. Level 3 accommodates airline ticketing and departure functions and most of the landside terminal space allocated to food/beverage and retail merchandise concessions.

A 445-room hotel with restaurants and conference facilities is an integral part of the landside terminal and is directly accessible from Level 3, the departure level. The hotel occupies Levels 4 through 8 on the eastern-most portion of the landside terminal. Except for the hotel areas, Levels 4 through 10 accommodate parking.

The landside terminal is connected by automated people movers to the four airside buildings. The airside buildings and aprons provide 96 contact aircraft gates for jet aircraft and associated passenger waiting areas, concessions, and airline operations space. Of the 96 jet aircraft gates, 57 gates are leased on a preferential use basis by the signatory airlines and the remaining gates are available for use on a per-turn basis by signatory, non-signatory, and charter airlines. Federal Inspection Services (FIS) facilities are provided in airside buildings 1 and 4 and can accommodate international arrivals at 16 gates. Combined FIS throughput capacity can accommodate approximately 2,600 arriving international passengers per hour. In addition to the 96 contact aircraft gates, the terminal apron provides aircraft parking for the 16 commuter aircraft positions, and 27 remain-over-night (RON) spaces.

Roadway System and Public Parking Facilities

The North Terminal Complex is served by a three-level roadway system that provides access to separate enplaning, deplaning, and commercial vehicle curbsides on the north (Terminal A) and south (Terminal B) sides of the landside terminal at Levels 1, 2 and 3. Public parking spaces are located on levels 3 through 6 of the garages adjacent to the landside terminal.

There are approximately 20,900 public parking spaces located on the Airport, including 9,100 garage spaces and 11,800 satellite parking spaces located at remote lots to the north and south of the North Terminal Complex.

Rental Car Facilities

Rental car ready/return stalls are located on levels 1 and 2 of the garages adjacent to the landside terminal. Adjacent to the garages at grade level (level 1) there are Quick Turnaround Areas (QTA) for stacking, cleaning, fueling, washing, and staging cars prior to moving them into the ready car spaces in the garage.

Currently, five “companies” representing nine brands of rental car companies operate on-Airport from the garages – (1) Avis, (2) Budget, (3) EAN-Orlando, LLC (Enterprise, Alamo and National), (4) Dollar/Thrifty, and (5) L&M/E-Z. Off-Airport operators currently include Hertz, Payless, and some smaller specialty and local operators.

The Authority is currently constructing (1) an expansion and reconfiguration of the existing Terminal A Quick Turnaround Area (QTA), (2) construction of a new Terminal B QTA and associated relocation of the bus and taxi hold facilities, (3) addition of ready/return spaces at Terminal A, (4) construction of a common fuel distribution system, and (5) associated terminal roadway improvements, which is scheduled to open on April 1, 2010. The expanded facilities will make it possible for

Hertz to move its operation on Airport at which time more than 95% of the Orlando Airport rental car market will be able to be serviced on the Airport.

In addition to these facilities, Budget maintains a support facility on the Airport on Casa Verde, and both Avis and the combined EAN-Orlando, LLC (Enterprise, Alamo and National) brands maintain support facilities on Hangar Boulevard, which is in the vicinity of Casa Verde and Cargo Road.

Ground Access

The Airport can be accessed directly from the north or south using Airport Boulevard, which forms a loop around the Airport and connects with South Access Road south of the Airport, the Bee Line Expressway (SR 528) and Semoran Boulevard (SR 436) both north of the Airport. SR 436 is the most direct route to downtown Orlando, which is approximately nine miles northwest of the Airport.

The Airport is served by a combination of state roads and interstates that allow for convenient access to Orlando and the major attractions. On the north side of the Airport is SR 528 that connects to Interstate-4 (I-4) in the west, the Central Florida Greenway (SR 417 or Greenway) on the east, as well as Interstate-95 (I-95) on the coast. From the Airport I-4 is approximately 11 miles. Interstate-4, which starts in Tampa, runs northeast and passes just west of downtown Orlando before ending near Daytona Beach. The Greenway forms a half loop around the City of Orlando and connects with I-4 southwest of the Airport, passes directly south of the Airport before turning north and passes just east of downtown Orlando. The Florida Turnpike passes the Greenway west of the Airport and runs, northwest connecting with I-4. North of the Airport is Semoran Boulevard (SR 436) which heads directly north, passing through the eastern side of downtown Orlando.

Commercial Property Development and Other Facilities

The Authority has pursued aviation and commercial development of the Tradeport Drive corridor on the west side of the Airport and the Heintzelman Boulevard corridor on the east side of the Airport. The Tradeport area comprises approximately 1,000 acres and the Heintzelman Boulevard corridor comprises approximately 440 acres.

Facilities at the Tradeport include a long-term public parking lot, air cargo aircraft parking and cargo handling facilities, two fixed base operator facilities (Signature Flight Support and Galaxy Aviation), an aircraft fuel farm, aircraft maintenance hangars and shops, Airtran's corporate headquarters and certain maintenance facilities, a U.S. Department of Agriculture inspection station, a regional U.S. Postal center, a Continental Airlines major maintenance facility, Federal Express sorting facility, Cessna Aircraft Company Citation Service Center, FlightSafety International pilot training simulation center, and a Foreign Trade Zone. jetBlue Airways operates a flight support campus in the Heintzelman corridor.

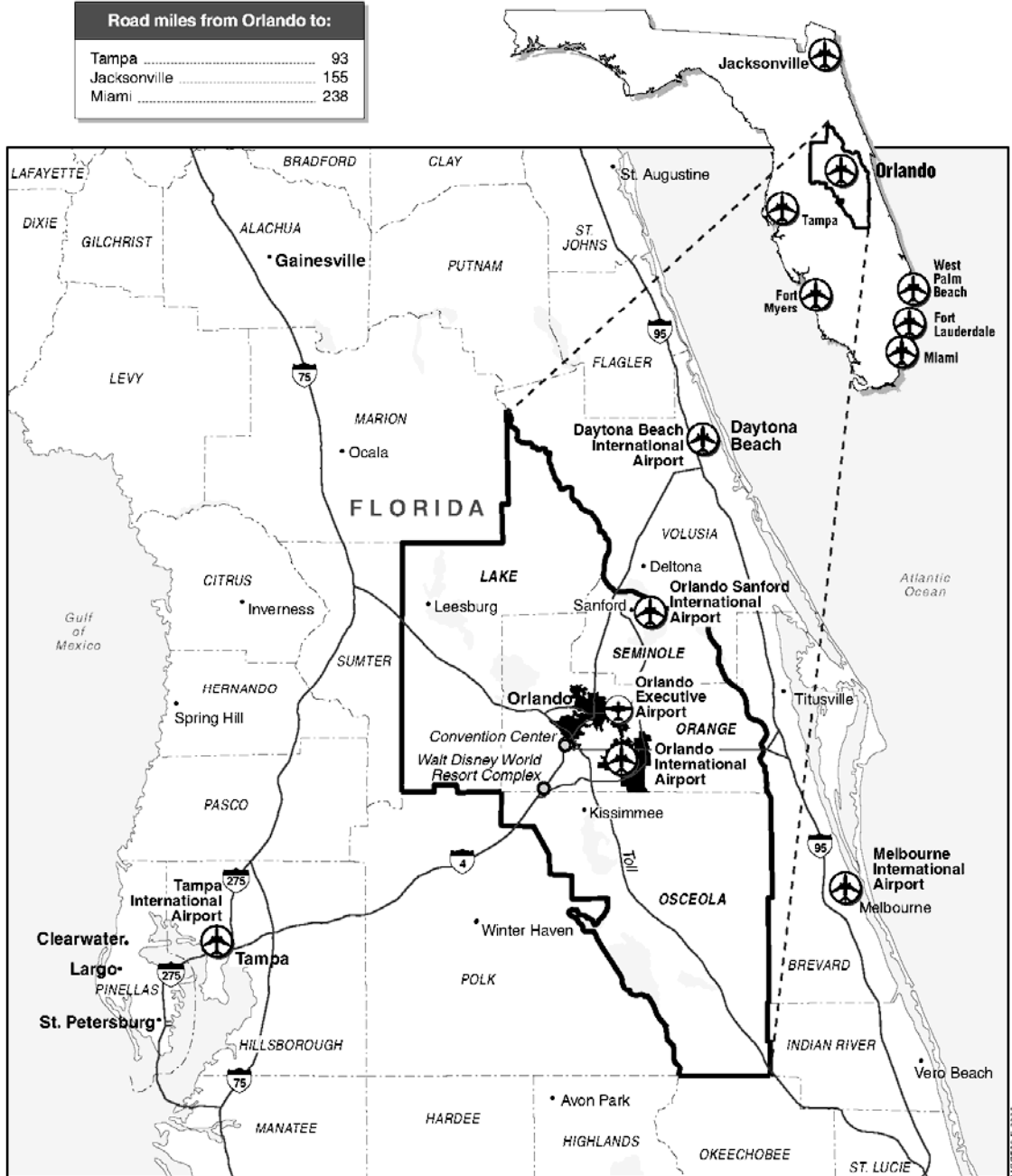
DEFINITION OF THE AIRPORT SERVICE REGION

The Orlando-Kissimmee Metropolitan Statistical Area (the MSA) encompasses one of the largest leisure and hospitality centers in the world. Seven of the top 10 U.S. theme parks, based on attendance, are located in the MSA. In 2008, the Orlando area attracted nearly 49 million visitors, whose spending generated an economic impact of approximately \$25 billion dollars on the area economy, according to the Orlando Convention and Visitors Bureau (CVB).

The Airport Service Region of the Airport is generally represented by the MSA (consisting of Lake, Orange, Osceola, and Seminole counties), in which Orlando is the primary city. (See Figure 2.)

Two airports located near Orlando, but outside the Airport Service Region are Daytona Beach International Airport and Melbourne International Airport. Given very limited air service at both airports, neither is considered a significant competitive threat to the Airport.

Road miles from Orlando to:	
Tampa	93
Jacksonville	155
Miami	238



- LEGEND**
- Primary Airport service region
 - City of Orlando
 - ✈ Air carrier airport
 - ✈ General aviation airport
 - Major highway
 - County boundary

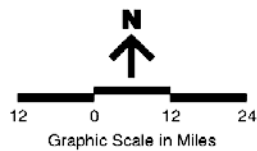


Figure 2
AIRPORT SERVICE REGION
 Orlando International Airport
 October 2009

JACOBS
 CONSULTANCY

DEMOGRAPHIC AND ECONOMIC PROFILE

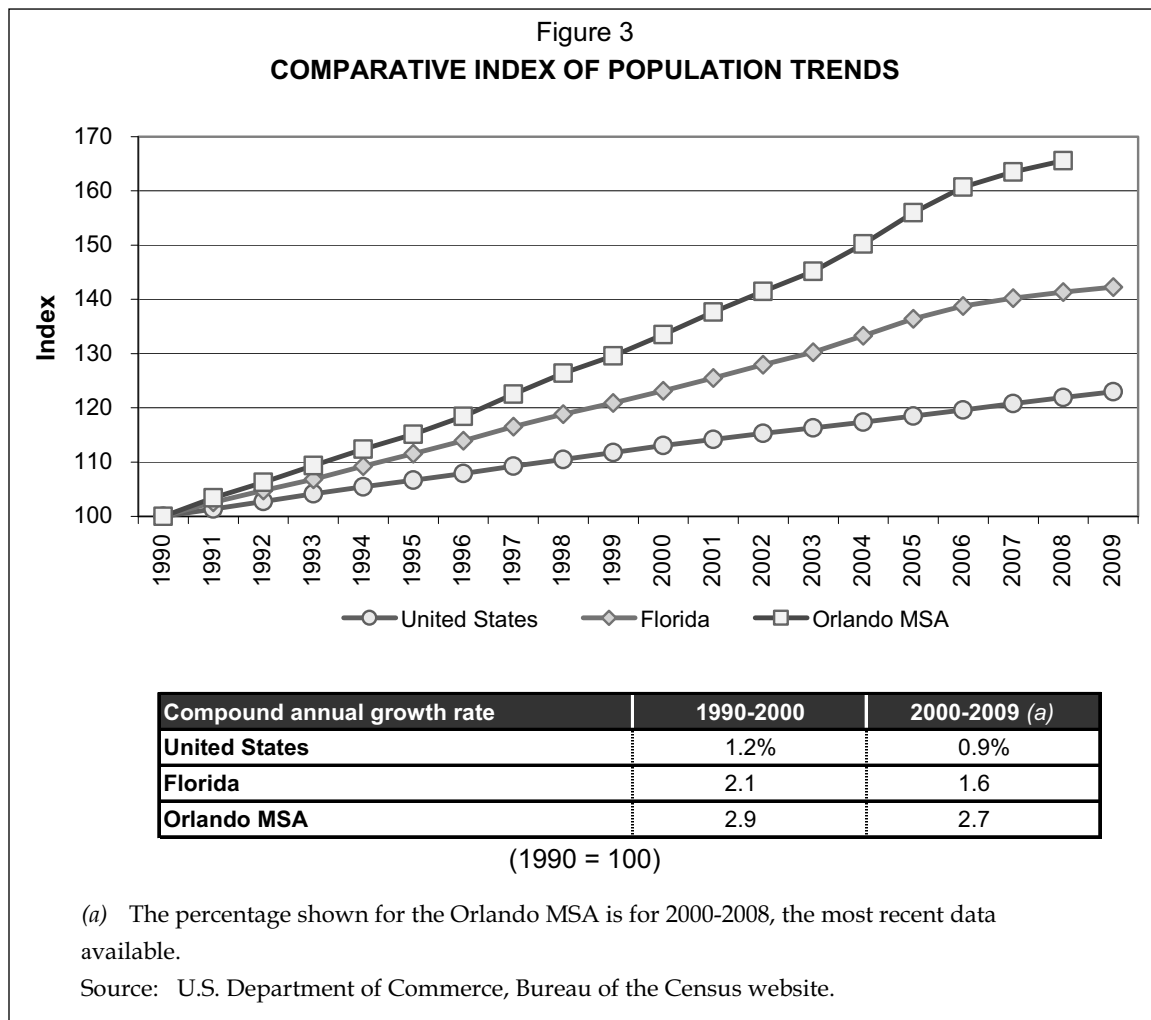
Local demographic and economic trends generally reflect the long-term growth of the MSA economy, and a growing economy correlates with increasing volumes of passenger air traffic. Travel to the MSA for leisure reasons (largely theme park visits) is related to the health of the broader U.S. economy.

Demographic Trends

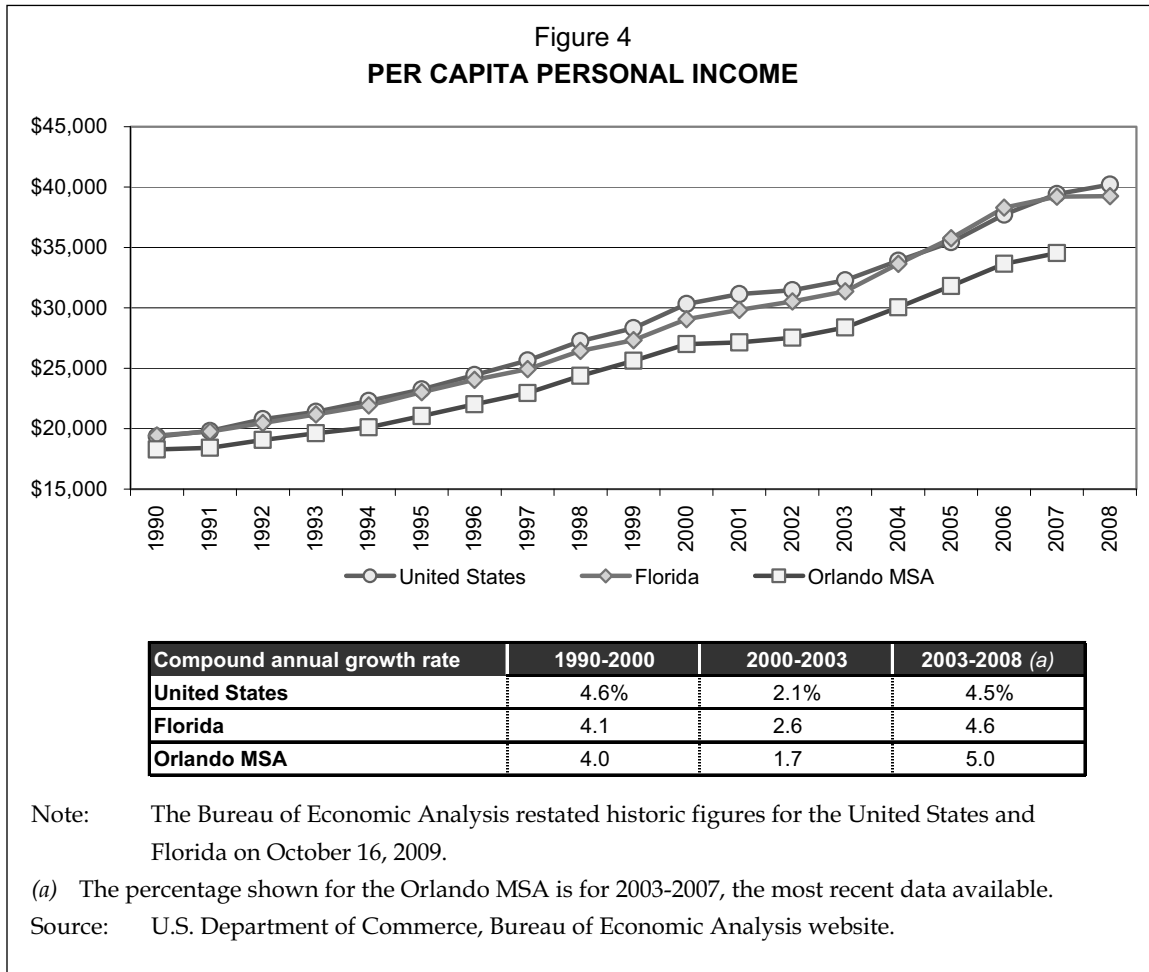
The growth of population and income both results from, and supports, a growing economy.

Population. The MSA accounted for approximately 11% (2.1 million) of Florida's estimated 2008 population (18.3 million) and ranks third largest in the state, after Miami-Fort Lauderdale-Pompano Beach and Tampa-St. Petersburg-Clearwater.

Between 1990 and 2008, the MSA population increased at a rate approximately one-and-a-half times that of Florida and two-and-a-half times that of the nation, leading to an increasing divergence in population trends. (See Figure 3.)



Income. The MSA's per capita personal income in 2007 (\$34,500) was 88% of the national average (\$39,400) and the state average (\$39,200). (See Figure 4.) Per capita income growth in the MSA has mirrored nationwide growth, albeit at a somewhat lower level, over the past two decades.

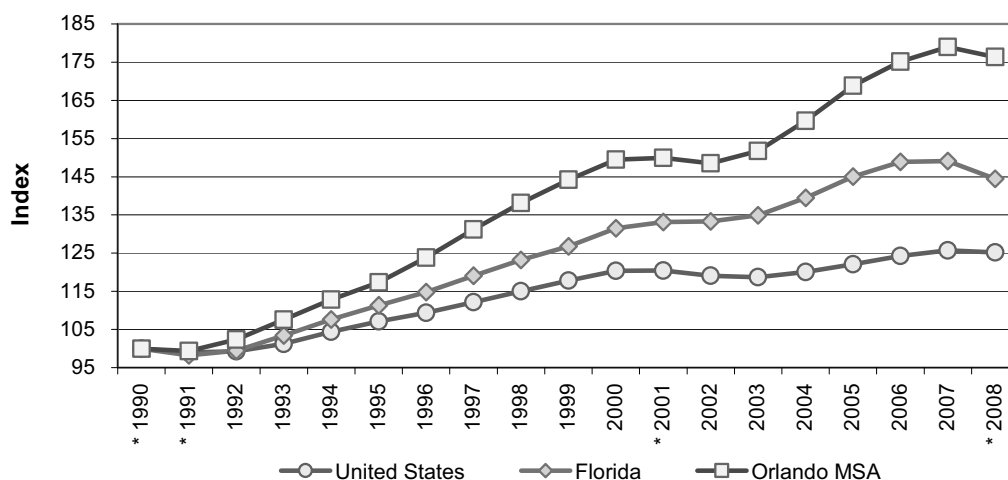


Economic Trends

One of the principal drivers of the Orlando economy is the national economy, as the key tourism sector is heavily reliant on domestic visitors.

Employment. Since 1990, MSA employment has exhibited stronger growth than that of Florida and the nation. Between 1990 and 2008, employment in the MSA increased at a rate one-and-a-half times that of Florida and two-and-a-half times that of the nation – similar to population growth patterns. (See Figure 5.) Following the 2001 recession, employment levels rebounded more quickly in the MSA than in the nation. In 2008, however, employment in both the MSA and Florida declined to a greater extent than the nation as a whole, reflecting a more substantial impact from the housing and real estate decline, construction slowdown, and the state's dependence on discretionary travel.

Figure 5
COMPARATIVE INDEX OF TOTAL NON-AGRICULTURAL EMPLOYMENT
(1990 = 100)

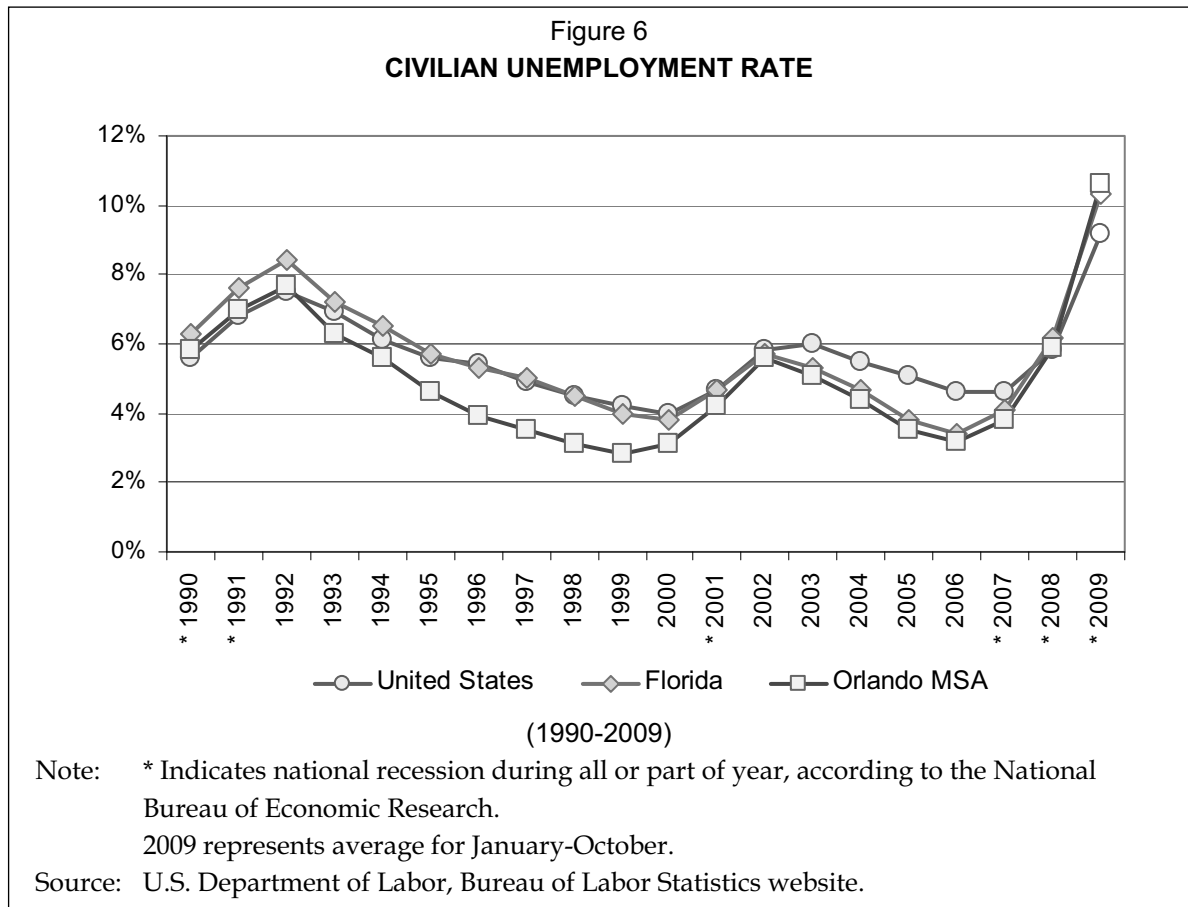


Compound annual growth rate	1990-2000	2000-2003	2003-2008
United States	1.9%	(0.5%)	1.1%
Florida	2.8	0.8	1.4
Orlando MSA	4.1	0.5	3.1

Note: * Indicates national recession during all or part of year, according to the National Bureau of Economic Research.

Source: U.S. Department of Labor, Bureau of Labor Statistics website.

Unemployment Rate. Unemployment rates serve as an indicator of an area's economic health. From 1993 to 2007, the MSA exhibited lower unemployment rates than both Florida and the nation. (See Figure 6.) In the recent economic recession, however, the MSA unemployment rate increased significantly; the Bureau of Labor Statistics estimates that unemployment in the MSA climbed to 10.6% in the first 10 months of 2009, roughly equivalent to the Florida rate (10.3%) and above the national rate (9.2%).



Employment by Sector. Table 1 profiles the relative composition of employment in the nation, Florida, and the MSA. The two largest sectors of the MSA economy are (a) the trade, transportation and utilities sector, and (b) the leisure and hospitality sector, each of which accounted for 18.6% of the MSA's 2008 non-agricultural employment.

The leisure and hospitality sector, which incorporates hotels, restaurants, theme parks, and other attractions, is a mainstay of the local economy. The importance to Orlando is evident by comparison to the shares of employees working in this sector in Florida (12.1%) and nationwide (9.8%) in 2008.

Table 1
2008 EMPLOYMENT SHARE BY INDUSTRY SECTOR

<u>Industry sector</u>	<u>2008 percent of total</u>		
	<u>United States</u>	<u>Florida</u>	<u>Orlando MSA</u>
Trade, Transportation, Utilities	19.2%	20.4%	18.6%
Leisure & Hospitality	9.8	12.1	18.6
Professional/ Business Services	13.0	14.8	16.7
Government	16.4	14.5	10.9
Education & Health Services	13.8	13.5	10.9
Nat. Resources, Mining, Construction	5.8	6.7	6.8
Financial Activities	5.9	6.8	6.2
Other Services	4.0	4.4	4.9
Manufacturing	9.8	4.8	4.0
Information	<u>2.2</u>	<u>2.0</u>	<u>2.4</u>
TOTAL	100.0%	100.0%	100.0%

Source: U.S. Department of Labor, Bureau of Labor Statistics website.

Major Employers. The Walt Disney Company is, by a wide margin, the largest private employer in the MSA, with 62,000 employees at its four theme parks (the Magic Kingdom, EPCOT, Hollywood Studios, and Animal Kingdom), hotels, water parks, and golf courses. (See Table 2.) The hospitality and leisure industry is well-represented among the MSA's other top employers: Universal Orlando (13,000 employees), SeaWorld Parks & Entertainment (7,800), Marriott (6,300), and Darden Restaurants (5,900).

According to the Metro Orlando Economic Development Commission, major companies with corporate headquarters located in the MSA include Darden Restaurants, AirTran Holdings, and Tupperware. All three companies are listed on Fortune magazine's list of the top 1,000 corporations in the U.S., ranked by revenues.

Table 2
ORLANDO MSA TOP 20 PRIVATE EMPLOYERS

Company name	Industry	Employees
Walt Disney Company	Entertainment	62,000
Florida Hospital (Adventist Health System)	Healthcare	16,002
Publix Super Markets	Supermarkets	15,606
Universal Orlando	Entertainment	13,000
Orlando Regional Healthcare System	Healthcare	10,000
SeaWorld Parks & Entertainment (Busch Entertainment Corp.)	Lodging/ entertainment	7,800
Lockheed Martin	Manufacturing/ defense	7,200
Marriott International	Lodging	6,312
Central Florida Investments	Real estate developers	6,155
Darden Restaurants	Restaurants	5,950
Starwood Hotels & Resorts Worldwide	Lodging/ entertainment	5,369
Rosen Hotels And Resorts	Lodging	4,129
Walgreen Co.	Drug stores & pharmacies	4,000
CenturyLink (Embarq)	Telecommunications	3,900
Siemens	Engineering	3,600
Cendant Corp.	Lodging/ real estate	3,201
SunTrust Banks	Finance	3,165
CVS Corp.	Drug stores & pharmacies	2,900
Space Gateway Support	Aerospace management	2,886
United Parcel Service Inc.	Transportation & warehousing	2,846

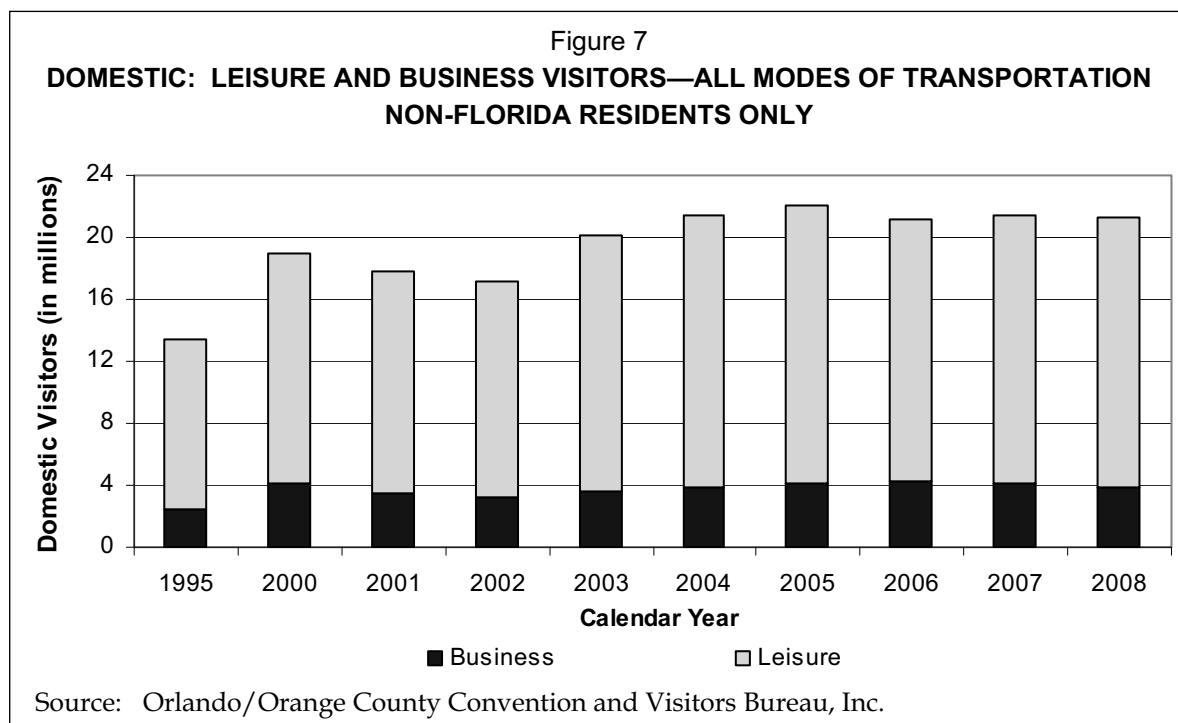
Source: Metro Orlando Economic Development Commission, 2010.

AIRPORT SERVICE REGION VISITOR DEMAND—LEISURE AND BUSINESS

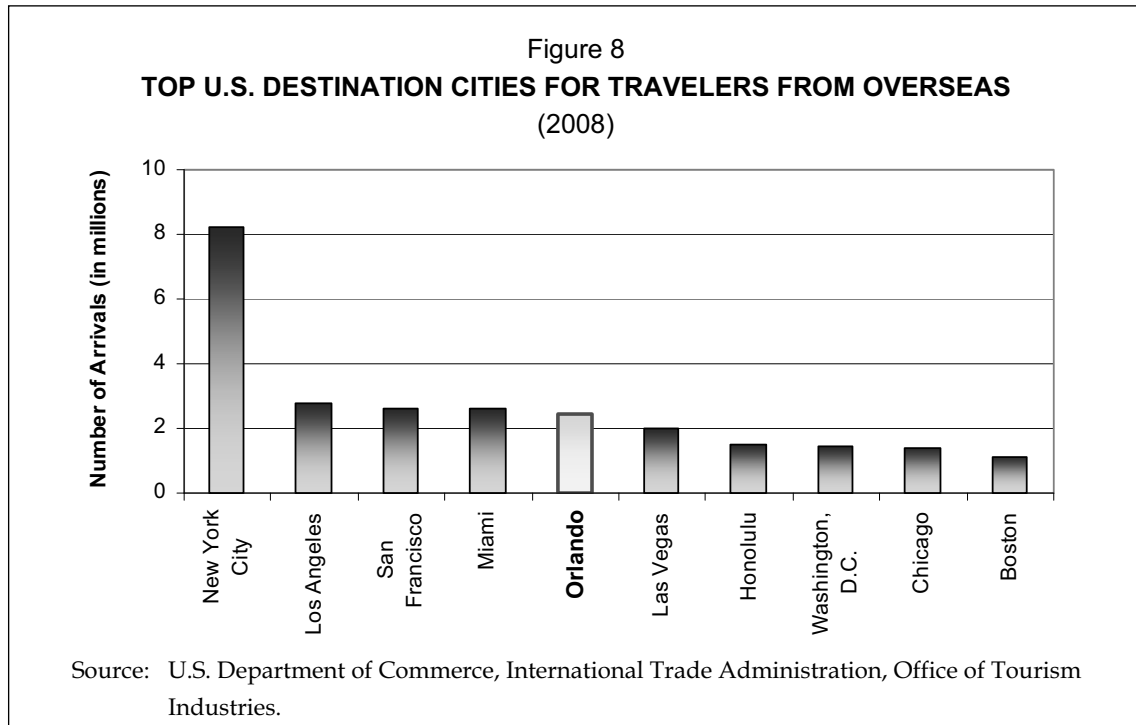
A total of 48.9 million visitors traveled to the MSA by all modes of transport in 2008, up 51% percent from 1995 and 12% from 2000, but unchanged from 2005. According to the Orlando CVB, the vast majority of visitors in 2008 (93%) were domestic travelers, while the remainder (7%) were international travelers. Visitors to Orlando by all modes of transport were projected to decline 9.4% in 2009 and begin to stabilize in 2010 with a 0.3% decline, according to a forecast prepared for the Orlando CVB by Global Insight in December 2009.

Among domestic visitors arriving by all modes of transport in 2008, those traveling to Orlando for leisure reasons accounted for 78% of the total, with the remainder visiting on business. The top five non-Florida cities of origin by all travel modes were New York, Chicago, Atlanta, Philadelphia, and Washington, DC, according to the Orlando CVB.

Figure 7 illustrates trends in domestic out-of-state visitors to Orlando arriving by all modes of transport. Leisure visitors far outnumber business visitors. Since 2004, there has been no net growth in out-of-state visitors arriving by all modes of transport, for either leisure or business purposes. (Out-of-state business visitors have shown no growth since 2000.) As will be shown subsequently in this Report, visitors arriving by air have increased substantially since 2004. Given that total surface and air visitors have shown no increase over that period, one can conclude that the proportion of visitors arriving by air has increased in recent years.



Among international visitors in 2008, more than half (56%) originated in either the United Kingdom or Canada. According to the Orlando CVB, a substantial majority (83%) of overseas travelers visit for leisure purposes. Orlando was the fifth most popular U.S. destination for overseas visitors in 2008, after New York City, Los Angeles, San Francisco, and Miami. (See Figure 8.)



The key characteristics of MSA visitors, according to the Orlando CVB, are shown in Table 3.

Table 3 ORLANDO MSA VISITOR CHARACTERISTICS (calendar year 2007)			
Characteristics	Domestic visitor		Overseas visitor
	Leisure, non-Florida resident	Attendee at Convention/group meeting	
Average nights stayed	5.8	3.4	9.4
Average party size	3.4	1.8	2.5
Average spending per visitor	\$940	\$737	\$980
Average expenditures per party	\$3,194	\$1,326	\$2,450
Economic impact (billions)	\$16.3	\$2.8	\$2.0
Source: Orlando/Orange County Convention and Visitors Bureau, Inc.			

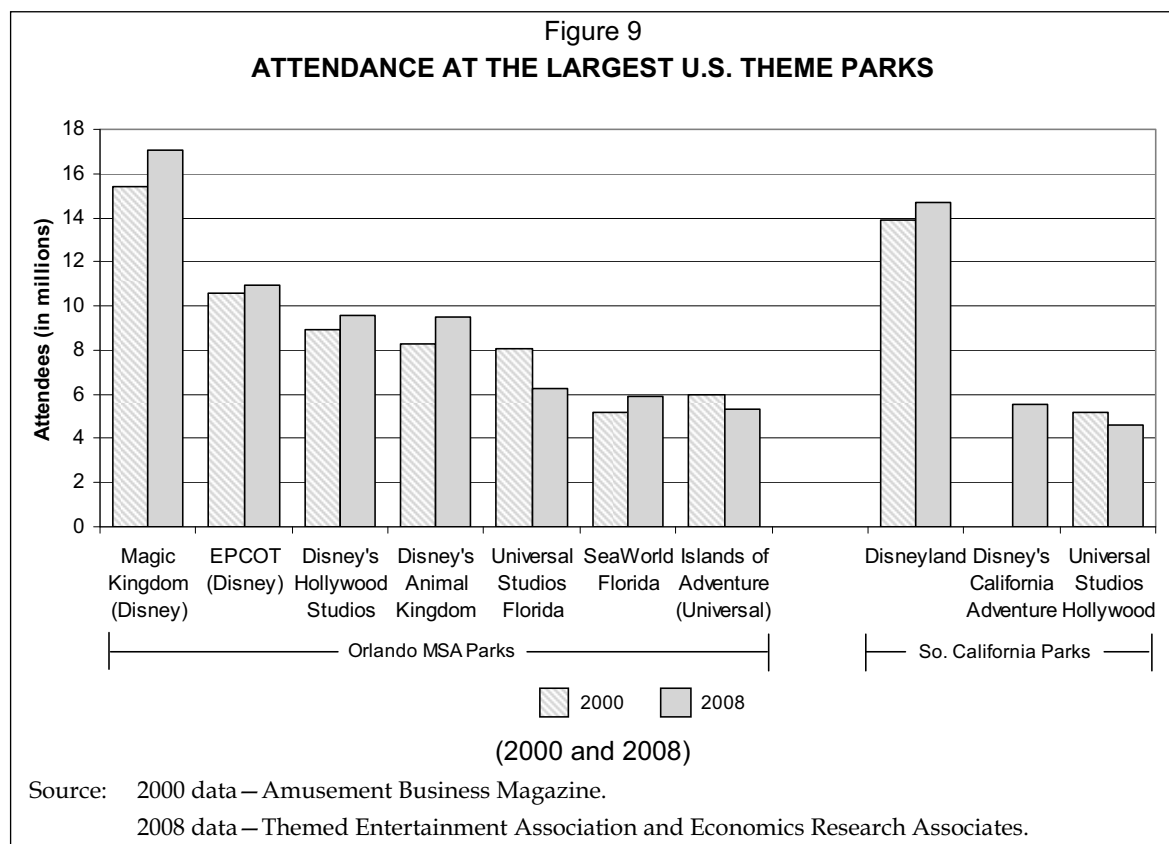
The inventory of hotel rooms in the MSA showed steady growth between 1990 and 2005 but then plateaued over the subsequent 3 years. (See Table 4.) In 2008, while the average daily room rate was 60% higher than it had been in 1990 (in line with general inflation), room occupancy was nearly 10 percentage points lower.

Table 4 ORLANDO MSA HOTEL OCCUPANCY					
Year	Number of rooms	Room nights available (in millions)	Room nights occupied (in millions)	Occupancy	Average daily rate
1990	76,260	26.6	20.1	75.5%	\$66.20
1995	84,327	30.4	22.7	74.5%	\$68.55
2000	102,838	36.9	26.7	72.4%	\$89.83
2005	111,564	41.0	29.0	70.8%	\$92.00
2008	111,700	41.1	27.0	65.7%	\$106.11
Compound annual growth rate					
1990-2008	2.1%	2.4%	1.7%		2.7%
Source: Orlando/Orange County Convention and Visitors Bureau, Inc.					

Leisure Travel Demand

Orlando is one of the primary tourist destinations in the United States. With its focus on entertainment-based theme parks, the MSA is a popular destination for domestic and international visitors.

Theme Parks. Seven of the top 10 U.S. theme parks are located in the MSA. (See Figure 9.) In 2008, these seven parks reported combined attendance of 65 million, compared to combined attendance of 25 million at the three Southern California theme parks. In the MSA, attendance increased at the four Disney parks and SeaWorld between 2000 and 2008, while attendance declined at the two Universal theme parks.



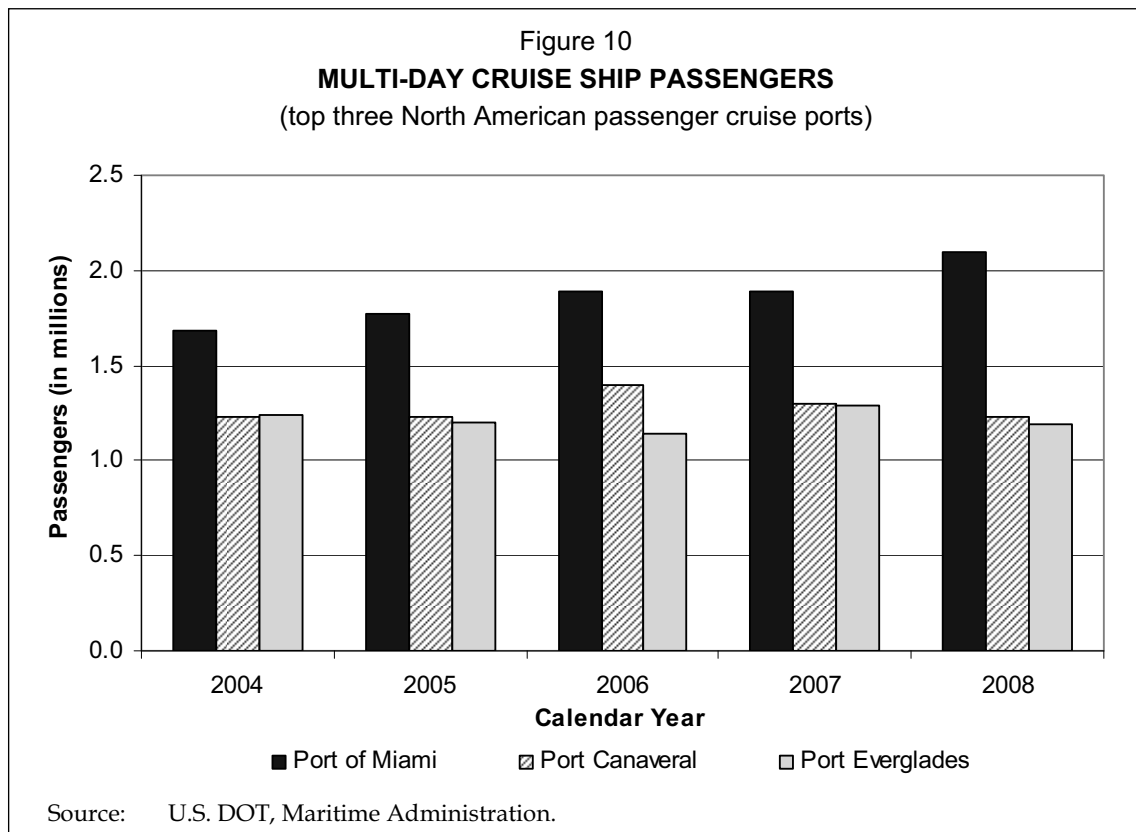
Cruises. Port Canaveral, one of the world's busiest cruise ship ports, is located less than 50 miles east of MCO and is adjacent to the John F. Kennedy Space Center and NASA visitor center at Cape Canaveral. Many out-of-state cruise ship passengers bound for Port Canaveral arrive and depart via MCO.

Multi-day cruise ship passengers at Port Canaveral (the second busiest North American passenger cruise port after the Port of Miami, according to the U.S. DOT, Maritime Administration) stood at 1.2 million in 2008. (See Figure 10.) Neither Port

Canaveral nor Fort Lauderdale's Port Everglades has recorded any net growth in passengers on multi-day cruises since 2004, in contrast to the sustained growth recorded at the Port of Miami over the same period.

Because Maritime Administration statistics do not include passengers on same-day "cruise to nowhere" itineraries, they understate total passengers at ports accommodating that type of activity. In late 2008, two cruise ships based at Port Canaveral were dedicated to providing day and evening same-day gambling cruises.

Currently served by Carnival Cruise Lines, Disney Cruise Line, and Royal Caribbean, Port Canaveral anticipates a significant increase in revenue following the launch of two new Disney Cruise Line ships at the Port in 2011 and 2012.



Business Travel Demand

Ten million visitors came to Orlando for business purposes in 2008, and 4 million of those visitors were non-Florida residents. Business travel can be further segmented into group meetings (e.g., conventions, seminars, corporate retreats) and general business.

Group Meetings. An abundance of convention and meeting space, as well as diversions for families of convention attendees, makes Orlando a popular location for convention and meeting planners. The Orlando CVB estimates that 3.5 million domestic visitors traveled to the MSA in 2008 for conventions and group meetings. The primary facility in the region is the Orange County Convention Center (OCCC). One of the nation's largest convention facilities, the OCCC hosted 231 events and 1.3 million convention attendees in 2008. (See Table 5.) In the first 11 months of 2009, the OCCC recorded a 14% decline in attendance compared to the first 11 months of 2008.

General Business. Strong growth in population and employment in the MSA since 1990 has contributed to growth of general business travel. The key driver of local economic growth is a world-class tourism industry, with additional impetus from defense, high-tech, and digital media industry sectors. According to the Metro Orlando Economic Development Commission, a competitive cost environment has also favored the Orlando economy in attracting new businesses, which in turn generate additional travel demand. General business travel can be expected to increase in line with growth in the MSA economy in the future.

Table 5
ORANGE COUNTY CONVENTION CENTER ACTIVITY, SELECTED YEARS

Year	Number of events	Attendees	Attendees/ event
1985	135	500,571	3,708
1990	239	596,050	2,494
1995	168	700,429	4,169
2000	205	1,035,353	5,051
2004	255	1,367,146	5,361
2008	231	1,310,377	5,673
Jan-Nov, 2008	211	1,165,172	5,522
Jan-Nov, 2009	192	1,005,837	5,239

Source: Orlando/Orange County Convention and Visitors Bureau, Inc.

High Tech. The MSA is part of Florida's high-tech corridor that stretches from Sarasota on the Gulf coast and runs along Interstate 4, across the center of the state, to Daytona Beach on the Atlantic coast. The high-tech industry in Orlando was initially propelled by the defense and aerospace industry in the 1950s. Now, the state of Florida leads the southeastern United States in high-tech employment and ranks fourth nationwide, according to Enterprise Florida.

Some of the most prominent industry clusters in Orlando's high-tech sector, according to Enterprise Florida, are clean technology (solar energy, biofuel, fuel cells), life sciences (biotech, medical manufacturing, pharmaceuticals), and

information technology (software development, modeling/simulation, photonics/optics).

Modeling and simulation technologies, in particular, evolved originally out of defense spending in the 1960s, with the establishment of the Army and Navy simulation and training systems commands in Orlando. The subsequent construction of major theme parks in the MSA led to further refinement of simulation technologies in support of the development of theme park rides.

New Medical Facilities. In August 2009, classes began at the new University of Central Florida Medical School campus located at Lake Nona, adjacent to the Airport. The Lake Nona site is the location of a complex of new medical and research facilities including the Burnham Institute for Medical Research, a pediatric hospital affiliated with the Nemours Foundation, and a planned Veterans Affairs hospital.

Combined Business/Leisure Travel Demand

Given the variety of leisure attractions, convention facilities, and businesses in the MSA, all as discussed above, some visitors choose to combine business and leisure visits to Orlando. Recent Airport surveys suggest that 6-9% of visitors arriving by air travel to the MSA for more than one purpose.

ECONOMIC OUTLOOK

Economic activity in the MSA and Florida is directly linked to the production of goods and services in the rest of the United States. Airline travel and the movement of cargo through the Airport depends on the economic linkages between the MSA, Florida, and national economies.

U.S. Economy

The U.S. economy, after expanding from November 2001 to December 2007, entered into a recession, which was triggered by a contraction in the real estate markets combined with a surge in energy and other commodity prices in 2006. As the economy weakened, a number of factors contributed to the intensity and duration of the recession, including:

- A financial system crisis in the United States triggered by a decrease in real estate prices and the value of real estate backed investment securities and other financial assets during the summer of 2007. This was followed by sub-prime mortgage-related problems with some large investment and commercial banks during the first half of 2008 and the collapse of Lehman Brothers and the near collapse of AIG in the second half of 2008.
- National unemployment rates (seasonally adjusted) increased from 5.8% in July 2008 to 10.0% in December 2009, reflecting the loss of 7 million jobs during this period.

- Consumer spending, which historically accounts for about 70% of U.S. GDP, became constrained by the loss of home equity, tight credit, modest income growth, and high unemployment in a weak labor market. Consumer borrowing began declining in the fourth quarter of 2008 and accelerated to an 8.5% annual rate of decline by November 2009.
- A significant decline in U.S. economic performance, measured by decreases in U.S. Gross Domestic Product (GDP) during four consecutive quarters beginning with the third quarter of 2008 through the second quarter of 2009.
- A global economic recession, the fourth since World War II, declared by the International Monetary Fund (IMF) in April 2009, related to the spillover effects from the U.S. recession and financial crisis.

During the fourth quarter of 2008, Congress passed the Emergency Economic Stabilization Act of 2008, which provided for a government bailout of troubled banks, and approved \$17.4 billion in loan guarantees for the U.S. auto industry.

There were signs of economic growth in the third quarter of 2009, although this growth was uneven among states and metropolitan areas. In January 2010, the Bureau of Economic Analysis reported a 5.7% increase in GDP during the fourth quarter of 2009 (an advance estimate which is subject to revision) indicating that economic growth strengthened in the last half of 2009. At its December 2009 meeting, the Federal Open Market Committee (FOMC) expected the economic recovery to continue but at a slower rate of growth in output and employment than past recoveries from deep recessions.

- Positive factors contributing to growth include moderate increases in consumer spending, continuing improvement in the housing sector, a slowing in the pace of business inventory reductions, and improvement in global economic conditions and financial markets.
- Negative factors constraining growth include the reluctance of businesses to increase payrolls and capital spending in the face of increasing demand, deteriorating conditions in the commercial real estate sector, contractions in bank credit, a continued reliance on government support, and the expiration of homebuyer tax credits and other housing sector programs.

Table 6 presents a comparison of U.S. economic projections prepared by the Congressional Budget Office (CBO), the *Blue Chip* Consensus, and the FOMC. Consistent with the CBO projections, both the *Blue Chip* Consensus and the FOMC projections reflect the effects of fiscal stimulus and Federal Reserve measures to provide support to credit markets. The long-term growth rates for each of three projections (through 2020) do not include assumptions regarding further economic and other shocks, and all three projections show GDP growth of ranging from 2.0% to 3.0%. This rate of growth is significantly less than world-wide growth projections, especially in emerging economies like India and China.

Table 6
U.S. ECONOMIC PROJECTIONS
2010-2020

	Average annual percent increase (decrease) (a)			
	Historical 1980-2009	Projected		
		2009-2010	2010-2011	2009-2020
Real GDP				
CBO	2.8%	2.1%	2.4%	2.9%
<i>Blue Chip</i> Consensus		2.9	3.1	(b)
FOMC		2.0 – 4.0	2.5 – 4.6	2.4 – 3.0
CPI-U				
CBO	3.4%	1.6%	1.1%	1.7%
<i>Blue Chip</i> Consensus		1.7	2.0	(b)
Calendar year average rates				
Unemployment rate (percent)				
CBO	6.2% (c)	10.1%	9.5%	5.0% (d)
<i>Blue Chip</i> Consensus		10.0	9.3	(b)
FOMC		8.6 – 10.2	7.2 – 8.7	4.8 – 6.3
3-Month Treasury Bill rate				
CBO	5.5% (c)	0.2%	0.7%	4.8% (d)
<i>Blue Chip</i> Consensus		0.5	1.8	(b)
10-Year Treasury Note rate				
CBO	7.2% (c)	3.6%	3.9%	5.6% (d)
<i>Blue Chip</i> Consensus		4.0	4.6	(b)

CBO= Congressional Budget Office

CPI-U = Consumer price index for all urban consumers

FOMC = Federal Reserve Board, Federal Open Market Committee

GDP = Gross Domestic Product

Note: The *Blue Chip* Consensus is the average of about 50 forecasts by private-sector economists.

(a) Represents the percent change between the fourth quarters of the years indicated, except for 1980 through 2009.

(b) The January 2010 *Blue Chip* Consensus extends only through 2011.

(c) Represents the average from 1980 through 2009 (estimated).

(d) Level in 2020.

Sources: Congressional Budget Office, *The Budget and Economic Outlook, Fiscal Years 2010 to 2020*, January 2010 (including data for the *Blue Chip* Consensus). Federal Reserve Board, Federal Open Market Committee, *Summary of Economic Projections*, November 3-4, 2009, published November 24, 2009.

Florida and MSA Economies

The medium-term outlook for the MSA remains favorable based on its many competitive advantages: a growing population, a diversifying economy, its popularity as a domestic and international tourist destination, and its substantial tourism and hospitality infrastructure.

Recent economic projections for Florida and the MSA prepared by the University of Central Florida's Institute for Economic Competitiveness are shown in Table 7. In terms of the projected socioeconomic variables, the MSA is anticipated to outperform the state over the period through 2016.

Table 7
**COMPARISON OF SOCIOECONOMIC PROJECTIONS
FOR THE ORLANDO MSA AND FLORIDA**

		Compound annual growth rate				
		Historical (a)	Projected			
			2008-2009 (a)	2009-2010 (a)	2010-2013 (a)	2013-2016 (b)
Population						
Orlando MSA	1990-2008	2.8%	1.6%	1.0%	1.5%	2.2%
Florida	1990-2008	1.9	(0.1)	0.5	1.0	1.5
Non-agricultural employment						
Orlando MSA	1990-2008	3.2%	(4.8%)	(1.5%)	3.3%	2.9%
Florida	1990-2008	2.1	(4.8)	(2.1)	2.7	2.3
Personal income (constant \$)						
Orlando MSA	2002-2008	3.7%	(0.9%)	9.0%	4.7%	4.9%
Florida	2002-2008	3.1	(0.6)	8.7	4.2	4.4
Gross metro/ state product (constant \$)						
Orlando MSA	2002-2008	4.6%	(3.0%)	1.7%	4.1%	4.4%
Florida	2002-2008	3.3	(3.3)	1.6	3.5	3.7

Sources: (a) University of Central Florida, Institute for Economic Competitiveness, Florida & Metro Forecast: 2009-2013, December 2009.

(b) University of Central Florida, Institute for Economic Competitiveness, Florida & Metro Forecast: 2009-2039, June 2009.

Risks to the Economic Outlook

While the near-term national economic outlook is improving and the mid- to long-term outlook is favorable, there are risks that these results may not be achieved. Key risks include:

- In the near term, the principal risk is that the federal government's policy response to the current financial crisis and recession in the United States may not be effective in providing the foundation for a recovery in the near-term.
- Inflation risks still persist due to the sizable amount of liquidity that the Federal Reserve Bank has injected into the banking system, which could eventually trigger upward pressures on prices. Also, increases in oil prices and rapid expansion of U.S. industrial capacity could trigger upward pressure on inflation.
- There is the risk that U.S. consumers may not be able to generate much spending growth due to persistent unemployment and the various reasons described above, especially after the planned expiration of the housing credit and cash-for-clunkers programs.
- In the longer term, the principal risks to U.S. economic performance are the sizable external and fiscal deficits. The continuing deficits in the U.S. balance of payments could result in greater volatility in the currency markets, which would then translate into higher interest rates and, therefore, slower economic growth. These risks could be compounded if the fiscal deficit does not shrink within the next 5 years, thereby leading to much larger financing requirements and subsequent increases in interest rates. Increased interest rates could lead to slower investment and, consequently, slower productivity growth.

AVIATION DEMAND FORECAST

The previous section described factors that affect demand for airline travel to and from the MSA. This section considers how factors such as air service and fares affect the realization of that demand at the Airport in the form of passenger traffic. This section examines past trends and presents forecasts of enplaned passengers and airline landed weight through Fiscal Year (FY) 2016.

INTRODUCTION

The Airport ranked 10th among U.S. airports in terms of total domestic revenue enplaned passengers in FY 2009. (See Table 8.) More notably, the Airport ranked 3rd among U.S. airports in terms of domestic origin-destination (O&D) passengers in FY 2009, ahead of major hub airports such as Chicago-O'Hare, Atlanta, Denver, Phoenix, and Dallas/Ft. Worth. The Airport is the top-ranking airport in Florida in terms of both domestic enplaned passengers and domestic O&D passengers.

Table 8
RANKING OF U.S. AIRPORTS
(for the 12 months ended September 30, 2009)

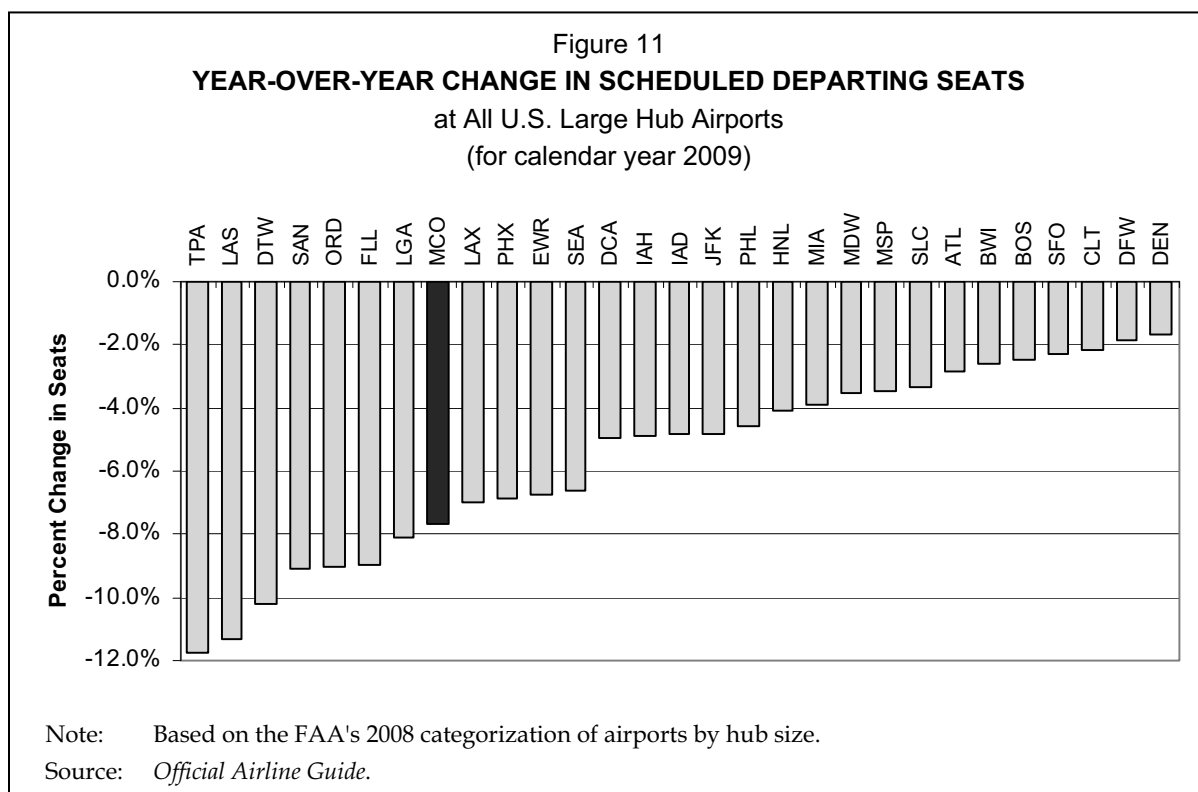
Domestic revenue enplaned passengers (a)			Domestic outbound O&D passengers		
Rank	Airport	Passengers	Rank	Airport	Passengers
1	Atlanta	38,236	1	Las Vegas	14,484
2	Chicago-O'Hare	26,121	2	Los Angeles	14,420
3	Dallas/ Fort Worth	24,243	3	Orlando	13,230
4	Denver	22,892	4	Chicago-O'Hare	12,212
5	Los Angeles	19,930	5	Atlanta	12,019
6	Las Vegas	18,232	6	Denver	11,277
7	Phoenix	17,572	7	San Francisco	10,277
8	Charlotte	16,019	8	Phoenix	10,126
9	Houston-Bush	15,446	9	Seattle	9,918
10	Orlando	14,940	10	Dallas/ Fort Worth	9,536
11	Minneapolis-St. Paul	14,601	11	Boston	9,272
12	San Francisco	14,219	12	New York-LaGuardia	9,180
13	Detroit	14,011	13	New York-Kennedy	8,538
14	Seattle	13,947	14	New York-Newark	8,147
15	Philadelphia	13,219	15	Fort Lauderdale	8,052

(a) Includes scheduled and non-scheduled (i.e., charter) passengers. Excludes non-revenue passengers. Figure shown for Orlando may not match the sum of those reported by the airlines to the Airport.

Sources: U.S. DOT, Schedule T100; U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1.

In 2009, as U.S. airlines faced weakening travel demand related to the economic recession, most made significant and widespread reductions in capacity (departing

seats) across the country. Capacity declined at all U.S. large hub airports, according to flight schedules published in *Official Airline Guide*. (See Figure 11.) The year-over-year decrease at MCO (-7.6%) was somewhat larger than the average experienced at all large hubs (-5.4%). Many leisure destinations were among those hardest hit by capacity cuts; Tampa International Airport (TPA), Las Vegas McCarran International Airport (LAS), and Fort Lauderdale/Hollywood International Airport (FLL) experienced declines of greater magnitude than MCO.



Total enplaned passengers (including both revenue and non-revenue passengers) at MCO numbered 18.2 million in FY 2008, marking a record year for the Airport. However, in FY 2009, the number of enplaned passengers at the Airport was 7.9% lower than in FY 2008, reflecting lower air travel demand amidst the economic recession. But for the first four months of FY 2010, enplanements increased 1.6%.

Of the 16.8 million enplaned passengers in FY 2009, 10.4 million boarded flights operated by Southwest, Delta (including Northwest), AirTran, and JetBlue, the Airport's top four airlines. These four airlines accounted for 62% of MCO's passenger traffic, representing a relatively low degree of market concentration and indicative of a competitive airline environment. A low level of concentration minimizes the Airport's exposure to the loss or bankruptcy of a given airline.

Top-ranking Southwest accounted for 22.7% of the Airport's enplaned passengers in FY 2009. As of March 2010, MCO will rank 10th by departing seats in Southwest's U.S. network, down from 7th one year before. (See Table 9.) Southwest will have

reduced capacity, year-over-year, relatively more at MCO (-11.9%) than at any of its other top 15 airports, and to a degree nearly three times its systemwide reduction (-4.0%). At MCO, however, Southwest has largely made up for its reduced capacity with increased load factors; despite a 16% reduction in capacity at MCO in the fourth quarter of 2009, for example, Southwest's average load factor was up 12 percentage points year-over-year (from 65% to 77%), resulting in a passenger traffic decline of just 1%.

In mid-December 2009, when Southwest announced its May 9-August 13, 2010 flight schedule, there was no net change to its number of daily flights at MCO. Southwest management has stated its intention not to increase the size of its fleet in 2010; aircraft deliveries will be offset by aircraft retirements. A strategy of eliminating unprofitable frequencies on given routes, even for periods of time as short as one month, appears to be allowing the airline to continue expanding the reach of its network without fleet growth.

Table 9
SCHEDULED DEPARTING SEATS ON SOUTHWEST AIRLINES
Top U.S. Airports in the Southwest Airlines System
(for March 2009 and 2010; in descending order by March 2010)

Rank		Airport	Departing seats		Change	
2009	2010		2009	2010	Absolute	Percent
1	1	Las Vegas	960,483	896,140	-64,343	-6.7%
2	2	Chicago-Midway	848,860	844,028	-4,832	-0.6
3	3	Phoenix	751,465	716,322	-35,143	-4.7
4	4	Baltimore	651,867	660,775	8,908	1.4
5	5	Houston-Hobby	536,749	526,363	-10,386	-1.9
6	6	Dallas-Love Field	524,871	512,658	-12,213	-2.3
10	7	Denver	462,614	476,947	14,333	3.1
8	8	Los Angeles	486,130	451,526	-34,604	-7.1
9	9	Oakland	474,004	442,249	-31,755	-6.7
7	10	Orlando	487,921	430,075	-57,846	-11.9
11	11	San Diego	408,296	387,267	-21,029	-5.2
12	12	Tampa	343,127	330,076	-13,051	-3.8
14	13	Sacramento	307,843	298,920	-8,923	-2.9
15	14	San Jose	305,227	288,859	-16,368	-5.4
13	15	Nashville	307,948	287,509	-20,439	-6.6
		All other	<u>5,678,808</u>	<u>5,448,809</u>	<u>-229,999</u>	-4.1
		Total---U.S. system	13,536,213	12,998,523	-537,690	-4.0%

Source: Official Airline Guide.

Second-ranking Delta (including Northwest) accounted for 16.1% of the Airport's enplaned passengers in FY 2009. In March 2010, MCO will rank 10th by departing seats in the combined U.S. network of Delta and Northwest, up from 11th one year before. (See Table 10.) Delta will have reduced its capacity at MCO (-3.7%), year-over-year, roughly comparable to its systemwide reduction (-4.1%). Over the longer term, however, Delta and Northwest have reduced capacity significantly at the Airport; in FY 2009, their share of enplaned passengers at MCO was about half the combined share they represented in FY 1998.

Table 10
SCHEDULED DEPARTING SEATS ON DELTA AIR LINES
 Top U.S. Airports in the Delta Air Lines System
 (for March 2009 and 2010; in descending order by March 2010)

Rank		Airport	Departing seats		Change	
2009	2010		2009	2010	Absolute	Percent
1	1	Atlanta	3,431,739	3,473,680	41,941	1.2%
2	2	Minneapolis/ St. Paul	1,462,875	1,350,072	-112,803	-7.7
3	3	Detroit	1,394,583	1,334,352	-60,231	-4.3
4	4	Salt Lake City	771,420	740,647	-30,773	-4.0
5	5	New York-Kennedy	614,552	589,836	-24,716	-4.0
7	6	Memphis	510,790	474,664	-36,126	-7.1
8	7	New York-LaGuardia	427,100	444,548	17,448	4.1
6	8	Cincinnati	569,721	381,928	-187,793	-33.0
10	9	Los Angeles	295,512	344,439	48,927	16.6
11	10	Orlando	292,772	282,054	-10,718	-3.7
9	11	Boston	311,816	254,584	-57,232	-18.4
14	12	Fort Lauderdale	189,219	202,151	12,932	6.8
12	13	Washington-Reagan	220,413	201,206	-19,207	-8.7
15	14	Las Vegas	183,173	196,377	13,204	7.2
13	15	Tampa	193,535	174,265	-19,270	-10.0
		All Other	<u>5,841,540</u>	<u>5,572,482</u>	<u>-269,058</u>	-4.6
		Total---U.S. system	16,710,760	16,017,285	-693,475	-4.1%

Note: Represents domestic and international seats on Delta and Northwest and includes regional code-sharing affiliates.

Source: *Official Airline Guide*.

Third-ranking AirTran accounted for 12.5% of the Airport's enplaned passengers in FY 2009. In March 2010, MCO will rank 2nd by departing seats in AirTran's U.S. network, behind Atlanta. (See Table 11.) AirTran plans to increase capacity, year-over-year, at MCO (+8.9%) to a degree more than three times its systemwide increase (+2.6%). By May 2010, AirTran plans to offer international service from the Airport to the Bahamas, Aruba, and Jamaica. MCO will become the third airport, along with Atlanta and Baltimore, from which AirTran operates international scheduled flights.

Table 11
SCHEDULED DEPARTING SEATS ON AIRTRAN AIRWAYS
Top U.S. Airports in the AirTran Airways System

Rank		Airport	Departing seats		Change	
2009	2010		2009	2010	Absolute	Percent
1	1	Atlanta	820,338	728,225	-92,113	-11.2%
2	2	Orlando	230,837	251,294	20,457	8.9
3	3	Baltimore	168,350	192,062	23,712	14.1
7	4	Millwaukee	75,593	155,999	80,406	106.4
4	5	Fort Myers	93,588	91,712	-1,876	-2.0
10	6	Indianapolis	60,724	76,820	16,096	26.5
7	7	Fort Lauderdale	75,375	76,102	727	1.0
5	8	Tampa	76,920	75,475	-1,445	-1.9
8	9	Boston	63,983	72,824	8,841	13.8
11	10	New York-LaGuardia	59,379	69,928	10,549	17.8
		All other	<u>905,065</u>	<u>907,777</u>	<u>2,712</u>	0.3
		Total--U.S. system	2,630,152	2,698,218	68,066	2.6%

(for March 2009 and 2010; in descending order by March 2010)

Note: Represents domestic and international seats.

Source: *Official Airline Guide*.

Fourth-ranking JetBlue accounted for 10.7% of the Airport's enplaned passengers in FY 2009. In March 2010, MCO will rank 3rd by departing seats in JetBlue's U.S. airport network, behind New York-Kennedy and Boston. (See Table 12.) JetBlue will have increased capacity, year-over-year, at MCO (+12.4%) more than five times its systemwide increase (+2.3%).

JetBlue offers more departing seats on international flights at MCO than at any other airport in its route network except New York-Kennedy.

Table 12
SCHEDULED DEPARTING SEATS ON JETBLUE AIRWAYS
Top U.S. Airports in the JetBlue Airways System
(for March 2009 and 2010; in descending order by March 2010)

Rank		Airport	Departing seats		Change	
2009	2010		2009	2010	Absolute	Percent
1	1	New York-Kennedy	661,950	635,000	-26,950	-4.1%
2	2	Boston	242,100	291,350	49,250	20.3
3	3	Orlando	193,650	217,750	24,100	12.4
5	4	Fort Lauderdale	177,900	197,250	19,350	10.9
5	5	Long Beach	117,550	121,300	3,750	3.2
6	6	West Palm Beach	98,050	93,000	-5,050	-5.2
9	7	San Juan	68,550	77,650	9,100	13.3
8	8	Fort Myers	74,250	77,150	2,900	3.9
10	9	New York-Newark	65,400	68,200	2,800	4.3
7	10	Washington-Dulles	77,050	56,800	-20,250	-26.3
		All other	<u>697,400</u>	<u>695,100</u>	<u>-2,300</u>	-0.3
		Total---U.S. system	2,473,850	2,530,550	56,700	2.3%

Note: Represents domestic and international seats.

Source: *Official Airline Guide*.

AIR SERVICE TRENDS

The airlines serving MCO in March 2010 are shown in Table 13. With respect to domestic scheduled service offered at the Airport, more seats are provided by low-cost carriers (LCCs) than by all legacy airlines, their regional affiliates, and other airlines combined. With respect to international scheduled service, the majority of seats are provided by 14 foreign-flag airlines. On March 18, 2010, Virgin America announced that it would begin serving the Airport on August 19, 2010 with daily nonstop service to each of San Francisco and Los Angeles.

Table 13
MONTHLY SCHEDULED DEPARTING SEATS, BY SECTOR & AIRLINE GROUP
Orlando International Airport
(March 2010)

DOMESTIC			INTERNATIONAL		
Group	Departing	% of	Group	Departing	% of
Published airline	seats	sector	Published airline	seats	sector
Low-cost carriers (LCC):			Foreign-flag Airlines:		
Southwest	430,075		Virgin Atlantic	37,433	
AirTran	245,403		Air Canada	24,218	
JetBlue	194,500		WestJet	21,634	
Spirit	44,950		Copa	9,610	
Allegiant	31,350		Lufthansa	9,146	
Frontier	10,686		TAM	6,975	
Sun Country	9,279		British Airways	6,720	
	966,243	56.0%	Air Transat	4,980	
Legacy airlines & affiliates:			Aer Lingus	4,251	
Delta (a)	281,486		Martinair	4,050	
US Airways	129,444		Sunwing	3,500	
American	121,210		Skyservice	2,580	
Continental	108,993		Aeromexico	2,558	
United	97,356		Air Jamaica (b)	2,550	
	738,489	42.8%	Mexicana	2,400	
Other Airlines:			Bahamasair	1,990	
Midwest	10,686		TACA	1,248	
Alaska	8,792			145,843	83.1%
	19,478	1.1%	U.S. airlines:		
			JetBlue	23,250	
			AirTran	5,891	
			Delta	568	
				29,709	16.9%
Total---domestic	1,724,210	100.0%	Total---international	175,552	100.0%

(a) Includes Northwest and its regional codesharing affiliates.

(b) Air Jamaica has announced that it will discontinue service at MCO on March 9, 2010.

Source: Official Airline Guide.

Passenger air service at MCO is made up primarily of domestic flights (accounting for an estimated 91% of total departing seats in FY 2009); international flights account for the remainder. (See Table 14.) Charter (non-scheduled) flights represent only a small proportion of the service offered at MCO; in FY 2009, passengers traveling on charter flights accounted for about 0.5% of total enplaned passengers at the Airport.

In FY 2009, there was an 11.0% decline in domestic scheduled seats, but a 15.1% increase in international seats, at the Airport.

Between FY 2003 and FY 2009, the average seating capacity of scheduled passenger flights operated at MCO increased significantly – from 133 to 145 seats on domestic flights, and from 171 to 201 seats on international flights. These increases were driven largely by a significant reduction in regional jet flights operated by legacy airlines, resulting in an aircraft mix at MCO more heavily weighted by larger, mainline aircraft.

Table 14
TOTAL DEPARTING FLIGHTS AND SEATS
Orlando International Airport

(for Fiscal Years ended September 30; flights and seats in thousands)

Fiscal Year	Departing flights			Departing seats			Average seats per flight		
	Dom.	Intl.	Total	Dom.	Intl.	Total	Dom.	Intl.	Total
2003	121,751	6,723	128,474	16,210,221	1,148,814	17,359,035	133	171	135
2004	131,162	6,894	138,056	17,917,018	1,266,988	19,184,006	137	184	139
2005	148,860	7,365	156,225	19,764,622	1,344,797	21,109,419	133	183	135
2006	150,609	7,795	158,404	20,188,275	1,353,110	21,541,385	134	174	136
2007	152,417	7,699	160,116	20,737,194	1,367,855	22,105,049	136	178	138
2008	150,760	8,693	159,453	21,054,530	1,597,070	22,651,600	140	184	142
2009E	129,295	9,138	138,433	18,738,400	1,838,100	20,576,500	145	201	149

Percent change from previous year

2004	7.7%	2.5%	7.5%	10.5%	10.3%	10.5%	2.6%	7.6%	2.8%
2005	13.5	6.8	13.2	10.3	6.1	10.0	(2.8)	(0.6)	(2.8)
2006	1.2	5.8	1.4	2.1	0.6	2.0	1.0	(4.9)	0.6
2007	1.2	(1.2)	1.1	2.7	1.1	2.6	1.5	2.4	1.5
2008	(1.1)	12.9	(0.4)	1.5	16.8	2.5	2.6	3.4	2.9
2009E	(14.2)	5.1	(13.2)	(11.0)	15.1	(9.2)	3.8	9.5	4.6

Note: E=Estimated by Jacobs Consultancy.

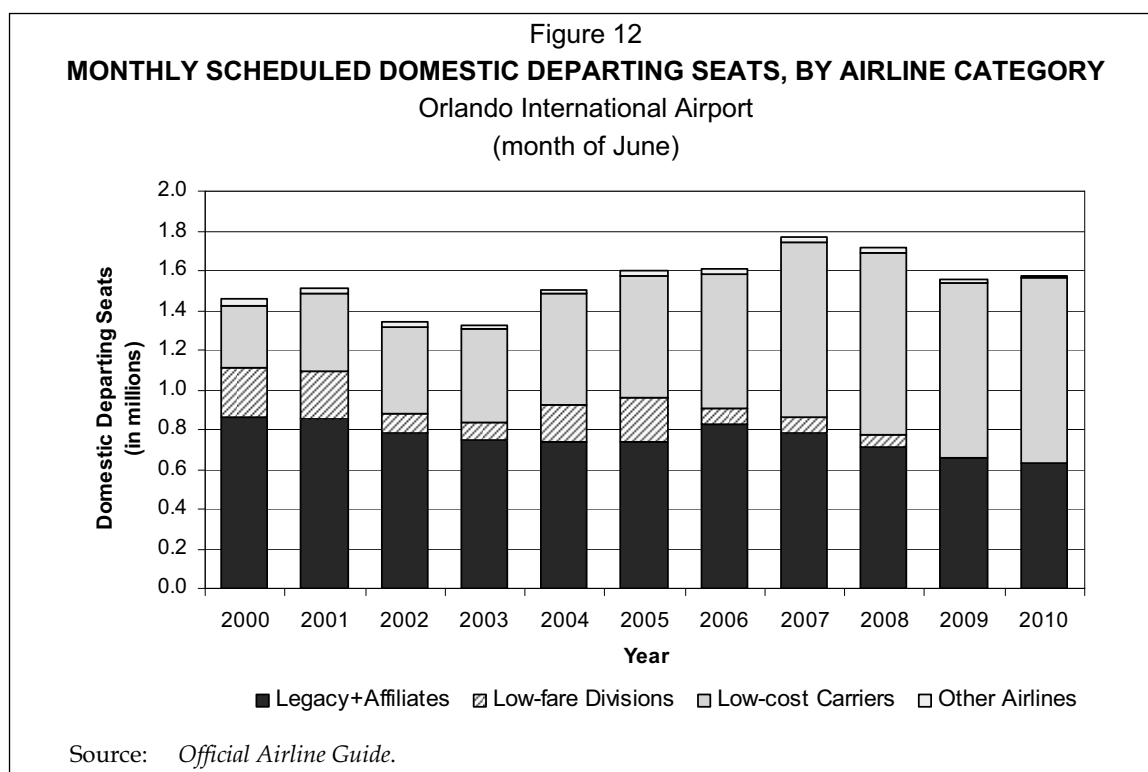
Source: U.S. DOT, Schedule T100.

Domestic Service Trends

Given the significant reduction in domestic scheduled capacity at the Airport in FY 2008 and FY 2009, the number of domestic seats is expected to be only 8% higher in

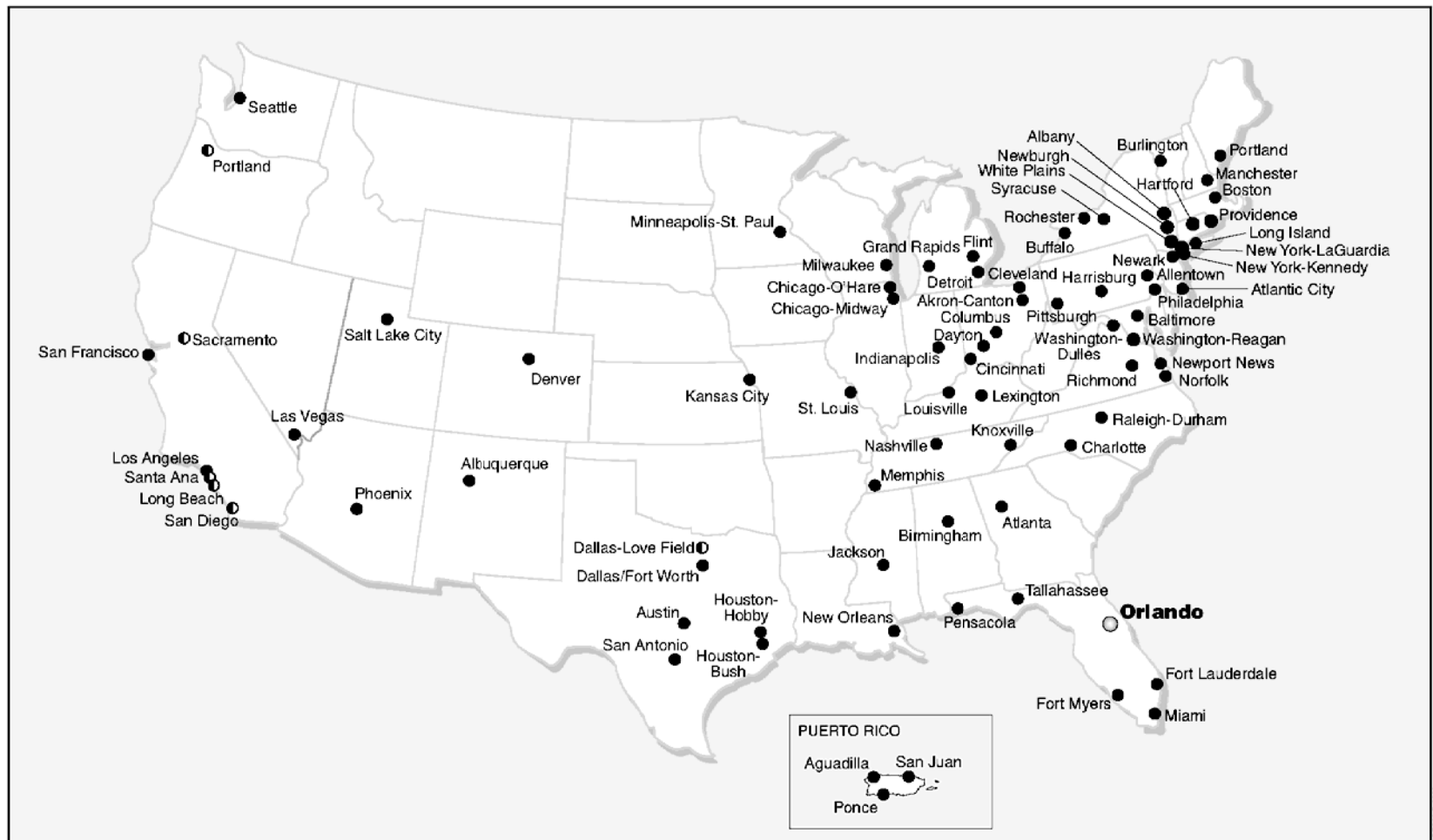
FY 2010 than it was in FY 2000. Meanwhile, the composition of domestic air service at MCO shifted substantially during these 11 years. (See Figure 12.)

In FY 2010, legacy airlines and their affiliates are expected to account for 40% of domestic scheduled seats at the Airport, down from 59% in FY 2000. Capacity offered by low-fare divisions of legacy airlines, which had accounted for 17% of domestic seats at MCO in FY 2000, was completely gone by FY 2009. The share of domestic capacity offered by low-cost carriers (LCCs) will, with the introduction of service by Allegiant Air in February 2010, nearly triple between FY 2000 and FY 2010, increasing from 21% to 59% of total domestic seats.



No airline provides more than 30% of total domestic scheduled seats at the Airport. In FY 2009, Southwest, the largest provider of domestic service at MCO, accounted for just over one-quarter (28%) of total domestic seats. The five next-ranking airlines – Delta, AirTran, JetBlue, American, and US Airways – together accounted for a further 56% of the total.

Figure 13 shows the domestic destinations served by daily nonstop or one-stop service from MCO in March 2010. An average of 380 daily domestic flights will serve the 74 destinations with nonstop service, according to published airline schedules.



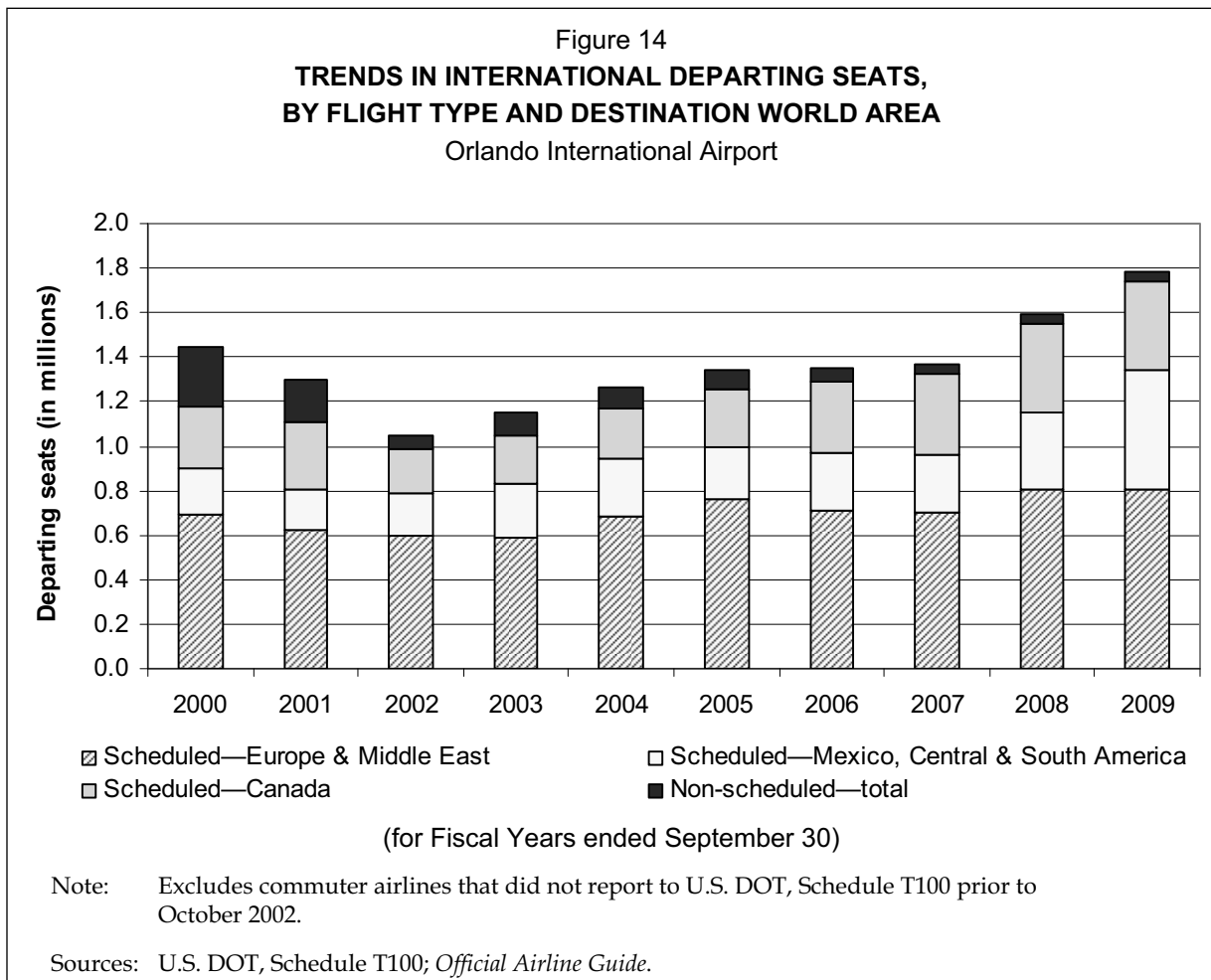
Source: Official Airline Guides, Inc.

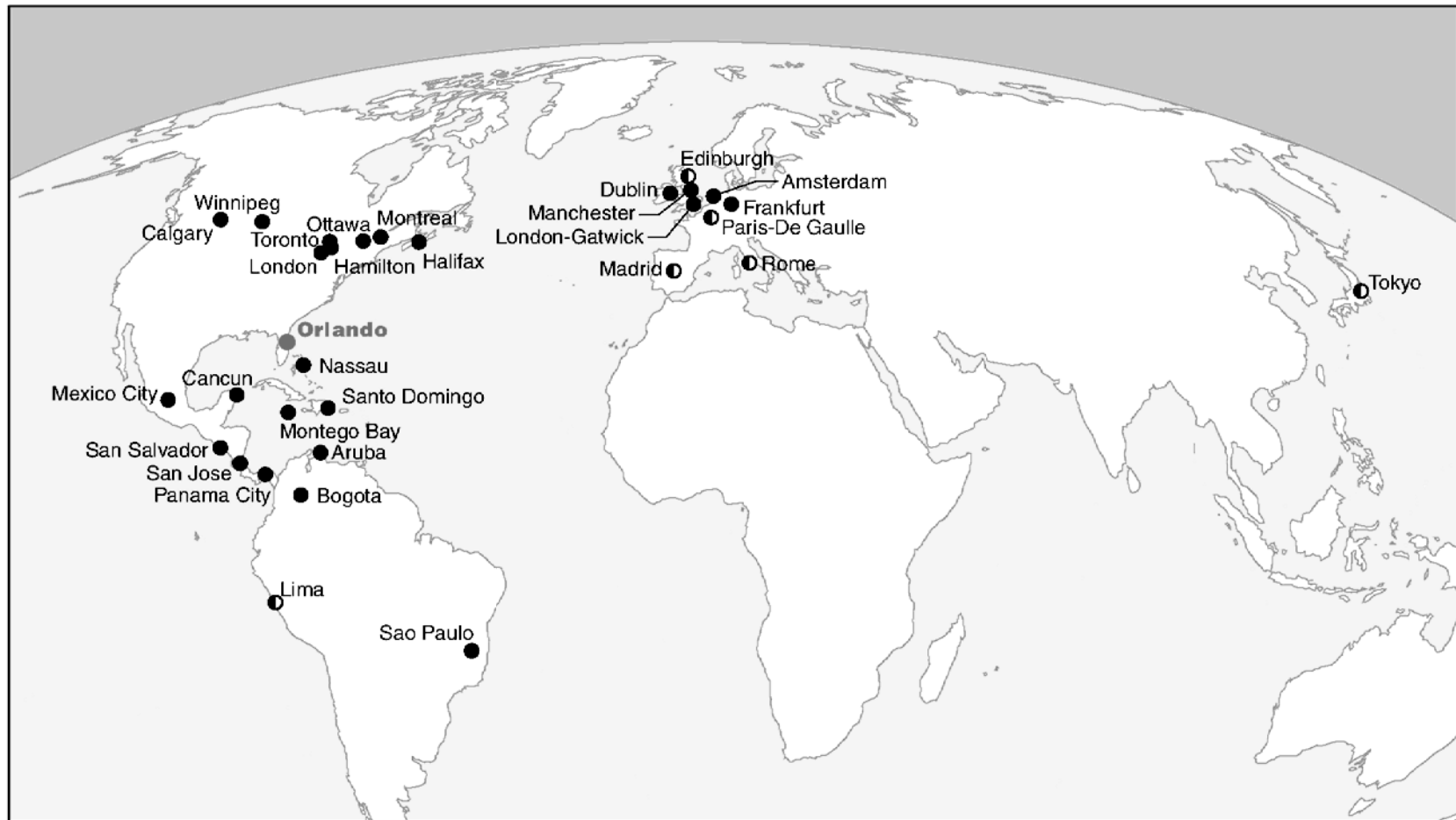
International Service Trends

International seats at MCO are estimated to have increased 24% between FY 2000 and FY 2009. (See Figure 14.) The majority of international service at MCO is provided by scheduled flights; in FY 2009, international charter flights are estimated to have accounted for only about 3% of total international seats at the Airport.

Since FY 2000, transatlantic service has tended to account for about half of all international seats at MCO. In FY 2009, service to Canada is estimated to have accounted for 23% of total international seats at the Airport, while service to Mexico and Latin America made up 31% of the total.

Figure 15 shows the international destinations served by nonstop or one-stop service from MCO in March 2010. An average of 32 daily international flights will serve the 24 destinations with nonstop service, according to published airline schedules.





LEGEND

- Scheduled nonstop service
- Scheduled one-stop same-plane service

Source: Official Airline Guides, Inc.

Figure 15
INTERNATIONAL AIRPORTS SERVED BY
SCHEDULED ROUND TRIP PASSENGER FLIGHTS

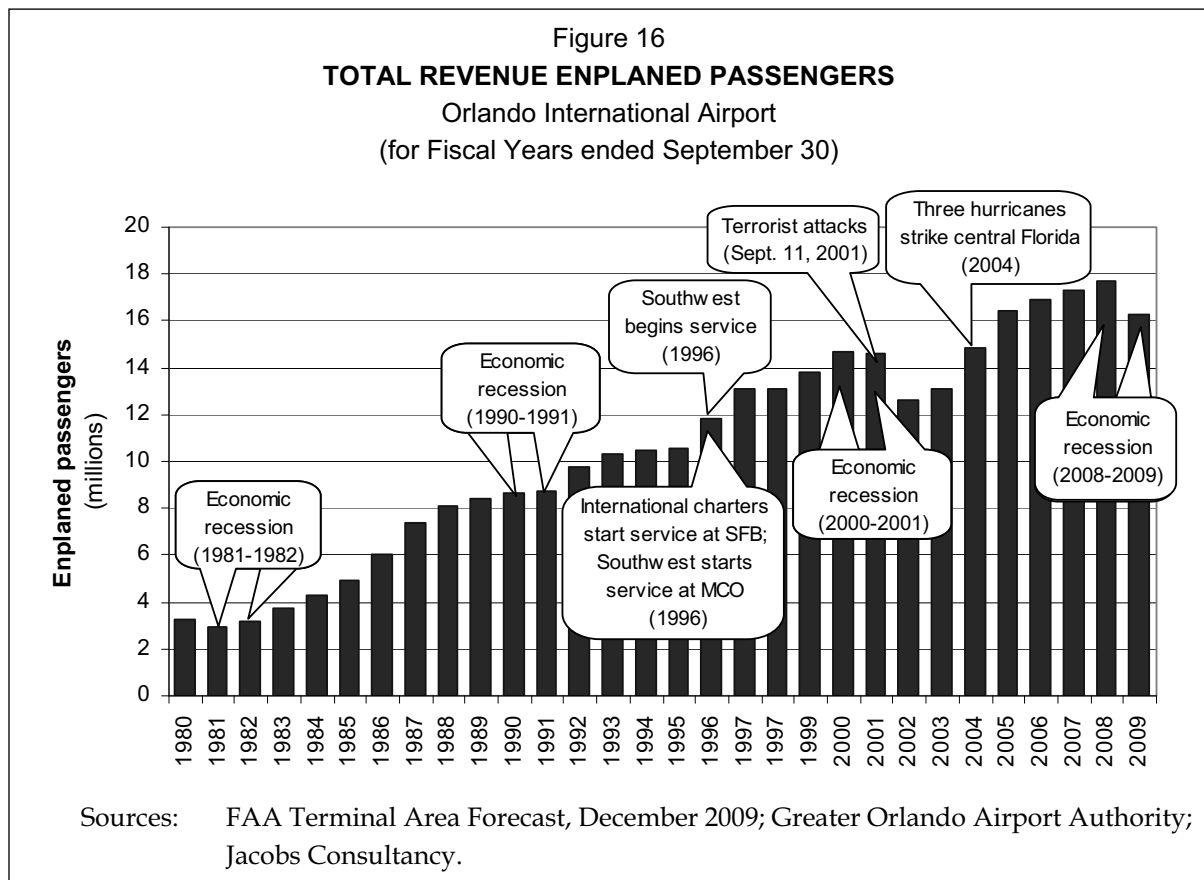
Orlando International Airport
March 2010

JACOBS
CONSULTANCY

As was the case with domestic service at the Airport, no airline dominates international service at MCO. Virgin Atlantic, the largest provider of international service at the Airport, accounted for only 31% of total international seats in FY 2009. The three next-ranking airlines – Air Canada, JetBlue, and WestJet – together accounted for a further 30% of the total.

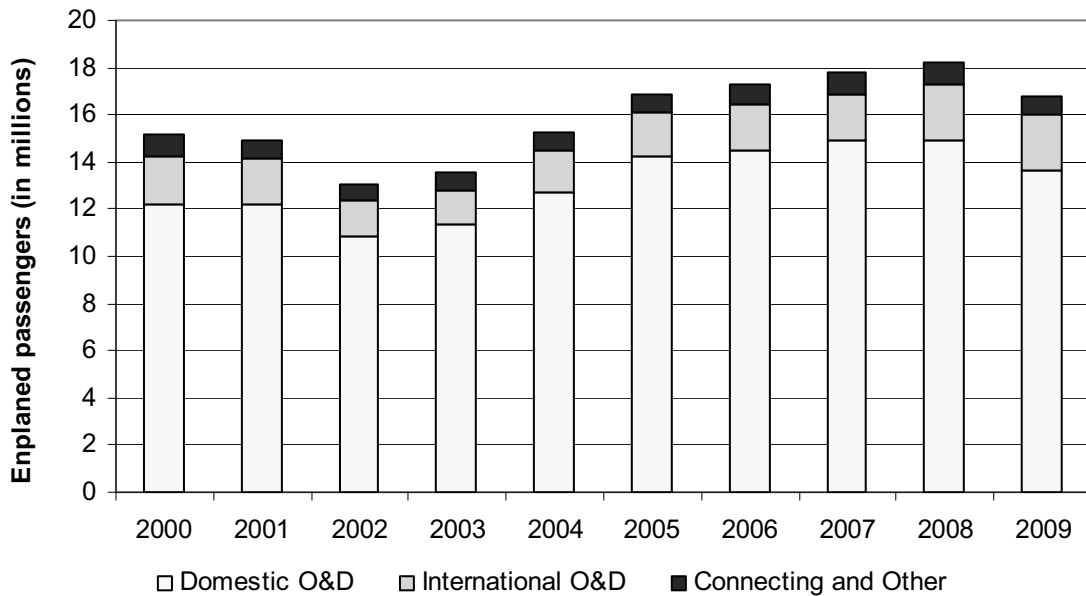
AIRLINE PASSENGER TRENDS

Passenger traffic has shown a relatively steady increase at the Airport since the airline industry was deregulated. (See Figure 16.) Total enplaned passengers at MCO declined 14% between FY 2000 and FY 2002, the period encompassing the 2001 economic recession and the 9/11 terrorist attacks. Over the following 2 years, passenger volumes recovered. From FY 2004 to FY 2008, passenger levels grew strongly at MCO, increasing 4.6% per year, on average. In FY 2009, however, as demand weakened in the face of the recent economic recession, the number of enplaned passengers declined 7.9%. But for the first four months of FY 2010, enplanements increased 1.6%.



An estimated 95% of all enplaned passengers at the Airport in FY 2009 were O&D passengers, with connecting passengers accounting for the remaining 5%. (See Figure 17.) Of the O&D passengers, 85% were making exclusively domestic trips while the remaining 15% were traveling to destinations outside the United States.

Figure 17
TRENDS IN TOTAL ENPLANED PASSENGERS
 Orlando International Airport
 (for Fiscal Years ended September 30)



Note: Because foreign-flag airlines do not report to the U.S. DOT, *O&D Survey*, Jacobs Consultancy estimates were used to develop the data in the above chart.

Sources: Greater Orlando Aviation Authority; U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1.

Airline Concentration

Southwest accounted for 22.7% of all passengers enplaned at the Airport in FY 2009, up from 6.7% in FY 1998. (See Table 15.) Delta (including Northwest) and AirTran, the second- and third-ranking airlines serving MCO in FY 2009, enplaned 16.1% and 12.5%, respectively, of total passengers. Of the 1.4 million year-over-year decline in enplaned passengers recorded in FY 2009, 66% was attributable to significant declines by Delta (down 16.5%: -533,000 passengers) and American (down 24.2%: -397,000 passengers).

In terms of international enplaned passengers at the Airport, nine of the top ten airlines in FY 2009 were foreign-flag airlines. Fourth-ranked JetBlue was the only U.S. airline among the top ten. Five of the top ten airlines started serving MCO only within the past 5 years.

Table 15
ENPLANED PASSENGERS, BY AIRLINE

Orlando International Airport
(for Fiscal Years ended September 30, unless otherwise noted)

		Enplaned passengers (thousands)				Percent of total			
Rank	Airline (<i>a</i>)	1998	2003	2008	2009	1998	2003	2008	2009
Domestic:									
1	Southwest	914	2,027	3,906	3,819	7.2%	16.0%	23.1%	24.8%
2	Delta (<i>b</i>)	5,083	3,935	3,196	2,698	39.9	31.0	18.9	17.5
3	AirTran	587	708	2,015	2,092	4.6	5.6	11.9	13.6
4	JetBlue	-	357	1,572	1,687	-	2.8	9.3	11.0
5	American (<i>c</i>)	1,479	1,518	1,643	1,246	11.6	12.0	9.7	8.1
6	US Airways (<i>d</i>)	1,992	1,334	1,394	1,231	15.6	10.5	8.2	8.0
7	Continental	914	871	1,158	1,056	7.2	6.9	6.8	6.9
8	United	766	811	975	913	6.0	6.4	5.8	5.9
9	Spirit	103	412	575	397	0.8	3.3	3.4	2.6
10	Alaska	-	20	134	103	-	0.2	0.8	0.7
	All others	<u>902</u>	<u>683</u>	<u>352</u>	<u>131</u>	<u>7.1</u>	<u>5.4</u>	<u>2.1</u>	<u>0.9</u>
	Total	12,739	12,675	16,920	15,373	100.0%	100.0%	100.0%	100.0%
International:									
1	Virgin Atlantic	247	325	447	461	24.8%	37.9%	33.9%	32.3%
2	Air Canada	18	127	169	166	1.8	14.8	12.8	11.7
3	WestJet	-	-	115	122	-	-	8.7	8.6
4	JetBlue	-	-	33	116	-	-	2.5	8.1
5	British Airways	98	110	104	103	9.9	12.9	7.9	7.2
6	Copa	0	16	66	75	0.0	1.9	5.0	5.3
7	Lufthansa	-	-	52	72	-	-	4.0	5.1
8	Aeromexico	16	22	55	49	1.6	2.5	4.2	3.5
9	TAM	-	-	-	48	-	-	-	3.4
10	Aer Lingus	-	-	39	37	-	-	2.9	2.6
	All others	<u>617</u>	<u>256</u>	<u>239</u>	<u>176</u>	<u>62.0</u>	<u>29.9</u>	<u>18.1</u>	<u>12.3</u>
	Total	996	857	1,318	1,426	100.0%	100.0%	100.0%	100.0%
Total:									
1	Southwest	914	2,027	3,906	3,819	6.7%	15.0%	21.4%	22.7%
2	Delta (<i>b</i>)	4,308	3,970	3,237	2,704	31.4	29.3	17.7	16.1
3	AirTran	587	708	2,015	2,092	4.3	5.2	11.0	12.5
4	JetBlue	-	357	1,605	1,803	-	2.6	8.8	10.7
5	American (<i>c</i>)	1,488	1,543	1,643	1,246	10.8	11.4	9.0	7.4
6	US Airways (<i>d</i>)	1,999	1,334	1,394	1,231	14.6	9.9	7.6	7.3
7	Continental	914	871	1,162	1,056	6.7	6.4	6.4	6.3
8	United	766	811	975	913	5.6	6.0	5.3	5.4
9	Virgin Atlantic	247	325	447	461	1.8	2.4	2.5	2.7
10	Spirit	103	412	575	397	0.7	3.0	3.2	2.4
	All others	<u>2,409</u>	<u>1,175</u>	<u>1,280</u>	<u>1,078</u>	<u>17.5</u>	<u>8.7</u>	<u>7.0</u>	<u>6.4</u>
	Total	13,735	13,532	18,238	16,799	100.0%	100.0%	100.0%	100.0%

(a) Includes regional codesharing affiliates, if any.

(b) Northwest is included here with Delta for all years shown, although its merger with Delta did not occur until October 2008.

(c) TWA is included here with American in 1998, although American did not start reporting TWA passengers with its own until 2001.

(d) America West is included here with US Airways for all years shown, although its merger with US Airways did not occur until September 2005.

Source: Greater Orlando Aviation Authority.

Resident/Visitor Trends

Visiting passengers (i.e., those O&D passengers whose trip itineraries are destined for MCO) outnumber area resident travelers (i.e., those O&D passengers whose itineraries originate at MCO) by a roughly 3-to-1 ratio at the Airport. (See Table 16.) In the 5 years from FY 2001 to FY 2006, however, the area resident component at MCO increased relatively more (+39%) than the visitor component (+10%). Over the most recent 3 fiscal years, the share of area residents plateaued; the number of area resident passengers declined 5% while the number of visitors declined 2%.

Table 16
TOTAL ENPLANED PASSENGERS, BY TYPE OF PASSENGER
Orlando International Airport
(for Fiscal Years ended September 30; passengers in thousands)
Outbound O&D passengers

Fiscal Year	Area residents		Visitors		Total	Connect. & other psgrs.	Total
	Psgs.	% of Total	Psgs.	% of Total			
2000	3,153	22.1%	11,117	77.9%	14,270	887	15,157
2001	3,142	22.2	11,025	77.8	14,167	767	14,934
2002	2,855	23.1	9,492	76.9	12,347	678	13,025
2003	3,037	23.7	9,790	76.3	12,827	705	13,532
2004	3,470	24.0	10,987	76.0	14,457	776	15,234
2005	4,092	25.4	12,019	74.6	16,111	722	16,833
2006	4,357	26.5	12,073	73.5	16,430	882	17,311
2007	4,442	26.3	12,447	73.7	16,889	943	17,832
2008	4,443	25.7	12,835	74.3	17,279	960	18,238
2009	4,146	25.9	11,867	74.1	16,013	785	16,799
First 3 months							
2009	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3,996
2010	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4,014
<u>Compound annual growth rate</u>							
2000-2004	2.4%		(0.3%)		0.3%	(3.3%)	0.1%
2004-2009	3.6		1.6		2.1	0.2	2.0
<u>Annual percent change</u>							
2008-2009	(6.7%)		(7.5%)		(7.3%)	(18.2%)	(7.9%)
First 3 months							
2009-2010							0.5

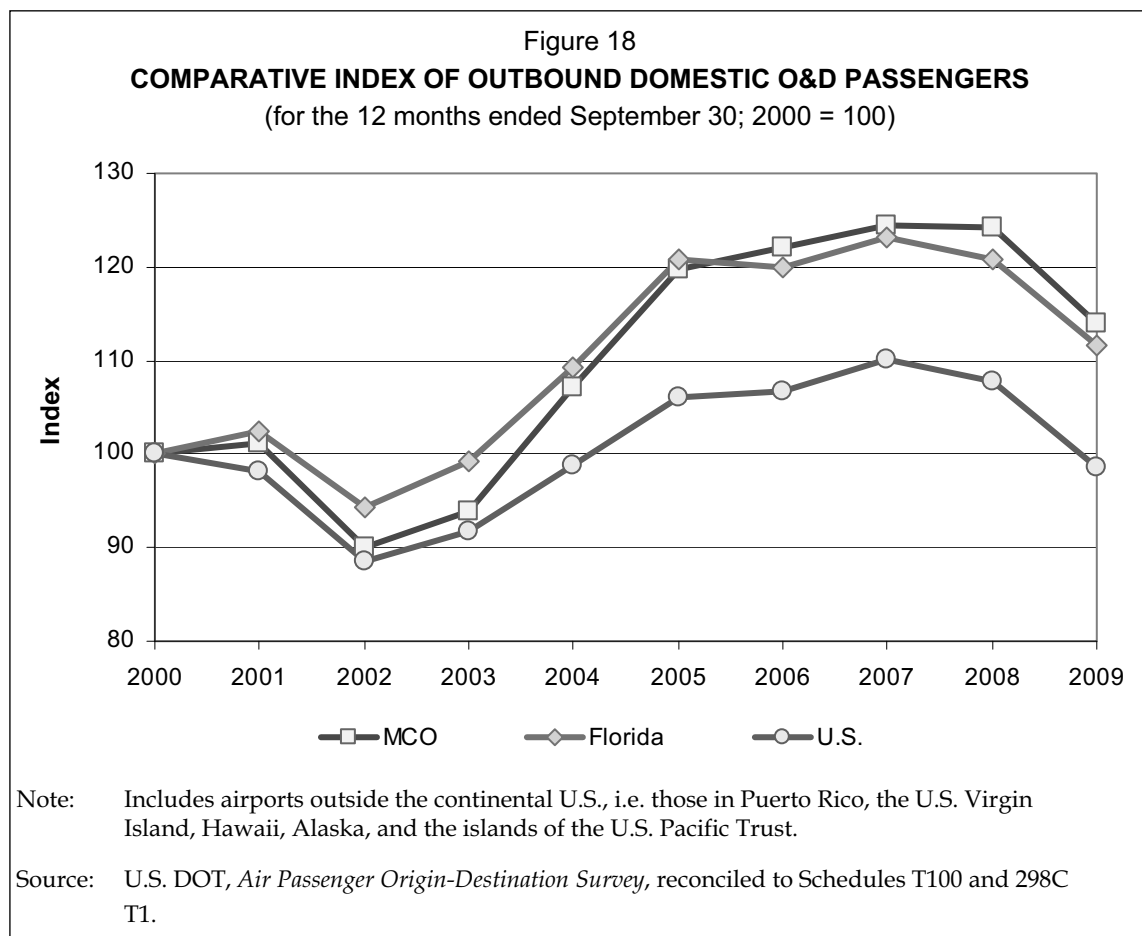
Notes: Because foreign-flag airlines do not report passenger numbers to the U.S. DOT *O&D Survey*, Jacobs Consultancy estimates were used to develop the data in the above table.
n.a.=not available.

Sources: Greater Orlando Aviation Authority; U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1

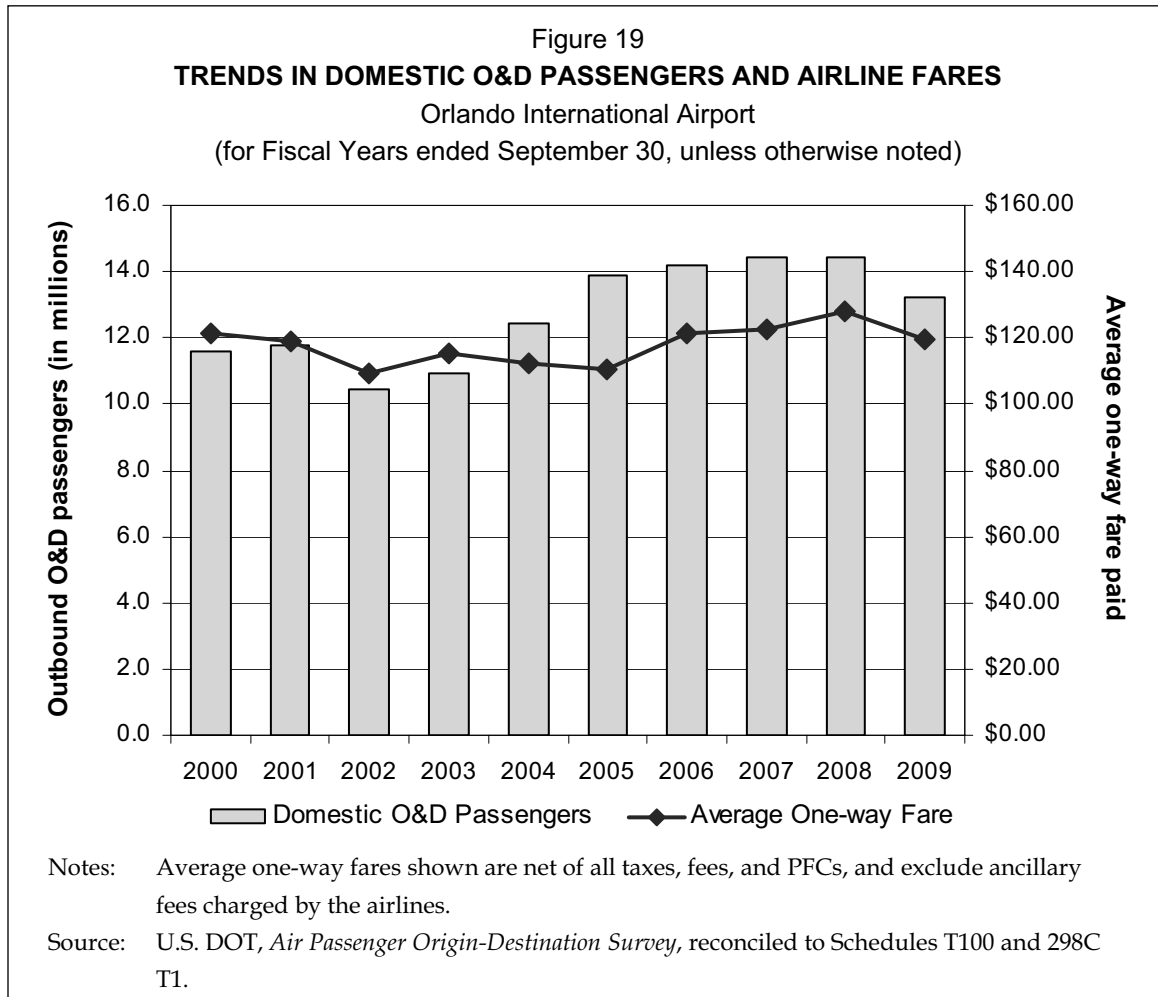
Domestic O&D Passenger and Airfare Trends

O&D passengers at MCO are primarily domestic travelers. Since FY 2000, domestic O&D passengers have accounted for between 85% and 88% of total O&D passengers at the Airport. International O&D passengers, which make up the balance, consist of two types of travelers: those who travel on international flights that operate at MCO, and those who travel internationally via other U.S. gateway airports (e.g., passengers who travel between MCO and Europe by making flight connections at New York's John F. Kennedy International Airport).

Domestic O&D passenger growth at the Airport since FY 2000, relative to Florida and national trends, is illustrated in Figure 18. Domestic O&D passenger growth at MCO has tracked closely to statewide O&D passenger growth since FY 2000. However, growth in the number of domestic O&D passengers at MCO, and in Florida as well, significantly exceeded the increase in domestic O&D passengers nationwide over the 8-year period.



Average domestic one-way fares paid at MCO are shown in Figure 19.* Between FY 2000 and FY 2009, there was virtually no net change in average airfares paid at MCO. Since FY 2000, the average distance traveled by domestic O&D passengers has been consistent at approximately 1,100 miles. Consequently, airfares paid by domestic O&D passengers, on average, did not keep pace with inflation which, based on the Consumer Price Index, increased 25% over the 9-year period; this has made air travel to and from the Orlando area increasingly attractive to consumers.



* The fares that airlines report to the U.S. DOT O&D Survey do not include many ancillary fees (i.e., checked bag fees, priority seating fees, onboard sales) and, given the rapid rise in such fees beginning in 2008, increasingly understate the consumer's real cost of airline travel.

Five- and ten-year trends in O&D passengers in MCO's top 20 domestic city markets are shown in Table 17. New York, the Airport's largest market, accounted for just over 10% of all domestic O&D passengers at MCO in FY 2009.

Table 17 TOP 20 DOMESTIC O&D CITY MARKETS Orlando International Airport (for fiscal years ended September 30, passengers in thousands)								
Rank (a)	City market Airport	Nonstop mileage	Airlines offering nonstop service (b)	Outbound domestic O&D passengers			CAGR	
				Fiscal years			FY1999- FY2004	FY2004- FY2009
				1999	2004	2009		
1	New York	944		1,202	1,598	1,361	5.9%	-3.2%
	Newark		B6,CO	590	440	534	-5.7	3.9
	Kennedy		AA,B6,DL	171	578	503	27.6	-2.8
	LaGuardia		B6,DL,FL	441	580	324	5.6	-11.0
2	Wash. DC/ Baltimore (c)	768	B6,FL,UA,US,WN	625	708	870	2.5	4.2
3	Philadelphia	861	FL,US,WN	324	509	643	9.5	4.8
4	Chicago (d)	997	AA,FL,UA,WN	530	661	634	4.5	-0.8
5	Detroit	957	DL,FL,NK,WN	300	308	460	0.5	8.4
6	Boston	1,121	B6,DL,FL	401	469	423	3.2	-2.0
7	San Juan	1,189	B6,FL,NK	229	361	412	9.5	2.7
8	Los Angeles (e)	2,198	AA,DL,UA	307	356	315	3.0	-2.4
9	Dallas/ Ft. Worth (f)	978	AA,FL	215	291	314	6.2	1.5
10	Minneapolis/ St. Paul	1,310	DL,FL,SY	159	282	301	12.2	1.3
11	Atlanta	403	DL,FL	395	301	287	-5.3	-1.0
12	Buffalo	1,011	B6,FL,WN	113	129	246	2.6	13.8
13	Pittsburgh	834	FL,WN	137	203	243	8.2	3.7
14	Houston (g)	850	CO,WN	154	175	230	2.5	5.6
15	Indianapolis	828	FL,WN	193	236	227	4.1	-0.7
16	Denver	1,545	F9,UA,WN	172	207	225	3.8	1.6
17	Providence	1,073	WN	189	230	220	4.0	-0.9
18	Hartford	1,050	DL,WN	257	281	207	1.8	-5.9
19	White Plains	972	B6,FL	4	3	188	-6.1	128.9
20	St. Louis	880	AA,FL,WN	137	155	182	2.4	3.3
	Total---top 20 markets			6,045	7,462	7,989	4.3%	1.4%
	All other markets			4,758	4,972	5,240	0.9	1.1
	Total---all markets			10,803	12,434	13,229	2.9%	1.2%
Notes: CAGR=Compound annual growth rate; columns may not sum to totals due to rounding. (a) Top 20 city markets ranked on FY 2009. (b) As of March 2010. Airline legend: AA=American, B6=JetBlue, CO=Continental, DL=Delta, F9=Frontier, FL=AirTran, NK=Spirit, SY=Sun Country, UA=United, US=US Airways, WN=Southwest. (c) Market includes Dulles, Reagan, and Baltimore airports. (d) Market includes O'Hare and Midway airports. (e) Market includes Los Angeles, Orange County, Ontario, Long Beach and Burbank airports. (f) Market includes Dallas/Ft. Worth Airport and Love Field. (g) Market includes Hobby and Bush airports. Sources: U.S. DOT, <i>Air Passenger Origin-Destination Survey</i>, reconciled to Schedules T100 and 298C T1; <i>Official Airline Guide</i>.								

Of MCO's top 20 domestic O&D markets, all but one (Providence) are served nonstop by more than one airline. Twelve of the top 20 markets are served by three

or more airlines, an indicator of a high degree of airline competition and a driver of downward pressure on airfares charged.

International O&D Passenger Trends

More international passengers are served at MCO than are generally recognized. At any airport, passengers arriving and departing on international flights, both scheduled and charter, represent only a part of the total population of international travelers. Those passengers who board domestic flights bound for other gateway airports and connect there to international flights represent international *passengers*, but are officially categorized as domestic *enplanements*. At MCO, this group of travelers (international passengers boarding domestic flights) is large. In FY 2009, they amounted to 1.0 million—nearly as many as the number of passengers boarding international flights. (See Table 18.) This passenger segment has exhibited only slightly less growth since 2000 (+1.3% per year, on average) than international enplaned passengers (+1.6% per year, on average).

These international passengers bear mentioning for two reasons. First, the base of international passengers at MCO is actually nearly double the total number of passengers enplaned on international flights at MCO—the typical industry measure of international passenger activity at an airport. Second, these passengers would likely use international flights to and from MCO if such service was provided to their destinations and was priced competitively.

Table 18
PASSENGERS ENPLANED AT MCO FOR INTERNATIONAL DESTINATIONS
 Orlando International Airport
 (for Fiscal Years ended September 30; passengers in thousands)

Fiscal Year	Passengers enplaned on international flights			Passengers enplaned on domestic flights		
	International O&D passengers [A]	Passengers connecting from domestic flights [B]	Total passengers enplaned on international flights [C]=[A+B]	O&D passengers bound for International destinations [D]	Total international O&D passengers [E]=[A+D]	Total passengers with international destinations [F]=[B+E]
2000	1,205	31	1,236	898	2,103	2,133
2001	1,084	29	1,113	880	1,964	1,993
2002	807	29	836	688	1,495	1,524
2003	828	29	857	682	1,510	1,539
2004	944	29	973	766	1,710	1,739
2005	1,046	26	1,073	848	1,894	1,920
2006	1,022	31	1,053	885	1,907	1,938
2007	1,063	22	1,084	946	2,008	2,030
2008	1,288	29	1,318	1,115	2,404	2,433
2009	1,397	28	1,426	1,005	2,402	2,430
<u>Compound annual growth rate</u>						
2000-2009	1.7%	(0.8%)	1.6%	1.3%	1.5%	1.5%

Notes: Column [D] represents passengers who boarded domestic flights to another U.S. gateway city where they connected with flights to their international destination.
 Because foreign-flag airlines do not report to the U.S. DOT, O&D Survey, Jacobs Consultancy estimates were used to develop the data in the above table.

Sources: Greater Orlando Aviation Authority; U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1.

SERVICE AT ALTERNATIVE AIRPORTS

With a passenger base composed almost entirely of O&D passengers, MCO does not compete for domestic passenger traffic with other hub airports. It does compete with other Central Florida airports to the extent that those airports are able to offer a comparable level of service to the Orlando MSA. Sanford International Airport (SFB) and Tampa (TPA) are the two airports located sufficiently close to the MSA to offer competing service.

Sanford International Airport. SFB, classified by FAA as a Small Hub airport, is located within the MSA, approximately 35 miles north of MCO. Since 2007, SFB's total passenger traffic has dropped significantly.

Domestic service at SFB in January 2010 was provided only by Allegiant Air, a niche LCC that specializes in low-frequency service from relatively small northerly U.S.

airports to Sunbelt vacation destinations in Florida and the southwest United States. On February 1, 2010, Allegiant established a new base at MCO, moving a portion of its SFB operation to MCO with the rest continuing to operate at SFB. Allegiant has based five, 150-seat MD-80 aircraft at MCO and, by March, will operate scheduled service from the Airport to 10 cities.

International service at SFB is heavily dependent on charter flights, most of which originate in the U.K. and Europe. In contrast with MCO, where international passengers are carried almost entirely on scheduled flights, SFB serves the vast majority of international charter service to and from the Orlando area. The amount of international charter service to and from Orlando has eroded substantially since 2007 and, consequently, SFB's international passenger traffic has fallen accordingly. (See Table 19.)

Tampa International Airport. TPA, classified by FAA as a Large Hub airport, is located approximately 84 miles southwest of Orlando and 75 miles from the Disney World Resort Complex. For both domestic and international tourists who want to combine a visit to the Orlando theme parks with time on the beaches of Florida's Gulf Coast, TPA offers an alternative gateway to the region. International service is provided at TPA on a much more limited scale than at MCO. In 2009, for example, the number of international scheduled seats at TPA was 13% of the number provided at MCO.

Table 19
REGIONAL TRENDS IN ENPLANED PASSENGERS BOUND FOR INTERNATIONAL DESTINATIONS
Orlando and Sanford International Airports
(for fiscal years ended September 30)

Fiscal Year	MCO international passengers							Sanford (SFB) international passengers					Total international passengers (SFB+MCO)				
	Scheduled			Charter				Scheduled		Charter							
	On domestic flights	On international flights	Total	% of MCO	Psgs.	% of MCO	MCO total	Psgs.	% of SFB	Psgs.	% of SFB	SFB total	Total passengers	Share of total		Charter passengers	Share of total
1991	405,300	216,480	621,780	48.3%	665,344	51.7%	1,287,124	-	n.a.	-	n.a.	-	1,287,124	100.0%	0.0%	665,344	51.7%
1996	621,370	688,015	1,309,385	74.4%	450,755	25.6%	1,760,140	-	-	172,943	100.0%	172,943	1,933,083	91.1%	8.9%	623,698	32.3%
2001	879,870	939,801	1,819,671	92.6%	145,227	7.4	1,964,898	-	-	417,058	100.0	417,058	2,381,956	82.5	17.5	562,285	23.6
2006	885,300	1,025,474	1,910,774	97.7	45,851	2.3	1,956,625	31,688	5.5	543,506	94.5	575,194	2,531,819	77.3	22.7	589,357	23.3
2007	945,820	1,023,620	1,969,440	98.3	34,180	1.7	2,003,620	60,028	10.1	535,597	89.9	595,625	2,599,245	77.1	22.9	569,777	21.9
2008	1,115,470	1,241,301	2,356,771	98.7	30,281	1.3	2,387,052	78,092	16.8	386,125	83.2	464,217	2,851,269	83.7	16.3	416,406	14.6
First 9 months																	
2008	827,760	946,642	1,774,402	98.8%	21,774	1.2%	1,796,176	50,994	17.3%	244,126	82.7%	295,120	2,091,296	85.9%	14.1%	265,900	12.7%
2009	747,580	1,026,308	1,773,888	99.2	14,613	0.8	1,788,501	24,802	19.8	100,449	80.2	125,251	1,913,752	93.5	6.5	115,062	6.0
<u>Average Annual Compound Growth</u>																	
1991-1996	8.9%	26.0%	16.1%		(7.5%)		6.5%	n.a.		n.a.		n.a.	8.5%			(1.3%)	
1996-2001	7.2	6.4	6.8		(20.3)		2.2	n.a.		19.3		19.3	4.3			(2.1)	
1991-2001	8.1	15.8	11.3		(14.1)		4.3	n.a.		n.a.		n.a.	6.3			(1.7)	
<u>Year-over-year percentage change</u>																	
2001-2002	(21.9%)	(17.4%)	(19.6%)		(73.2%)		(58.5%)	n.a.		(10.1%)		(9.8%)	(50.0%)			(26.4%)	
2002-2003	(0.8)	(0.2)	(0.5)		104.5		4.8	n.c.		(17.2)		(15.7)	(1.7)			(5.8)	
2003-2004	12.3	19.2	16.0		(4.4)		17.0	n.c.		49.5		55.0	27.3			38.5	
2004-2005	10.7	5.9	8.0		(6.6)		4.9	n.c.		11.9		6.4	5.4			9.3	
2005-2006	4.4	4.9	4.7		(35.5)		86.6	n.c.		4.6		10.1	61.2			(0.2)	
2006-2007	6.8	(0.2)	3.1		(25.5)		2.4	n.c.		(1.5)		3.6	2.7			(3.3)	
2007-2008	17.9	21.3	19.7		(11.4)		19.1	n.c.		(27.9)		(22.1)	9.7			(26.9)	
First 9 months																	
2008-2009	(9.7%)	8.4%	(0.0%)		(32.9%)		(0.4%)	n.c.		(58.9%)		(57.6%)	(8.5%)			(56.7%)	

Notes: Excludes non-revenue passengers. Excludes international O&D passengers using domestic flights at MCO to connect with international flight at other U.S. gateway airports.
Commercial operations started at Sanford in FY1996.
These data differ from the passenger enplanement statistics reported by the airlines to the Airport.
n.a.=not applicable; n.c.=not calculated.

Sources: U.S. DOT, Schedule T-100; U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1.

KEY FACTORS UNDERLYING FORECASTS

In addition to the economic health and tourist draw of the MSA, as discussed earlier, key factors that will affect future passenger levels at MCO include:

- Economic and political conditions
- Financial health of the airline industry
- Airline service and routes
- Airline competition and airfares
- Airline consolidation and alliances
- Availability and price of aviation fuel
- Aviation safety and security concerns
- Capacity of the national air traffic control system
- High speed rail proposal
- Capacity of the Airport

Economic and Political Conditions

Historically, airline passenger traffic nationwide has correlated closely with the state of the U.S. economy and levels of real disposable income. Recession in the U.S. economy in 2001 and stagnant economic conditions in 2002 contributed to reduced passenger numbers during those years. The recession that began in late 2007, combined with reduced discretionary income, has contributed to reduced airline travel demand in 2008 and 2009 and will continue to do so in the near term.

With the globalization of business and the increased importance of international trade and tourism, growth in the U.S. economy has become more closely tied to worldwide economic, political, and social conditions. As a result, international economics, trade balances, currency exchange rates, political relationships, and hostilities are now important influences on passenger traffic at major U.S. airports. Sustained future increases both in domestic and international passenger traffic will depend on stable and peaceful international conditions and global economic growth.

Financial Health of the Airline Industry

The number of passengers using the Airport will depend partly on the profitability of the U.S. airline industry and the associated ability of the industry and individual airlines to make the necessary investments to continue providing service.

The 1990-1991 recession, coupled with increased operating costs and security concerns during the Gulf War, generated then-record financial losses in the airline industry. Those losses put particular pressures on financially weak or highly indebted airlines, forcing many to seek bankruptcy protection, sell productive assets, lay off workers, reduce service, or discontinue operations.

Between 1995 and 2000, the airline industry was profitable, but as a result of the 2001 economic recession, the disruption of the airline industry that followed the September 2001 terrorist attacks, increased fuel and other operating costs, and price competition, the industry again experienced huge financial losses. In 2001 through 2005, the major U.S. passenger airlines collectively recorded net losses of approximately \$40 billion.

To mitigate those losses, all of the major network airlines restructured their route networks and flight schedules and reached agreement with their employees, lessors, vendors, and creditors to cut costs, either under Chapter 11 bankruptcy protection or the possibility of such. US Airways twice filed for bankruptcy protection, in August 2002 and September 2004, before emerging in September 2005 following its merger with America West Airlines. In 2004, US Airways drastically reduced service at its Pittsburgh hub. In December 2002, United Airlines filed for bankruptcy protection (emerged in February 2006). In 2003, American avoided filing for bankruptcy protection only after obtaining labor cost concessions from its employees and drastically reducing service at its St. Louis hub. In 2005, Delta eliminated its Dallas/Fort Worth hub and substantially reduced service at its Cincinnati hub. In September 2005, Delta filed for bankruptcy protection (emerged in April 2007). Also in September 2005, Northwest filed for bankruptcy protection (emerged in May 2007). Among smaller airlines, between 2003 and 2005, Hawaiian Airlines, ATA Airlines, Aloha Airlines, and Independence Air filed for bankruptcy protection. (Of these airlines, only Hawaiian was still operating as of January 2010.)

In 2006 and 2007, the U.S. passenger airline industry as a whole was profitable, but in 2008, as oil and aviation fuel prices increased to unprecedented levels, the industry experienced a profitability crisis. The industry responded by grounding older, less fuel-efficient aircraft, adopting fuel-saving operating practices, hedging their fuel requirements, reducing scheduled seat capacity, eliminating unprofitable routes, laying off employees, reducing employee compensation, reducing other non-fuel expenses, increasing airfares, and imposing other fees and charges. By the end of 2008, the U.S. passenger airlines had collectively reduced domestic capacity (as measured by available seat-miles) by approximately 10% compared with the end of 2007 and most airlines further reduced capacity in 2009.

Such industry-wide capacity reductions may be required to allow the airlines to achieve equilibrium between seat supply and passenger demand at airfares adequate to achieve profitability. The combination of reduced seat capacity, increased airfares, and weak economic conditions is expected to lead to reduced passenger numbers at most airports in the near term.

Continuing losses by the U.S. airlines could deplete limited cash reserves and force any of them to seek bankruptcy protection or liquidate. In March and April 2008, Aloha, ATA, and Skybus airlines declared bankruptcy and ceased operations. In April 2008, Frontier Airlines filed for Chapter 11 bankruptcy protection but

continued to operate; the airline emerged from bankruptcy in October 2009 following its acquisition by Republic Airways Holdings.

Airline Service and Routes

The Airport serves as a gateway to the Orlando MSA. The number of origin and destination passengers depends on the propensity of its residents to travel by air and the intrinsic attractiveness of Orlando as a leisure and business destination. Although passenger demand at an airport depends primarily on the population and economy of the region served, airline service and the numbers of passengers enplaned also depend on the route networks of the airlines serving that airport. Most full-fare mainline airlines have emphasized the development of hub-and-spoke route networks as a means of increasing their service frequencies, passenger numbers, and profitability. MCO, an airport almost exclusively serving origin-destination passengers, does not serve as a hub for any airline and, consequently, is not dependent on connecting passengers.

Airline Competition and Airfares

Airline fares have an important effect on passenger demand, particularly for relatively short trips, for which the automobile and other travel modes are potential alternatives, and for price-sensitive “discretionary” travel. The price elasticity of demand for airline travel increases in weak economic conditions when the disposable income of potential airline travelers is reduced. Airfares are influenced by airline capacity and yield management; passenger demand; airline market presence; labor, fuel, and other airline operating costs; airline debt burden; taxes, fees, and other charges assessed by governmental and airport agencies; and competitive factors. Future passenger numbers, both nationwide and at the Airport, will depend on the level of airfares.

Overcapacity in the industry, the ability of consumers to compare airfares and book flights easily via the Internet, and other competitive factors combined to reduce airfares between 2000 and 2005. During that period, the average domestic yield for U.S. airlines was reduced from 14.9 cents to 12.7 cents per passenger-mile. Despite a period of elevated yields in the subsequent few years, travel demand weakened considerably in 2009, particularly for first- and business-class travel, in the face of the severe economic downturn. The average domestic yield for U.S. airlines in the first half of 2009 was 13.1 cents. The ability of airlines to increase and rationalize fares while controlling seat capacity is seen as key to the industry regaining and sustaining profitability.

Airline Consolidation and Alliances

In response to competitive pressures, the U.S. airline industry has consolidated. In April 2001, American completed an acquisition of failing Trans World Airlines. In August 2001, merger plans for United and US Airways were proposed, but rejected by the U.S. Department of Transportation because of concerns about reduced airline competition. In September 2005, US Airways and America West merged. In

December 2006, AirTran initiated a hostile takeover offer for Midwest Airlines, but withdrew its offer in August 2007 when it was outbid by a consortium of private investors and Northwest. In October 2008, Delta and Northwest merged. In June 2009, Republic Airways Holdings announced the purchase of Frontier and Midwest airlines.

Various other merger combinations of American, Continental, United, and US Airways have been rumored, but in an environment of high fuel prices and weak demand, none is expected to be pursued in the near term. In the longer term, further airline consolidation is possible and could change airline service patterns, particularly at the connecting hub airports of the merging airlines.

Alliances, joint ventures, and other marketing arrangements provide airlines with many of the advantages of mergers, and all of the large U.S. network airlines are members of such alliances with foreign-flag airlines. Alliances typically involve marketing, code-sharing, and scheduling arrangements to facilitate the transfer of passengers between the airlines. Joint ventures involve even closer cooperation and the sharing of costs and revenues on certain routes.

Availability and Price of Aviation Fuel

The price of aviation fuel is a critical and uncertain factor affecting airline operating economics. Fuel prices are particularly sensitive to worldwide political instability and economic uncertainty. Beginning in 2003, fuel prices increased as a result of the invasion and occupation of Iraq; political unrest in Nigeria and other oil-producing countries; the rapidly growing economies of China, India, and other developing countries; and other factors influencing the demand for and supply of oil. By mid-2008, average fuel prices were three times higher than they were in mid-2004 and represented the largest item of airline operating expense, accounting for between 30% and 40% of expenses for most airlines. Increased fuel prices have been the single most important contributor to recent airline industry losses. In the second half of 2008, fuel prices fell sharply as demand declined worldwide, although prices increased somewhat in 2009. Partly as a result of high fuel prices, airlines and aircraft manufacturers have begun to explore the use of alternative fuels for aircraft.

Airline industry analysts hold differing views on how oil and aviation fuel prices may change in the near term. However, there is widespread agreement that fuel prices are likely to remain high relative to historical levels and to increase over the long term as global energy demand increases in the face of finite and increasingly expensive oil supplies.

While aviation fuel prices have not affected the ability of airlines to provide service, continued high prices will affect future airline service, airfares, and passenger numbers. Airline operating economics will also be affected as regulatory costs are imposed on air travel and the airline industry as part of efforts to reduce aircraft emissions contributing to global climate change.

Aviation Safety and Security Concerns

Concerns about the safety of airline travel and the effectiveness of security precautions influence passenger travel behavior and airline travel demand. Anxieties about the safety of flying and the inconveniences and delays associated with security screening procedures lead to both the avoidance of travel and the switching from air to surface modes of transportation for short trips.

Safety concerns in the aftermath of the terrorist attacks in September 2001 were largely responsible for the steep decline in airline travel nationwide in 2002. Since 2001, government agencies, airlines, and airport operators have upgraded security measures to guard against changing threats and maintain confidence in the safety of airline travel. These measures include strengthened aircraft cockpit doors, changed flight crew procedures, increased presence of armed sky marshals, federalization of airport security functions under the Transportation Security Administration (TSA), and more intensive screening of passengers and baggage. Foiled plots to attack flights with explosives in the summer of 2006 and, more recently, in December 2009, have led to further changes in security screening procedures. The TSA faces a congressional mandate to screen 100% of air cargo by August 2010.

Public health 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. Beginning in April 2009, concerns about the spread of influenza caused by the H1N1 virus reduced certain international travel, particularly to and from Mexico and Asia.

Historically, airline travel demand has recovered after temporary decreases stemming from terrorist attacks or threats, hijackings, aircraft crashes, public health concerns, and international hostilities. Provided that precautions by government agencies, airlines, and airport operators serve to maintain confidence in the safety of commercial aviation without imposing unacceptable inconveniences for airline travelers, it can be expected that future demand for airline travel at the Airport will depend primarily on economic, not safety or security, factors.

Capacity of the National Air Traffic Control System

Demands on the national air traffic control system have, in the past, caused delays and operational restrictions affecting airline schedules and passenger traffic. The FAA is gradually implementing its Next Generation Air Transport System (NextGen) air traffic management programs to modernize and automate the guidance and communications equipment of the air traffic control system and enhance the use of airspace and runways through improved air navigation aids and procedures. After 2001, and again in 2008 and 2009, air traffic delays decreased as a result of reduced numbers of aircraft operations, but, as air travel demand increases in the future, flight delays will likely recur.

High Speed Rail Proposal

Florida High Speed Rail is a proposed high-speed rail network in Florida designed to link the five largest urban areas in the state. Funding for the system was authorized by a 2000 referendum of Florida voters that was subsequently repealed by Florida voters in a 2004 referendum. The first phase, planned for completion in 2009, would have connected Orlando to Tampa followed by an extension to St. Petersburg. Later phases would have extended the network to Miami, Fort Myers, Jacksonville, Tallahassee, and Pensacola. After the voters denied continued funding of Florida High Speed Rail in the 2004 referendum, the Florida Department of Transportation sought federal funds to construct the section from Orlando to Tampa and complete design from Orlando to Miami.

On January 28, 2010, the Obama administration announced \$1.25 billion in funding toward the estimated \$3.2 billion that Florida estimates it needs to complete the high-speed rail service linking MCO and downtown Tampa.* This funding commitment suggests that work may proceed, and service might be operational as early as late 2014 or early 2015 according to the Florida DOT's schedule.** While the availability of high speed rail in Florida during the forecast period is unlikely, this development would appear to be positive for future traffic growth at MCO, given that high speed rail could allow for easier access from the Tampa area to the air service offerings at the Airport, in particular, the more numerous international flights.

Capacity of the Airport

In addition to any future constraints that may be imposed by the capacity of the national air traffic control system, future growth in airline traffic at MCO will depend on the capacity at MCO itself. The forecast is conditioned on the assumption that, during the forecast period, neither available airfield or terminal capacity, nor demand management initiatives, will constrain traffic growth at the Airport.

ENPLANED PASSENGER FORECAST

The forecast of enplaned passengers at MCO through FY 2016 was developed taking into account travel demand to and from the MSA, trends in historical passengers, and key factors likely to affect future passenger levels, all as discussed in earlier sections.

The timing of the return of the national economy to positive growth; the degree to which airlines are able to adjust their business models to re-balance demand, capacity, cost, and airfares; and the extent to which consumers alter their travel behavior, including vacationing at destination theme parks such as those in the

* Florida Department of Transportation High Speed Intercity Passenger Rail Program Track 2 Application to the Federal Railroad Administration.

** Ibid.

MSA, in response to these factors will determine the pace and magnitude of the resumption of passenger growth at MCO.

Underlying Assumptions

In developing the forecast, the following key assumptions were made:

- O&D passenger levels at MCO will increase as a function of: (1) growth in the tourism (i.e., visitor) demand for the MSA, (2) growth in population, employment, and income in the MSA, and (3) the general economic health of the MSA.
- Domestic-to-domestic connecting passengers will continue to make up a minor segment of passenger traffic at the Airport. Gateway connecting passengers will grow rapidly, albeit from a relatively small base.
- The U.S. economy will recover from the recession and experience sustained growth in gross domestic product averaging between 2.1% and 2.9% per year. Recovery will be gradual through the remainder of 2010 and most of 2011. The economy of the MSA will recover at a rate similar to that of the nation.
- Given that airline travel tends to lag the economy, U.S. domestic airline passenger growth will resume in mid-to-late 2010.
- Normally, airline travel to the MSA correlates closely with discretionary income, resulting in passenger growth at MCO somewhat lagging national passenger growth. However, given strong capacity growth by several LCCs at MCO during FY 2010, sustained passenger growth at MCO will resume in the third quarter of 2010.
- Any consolidation (or failures) of legacy airlines or LCCs, should they occur, will not have a lasting impact on the level of passenger activity at MCO.
- The number of domestic seats at MCO will remain static in FY 2010 and return to positive growth in FY 2011. International capacity, by contrast, will continue to grow strongly in each year of the forecast period.
- Domestic capacity provided by the LCCs at MCO will decline less in the near term, return to positive growth sooner, and increase at a faster pace than the legacy airlines. Consequently, the share of domestic capacity at the Airport accounted for by LCCs will increase over the forecast period.
- Among LCCs, advance schedule filings by Southwest point to a year-over-year capacity decline of approximately 14% in the first half of FY 2010 at MCO. Advance schedules filed by other LCCs, by contrast, indicate strong growth at MCO over the same period. A narrowing of the gap in domestic capacity offered by Southwest vs. the other LCCs is thus envisaged in FY 2010.
- Allegiant will not shift any more of its Orlando operation from SFB to MCO than the 10 destinations announced in December 2009.

- The share of departing seats at MCO accounted for by international activity will increase.
- Load factors on domestic flights will not change materially at MCO, while the percentage of seats occupied on international flights will increase.
- MCO will not lose share of passengers to competing airports over the forecast period.
- Airline service at MCO will not be constrained by the availability of aviation fuel, airline fleet capacity, the capacity of the air traffic control system or the Airport itself, charges for the use of aviation facilities, or government policies or actions.
- The recent announcement of federal government funding to assist with the development of high-speed rail service between MCO and Tampa will have no impact on passenger flows at MCO during the forecast period.

Enplaned Passenger Forecast

Since the previous passenger forecast was prepared for the Airport in support of the issuance of the Series 2009C Bonds in November 2009, there have been a number of positive developments for traffic growth at MCO:

- On December 1, 2009, Allegiant announced that it would begin serving the Airport in February 2010 with nonstop service to 10 destinations previously served from its operation at SFB,
- On March 18, 2010, Virgin America announced that it would begin serving the Airport on August 19, 2010 with daily nonstop service to each of San Francisco and Los Angeles,
- In the first quarter of FY 2010, the Airport experienced higher than anticipated year-over-year growth in passenger traffic, and
- This increase in passenger traffic was largely attributable to higher than expected load factors.

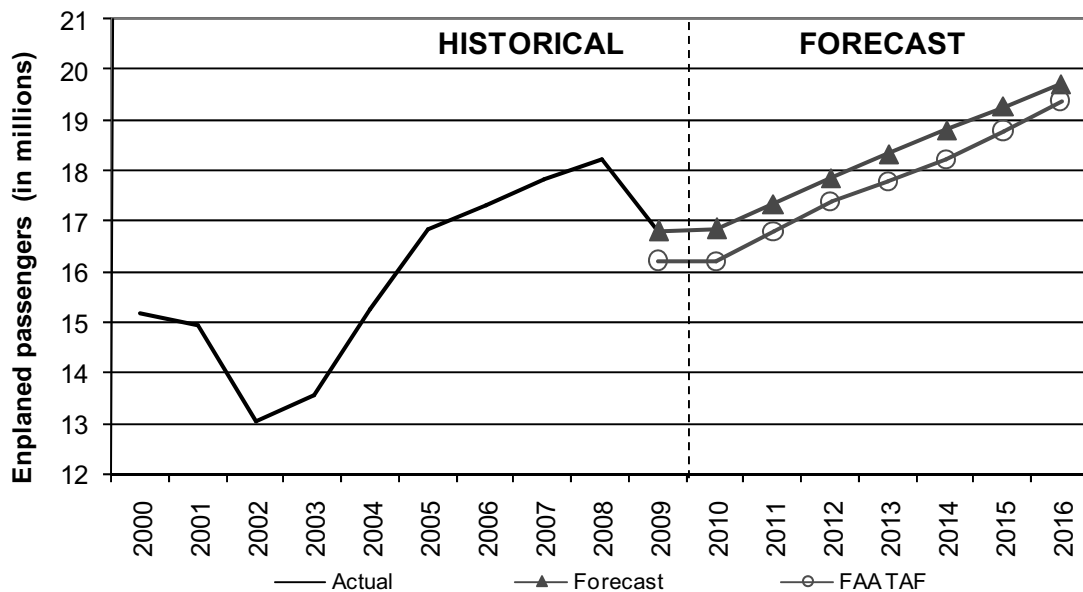
Largely as a result of these developments, the traffic forecast presented below is higher than the forecast prepared in November 2009.

Given the assumptions listed earlier, the number of enplaned passengers at MCO is forecast to be flat (up 0.3%) in FY 2010, increase by about 3% in each of FY 2011 and FY 2012, and experience decelerating growth thereafter, with a 2.4% increase in FY 2016. (See Figure 20 and Table 20.) The number of enplaned passengers is forecast to exceed the Airport's record FY 2008 level in FY 2013 and reach 19.7 million in FY 2016. Signatory Airlines are forecast to account for approximately 96% of the enplaned passengers over the forecast period.

The 19.7 million enplaned passengers forecast in FY 2016 exceed the 19.4 million enplaned passengers forecast in that year by the FAA's most recent Terminal Area Forecast (TAF). However, the TAF excludes non-revenue passengers which accounted for approximately 400,000 enplaned passengers at MCO in FY 2009, partially accounting for the lower TAF base year level shown on Figure 20. If the TAF were adjusted to include non-revenue passengers, it would exceed the level of passengers envisaged by this forecast in FY 2016, given the higher long-term rate of passenger growth in the TAF (2.6% per year, on average, between FY 2009 and FY 2016) relative to this forecast (2.3% per year, on average).

Figure 20
HISTORICAL AND FORECAST ENPLANED PASSENGERS
 Orlando International Airport
 (for Fiscal Years ended September 30)

This forecast was prepared on the basis of the information and assumptions given in the text. The achievement of any forecast is dependent upon the occurrence of future events which cannot be assured. Therefore, the actual results may vary from the forecast and the variance could be material.



Note: Jacobs forecast includes non-revenue passengers; TAF represents revenue passengers only.
 Sources: Historical—Greater Orlando Aviation Authority.
 Forecast—Jacobs Consultancy; FAA Terminal Area Forecast, December 2009.

Table 20
HISTORICAL AND FORECAST ENPLANED PASSENGERS
 Orlando International Airport
 (for Fiscal Years ended September 30)

This forecast was prepared on the basis of the information and assumptions given in the text. The achievement of any forecast is dependent upon the occurrence of future events which cannot be assured. Therefore, the actual results may vary from the forecast and the variance could be material.

Fiscal Year	Domestic			International			Domestic+International			
	O&D (a)	Connect.	Total	O&D	Connect.	Total	O&D	Connect.	TOTAL	% Chg.
2000	13,065.1	856.5	13,921.6	1,205.2	30.7	1,235.9	14,270.3	887.2	15,157.4	
2001	13,082.6	738.0	13,820.6	1,084.2	29.0	1,113.1	14,166.8	766.9	14,933.7	(1.5%)
2002	11,539.7	649.1	12,188.8	807.3	29.1	836.4	12,347.0	678.2	13,025.2	(12.8)
2003	11,999.5	675.9	12,675.4	827.9	28.9	856.8	12,827.3	704.8	13,532.2	3.9
2004	13,513.2	747.4	14,260.6	944.3	28.9	973.2	14,457.5	776.3	15,233.8	12.6
2005	15,064.7	696.1	15,760.9	1,046.3	26.3	1,072.6	16,111.1	722.4	16,833.5	10.5
2006	15,408.2	850.5	16,258.7	1,021.5	31.3	1,052.8	16,429.7	881.8	17,311.5	2.8
2007	15,826.5	921.1	16,747.6	1,062.6	21.6	1,084.2	16,889.1	942.7	17,831.8	3.0
2008	15,990.2	930.3	16,920.4	1,288.3	29.5	1,317.8	17,278.5	959.8	18,238.3	2.3
2009A	14,616.0	757.0	15,373.0	1,397.1	28.5	1,425.6	16,013.1	785.5	16,798.6	(7.9)
2010F	14,609.0	741.0	15,350.0	1,465.0	35.0	1,500.0	16,074.0	776.0	16,850.0	0.3
2011	15,018.0	742.0	15,760.0	1,539.0	43.0	1,582.0	16,557.0	785.0	17,342.0	2.9
2012	15,454.0	751.0	16,205.0	1,598.0	53.0	1,651.0	17,052.0	804.0	17,856.0	3.0
2013	15,855.0	765.0	16,620.0	1,648.0	65.0	1,713.0	17,503.0	830.0	18,333.0	2.7
2014	16,245.0	785.0	17,030.0	1,693.0	80.0	1,773.0	17,938.0	865.0	18,803.0	2.6
2015	16,627.0	808.0	17,435.0	1,736.0	99.0	1,835.0	18,363.0	907.0	19,270.0	2.5
2016	16,991.0	834.0	17,825.0	1,778.0	122.0	1,900.0	18,769.0	956.0	19,725.0	2.4
Compound annual growth rate										
2000-2008	2.6%	1.0%	2.5%	0.8%	(0.5%)	0.8%	2.4%	1.0%	2.3%	
2008-2009	(8.6)	(18.6)	(9.1)	8.4	(3.5)	8.2	(7.3)	(18.2)	(7.9)	
2009-2016	2.2	1.4	2.1	3.5	23.1	4.2	2.3	2.8	2.3	

Notes: A=Actual; F=Forecast.

Because foreign-flag airlines do not report to the U.S. DOT, O&D Survey, Jacobs Consultancy estimates were used to develop the data in the above table.

(a) Includes passengers who boarded domestic flights to other U.S. gateway airports where they connected with flights to their international destinations.

Sources: Historical—Greater Orlando Aviation Authority; U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1.

Forecast—Jacobs Consultancy.

Landed Weight Forecast

In FY 2009, nearly 20.9 billion pounds of aircraft landed weight was reported by the airlines operating at MCO. The Signatory Airlines accounted for the majority (91.2%) of the total; the non-signatory airlines accounted for the remainder. (See Table 21).

Landed weight is forecast to be flat (up 0.1%) in FY 2010 and to return to positive growth in FY 2011. Total aircraft landed weight is forecast to be nearly 24.5 billion pounds in FY 2016, 6.2% above the previous record level of 23.0 billion pounds recorded in FY 2008.

The average annual increase in aircraft landed weight forecast from FY 2009 through FY 2016 (2.3%) matches the average rate of increase forecast for enplaned passengers.

Table 21
HISTORICAL AND FORECAST LANDED WEIGHT
Orlando International Airport

(for Fiscal Years ended September 30; landed weight in millions of pounds)

This forecast was prepared on the basis of the information and assumptions given in the text. The achievement of any forecast is dependent upon the occurrence of future events which cannot be assured. Therefore, the actual results may vary from the forecast and the variance could be material.

Fiscal Year	Signatory carriers	Non-signatory carriers	Total	% Chg.
2003	15,002	3,826	18,828	
2004	15,953	4,325	20,278	7.7%
2005	18,406	3,677	22,084	8.9
2006	17,747	4,408	22,155	0.3
2007	19,778	2,830	22,608	2.0
2008	20,597	2,437	23,034	1.9
2009A	19,020	1,833	20,854	(9.5)
2010F	19,187	1,693	20,880	0.1
2011	19,904	1,636	21,540	3.2
2012	20,605	1,565	22,170	2.9
2013	21,260	1,480	22,740	2.6
2014	21,934	1,376	23,310	2.5
2015	22,640	1,260	23,900	2.5
2016	23,170	1,290	24,460	2.3
<u>Compound annual growth rate</u>				
2003-2008	6.5%	(8.6%)	4.1%	
2008-2009	(7.7)	(24.8)	(9.5)	
2009-2016	2.9	(4.9)	2.3	

Notes: A= Actual; F= Forecast.

Sources: Historical—Greater Orlando Aviation Authority.
Forecast—Jacobs Consultancy.

FINANCIAL ANALYSIS

FRAMEWORK FOR FINANCIAL OPERATIONS

Under the Greater Orlando Aviation Act, the Authority is charged with operating the Airport as a financially self-sustaining enterprise and is authorized to issue revenue bonds, payable solely from Airport System revenues, to pay the costs of acquiring or constructing improvements to the Airport System. The Authority is also authorized to establish and collect rentals, fees, and charges for services and facilities provided by the Airport System and to pledge such revenues to the payment of debt service on revenue bonds.

The Airport is owned by the City and operated by the Authority pursuant to a 50-year Operation and Use Agreement expiring September 2026. If the agreement with the City is not extended beyond 2026, the City is required to assume all obligations of the Authority, including the obligation to pay Bond debt service from the Revenues of the Airport System.

The Airport is defined as the Airport System under the Bond Resolution. The Authority also operates the Orlando Executive Airport as a general aviation airport. The Orlando Executive Airport does not constitute a part of the Airport System and revenues derived from the operation of the Orlando Executive Airport are not pledged to payment of the Bonds.

Airport Facilities Bond Resolution

The Authority issues Airport Facilities Revenue Bonds (Airport Facilities Bonds) pursuant to the Airport Facilities Revenue Bond Resolution under which The Bank of New York Mellon Trust Company, N.A, serves as Trustee, the codified version of which was adopted by the Authority on September 17, 2008, as amended and supplemented from time to time (the Bond Resolution). Airport Facilities Bonds are secured by a pledge of and first lien on Revenues of the Airport System. As of January 1, 2010, the principal outstanding on Airport Facilities Bonds was \$1,065,824,224 (after the January 2008C principal payment).

Revenues are generally defined as all income and revenues received by the Authority from the operation of the Airport, PFC revenues only to the extent they constitute Available PFC Revenues for the applicable period, and income from Special Purpose Facilities which are not pledged to the payment of obligations issued to finance such Special Purpose Facilities. Revenues do not include, among other things, grants-in-aid for capital projects or customer facility charges (CFCs) to the extent pledged to repay obligations issued to build rental car facilities.*

* CFCs are paid by rental car customers. Currently, all CFCs are pledged.

Available PFC Revenues are the portion of PFC revenues received by the Authority for PFC-eligible project costs approved by the FAA equal to 1.25 times the Debt Service accruing during an applicable period for the portion of the Bonds issued to finance PFC Projects, as allocated by a certificate of an Authorized Officer of the Authority. The portion of the 2010 Project for which the Authority is authorized to impose and use PFCs constitutes a PFC Project. PFC revenues that are not Available PFC Revenues do not constitute Revenues and are not subject to the pledge and lien established by the Bond Resolution. Currently, the Authority has outstanding six series of Bonds used to finance PFC Projects.

Operation and Maintenance Expenses (or O&M Expenses) consist of the Authority's expenses for operation, maintenance, repairs, ordinary replacement, and ordinary reconstruction of the Airport System but do not include any capital cost or any allowance for depreciation or any operation or maintenance costs for non Authority-owned Special Purpose Facilities.

Rate Covenant

In Section 711 of the Bond Resolution (the Rate Covenant) the Authority covenants that it will:

at all times while any Bonds shall be Outstanding, establish, fix, prescribe and collect rates, fees, rentals and other charges for the use of the Airport System as shall be required in order that in each Fiscal Year the Net Revenues less the amounts, if any, required to be deposited from Revenues...into...the Operation and Maintenance Reserve Account, the Capital Expenditures Fund and the Renewal and Replacement Fund shall equal at least 1.25 times the sum of the Aggregate Debt Service...for such Fiscal Year, and in any event, as shall be required to pay or discharge all indebtedness, charges and liens whatsoever payable out of Revenues...under the...Resolution.

Additional Bonds Test

The Authority is authorized under Section 204 of the Bond Resolution, subject to certain conditions, to issue Additional Bonds for an Additional Project or for an uncompleted Project. These conditions require, among other things, that estimates of Net Revenues less amounts, if any, required to be deposited from Revenues into the Operation and Maintenance Reserve Account, the Capital Expenditures Fund, and the Renewal and Replacement Fund, shall equal at least 1.25 times Aggregate Debt Service on (1) Outstanding Bonds, (2) the Additional Bonds, and (3) any future bonds that may be required to finance the cost of the Additional Project or any uncompleted Project. The estimates of Net Revenues must satisfy these obligations for each of the three Fiscal Years following the Fiscal Year in which the Consulting Engineer estimates that the Additional Project will be substantially completed and placed in service.

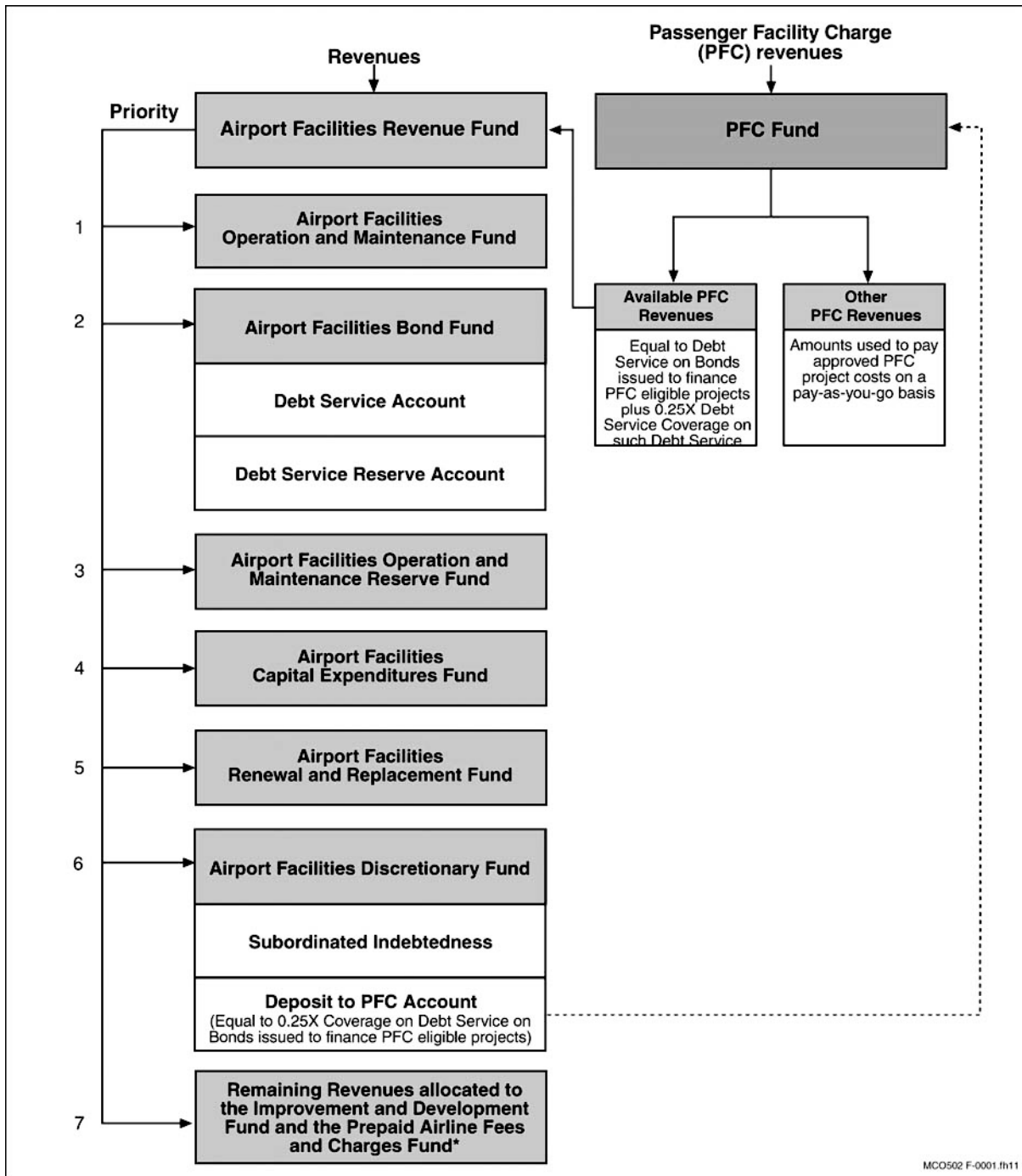
Flow of Funds

In Section 405 of the Bond Resolution the Authority covenants that all Revenues will be deposited into the Revenue Fund and, from the Revenue Fund, deposited into the various funds and accounts and in order of priority as illustrated in Figure 21 and as described in the later section "Application of Revenues."

Subordinated Indebtedness

The Authority has the right under the Bond Resolution to issue Subordinated Indebtedness or other obligations payable from the Discretionary Fund that are subordinate to the Bonds as to the pledge of, lien on, and payment from Revenues (the "Subordinated Indebtedness"). Subordinated Indebtedness is currently comprised of Subordinated Revenue Bonds, Subordinated Bank Line of Credit, Gulf Breeze Loans, and Secondary Subordinated Indebtedness. The Authority has also entered into an interest rate swap arrangement where the payment obligations are payable from the Discretionary Fund. The Authority's obligations under the interest rate swaps and financial products, as well as under the 1998 Gulf Breeze Loan, constitute Subordinated Indebtedness secured by a lien on Revenues deposited in the Discretionary Fund that is subordinated to the lien securing the Subordinated Bonds and Other Parity Indebtedness.

Table 22 OUTSTANDING SUBORDINATED AND SECONDARY SUBORDINATED INDEBTEDNESS as of January 1, 2010¹ Greater Orlando Aviation Authority			
Type of Subordinated Indebtedness	Date Originated	Original Principal Amount	Current Outstanding Principal
Gulf Breeze Loans	June 1998	\$19,290,000	\$15,680,000
2002A Taxable Subordinated Bonds	June 28, 2002	\$30,015,000	\$10,265,000
Series 1997 Secondary Subordinated Indebtedness	December 1997	\$90,055,000	\$90,055,000
1. Excludes Interest Rate Swaps which are described in the table below.			
Source: Greater Orlando Aviation Authority.			



* As a result of the new Lease and Use Agreement with the Signatory Airlines operating at the airport, effective October 1, 2008, the Authority is no longer required by the Lease and Use Agreements to make any deposits into the Prepaid Airline Fees and Charges Fund and, to the extent any deposits into such Fund are made, they are not to be credited to the airlines.

Source: Airport Facilities Bond Resolution.

Prepared by: Jacobs Consultancy

Figure 21
APPLICATION OF REVENUES
UNDER THE BOND RESOLUTION
Greater Orlando Aviation Authority
November 2009

Commercial Paper Program

The Authority had provided for the interim financing of certain Airport capital improvements from the proceeds of certain Airport Facilities Subordinated Commercial Paper Notes from October 1994 through December 2009, but has since retired this program and replaced it with a bank line of credit.

Bank Line of Credit

On December 18, 2009, the Authority entered into a three-year agreement with Wachovia Bank, N.A. to provide a \$100 million line of credit on a subordinated lien basis on parity with other Subordinated Indebtedness. The line of credit is to be used as interim financing for capital projects in anticipation of issuance of long term bonds and/or receipt of grants, PFCs, CFCs, Authority funds, and other permanent funding sources to replace the retired commercial paper program.

Interest Rate Swap

The Authority has one outstanding interest rate swap agreement as shown below, which is payable from the Discretionary Fund and subordinate to the Bonds and the Subordinated Bonds and Other Parity Indebtedness.

Table 23
OUTSTANDING SWAP PROGRAM
September 30, 2009
Greater Orlando Aviation Authority

Associated Debt Issue	Notional Amount	Effective Date	Authority Pays	Authority Receives	Swap Expiration
1997B Secondary Subordinated Indebtedness	\$90,055,000	January 1, 2003	4.45%	SIFMA ¹ plus spread to receive 4.45%	October 1, 2027

1. The Securities Industry and Financial Markets Association Swap Index formerly the Bond Market Association Swap Index ("BMA").

Note: For a thorough discussion of this swap, including certain termination rights of the swap counterparty, please refer to Note 15 of the Audited Financial Statements and Report of the Independent Auditors Thereon for the Fiscal Years Ended September 30, 2008 And 2009 attached as Appendix E to the Preliminary Official Statement. However, at this time the Authority has not received any notice of optional termination from the counterparty based on the downgrade of MBIA Insurance Corporation (insurer of the swap) ("MBIA"). In any event, as long as the Authority maintains a long term senior unsecured debt rating of "A" or better, a downgrade of MBIA will not result in an optional termination event under the swap.

Source: Greater Orlando Aviation Authority.

Special Purpose Facilities Taxable Revenue Bonds

The Authority also has the ability under the Bond Resolution to issue Special Purpose Facility Bonds that can be used for "any capital improvements or facilities acquired or constructed by the Authority from funds other than Revenues or obligations payable from Revenues" and are located within the Airport System.

In October 2009, the Authority issued \$62.8 million of Special Purpose Facilities Taxable Revenue Bonds (the "CFC Bonds") to fund a portion of the costs of an expansion and reconfiguration of the rental car facilities at the Airport (the "CFC Project"). The CFC Bonds were issued under a Trust Indenture between The Bank of New York Mellon Trust Company, N.A., as trustee and the Authority (the "CFC Indenture") and are limited obligations of the Authority, payable solely from and secured by a pledge of the CFCs and other funds pledged under the CFC Indenture.

A rental car customer facility charge or "CFC" was authorized by a resolution of the Authority adopted on August 20, 2008, as amended and restated on August 19, 2009, to be derived from the operation of rental car activities on the Airport. The Authority has pledged the CFC receipts to pay the costs and expenses of financing, designing, constructing, operating, relocating and maintaining certain rental car facilities at the Airport. While the CFC Bonds are outstanding, CFCs are not included in the definition of Revenues under the Bond Resolution and are not available to pay principal of and interest on Bonds.

Because the CFC Project will increase the on-site presence of rental car companies (e.g., Hertz, which now operates off-Airport with 15% of the rental car market

share), the operation of the CFC Project is expected to increase Revenues. The increases in Revenues are expected to come from additional rental fees resulting from additional space under lease and from more favorable business terms under the Automobile Rental Car Concession Agreements.

Passenger Facility Charge Program

PFCs are fees imposed on enplaned passengers by airport sponsors to generate revenues for eligible airport projects that increase capacity, enhance competition among and between air carriers, enhance safety or security, or mitigate noise impacts. PFCs were established by Title 49 U.S.C. §40117, and authorized airport sponsors to collect PFCs in the amount of \$1.00, \$2.00, or \$3.00 per eligible enplaning originating and connecting passenger. The Aviation Investment and Reform Act (AIR-21) increased the maximum PFC airport sponsors could collect to \$4.50 per enplaning passenger.

The Authority has received approval from the Federal Aviation Administration (FAA) to collect and use PFCs under 12 applications for a total of nearly \$2 billion in collection authority as summarized on Table 24. Through December 31, 2009, PFC revenues received by the Authority, including investment earnings, totaled \$733 million, of which \$668 million had been expended on approved project costs. The Authority is currently authorized to impose a PFC of \$4.50 per enplaned passenger at the Airport and has been collecting a PFC since February 1993, which was initially set at \$3.00 and increased to \$4.50 in April 2007.

Table 24
APPROVED PASSENGER FACILITY CHARGES
Orlando International Airport

Application Number	Collection Authority	Collections through December 31, 2009	Expenditures¹ through December 31, 2009
92-01-C-05-MCO (Closed)	\$34,099,841	\$34,099,841	\$34,099,841
93-02-C-00-MCO (Closed)	8,140,005	8,140,005	8,140,005
95-03-C-02-MCO (Closed)	18,637,986	18,637,986	18,637,986
96-04-C-06-MCO	65,327,000	65,327,000	56,694,517
98-05-C-04-MCO	119,178,876	119,178,876	115,418,759
99-06-C-02-MCO	116,091,803	116,091,803	60,652,859
00-07-C-03-MCO	181,271,854	181,271,854	55,738,429
00-08-C-01-MCO	253,632,770	190,331,213	27,464,527
02-09-C-05-MCO	165,358,198	-	94,646,049
05-10-C-07-MCO	745,494,011	-	183,066,295
07-11-C-00-MCO	48,580,000	-	13,393,627
07-13-C-00-MCO ²	227,788,000	-	-
Total Authority	<u>\$1,983,600,344</u>	<u>\$733,078,578</u>	<u>\$667,952,894</u>

1. Expenditures for each application may commence upon notification of the approval of the application. For reporting purposes, PFC collections are reported as applied to each application in order of the applications until the collection authority amount has been met for each application. As a result of this reporting method, there are allowable expenditures reported for applications that may not show collections directly assigned to them.
2. PFC Application #12 was proposed by the Authority to combine PFC Applications #8 through #11 with no impact on total collection authority.

Source: Greater Orlando Aviation Authority.

The Bag System Improvements Project, which is part of the 2010 Projects, is covered by 07-13-C-00-MCO, which was approved by the FAA in October 2009 at the \$3.00 PFC collection level. Of the Authority's 12 approved PFC applications, 10 (PFC #1 through 10) have been approved at the \$4.50 level and PFC #11 and 13 were approved at the \$3.00 level. The estimated charge effective date for PFC #11 is March 2020, which is the date at which the Authority's collection authority would decline from \$4.50 to \$3.00.

Airline Lease and Use Agreements

The 30-year residual airline use and lease agreements expired on September 30, 2008. The Authority entered into separate, but substantially similar, Airline-Airport Lease and Use Agreements (Lease and Use Agreements) with most of the airlines serving the Airport (the Signatory Airlines) that became effective on October 1, 2008 as shown below.

Table 25
SIGNATORY AIRLINES
Orlando International Airport
(as of March 1, 2010)

Air Canada	British Airways	jetBlue	US Airways
AirTran	Continental	Southwest	Virgin Atlantic
Allegiant	Copa	Spirit	WestJet
American	Delta	United	

Source: Greater Orlando Aviation Authority

Note: Effective October 1, 2009, Northwest became a non-signatory airline and affiliate of Delta with the space previously leased by Northwest being assumed by Delta. Copa became a Signatory Airline on November 1, 2009. Allegiant became a Signatory Airline on February 1, 2010.

Rate-making Methodology. The Lease and Use Agreements set forth the terms and conditions governing use of the airfield and apron areas of the Airport and the use and occupancy of space in the Landside Terminal and Airside Buildings. They also establish the procedures for the annual review and adjustment of Signatory Airline rents, fees, and charges, which provides for a compensatory rate-making methodology for use of the terminal facilities, a cost center residual rate making methodology to establish landing fees for the use of the airfield, revenue sharing between the Authority and the Signatory Airlines, and an Extraordinary Coverage Protection provision.

Cost Centers. Under the Lease and Use Agreements, the Authority has established Cost Centers to track revenues and expenses that are used in the calculation of airline and nonairline rates and charges. The Authority accounts for all operating revenues, and for direct operating expenses, on the basis of these Cost Centers. In addition, the Authority incurs certain indirect expenses, which are allocated to the Cost Centers based on the estimated usage by cost center. The following direct cost centers are used in the calculation of airline rates and charges:

- **Airfield** — Those portions of the Airport, including the Terminal Aircraft Aprons, providing for the landing, taking off, and taxiing of aircraft, including without limitation, approach and turning zones, runway protection zones, safety areas, infield areas, landing and navigational aids,

service roads, fencing, buffer areas, fuel farm, fuel hydrant and delivery systems, clear zones, aviation or other easements, runways, a fully integrated taxiway system, runway and taxiway lights, and other appurtenances related to the aeronautical use of the Airport, including any property purchased for noise mitigation purposes. Sub-Cost Centers of the Airfield include:

- Apron. The Apron Fee Requirement is equal to 10% of Airfield Requirement and is allocated based on lineal feet
- Fuel. The fuel farm and related improvements.
- Terminal – The passenger terminal building, including all landside and airside passenger terminal facilities and the APM. Sub-Cost Centers of the Terminal include:
 - Airline Equipment. Includes costs associated with certain airline equipment and facilities, including bag system equipment, loading bridges, PC Air, and 400 Hz.
 - CUTE/CUSS/CUPPS. Includes costs associated with common use terminal equipment (CUTE), common use self service (CUSS), or common use passenger processing system (CUPPS) operations.
- Hotel. Consists of the hotel facility located at north terminal landside and any future developed hotel, including guest rooms, meeting rooms restaurants and lobby areas.
- Ground Transportation. Consists of areas designated for public automobile parking, automobile rental agencies, taxi, bus and limousine parking areas, and other non-aeronautical transportation related accommodations and services for the public arriving at or leaving the Terminal.
- Other Buildings and Grounds. Consists of all areas of the Airport not identified elsewhere.
- Orlando Executive Airport. The general aviation reliever airport.

Rate Base Costs. The allocable costs included in the total requirement for Terminal Rentals and Landing fees include the following:

1. Total direct and indirect O&M Expenses and O&M Reserve Requirement
3. Debt Service net of Available PFC Revenues
4. Amortization of Authority-funded assets computed net of amounts funded with the proceeds of Bonds, PFCs, and grants-in-aid at 6% over the economic life for the capital item
4. Amortization of Authority-funded Renewal and Replacement expenditures computed net of amounts funded with the proceeds of Bonds, PFCs, and grants-in-aid at 6% over the economic life for the capital item

5. Less a credit for certain specified revenues.

- For the landing fees, the credit consists of Non-Signatory Landing Fees, Fuel System Revenues, Other Revenues assigned to Airfield Cost Center (excluding Signatory Airline Landing Fees, Apron Use Fees, non-Signatory ramp fees, and “remain overnight” fees)
- For terminal rents, the credit consists of Facility Fees from Air Transportation Companies not operating under a Space/Use or similar agreement, unamortized tenant finish payments regarding Continental Hanger, Airline Equipment Charges, CUTE/CUSS/CUPPS Fees, and FIS Fees

Airline space rental rates in Terminals A and B are expected to be established under a commercial compensatory ratemaking methodology where rental rates will be calculated to recover the average cost of each square foot of Rentable Space in the Terminal Building cost center. (Rentable Space is the total amount of space, in square feet, available for rent in the Terminal Building, including to airlines, concessions, and other rent-paying tenants.) The Terminal Building Requirement is expected to be computed by summing the same costs identified above for the Airfield Requirement (excluding the Reliever Airports), but allocable to the Terminal Building. From this amount, the rentals from unenclosed airline space and operating grants from the federal government are deducted to yield a Net Terminal Building Requirement. An average rental rate will be calculated by dividing the Net Terminal Building Requirement by the total Rentable Space.

Capital Project/R&R Expenditure Review. Majority-in-Interest (MII) approval only applies to capital projects or renewal and replacement expenditures not previously approved by the airlines and undertaken in either the Airfield or Terminal cost centers with gross project costs expected to exceed \$5 million.

Basis of Use. Under the Lease and Use Agreements and Space/Use Agreements, the Authority leases space and equipment to the airlines on an exclusive, preferential, or common use basis as follows:

1. Exclusive use space -- offices, operations, baggage storage/service, VIP lounge
2. Preferential use space -- ticket counters, ticket kiosks, holdrooms (including gate check-in podiums), baggage make-up, bag drop, baggage claim, curbside check-in, loading bridges, aircraft parking positions at assigned gate(s)
3. Common use space -- tug drive

Rents for exclusive and preferential use space are assessed on the basis of the amount of space leased. Rents for Common Use Space are prorated among all airlines based on enplaned passengers.

Common use Facility Fees are assessed for airlines using Authority gates and facilities on a per turn basis. Signatory Airlines using common use facilities are required to sign Space/Use Agreements.

Revenue Sharing. The new Lease and Use Agreements are considered to be “hybrid” agreements because they provide for the sharing of net revenues after the payment of debt service and other fund deposit requirements with the Signatory Airlines. In each Fiscal Year the net remaining revenues after satisfying all requirements of the Bond Resolution, including the Rate Covenant requirement, are divided between the Signatory Airlines and the Authority as follows:

- FY 2009 and FY 2010--30% to Signatory Airlines; 70% to the Authority
- FY 2011 through FY 2013--25% to Signatory Airlines; 75% to the Authority

The Signatory Airline share is distributed among Signatory Airlines based on each airline’s share of enplaned passengers for the Fiscal Year.

Extraordinary Coverage Protection. In return for Revenue Sharing, the Signatory Airlines agreed to pay Extraordinary Coverage Protection payments in rentals, fees, and charges in any Fiscal Year in which the amount of Revenues less O&M Expenses and all required fund deposits is projected to be less than 125% of the annual Debt Service requirement.

Term. The Airline Agreements are scheduled to expire on September 30, 2013. In developing the financial forecasts, the Authority assumed that the existing rate-making procedures would remain in effect through the forecast period (FY 2016).

RECONCILIATION OF HISTORICAL FINANCIAL RESULTS

Table 26 presents a summary and reconciliation of the historical operating results of the Authority between Generally Accepted Accounting Principles (GAAP) and the Bond Resolution, as obtained from the financial statements for FY 2009 contained in the Authority’s Comprehensive Annual Financial Report, which are prepared on the basis of generally accepted accounting principles.

Table 26

RECONCILIATION OF HISTORICAL FINANCIAL RESULTS

Greater Orlando Aviation Authority

For Fiscal Year ended September 30, 2009; numbers in thousands)

Net Income (per financial statements)

Operating revenues	\$ 316,754
Operating expenses	(193,100)
Operating income before depreciation	\$ 123,654
Depreciation	(101,327)
Operating income	\$ 22,327
Non-operating revenues (expenses)	18,999
Capital contributions	37,286
Net Income	\$ 78,612

Net Revenues (per Bond Resolution)

Revenues	\$ 346,496
Operations and maintenance expense	(174,802)
Net Revenues	\$ 171,694
Required fund deposits	(369)
Net revenues available for debt service	\$ 171,325

Reconcilliation

Net income	\$ 78,612
Add back:	
Depreciation	101,327
Interest expense	66,850
Non-capitalized expenditures from restricted and other accounts	12,716
Signatory airline revenue sharing	11,092
Hotel revenues and expenses accrued in other accounts	(1,063)
Transfer from Discretionary Account - tenant finish costs	608
Operation and Maintenance expenses paid from prior year reserves	7,137
Fair Market Value Adjustment	(1,247)
Deduct:	
Investment income on restricted accounts and Non-trustee Revenue Account	(954)
Required deposits	(369)
Passenger facility charge (PFC) revenues not used for debt service	(43,794)
Customer facility charges	(21,790)
Grant income not available for debt service	(37,355)
Transfer to Project Account from Operation and Maintenance Account	(609)
Gain on sale of equipment and Other Non operating	164
Net revenues available for debt service	\$ 171,325

Source: Greater Orlando Aviation Authority.

2010 PROJECTS

The 2010 Projects consist of the Bag System Improvements and Vertical Circulation and Central Plant Improvements as described below.

Bag System Improvements (North Terminal Capacity Program). This \$60 million project consists of improvements to the existing landside terminal baggage claim and make-up systems, including:

- Replace bag claim devices (\$12,430,000). This project element will replace 18 bag claim devices with new flat plate carousels and extend the fingers to within approximately three feet of the building column line within the same layout. The project will increase capacity and address security issues related to the current configuration.
- Replace slope plate carousels (\$9,200,000). This project element will replace two existing slope plate carousels currently used by United and British Airways with a sort pier system. The work includes nine sort piers and a recode line layout. Ticket counter conveyors will also be replaced or refurbished. This system is preferred over a carousel system because it provides operational efficiencies by allowing separation of airline activity and provides additional capacity.
- Replace sort piers (\$29,450,000). This project element will replace the entire baggage system and sort piers. The replacement is recommended over refurbishment because it will increase belt width from 30 inches to 36 inches, which will improve operations, and increase capacity. Ticket counter conveyors will also be replaced or refurbished.
- Upgrade bag make-up area electrical system (\$5,720,000). This project element will provide several baggage systems in the Level 2 bag make-up area (including Delta and United) with new lighting and ventilation as well as emergency generator backup power. This will improve safety, operations and efficiency of the baggage handling system as well as ensure operation of the system in the event of a power failure.
- Develop baggage reporting/tracking system (\$3,200,000). This project element will develop a terminal-wide reporting system for the baggage handling system. Currently there are four independent systems manufactured by different companies which results in different graphics, diagnostics, reporting, and monitoring capabilities. This will increase operational efficiency and improve diagnostic and repair capability. It will also unify the software and program, and upgrade it to current technology.

It is expected that construction will begin in mid 2010 and the project will be substantially complete in three years (mid 2013). The project will be phased to maintain bag system operations throughout the construction period.

Vertical Circulation and Central Plant Improvements. This project includes (1) replacement of four escalators from the parking garage tunnels to level 3 in the landside terminal (\$4,560,000), (2) central plant improvements for the north terminal complex (\$8,440,000), and (3) modifications to the Airside 1 Federal Inspection Service (FIS) facility (\$10,000,000) for a total estimated cost of \$23,000,000.

The central plant improvements include replacement of three chillers and associated pumps, replacement of two cooling towers and associated condenser pumps, changing to a sloped basin below the new towers, and performing various modifications to ease plant operation. Construction is expected to begin in July 2010 and be substantially complete in May 2011.

The Airside 1 FIS improvements include modifications to the current passenger arrival process by modifying public circulation space, constructing new space, and adding new vertical circulation from the ramp level to the transfer level of Airside 1. These improvements will enable most arriving international passengers to bypass the airside security checkpoint and board the automated people mover (APM) system with some or all of their baggage. Modifications will also be made at the landside APM station to facilitate the segregated movement of the arriving international passengers into the landside building. Construction is expected to begin in August 2010 and be substantially complete in February 2012.

AIRPORT CAPITAL IMPROVEMENT PROGRAM

In FY 2008, the Authority presented a \$977 million capital improvement program (CIP) for FY 2009 through FY 2013 to the airlines serving the Airport. The \$977 CIP was incorporated into the airline Lease and Use Agreement that became effective October 1, 2008. Therefore, these projects have Signatory Airline approval. However, as a result of the downturn in the economy and airline announcements regarding capacity cuts, the Authority reviewed the CIP and deferred certain capacity projects until after FY 2013 (the "Revised FY 2009-2013 CIP"). These deferrals, as well as actual bid amounts for certain projects, have resulted in a reduction of that portion of the estimated cost of the CIP that is expected to be funded through FY 2013 to \$641 million.

The Authority also intends to develop a remote baggage screening facility that was not part of the \$977 million CIP approved by the Signatory Airlines. The Authority has FAA approval to fund this project with PFCs, and because it is not part of the airline Cost Centers (Airfield and Terminal), it does not require airline approval.

The Authority expects that a number of the projects deferred in the original FY 2009-2013 CIP will be undertaken in FY 2014 through FY 2016 resulting in an overall CIP of \$820 million for the FY 2009-2016 period. All of the projects in the CIP that require airline approval have been approved by the Signatory Airlines under the Lease and Use Agreement.

The projects in the CIP, their estimated costs, and the funding plan are summarized in Table 27. Cost estimates were provided by the Authority and its consultants and include allowances for design, construction management, contingencies, and escalation. The CIP represents to the Authority's best knowledge and belief at this time, all of the significant capital improvements expected to be undertaken through FY 2016, with the possible exception of a high speed rail station at the Airport in the event the State constructs the intercity high speed rail line connecting downtown Tampa to MCO during this time period.* However, the Authority expects the capital costs of the station would be funded from either State or federal sources and the operating costs would be funded from fare revenues.

The Authority reassesses its capital needs at least annually and will modify the CIP as necessary to accommodate traffic activity, security needs, and other factors, which could result in increases or decreases to the CIP, or extend the timing to complete certain projects consistent with the Lease and Use Agreement.

Estimated future debt service and operating expenses associated with the CIP projects are incorporated in the financial forecasts.

* On January 28, 2010, the U.S. Department of Transportation announced the award of a \$1.25 billion grant to Florida toward the creation of a new high-speed rail corridor from downtown Tampa to Orlando International Airport, which the Florida Department of Transportation estimates could be operational by the end of 2014.

Table 27
SUMMARY OF CAPITAL IMPROVEMENT PROGRAM -- FY 2009-2016
 Greater Orlando Aviation Authority
 (in thousands)

	Original	Current Estimates			AIP Grants	TSA/AIP	TSA Grants	State Grants	Future GOAA Funds	Other Funds /1	PFC	2009C PFC Bonds	2010	2012 PFC Bonds	2010	2012 Revenue Bonds	2012	2014 Revenue Bonds	Total
	Estimated			ARRA		Pay-as-You-					2010								
	Costs	2009-2013	2014-2016	Grants		Go Funds					PFC Bonds								
Terminal																			
Airside 1 Rehabilitation/2	\$ 122,101	\$ 110,000	\$ -	\$ 110,000	\$ -	\$ -	\$ -	\$ 4,500	\$ -	\$ 35,700	\$ -	\$ 69,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,000
EDS Improvements	114,839	106,000	-	106,000	-	14,927	37,800	4,100	-	44,173	5,000	-	-	-	-	-	-	-	106,000
Ticket Lobby Improvements/CUSS/CUPPS	123,000	11,000	112,000	123,000	-	-	-	-	-	3,500	114,500	-	-	-	-	5,000	-	-	123,000
Bag System Improvements	90,400	60,000	30,400	90,400	-	-	-	3,100	-	-	27,000	-	53,900	-	3,000	-	3,400	90,400	
Vertical Circulation & Central Plant Improvements																			
Replace Landside Escalators	4,560	4,560	-	4,560	-	-	-	-	-	-	-	-	-	-	4,560	-	-	4,560	
Replace Three Chillers	8,000	8,440	-	8,440	-	-	-	-	-	-	-	-	-	-	8,440	-	-	8,440	
Emergency Power Landside Chillers	11,150	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Airside 1 FIS	4,540	10,000	-	10,000	-	-	-	-	-	-	-	-	-	-	10,000	-	-	10,000	
Subtotal -- Vertical Circulation/Central Plant	28,250	23,000	-	23,000	-	-	-	-	-	-	-	-	-	-	23,000	-	-	23,000	
Emergency Electrical System Improvements	13,000	12,900	-	12,900	-	-	-	2,900	-	2,000	8,000	-	-	-	-	-	-	12,900	
Information Technology Improvements	11,865	9,523	-	9,523	-	-	-	-	9,523	-	-	-	-	-	-	-	-	9,523	
Landside Terminal Infrastructure Improvement	11,131	10,000	-	10,000	-	-	-	-	-	-	10,000	-	-	-	-	-	-	10,000	
Expand Duct Bank at Airsides 1 & 3	7,910	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Automated People Mover Improvements	5,567	2,350	-	2,350	-	-	-	-	-	-	2,350	-	-	-	-	-	-	2,350	
Access Control Improvements	6,100	2,100	4,000	6,100	1,575	-	-	263	-	-	4,263	-	-	-	-	-	-	6,100	
Total Terminal	\$ 534,163	\$ 346,873	\$ 146,400	\$ 493,273	\$ 1,575	\$ 14,927	\$ 37,800	\$ 14,863	\$ 9,523	\$ 85,373	\$ 171,113	\$ 69,800	\$ 53,900	\$ -	\$ 26,000	\$ 5,000	\$ 3,400	\$ 493,273	
Airfield																			
Airfield Pavement Rehabilitation	\$ 64,251	\$ 53,731	\$ -	\$ 53,731	\$ 28,907	\$ -	\$ -	\$ 5,561	\$ -	\$ 767	\$ 5,500	\$ -	\$ -	\$ 12,994	\$ -	\$ -	\$ -	\$ 53,731	
Cargo Apron Rehabilitation	1,893	4,972	-	4,972	-	-	-	-	-	216	4,757	-	-	-	-	-	-	4,972	
Taxiway C Rehabilitation	32,488	23,408	-	23,408	12,830	5,134	-	2,039	-	348	3,058	-	-	-	-	-	-	23,408	
Airfield Capacity	29,530	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Taxiways Y&Z Rehabilitation	11,046	2,330	-	2,330	-	2,045	-	-	-	285	-	-	-	-	-	-	-	2,330	
Taxiways E&J	10,079	5,458	-	5,458	3,560	-	-	682	-	-	-	-	1,216	-	-	-	-	5,458	
Taxiway A Widening	8,866	8,511	-	8,511	5,573	-	-	929	-	598	-	-	-	1,411	-	-	-	8,511	
Fuel Farm	5,000	4,800	-	4,800	-	-	-	-	-	-	-	-	-	-	-	4,800	-	4,800	
Airside 1 Apron Rehabilitation	3,273	3,142	-	3,142	-	-	-	-	-	-	-	-	-	3,142	-	-	-	3,142	
Airside 3 Apron Rehabilitation	3,273	3,142	-	3,142	-	-	-	-	-	-	-	-	-	3,142	-	-	-	3,142	
Total Airfield	\$ 169,699	\$ 109,494	\$ -	\$ 109,494	\$ 50,870	\$ 7,179	\$ -	\$ 9,211	\$ -	\$ 2,213	\$ 13,315	\$ -	\$ -	\$ 21,906	\$ -	\$ 4,800	\$ -	\$ 109,494	
Ground Transportation																			
Rental Car Improvements /3	\$ 102,600	\$ 80,082	\$ -	\$ 80,082	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,082	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,082	
Road, Curb, Cell Lot Improvements/3	42,180	31,180	-	31,180	-	-	-	375	-	19,700	-	-	-	7,163	-	3,942	-	31,180	
Parking	23,370	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Employee Parking Lot Expansion	11,400	-	11,400	11,400	-	-	-	-	-	-	-	-	-	-	-	-	11,400	11,400	
Utility/Infrastructure Improvements	11,400	5,700	5,700	11,400	-	-	-	-	11,400	-	-	-	-	-	-	-	-	11,400	
South Tradeport Drive Resurfacing	2,280	2,280	-	2,280	-	-	-	-	-	-	2,280	-	-	-	-	-	-	2,280	
Total Ground Transportation	\$ 193,230	\$ 119,242	\$ 17,100	\$ 136,342	\$ -	\$ -	\$ -	\$ 375	\$ 11,400	\$ 99,782	\$ 2,280	\$ -	\$ -	\$ 7,163	\$ -	\$ 3,942	\$ 11,400	\$ 136,342	
Other																			
Environmental Mitigation	\$ 22,600	\$ 17,600	\$ -	\$ 17,600	\$ -	\$ -	\$ -	\$ -	\$ 17,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,600	
Tradeport Drainage Improvements	20,000	10,000	10,000	20,000	-	-	-	-	10,000	-	-	-	-	-	-	10,000	-	20,000	
Hotel Lobby and Public Area Improvements	16,800	11,000	5,800	16,800	-	-	-	-	16,800	-	-	-	-	-	-	-	-	16,800	
Purchase Army Property	9,154	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Long Term Planning	6,739	6,739	-	6,739	5,055	-	-	842	-	-	842	-	-	-	-	-	-	6,739	
Post Office Demolition	2,536	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Noise Program Continuation	2,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Remote Bag Screening Facility Improvements	-	20,000	-	20,000	-	1,303	-	-	672	-	18,025	-	-	-	-	-	-	20,000	
Total Other	\$ 79,829	\$ 65,339	\$ 15,800	\$ 81,139	\$ 5,055	\$ 1,303	\$ -	\$ 842	\$ 45,072	\$ -	\$ 18,867	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ -	\$ 81,139	
Total	\$ 976,921	\$ 640,948	\$ 179,300	\$ 820,248	\$ 57,500	\$ 23,410	\$ 37,800	\$ 25,290	\$ 65,995	\$ 187,368	\$ 205,574	\$ 69,800	\$ 53,900	\$ 29,069	\$ 26,000	\$ 23,742	\$ 14,800	\$ 820,248	

Notes: 1. Includes insurance proceeds, prior bond proceeds, and existing GOAA funds for the Airside 1 & 3 Project; prior bond proceeds and existing GOAA funds for EDS improvements; and existing GOAA funds for emergency electrical system improvements.
 2. Does not include the portion of the Airside 1 & 3 Project that was already funded at the time the airline Lease and Use Agreements were negotiated. The total cost of the Airside 1 & 3 Project is \$272 million of which \$85 million will be funded with the 2009C Bonds.
 3. Includes the "2009 Project" (totaling \$60.3 million) that was financed in part with the proceeds from the 2009 Special Purpose Facilities Taxable Revenue Bonds plus \$39.5 million in Future Projects to be funded from CFC revenues on a pay-as-you-go basis.

source: Greater Orlando Aviation Authority as of February 1, 2010, for projects expected to be undertaken through FY 2016.

Key components of the Authority's CIP expected to be undertaken between FY 2009-2016 include:

Terminal

Airside 1 Rehabilitation. This program includes various improvements to building infrastructure and to bring the level of finish in Airside 1 to the same level as in Airsides 2 and 4, including rehabilitating the transfer level of the three airside wings, the hub area and people mover station. The hub area will include an expansion to accommodate additional concession, public seating, and circulation areas. This is a component of the Airside 1 & 3 Project that was financed in part with the 2009C Bonds, which also includes the rehabilitation and renovation of Airside 3. Both were substantially complete by October 30, 2009.

EDS (Security) Improvements. The Explosion Detection System ("EDS") program includes the third and final phase of the in-line EDS program in the North Terminal. The EDS central system will serve the central ticketing areas of Terminals A and B and the southeast area of the terminal located on Terminal B and is expected to be operational in FY 2010.

Ticket Lobby Improvements/CUSS/CUPPS (North Terminal Capacity Program). The phase 1 portion of this program (to be undertaken in FY 2009-2013) includes a new common use passenger processing system, computer system replacement, and allowance for airline relocations to balance terminal capacity. The phase 2 portion of this program (to be constructed in FY 2014-2016) includes improvements to the level 3 landside terminal ticketing areas spanning the space from the ticket counter backwall to the enplaning curb. These improvements are proposed to be made as part of the effort to recapture ticket lobby areas following the implementation of the in-line Explosive Detection System program.

Bag System Improvements (North Terminal Capacity Program). This program includes improvements to the existing landside terminal baggage claim and make-up systems, including replace bag claim devices, replace slope plate carousels, replace sort piers, electrical system upgrades, replace bag pushers, install dynamic merging, and baggage reporting/tracking system project. This element of the 2010 Projects is expected to be complete by mid 2013.

Vertical Circulation and Central Plant Improvements. This project, which is part of the 2010 Projects, includes (1) replacement of four escalators from the parking garage tunnels to level 3 in the landside terminal, (2) central plant improvements for the north terminal complex, and (3) modifications to the Airside 1 FIS and is expected to be substantially complete in February 2012.

Emergency Electrical System Improvements. This program will segregate discretionary electrical loads from critical or life safety requirements throughout the north terminal complex. This program excludes additional emergency power for the terminal chillers and baggage systems.

Information Technology Improvements. This program includes a variety of IT projects such as the replacement of the voice communications switches and local area network switches. Projects will also include additional funding to complete the computerized maintenance management system project and the airport systems integration project.

Landside Terminal Infrastructure Improvements. This project is to renovate landside terminal restrooms. This project is expected to be complete by December 2010.

Other Terminal Improvements. This program includes APM System renovations (estimated to be complete by October 2010), and access control improvements.

Airfield

Airfield Pavement Rehabilitation. This program includes rehabilitation to airfield pavement areas including: Runways, Taxiways and Associated Intersections, and Aprons & Holding Pads. It includes improvements to shoulders and fillets for various taxiways.

Taxiway Rehabilitation Projects. This program includes rehabilitation associated with various Taxiways.

High-Speed Taxiways E & J. This program includes pavement strengthening and fillet improvements for various Taxiways.

Other Airfield Improvements. This program includes taxiway widening and rehabilitation associated with the Airside 1 and 3 apron.

Ground Transportation

North Terminal Capacity Program – Rental Car Improvements. This program includes the expansion and reconfiguration of the Terminal A Quick Turnaround Area ("QTA"), construction of a new Terminal B QTA and associated relocation of the bus and taxi hold facilities, addition of ready return spaces at Terminal A, and associated terminal roadway and signage improvements.

North Terminal Capacity Program – Roadway, Curb, and Cell Lot Improvements. This program includes an extended return to terminal road and associated cell phone lot for Terminal A, improvements to both Terminal A and B commercial curb areas to improve pedestrian and vehicular movements, and minor modifications for use of the fourth curb.

Other Ground Transportation Improvements. This program includes an employee parking lot expansion, utility/infrastructure improvements, and South Tradeport Drive resurfacing.

Other

Remote Bag Screening Facility Improvements. The existing Remote Baggage Screening Facility at the Orlando International Airport consists of six L3 Explosive Detection System (EDS) machines in a manual feed configuration. The proposed project is to increase the screening capacity of this facility by upgrading to an automated, in-line screening configuration to meet demand. Associated improvements to facilitate the configuration of these machines include utilities, site work, security fencing and building modifications as needed. This project is expected to be complete by December 2010.

Other programs include environmental mitigation, drainage improvements, Hyatt lobby and public area improvements, and long term planning.

Estimated Sources of Funding for the CIP

The Authority expects to pay for certain CIP projects with FAA Airport Improvement Program (AIP) grants-in-aid, State of Florida grants-in-aid, Transportation Security Administration (TSA) and American Recovery and Reinvestment Act of 2009 (ARRA) grants, PFC pay-as-you-go revenues, Authority funds (including previously issued bonds, FEMA grants, insurance proceeds), rental car customer facility charges (CFCs), the 2009C Bonds, the 2010 Bonds, Future Bonds, and Subordinated Indebtedness as described below.

AIP Grants. The Authority expects to use a combination of entitlement and discretionary AIP grants to fund \$57.5 million in project costs for various airfield improvements, terminal access control improvements, and planning and noise studies, which are subject to annual appropriation and to authorization under continuing resolutions or a new AIP program if and when approved by Congress. It was assumed that entitlement grants of approximately \$5 million per year would become available beginning in FY 2011.

TSA and ARRA Grants. The Authority was awarded a TSA grant of \$37.8 million for the EDS Improvements and AIP/TSA American Recovery and Reinvestment Act of 2009 (ARRA) grants totaling \$23.4 million for various projects.

State of Florida Grants. The State of Florida has actively participated in the development of Airport capacity in Orlando and other regions of the State through Florida Department of Transportation (FDOT) matching grants equal to 12.5% of the cost of projects funded with AIP grants and 50% of non-AIP funded projects. State grants for the CIP from FY 2009-2016 are expected to total \$25.3 million and are subject to annual appropriation.

PFC Revenues. The Authority estimates that approximately \$358 million of PFC funding (\$205 million of pay-as-you-go funding and approximately \$153 million of PFC-supported Bond proceeds) will be used to fund various terminal, airfield, ground transportation, and other projects in the CIP from FY 2009-2016.

Other Funds. Other funds, in the amount of \$187 million consist of amounts from the Improvement and Development Fund, Renewal and Replacement Fund, Capital Expenditure Fund, Discretionary Fund, and other available funds of the Authority as well as grants by FEMA and insurance proceeds and bond proceeds from previously issued Bonds.

Future GOAA Funds. Future GOAA funds, in the amount of \$66 million, will be funded from the Discretionary Fund.

Bonds. The 2009C Bonds paid \$85 million in project costs (all of which constituted a PFC Project, giving rise to Available PFC Revenues) and the 2010 Bonds will pay \$79.9 million, of which \$53.9 million constitutes a PFC Project. In addition, Future Bonds are expected to fund an additional \$67.6 million in project costs as discussed in more detail later under the “Plan of Finance” section, including \$29.1 million of project costs that constitute a PFC Project.

Other Future Projects

In addition to the CIP from FY 2009 - 2016, the Authority is also contemplating other longer-term projects (generally to be undertaken and/or completed after FY 2016) as demand warrants and to comply with new or changing requirements regarding security, mitigation of wildlife attractants, and future terminal capacity. Because the timing of these projects is expected to be beyond the projection period for this financing, and because the scope, timing, cost, and approval of these future projects are uncertain, the financial impacts from developing and implementing them are not reflected in the financial forecasts. Such future projects include: future South Terminal Program, future Airside and Hotel renovations, future taxiways, connectors, and existing airfield improvements and future roadway improvements. As noted earlier, if the high speed rail comes to MCO, the Authority might need to make improvements to accommodate the system. The Authority plans to continually evaluate construction on such future projects based on demand, cost and funding, as well as other factors.

Among the sources of funds that the Authority may consider for the future projects is the future issuance of Airport Facilities Revenue Bonds. A number of factors, including the demand for the projects and the availability of other funds, will affect the timing and amount of such future bond issuance. At this time, the Authority has not determined the amount of or timeframe for any such future financings.

In addition to the CIP projects reflected in Table 26, approximately \$99 million of Renewal and Replacement (R&R) project costs are estimated to be undertaken in FY 2010 through FY 2016. Approximately \$48 million of such R&R expenditures are projected to be associated with the Terminal and Airfield cost centers. The Authority will fund the R&R expenditures with Authority funds as funding becomes available and, as described earlier, will include amortization for Terminal and Airfield expenditures in the calculation of Terminal Rentals and Landing Fees.

The Authority expects that the projects included in the CIP in conjunction with the R&R projects, will provide Airport facilities necessary to satisfy future airline and passenger needs through FY 2016.

PLAN OF FINANCE

2010 Bonds

Exhibit A shows the estimated costs and expected sources and uses of funds of the 2010 Projects and associated sources of funding as provided by the Authority. The cost estimates include all soft costs and allowances for contingencies. As shown on Exhibit A, the 2010 Projects are projected to cost \$83 million of which \$3.1 million will be funded with State grants and \$79.9 million with the 2010A Bonds.

The Authority is also considering refunding a portion of the Airport Facilities Revenue Bonds, Series 1999A, with the issuance of the Airport Facilities Refunding Revenue Bonds, Series 2010B if sufficient debt service savings can be achieved on the day the Bonds are sold. The financial forecasts take this potential refunding into account, which was estimated by Morgan Keegan & Company, the Authority's financial advisor to amount to a savings of approximately \$353,000 per year in annual debt service.

The net proceeds of the 2010A Bonds, and certain investment earnings thereon, will be used to (1) pay a portion of the costs of the 2010 Projects, (2) fund a deposit to the Composite Reserve Subaccount, (3) fund capitalized interest on a portion of the 2010A Bonds, and (4) pay certain costs of issuance of the 2010A Bonds. In addition, the Authority is applying \$7.7 million as a source of funding for the 2010A Bonds from a release of funds from the Debt Service Reserve Account. If the 2010B Refunding Bonds are issued, as assumed in this report, then the net proceeds of the 2010B Refunding Bonds, and certain investment earnings thereon, will be used to (1) currently refund and redeem a portion of the 1999A Bonds, (2) fund a deposit to the Composite Reserve Subaccount sufficient to cause the balance to equal the Composite Reserve Requirement, and (3) pay certain costs of issuance of the 2010B Bonds.

Proposed Future Bonds

In addition to the 2010 Bonds, the Authority expects to issue Additional Bonds which are assumed to be issued in October 2012 and October 2014 to fund project costs totaling \$67.6 million of which \$29.1 million is assumed to be allocated to the financing of PFC eligible project costs to complete the financing of the CIP (the Future Bonds).

DEBT SERVICE REQUIREMENTS

Exhibit C shows historical, estimated, and forecast Debt Service on the Authority's Outstanding Bonds, the 2010 Bonds, Outstanding Subordinated Indebtedness, and Future Bonds to finance the CIP through FY 2016. Estimated annual Debt Service for

the proposed 2010A Bonds were provided by Morgan Keegan & Company, the Authority's financial advisor, assuming an all inclusive cost of 5.44%. The PFC-backed debt has a 30-year term with no capitalized interest and amortization starting in FY 2014. The non-PFC portion has a 22-year term with principal amortized over the 2016-2032 period and interest capitalized through February 2012.

In addition to the 2010 Bonds, the Authority expects to issue Future Bonds. The specific form, amount, and timing of debt to complete the financing of the CIP through FY 2016 have not been determined at this time. Although the Authority is considering various financing options, it was assumed for financial modeling purposes, that (1) all bonds would be fixed rate, (2) all bonds will be amortized over a period of 30 years, and (3) project costs funded, interest rates, capitalized interest periods, and timing of these bonds would be as shown in Table 28. Morgan Keegan & Company provided the interest rate assumptions.

Table 28 FUTURE BONDS FINANCING (in millions)						
Issuance Date	Project Costs to be Financed			Term (years)	Interest Rate	
	PFC Bonds	Non-PFC Bonds	Total			
October 1, 2012/ 1	\$ 29.07	\$ 23.74	\$ 52.81	30.0	6.50%	
October 1, 2014/ 2	-	14.80	14.80	30.0	6.50%	
	\$ 29.07	\$ 38.54	\$ 67.61			

1. Assuming interest on the non-PFC Bonds is capitalized for 1 year.
2. Assuming interest is capitalized for 1 year.
Sources: Project costs to be financed - Greater Orlando Aviation Authority; Interest rates -- Morgan Keegan & Company.

PASSENGER FACILITY CHARGES

Exhibit B presents historical, estimated, and forecast PFC collections, interest earnings, and the application of PFCs to pay debt service and pay-as-you-go project costs. It was assumed that the Authority's existing \$4.50 PFC level would remain constant (at the \$4.50 level) throughout the forecast period (through FY 2016). As noted earlier, the Authority's current collection authority is programmed to decline from \$4.50 per eligible enplaned passenger to \$3.00 per passenger in March 2020.

Existing PFC-use approval is reflected in Exhibit B, including the authorization to use PFC revenues to (1) pay a portion of the debt service attributable to the outstanding Series 1999A&B Bonds and Series 2002A&B Bonds, Series 2008C Bonds, Series 2009C Bonds, and 2010A Bonds and (2) pay for approved pay-as-you-go PFC expenditures. The 2010A Bonds when issued will be designated via a certificate by an Authorized Officer of the Authority as issued to finance portions of the 2010 Projects constituting a PFC project so that PFC revenues up to 1.25x debt service on a portion of the 2010A

Bonds can be included in the calculation of Available PFC Revenues for purposes of the Bond Resolution.

PFC-use approval expected for future applications on both a pay-as-you-go basis and leveraged basis is also reflected in Exhibit B. There are no expected draws on the new bank line of credit for PFC approved project costs during the forecast period.

OPERATION AND MAINTENANCE EXPENSES

Exhibit D presents historical and forecast Operation and Maintenance Expenses (O&M Expenses) of the Airport for direct and indirect expenses and by cost center for FY 2009 through FY 2016. Historical O&M Expenses were obtained from the Authority's records and reconciled to the audited financial statements. O&M Expenses for FY 2010 are based on the Authority's FY 2010 budget.

During FY 2009, the Authority reduced budgeted FY 2009 O&M Expenses as a result of lower-than-anticipated enplaned passengers, including a \$2.0 million decrease in Hotel expenses and a \$7.0 million decrease in Administration, Operations, Maintenance, and Insurance/Other expenses. On the basis of 12 months of unaudited data, the Authority estimates that FY 2009 O&M Expenses will be 9.8% lower than the FY 2008 actual O&M Expenses.

Individual components of O&M Expenses were forecast taking into account the actual FY 2009 results; the FY 2010 budget; assumed increases in the unit costs of labor, services, utilities, and supplies as a result of price inflation; and additional costs associated with the CUTE/CUPPS/CUSS project. The unit costs of salaries, wages, fringe benefits, materials, supplies, and services were assumed to increase an average of 4.0% per year from the FY 2010 budget of O&M Expenses. The Authority intends to establish a formal plan with a trustee to fund its obligations under the Governmental Accounting Standards Board Statement 45 (GASB 45), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. It was assumed for purposes of this report that beginning in FY 2010 the Authority would make annual deposits of \$3.5 million per year for this obligation. The Authority paid approximately \$380,000 for such amounts in FY 2008 and FY 2009 on a pay-as-you-go basis. Pursuant to the Bond Resolution and Lease and Use Agreements, these deposits were included in forecast O&M Expenses.

REVENUES

Exhibit E presents historical and forecast Revenues by type of revenue for FY 2009 through FY 2016. Historical Revenues were obtained from the Authority's records and reconciled to the audited financial statements.

Individual components of Revenues were forecast taking into account actual financial results for FY 2009, the FY 2010 Budget (as adjusted for changes to signatory airline status and projected enplanement levels), allowances for inflation as appropriate, and the provisions of leases and agreements between the Authority and the various tenants and users of the Airports. Revenues from sources related to

passengers, such as concession revenues, are forecast to increase as a function of forecast passenger traffic as described in the “Forecast Airline Traffic” section of this report. The assumptions underlying the increases in individual components of Revenues are described in the following sections.

Table 29 presents a summary of Revenues by source for FY 2009.

Table 29 FY 2009 REVENUES BY SOURCE Orlando International Airport (in thousands)			
		2009	
	2009 Amount	Percent of Operating Revenues	Percent of Total Revenues
Airline Revenues	\$ 104,755	33.0%	30.2%
Nonairline Revenues			
Terminal Area Rents - Nonairline	\$ 5,286	1.7%	1.5%
Advertising	2,997	0.9%	0.9%
Food and Beverage	13,385	4.2%	3.9%
Merchandise and Services	22,445	7.1%	6.5%
Parking Facilities (on- and off-Airport)	49,700	15.6%	14.3%
Car Rentals	59,355	18.7%	17.1%
Commercial Lane	8,381	2.6%	2.4%
Other Buildings and Grounds	12,656	4.0%	3.7%
Hotel	30,955	9.7%	8.9%
Other	<u>7,794</u>	<u>2.5%</u>	<u>2.2%</u>
Subtotal Nonairline Revenues	<u>212,953</u>	<u>67.0%</u>	<u>61.5%</u>
Total Operating Revenues	\$ 317,707	100.0%	91.7%
Non-Operating Revenues			
Interest Earnings	7,920		2.3%
Other Non-Operating Revenues	360		0.1%
Available PFC Revenues	<u>20,508</u>		<u>5.9%</u>
Total Revenues	\$ 346,496		100.0%

Source: Greater Orlando Aviation Authority.

Airline Revenues

In FY 2009 under the new Lease and Use Agreements, airline revenues represented approximately 30% of Revenues of the Airport. By Authority policy, the rates for nonsignatory airlines are equal to 115% of the Signatory Airline rates.

Landing Fees. Under the new Lease and Use Agreements, the Authority calculates landing fee rates according to a cost center residual methodology to recover all Airfield costs net of Airfield revenues generated from users other than the signatory airlines.

As shown in Exhibit E-1, the Airfield Requirement consists of allocable direct and indirect O&M Expenses (and O&M Reserve Requirement), Debt Service (net of Available PFC Revenues), amortization. The Airfield Requirement is then credited with Non-Signatory Landing Fees, Fuel System Revenues, Other Revenues assigned to Airfield Cost Center (excluding Signatory Airline Landing Fees, Apron Use Fees, non-Signatory ramp fees, and “remain overnight” fees) to yield the Net Airfield Requirement. The Net Airfield Requirement is divided by the landed weight of the Signatory Airlines to determine the landing fee rate. Approximately \$11 million in Airfield R&R expenditures are assumed to be expended and amortized from FY 2010 through FY 2016.

Apron Fees. Apron fees are calculated by taking 10% of the Airfield Requirement and dividing by the Lineal Feet of Terminal Aircraft Apron to yield the Apron fee per lineal foot. The Apron fee is applied to leased Signatory Airline Apron lineal feet to determine the forecast Signatory Airline Apron fees. Out of the total estimated 16,540 lineal feet of Apron at the Airport, Signatory Airlines currently lease 9,216 lineal feet, which is forecast to increase to approximately 10,431 lineal feet in FY 2016.

Terminal Rentals. Airline space rental rates are established under a commercial compensatory ratemaking methodology where rental rates are calculated to recover the average cost of each square foot of Rentable Space in the Terminal cost center. (Rentable Space is the total amount of space, in square feet, available for rent in the Terminal, including to airlines, concessions, and other rent-paying tenants.)

As shown in Exhibit E-1, the Terminal Requirement is computed by summing the same costs identified above for the Airfield Requirement, but allocable to the Terminal. From this amount, Terminal Facility Fees, unamortized tenant finish payments regarding Continental Hanger, Airline Equipment Charges, CUTE/CUSS/CUPPS Fee, and FIS Fees are deducted to yield a Net Terminal Requirement. An average rental rate is calculated by dividing the Net Terminal Requirement by the total Rentable Space. Approximately \$37 million in Terminal R&R expenditures are assumed to be expended and amortized during the forecast period (FY 2010 – FY 2016).

Table 30 shows the number of aircraft gates leased by the Signatory Airlines at the Airport as of March 1, 2010.

Table 30 NUMBER OF AIRCRAFT AIRLINE GATES (as of March 1, 2010)	
Air Canada	1
AirTran Airways	8
Allegiant/1	2
American Airlines	4
British Airways	1
Continental Airlines	4
Copa	1
Delta Air Lines	8
jetBlue Airways	6
Southwest Airlines	12
Spirit Airlines	2
United Airlines	4
US Airways	4
Virgin Atlantic	1
Westjet	1
Authority Gates	37
<u>Total</u>	<u>96</u>
1. Allegiant became a signatory airline on February 1, 2010.	
Source: Greater Orlando Aviation Authority.	

It was assumed that the number of gates rented by the Signatory Airlines would increase from 59 in FY 2010 to 61 in FY 2011 and then by one gate per year thereafter. Common use Facility Fees are forecast to increase in proportion to the increase in the terminal rental rate.

Airline Equipment Charges. As shown on Exhibit E-3, the Airline Equipment requirement consists of debt service, amortization, and O&M Expenses allocable to Airline Equipment (including loading bridges, ground power, pre-conditioned air, and related equipment used to transport passengers between the terminal and an aircraft). The Airline Equipment requirement is divided by the total number of Airport gates at which the Airline Equipment is used to yield a per gate charge.

CUTE/CUSS/CUPPS Fees. As shown on Exhibit E-3, the CUTE/CUSS/CUPPS requirement consists of debt service, amortization, and O&M Expenses allocable to CUTE/CUSS/CUPPS use. The CUTE/CUSS/CUPPS requirement is divided by the total number of CUTE/CUSS/CUPPS positions to yield a per position fee.

Airline Cost per Enplaned Passenger. Exhibit E-4 presents historical and forecast airline payments per enplaned passenger from FY 2009 through FY 2016 after taking into consideration Revenue Sharing payments. As shown, the cost per enplaned passenger for the Signatory Airlines is forecast to increase from \$4.51 in FY 2009 to a high of \$5.36 in FY 2012, excluding common use facility charges and FIS fees.

Non-Airline Revenues

The principal sources of nonairline revenues include rental car revenues, automobile parking revenues, terminal concession revenues, hotel revenues, nonairline terminal space rents, cargo, fuel system revenues, land and building rentals, interest income, Available PFC Revenues, and miscellaneous other revenues. Forecasts of nonairline revenues are based on the provisions of existing agreements and allowances for inflation, forecast increases in enplaned passengers, and other factors.

Rental Cars. Rental car revenues are the second largest source of Revenues after airline rates and charges, accounting for \$59.4 million in FY 2009, equal to approximately 17% of total Revenues (excluding CFCs, which are not part of Revenues and which started being collected on October 1, 2008). MCO is the largest rental car market in the U.S. in terms of revenues.

EAN group, including Enterprise, Alamo, and National, is the largest rental car company operating at the Airport, accounting for about one-third of total gross revenues generated. Avis/Budget is the second largest group, accounting for about one-fourth of total gross revenues.

The eight on-Airport rental car companies operate under the terms of leases that provide that the companies pay the greater of the minimum annual guarantee or a concession fee of 9.8% of gross revenues plus space rentals (counter, office & garage spaces) and ground rentals (vehicle processing & maintenance) rent for their facilities in the terminal and garage. These agreements will expire on April 1, 2010. Off-Airport rental car companies pay 8.7% of gross revenues to the Authority.

In August 2008, the Authority approved four rental car concession agreements (Automobile Rental Concession Agreement) with (1) Avis Budget Car Rental, LLC (Avis and Budget brands), (2) DTG Operations, Inc. (Dollar and Thrifty brands), (3) EAN-Orlando, LLC (Enterprise, Alamo and National brands), and (4) The Hertz Corporation (Hertz and Simply Wheelz brands) to streamline processing for rental car customers. The rental car agreements will cause some of the current onsite brands (Avis, Budget, Dollar, Alamo and National) to team with some of the current offsite brands (Thrifty, Enterprise, Hertz and Simply Wheelz) to maintain vehicles and operations on Airport property. The Authority estimates that once the rental car improvements are made and the new facilities are occupied, the on-Airport rental car operators will serve approximately 95% of rental car customers and will have facilities to accommodate the higher demand in the future. The new agreements have a five-year term with two one-year options at the Authority's sole discretion.

Under the new agreements, the rental cars will pay (1) 10% of gross receipts (which will apply to both on and off Airport companies, however onsite operators must pay the greater of 10% of gross receipts or a minimum annual guarantee that totals \$51.4 million for the first year of the contract), (2) ready/return space rent on a per space basis, (3) QTA rent, and (4) rent for terminal counters, office, and queuing space leased at airline Class II rental rates. QTA facility rent will include ground rent at 10% of the FMV of the land. In addition, rental car companies will pay for all operating, utility, maintenance, and service management expenses and following the full recovery of the cost of the rental car project (project costs and debt service), QTA rent converts to the fair market rent for land and improvements. These rental car revenues are Revenues as defined in the Bond Resolution, but CFC Revenues are not Revenues under the Bond Resolution until such time as the CFC Bonds are no longer outstanding.

After the transition to the new rental car agreements on April 1, 2010, rental car concession revenues are forecast to increase in proportion to forecast increases in O&D passengers and with inflation.

Automobile Parking Revenues. Public automobile parking is the third single source of revenue at the Airport, accounting for \$49.7 million in FY 2009, equal to approximately 15.6% of Revenues.

Parking facilities located on the Airport provide 20,929 public automobile parking spaces (see Table 31). The on-Airport parking options include garage parking located above or adjacent and connected to the landside terminal, and satellite parking located at remote lots less than one mile from the Airport.

Table 31
PUBLIC PARKING FACILITIES – LOCATION AND CAPACITY
Orlando International Airport
(as of October 2009)

Facility	Location	Current Capacity
Garage		
Terminal A	Adjacent to T-A (North)	3,788
Terminal B	Adjacent to T-B (South)	3,662
Terminal Top	Above L/S (Levels 4-10)	<u>1,649</u>
Garage Total		9,099
Satellite		
Blue Lot (north)	North of L/S	3,480
Gold Lot (west)	Northwest of L/S	3,100
Red Lot (south)	South of L/S	4,750
Green Lot/1	Old Terminal site	<u>500</u>
Satellite Total		11,830
Public Parking Total		20,929

1. Only open if other lots are full.

Source: Greater Orlando Aviation Authority.

The public automobile parking facilities at the Airport are operated for the Authority under a management agreement with AMPCO System Parking. Under the agreement, the Authority receives all revenues and pays all costs of operation and maintenance of the facilities plus a management fee. The budget for operating expenses is subject to review by the Authority, which can adjust staffing levels and related costs in response to parking demand and level of service standards. The AMPCO agreement was effective February 1, 2007, and extends three years with two one-year options to renew. The Authority renewed the agreement through January 31, 2011, and expects to reduce expenses this year to reflect reductions in the number of “manned” exits as well as the time period that the Red lot will be open.

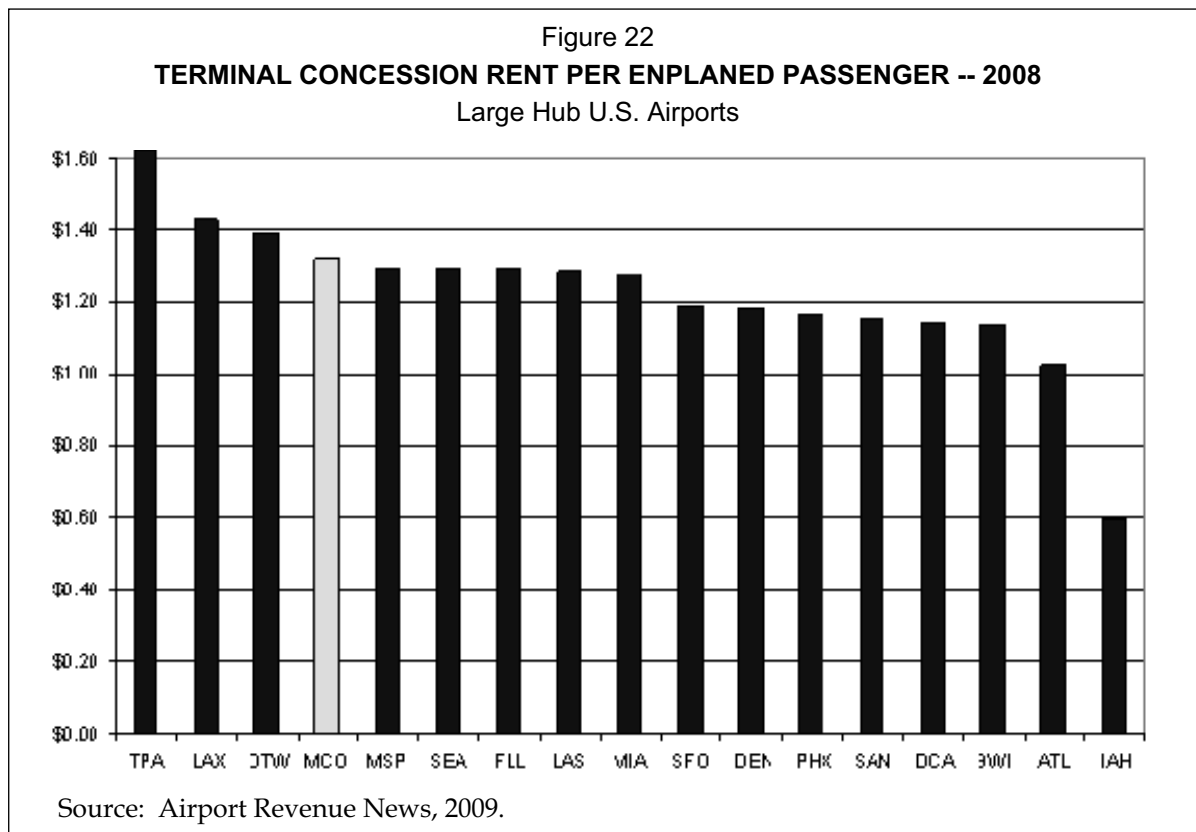
In addition to the public parking spaces, parking revenues are generated from private parking, Hyatt parking, and employee parking (which includes garage parking for executive, supervisory and administrative employees of the Authority’s business partners and its tenants for a fixed fee).

Approximately 12 off-Airport private parking facilities serve Airport passengers and provide approximately 10,000 additional automobile parking spaces. The Authority believes it has adequate capacity and that off-airport competition will not adversely affect parking revenues.

Parking revenues have been adversely affected recently as a result of the decline in passenger demand, particularly business demand, which has been factored into the FY 2010 Budget estimate. Beyond FY 2010, parking revenues were forecast largely as a function of the forecast increase in O&D passengers with no rate increases factored into

the forecast.

Terminal Concessions. The primary sources of terminal concession revenues are food and beverage concessions, merchandise concessions, and other terminal concessions. The Authority operates one of the most successful terminal concession programs in the nation as illustrated by Figure 22, which shows terminal concession rent per enplaned passenger for the large hub U.S. airports in 2008 as reported by Airport Revenue News. Concessions occupy approximately 235,000 square feet of a total of approximately 3.5 million square feet of terminal space at the Airport.



The Authority has a written policy statement regarding the awarding of concession and consumer service privileges in the terminal. Table 32 presents a summary of the contractual terms of existing terminal commercial agreements. Terminal concession revenues were forecast on the basis of historical trends, allowances for inflation, minimum annual guarantees, changes in contractual agreements, and changes in passenger traffic levels.

Table 32
SUMMARY OF EXISTING TERMINAL COMMERCIAL AGREEMENTS
Orlando International Airport
(as of March 2010)

Type of Concession Concessionaire(s)	Terminal Location	Minimum Annual Guarantee ¹	Expiration Date
Food & Beverage			
Areas Hojeij	AS 3	\$2,200,000	8/31/2024
SSP America	AS 2	\$509,436	9/30/2015
Flamingo 2000	AS 2	\$1,160,018	9/19/2015
HMSHost	L/S, AS 1, AS 4	\$5,767,778	9/30/2019
McDonald's	L/S	\$632,484	9/30/2013
OTG	A/S 1 & 3	\$1,000,000	4/30/2015
Perez of Florida	A/S 1 & 3	\$404,000	7/31/2017
Perez of Florida	L/S Level 2	\$52,195	8/31/2013
TAJ Concessions	A/S 2	\$454,640	3/19/2010
OTG MCO Venture II	A/S 4	\$1,051,101	5/31/2017
Starbucks (HMSHost)	A/S 2	\$803,000	1/31/2016
Retail News/Sundries/Gifts/Duty Free			
Hudson News	LS	\$825,000	4/30/2010
Hudson News	AS 3	\$1,050,000	1/31/2019
Keys News	L/S	\$325,000	6/30/2010
Newburns Westwin	AS 2	\$783,847	5/31/2010
Keys News	A/S 1	\$611,000	1/31/2017
Stellar Partners	A/S 4	\$861,404	7/31/2010
Alpha Keys.(Duty Free)	AS 1, AS 4	\$2,638,200	7/31/2010
Master Developer (Westfield).	L/S	\$1,011,839	9/30/2012
Specialty Retail			
Air Sun dba Sunglass Hut	AS 2	\$180,000	6/30/2013
The Grove	AS 2, AS 4	\$240,000	1/1/2014
Hudson Bookstore	L/S	\$305,000	4/30/2016
Hudson Keys	AS 1	\$375,000	7/6/2016
Hudson Orlando JV	AS 3	\$413,100	6/14/2016
Project Horizon dba In Motion	AS2,AS3,AS4	\$227,649	9/30/2014
Mindworks	AS 4	\$135,000	10/31/2010
Sunglass International	L/S	\$81,924	5/31/2014
Themed retail			
Disney / LBVC	L/S East	\$1,423,052	9/30/2012
Disney / LBVC	L/S West	\$1,200,000	9/30/2012
Sea World	L/S East	\$275,000	12/31/2012
Sea World	L/S West	\$275,000	1/31/2013
Universal City Partners	L/S East	\$228,445	3/31/2013
Universal City Partners	L/S West	\$292,700	9/30/2013
Delaware North Kennedy Space Center	LS East	\$119,291	9/30/2010
Delaware North Kennedy Space Center	LS West	\$157,684	9/30/2010
Services			
D-Parture Spa	L/S	\$24,421	5/31/2010
Kellee Communications (payphones)	All	\$123,414	8/31/2011
Smarte Carte	All	\$601,000	3/31/2012
Travelex Currency Exchange	L/S, AS 4	\$215,000	11/30/2012
XpresSpa	AS 2	\$75,000	9/30/2013
Display advertising JC Decaux	All	\$2,475,180	9/30/2015

1. Represents minimum annual guarantee for each individual concession agreement's annual agreement period.

Source Greater Orlando Aviation Authority.

Food and Beverage. HMSHost has the exclusive right to operate all food and beverage facilities in the Landside Terminal and in Airside Buildings 1 and 4, subject to an agreement expiring on September 30, 2019. The agreement provides for the greater of a minimum annual guarantee or concession fees based on a percentage of gross sales. HMSHost operates a mix of branded-food outlets, including Starbucks.

The Authority has also entered into various other food and beverage concession agreements for operations in Airside Buildings 2 and 3. These agreements provide for a concession fee equal to the greater of a percentage of gross receipts or a minimum annual guarantee.

The food court in the Landside Terminal opened in 2003 and houses a wide variety of food and beverage concessionaires, including Carvel, Chick-fil-A, Krispy Kreme, McDonalds, Nathan's, Quiznos, Sbarro, and Panda Express. Adjacent to the food court are sit-down restaurants and lounges, including Macaroni Grill, Chili's Too, and Fox Spots Sky Box. In addition, the recent Airside 1 & 3 rehabilitations have increased concession space in the hubs in Airsides 1 and 3.

Merchandise and Specialty. Themed retail concessions are a major component of the Authority's retail program. Lake Buena Vista Communities (LBVC) operates two Disney retail stores, both expiring in September 2012. There are also Universal Studios Florida and Sea World themed retail shops in the Landside Terminal. Westfield operates as a third-party master developer for the Authority and has since entered into agreements with various branded outlets. Authority has executed agreements with the Hudson Group and Key News for news, sundry, and gift services at the Airport.

Other Terminal Concessions. The Authority entered into an agreement with Alpha-Keys Orlando Retail Associates Ltd. (Alpha-Keys), to sell duty free merchandise. Other revenues consist of concession fees paid for advertising, currency exchange, luggage carts, and other concessions and services. Each concessionaire has an agreement with the Authority that establishes the rents and fees, which usually amount to the greater of a minimum annual guarantee or a percentage of gross sales.

The revenues from terminal concessions are forecast on the basis of recent trends in revenues per enplaned passenger, forecast increases in passengers, allowances for inflation, and the terms of the various agreements.

Ground Transportation. Ground transportation revenues consist of privilege fees paid by taxis and privilege fees and dwell fees paid by commercial lane vehicles including hotel shuttles, rental car shuttles, off-airport parking shuttles, cruise line shuttles, and various other types of ground transportation companies. These revenues are forecast to increase with passengers.

Hotel. The hotel is an integral part of the landside terminal and is directly accessible from Level 3, the departure level. The Hotel, which is operated under the Hyatt

name, provides 446 guest rooms; hotel restaurants, The Hemisphere and McCoy's Bar and Grill; 42,000 square feet of meeting space; four ballrooms totaling 24,650 square feet; and a 160-seat amphitheater with state-of-the-art sound and audio visual capabilities; and outdoor pool and European spa with sundeck and exercise room.

The Hotel is operated under a 20-year management agreement with the Hyatt Corporation that expires in 2011, with a 10-year option to extend at the discretion of the Authority. Under the management agreement, the Authority receives all revenues from the operation of the Hotel and pays all debt service, operating, and maintenance cost associated with its operation. In addition, the Authority annually pays Hyatt a percentage of gross receipts as a management fee and pays an additional percentage of available cash flow above agreed upon amounts as an incentive for the Hotel operator to maximize the Hotel's surplus revenues. The agreement also provides that amounts, calculated as a percentage of gross receipts, are to be deposited annually into an account for the replacement of furniture, fixtures, and equipment.

Hotel revenues declined from \$38.4 million in FY 2008 to \$31.0 million in FY 2009, reflecting the decline in passengers, occupancy rates, and room rates coincident with the economic recession. Beginning in FY 2011, hotel revenues are forecast to increase as a result of increasing occupancy levels and room rate increases.

Other Buildings and Grounds. As noted earlier, the Authority has pursued aviation and commercial development of the Tradeport Drive corridor on the west side of the Airport and the Heintzelman Boulevard corridor on the east side of the Airport. Other buildings and grounds revenues consist primarily of revenues from various land and building rentals in these areas.

Interest Income. Interest income, per Section 603 of the Bond Resolution, is deposited into the Revenue Fund. Interest income is a function of interest rates and available balances in operating funds and accounts including the Revenue Fund, Debt Service Account, Debt Service Reserve Account, Operation and Maintenance Fund, Operation and Maintenance Reserve Account, Capital Expenditures Fund, Renewal and Replacement Fund, Improvement and Development Fund, and the Discretionary Fund. Interest income does not include interest earnings on construction funds. The forecast assumes that interest rates in the Debt Service Reserve Fund will average 4.0% and in all other funds will average 2.0% beginning in FY 2011, and that balances would increase in the Debt Service and the Debt Service Reserve Funds (reflecting the 2009C Bonds and Future Bonds) and the Operation and Maintenance Reserve Account (reflecting increases in Operation and Maintenance Expenses).

Interest income totaled \$13.2 million in FY 2008, decreased to \$7.9 million in FY 2009, and is expected to decrease further to \$5.8 million in FY 2010, reflecting lower earnings rates.

Available PFC Revenues. The Authority, subject to all the necessary approvals, intends to use a portion of its PFC revenues to pay debt service on certain eligible costs as set forth on Exhibit E. An amount of PFC revenues equal to 1.25x debt service on Bonds allocated by the Authority to finance PFC-eligible projects (Available PFC Revenues) will be classed as Revenues designated via a certificate of an Authorized officer of the Authority under the terms of the Bond Resolution and will also serve to reduce the amount of the debt service when computing the Airfield and Terminal requirements under the terms of the Lease and Use Agreements.

APPLICATION OF REVENUES

Exhibit F presents the forecast application of Revenues, including Available PFC Revenues, as required under the Bond Resolution for FY 2010 through FY 2016 as described earlier.

Under the Bond Resolution, at the end of each Fiscal Year, after all deposits that are required to be made into each of the Revenue, Operation and Maintenance, Bond, O&M Reserve, Capital Expenditures, Renewal & Replacement, and Discretionary Funds have been made, the moneys remaining in the Revenue Fund and not required to make up any deficiencies, are to be transferred in equal amounts (50% each) to the Improvement and Development Fund and the Prepaid Airline Fees and Charges Fund. Any deposits made into the Prepaid Airline Fees and Charges Fund are transferred to the Revenue Fund in the next subsequent Fiscal Year. Under the new airline Lease and Use Agreements that became effective October 1, 2008, the Authority is no longer required by these agreements to make deposits into the Prepaid Airline Fees and Charges Fund and, to the extent any deposits are made into this fund, they are not credited to the benefit of the airlines. As a result, pursuant to the Bond Resolution, the Authority has increased the deposit to be made into the Discretionary Fund so that after this deposit is made, no moneys remain in the Revenue Fund.

At this time, the Authority has no plans to budget amounts for the Capital Expenditure Fund or Renewal and Replacement Fund.

DEBT SERVICE COVERAGE

Exhibit G presents the calculation of debt service coverage in accordance with the Rate Covenant of Section 711 of the Bond Resolution in each year FY 2010 through FY 2014. Net Revenues are forecast to be at least 125% of the Aggregate Debt Service (on senior Bonds) in each of the Fiscal Years 2010 through 2016. Thus, the Rate Covenant of the Bond Resolution is forecast to be met in each Fiscal Year of the forecast period.

Exhibit A

Sources and Uses of Bond Funds Orlando International Airport (numbers in thousands)

	2010 Projects					2010B Refunding
	2010A Bonds		Other Funds	Subtotal		
	PFC-supported	GARB				
Sources Of Funds						
Par Amount of Bonds	\$ 59,470	\$ 21,855	\$ -	\$ 81,325	\$ 85,510	
Reoffering Premium		80	-	80	2,495	
Transfer from Prior Debt Service Reserve Fund		7,700	-	7,700	-	
State Grants	-	-	3,100	3,100	-	
Total Sources	\$ 59,470	\$ 29,635	\$ 3,100	\$ 92,205	\$ 88,005	
Uses Of Funds						
Bag System Improvements	\$ 53,900	\$ 3,000	\$ 3,100	\$ 60,000	\$ -	
Vertical Circulation & Central Plant Improvement	-	23,000	-	23,000	-	
Total 2010 Projects Costs	\$ 53,900	\$ 26,000	\$ 3,100	\$ 83,000	\$ -	
Escrow Deposit Trust Fund	-	-	-	-	87,125	
Original Discount/Underwriter's Discount	557	131	-	688	513	
Costs of Issuance	251	95	-	346	366	
Capitalized Interest Fund		1,659	-	1,659	-	
Debt Service Reserve Fund	4,762	1,750	-	6,512	-	
Total Uses	\$ 59,470	\$ 29,635	\$ 3,100	\$ 92,205	\$ 88,005	

Sources: Morgan Keegan & Company, Inc. for 2010 Bonds, Greater Orlando Aviation Authority for all other.

Exhibit B

Application of PFC Revenues Orlando International Airport

(for the 12 months ending September 30; numbers in thousands, except as noted)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by the Authority management, as described in the accompanying text. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

	Actual 2009	Forecast 2010	2011	2012	2013	2014	2015	2016
PFC Collections								
Enplaned Passengers	16,799	16,850	17,342	17,856	18,333	18,803	19,270	19,725
Percent of PFC Eligible Passengers	<u>84.6%</u>	<u>87.4%</u>	<u>87.4%</u>	<u>87.4%</u>	<u>87.4%</u>	<u>87.4%</u>	<u>87.4%</u>	<u>87.4%</u>
PFC Eligible Enplaned Passengers	14,212	14,727	15,157	15,606	16,023	16,434	16,842	17,240
 PFC Collection Level	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50
Less: PFC Airline Collection Fee	<u>(0.11)</u>	<u>(0.11)</u>	<u>(0.11)</u>	<u>(0.11)</u>	<u>(0.11)</u>	<u>(0.11)</u>	<u>(0.11)</u>	<u>(0.11)</u>
Net PFC Collection Level	\$ 4.39	\$ 4.39	\$ 4.39	\$ 4.39	\$ 4.39	\$ 4.39	\$ 4.39	\$ 4.39
 PFC Collection (excluding interest)	\$ 62,391	\$ 64,651	\$ 66,539	\$ 68,511	\$ 70,341	\$ 72,144	\$ 73,936	\$ 75,682
Interest Earnings	<u>232</u>	<u>191</u>	<u>315</u>	<u>696</u>	<u>1,118</u>	<u>1,334</u>	<u>1,926</u>	<u>2,373</u>
Total Annual PFC Revenues	\$ 62,622	\$ 64,842	\$ 66,854	\$ 69,207	\$ 71,459	\$ 73,478	\$ 75,862	\$ 78,055
 PFC Cashflow								
PFC Fund Beginning Balance	\$ 22,414	\$ 13,695	\$ 24,730	\$ 17,640	\$ 52,687	\$ 37,856	\$ 70,181	\$ 85,800
Deposits:								
Annual PFC Revenues	62,622	64,842	66,854	69,207	71,459	73,478	75,862	78,055
PFC Coverage from Prior Year	1,891	4,302	5,587	6,322	6,329	17,471	4,988	4,993
Reimburse PFC Fund from 2009C Bonds for Prior Pay-As-You-Go	-	20,075	-	-	-	-	-	-
Withdraws								
PAYGO Approved - #1 to #13	(50,779)	(42,504)	(30,714)	(1,333)	-	-	-	-
PAYGO - Future Approval		(7,744)	(17,207)	(7,503)	(5,267)	(33,682)	(40,267)	(37,472)
Interim Financing Interest Expenses	(1,015)	-	-	-	-	-	-	-
Debt Service on PFC-supported Bonds								
Outstanding Bonds	(17,136)	(20,896)	(22,137)	(22,163)	(64,257)	(13,163)	(13,178)	(13,176)
2010A PFC Bonds	-	(1,454)	(3,153)	(3,153)	(3,153)	(4,318)	(4,321)	(4,318)
Future 2012 PFC Bonds	-	-	-	-	(2,473)	(2,473)	(2,473)	(2,473)
Coverage Requirement	<u>(4,302)</u>	<u>(5,587)</u>	<u>(6,322)</u>	<u>(6,329)</u>	<u>(17,471)</u>	<u>(4,988)</u>	<u>(4,993)</u>	<u>(4,991)</u>
PFC Fund Ending Balance	\$ 13,695	\$ 24,730	\$ 17,640	\$ 52,687	\$ 37,856	\$ 70,181	\$ 85,800	\$ 106,418

Sources: Historical - Greater Orlando Aviation Authority records; Forecast - Jacobs Consultancy.

Exhibit C

Debt Service

Orlando International Airport

(for the 12 months ending September 30; numbers in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by the Authority management, as described in the accompanying text. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

	Actual 2009	Forecast 2010	2011	2012	2013	2014	2015	2016
Airport Facilities Revenue Bonds (Senior Bonds)								
Non-PFC Supported								
Series 1997	\$ 9,700	\$ 9,718	\$ 9,718	\$ -	\$ -	\$ -	\$ -	\$ -
Series 1998	3,651	3,308	2,976	2,453	2,042	1,796	1,355	883
Series 1999 - REV	21,894	21,833	21,750	23,641	24,873	6,027	5,991	9,020
Series 2002 - REV	4,653	4,653	4,653	4,653	4,653	4,653	4,653	4,653
Series 2002C&D	-	-	-	-	-	-	-	-
Series 2002E	8,927	-	-	-	-	-	-	-
Series 2003A	2,987	2,992	2,985	2,986	16,672	7,401	7,407	15,862
Series 2007	7,049	7,049	7,049	16,724	16,731	16,732	16,730	16,731
Series 2008A	21,788	40,137	40,550	39,229	24,711	35,063	35,526	24,507
Series 2008B	17,982	-	-	-	-	-	-	-
Series 2009A	1,652	5,663	5,663	5,663	5,663	5,663	13,393	15,488
Series 2009B	159	546	546	546	546	9,826	2,097	-
Series 2010A	-	-	-	1,147	1,147	1,147	1,147	1,997
Refunding Savings (1999A Bonds)	-	(564)	(293)	(294)	(293)	(291)	(292)	(294)
Future 2012 Bonds	-	-	-	-	-	2,198	2,198	2,198
Future 2014 Bonds	-	-	-	-	-	-	-	1,370
PFC-Supported								
Series 1999A - PFC	1,999	2,001	2,001	1,998	1,998	1,996	1,999	1,999
Refunding Savings (1999A Bonds)	-	(47)	(27)	(30)	(25)	(30)	(25)	(29)
Series 1999B - PFC	737	740	737	738	738	737	740	741
Series 2002A - PFC	3,302	3,301	3,301	3,299	3,299	3,301	3,298	3,302
Series 2002B - PFC	1,533	1,534	1,534	1,533	1,530	1,530	1,533	1,530
Series 2008C - PFC	8,836	8,925	8,958	8,992	51,085	-	-	-
Series 2009 - PFC	-	4,442	5,633	5,633	5,632	5,629	5,632	5,633
Series 2010A - PFC	-	1,454	3,153	3,153	3,153	4,318	4,321	4,318
Future 2012 PFC Bonds	-	-	-	-	2,473	2,473	2,473	2,473
Aggregate Debt Service	\$ 116,848	\$ 117,685	\$ 120,885	\$ 122,064	\$ 166,626	\$ 110,168	\$ 110,175	\$ 112,380
Subordinated Indebtedness								
1997B Gulf Breeze	\$ 4,102	\$ 4,145	\$ 4,115	\$ 4,115	\$ 4,115	\$ 4,115	\$ 4,115	\$ 4,115
1998B&C Gulf Breeze	3,134	3,129	3,108	3,104	3,095	3,091	3,082	1,008
1998 Subordinated Refunding bonds	-	-	-	-	-	-	-	-
2002A Subordinated bonds	4,367	4,389	4,421	2,520	-	-	-	-
Commercial Paper	512	-	-	-	-	-	-	-
Total Subordinated Indebtedness	\$ 12,115	\$ 11,663	\$ 11,644	\$ 9,739	\$ 7,210	\$ 7,206	\$ 7,197	\$ 5,123
TOTAL DEBT SERVICE	\$ 128,963	\$ 129,348	\$ 132,529	\$ 131,803	\$ 173,836	\$ 117,374	\$ 117,372	\$ 117,503
By Cost Center								
Airfield	\$ 14,699	\$ 13,506	\$ 13,553	\$ 13,803	\$ 15,827	\$ 14,390	\$ 14,384	\$ 14,780
Terminal	76,061	78,862	81,961	83,230	83,313	76,544	76,551	77,910
Airline Equipment	-	-	-	-	-	-	-	-
EDS	8,836	8,925	8,958	8,992	51,085	-	-	-
CUTE/CUPPS/CUSS	-	-	-	-	-	-	-	-
Other Buildings and Grounds	2,405	1,432	1,432	1,430	1,428	3,302	3,302	3,299
Hotel	7,501	7,518	7,529	5,624	3,095	3,091	3,082	1,008
Ground Transportation	19,461	19,105	19,096	18,724	19,087	20,047	20,052	20,507
Total	\$ 128,963	\$ 129,348	\$ 132,529	\$ 131,803	\$ 173,836	\$ 117,374	\$ 117,372	\$ 117,503

Sources: Historical - Greater Orlando Aviation Authority records; Forecast - Jacobs Consultancy.

Exhibit D

Operation and Maintenance Expenses Orlando International Airport (for the 12 months ending September 30; numbers in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by the Authority management, as described in the accompanying text. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

	Actual 2009	Forecast 2010	2011	2012	2013	2014	2015	2016
Direct Expenses								
Airfield	\$ 4,617	\$ 5,496	\$ 5,716	\$ 5,944	\$ 6,182	\$ 6,429	\$ 6,687	\$ 6,954
Terminal	53,499	59,742	62,131	64,617	67,201	69,889	72,685	75,592
Airline Equipment	2,144	1,391	1,447	1,505	1,565	1,628	1,693	1,760
EDS	6,727	8,528	8,869	9,224	9,593	9,977	10,376	10,791
CUTE/CUPPS/CUSS	1,197	1,508	1,568	1,631	1,696	1,764	1,834	1,908
Other Buildings and Grounds	712	1,205	1,253	1,304	1,356	1,410	1,466	1,525
Hotel	25,044	25,195	26,203	27,251	28,341	29,474	30,653	31,879
Ground Transportation	13,225	14,054	14,616	15,201	15,809	16,441	17,099	17,783
Total Direct Expenses	\$ 107,164	\$ 117,119	\$ 121,803	\$ 126,675	\$ 131,742	\$ 137,012	\$ 142,493	\$ 148,192
Indirect Expenses								
Operation	\$ 11,429	\$ 10,392	\$ 10,807	\$ 11,240	\$ 11,689	\$ 12,157	\$ 12,643	\$ 13,149
Maintenance	9,575	10,547	10,969	11,408	11,864	12,339	12,832	13,346
ARFF	6,678	7,194	7,482	7,781	8,092	8,416	8,753	9,103
OPD	8,500	9,000	9,360	9,734	10,124	10,529	10,950	11,388
Property	1,269	955	993	1,032	1,074	1,117	1,161	1,208
Admin	23,600	26,499	31,056	32,158	33,304	34,497	35,737	37,026
Insurance and other	6,588	6,865	7,140	7,425	7,722	8,031	8,352	8,686
Total Indirect Expenses	\$ 67,638	\$ 71,451	\$ 77,806	\$ 80,778	\$ 83,870	\$ 87,085	\$ 90,428	\$ 93,905
Subtotal	\$ 174,803	\$ 188,570	\$ 199,609	\$ 207,454	\$ 215,612	\$ 224,097	\$ 232,921	\$ 242,098
Incremental Expenses (for new facilities)	-	-	-	700	728	757	787	819
Operation and Maintenance Expenses	\$ 174,803	\$ 188,570	\$ 199,609	\$ 208,154	\$ 216,340	\$ 224,854	\$ 233,708	\$ 242,917
Percent Change	-9.7%	7.9%	5.9%	4.3%	3.9%	3.9%	3.9%	3.9%
By Cost Center								
Airfield	\$ 20,434	\$ 21,859	\$ 23,265	\$ 24,142	\$ 25,087	\$ 26,069	\$ 27,090	\$ 28,153
Terminal	94,825	104,079	110,548	114,781	119,281	123,960	128,827	133,888
Airline Equipment	2,144	1,391	1,447	1,505	1,565	1,628	1,693	1,760
EDS	7,606	8,925	9,292	9,664	10,050	10,451	10,869	11,303
CUTE/CUPPS/CUSS	1,197	1,508	1,568	2,524	2,624	2,728	2,836	2,949
Other Buildings and Grounds	2,691	2,840	3,023	3,109	3,231	3,357	3,489	3,626
Hotel	25,726	26,522	27,639	28,743	29,890	31,083	32,324	33,615
Ground Transportation	20,178	21,447	22,826	23,686	24,613	25,577	26,579	27,622
Total	\$ 174,803	\$ 188,570	\$ 199,609	\$ 208,154	\$ 216,340	\$ 224,854	\$ 233,708	\$ 242,917

Sources: Historical - Greater Orlando Aviation Authority records; Forecast - Jacobs Consultancy.

Note: 1. Due to the change in ratemaking under the new Lease and Use Agreement and associated changes to cost centers, individual line items for FY 2006 are not comparable to future years.

Exhibit E

Revenues Orlando International Airport

(for the 12 months ending September 30; numbers in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by the Authority management, as described in the accompanying text. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

	Actual 2009	Forecast 2010	2011	2012	2013	2014	2015	2016
Airline Revenues								
Signatory Passenger Airline Payments								
Landing Fee	\$ 25,791	\$ 26,762	\$ 28,339	\$ 29,636	\$ 30,835	\$ 30,773	\$ 31,912	\$ 33,195
Terminal Rent	53,772	60,629	64,375	67,489	69,613	69,062	71,181	73,905
Apron Fee	1,821	1,948	2,138	2,254	2,364	2,382	2,487	2,622
Equipment and CUTE/CUSS/CUPPS Fees	2,425	2,156	2,321	2,740	2,862	2,990	3,125	3,265
Signatory Passenger Airline Payments (excluding Facility Fees/FIS)	\$ 83,809	\$ 91,495	\$ 97,174	\$ 102,119	\$ 105,673	\$ 105,207	\$ 108,705	\$ 112,988
Terminal Facility Fees	7,512	5,180	5,570	5,993	6,327	6,416	6,755	7,156
FIS Fees	3,098	3,030	3,196	3,335	3,461	3,582	3,707	3,837
Other Airline Payments	8,817	6,626	6,953	7,169	7,278	7,076	7,131	7,544
Cargo Landing Fees	1,318	1,299	1,343	1,389	1,451	1,452	1,508	1,532
Tenant Finish (Continental Hangar)	201	201	201	201	201	201	201	201
Total Airline Revenues	\$ 104,755	\$ 107,832	\$ 114,436	\$ 120,207	\$ 124,390	\$ 123,935	\$ 128,007	\$ 133,258
Nonairline Revenues								
Terminal								
Terminal Area Rents - Nonairline	\$ 5,286	\$ 6,877	\$ 7,961	\$ 8,258	\$ 8,446	\$ 8,350	\$ 8,535	\$ 8,782
Advertising	2,997	2,722	2,829	2,941	3,049	3,158	3,268	3,378
Food and Beverage	13,385	13,385	14,030	14,712	15,385	16,071	16,776	17,491
Merchandise and Services								
General Merchandise	14,724	14,724	15,434	16,185	16,924	17,680	18,455	19,241
Services	7,720	7,720	8,023	8,341	8,647	8,955	9,267	9,579
Other Rentals	2,702	2,264	2,283	2,363	2,414	2,387	2,438	2,504
Ground Transportation								
Off-airport Parking	1,136	1,131	1,164	1,198	1,230	1,262	1,293	1,324
Parking Facilities	48,564	49,056	50,387	51,751	52,994	54,192	55,421	56,679
Car Rentals	59,355	59,577	66,209	69,050	71,947	75,072	77,957	80,970
Commercial Lane	8,381	7,859	8,167	8,490	8,802	9,116	9,433	9,751
Other								
Other Buildings and Grounds	12,656	11,204	11,316	11,429	11,544	11,659	11,776	11,893
Hotel	30,955	30,676	32,346	34,114	35,477	36,878	38,052	39,251
Other Operating Revenue	3,063	1,966	1,985	2,005	2,025	2,045	2,066	2,087
Fuel	2,029	1,982	2,002	2,022	2,042	2,062	2,083	2,104
Total Nonairline Revenues	\$ 212,953	\$ 211,143	\$ 224,135	\$ 232,860	\$ 240,926	\$ 248,888	\$ 256,820	\$ 265,033
Operating Revenues								
Interest Earnings	\$ 317,707	\$ 318,975	\$ 338,572	\$ 353,068	\$ 365,316	\$ 372,823	\$ 384,827	\$ 398,292
Available PFC Revenues	7,920	5,819	7,362	8,574	9,881	10,315	11,076	11,981
Other Non-Operating Revenues	20,508	27,937	31,612	31,645	87,353	24,942	24,964	24,957
	360	375	375	375	375	375	375	375
REVENUES	\$ 346,496	\$ 353,106	\$ 377,920	\$ 393,662	\$ 462,925	\$ 408,455	\$ 421,242	\$ 435,606
Revenues Excluding Available PFC Revenues								
Percent Change	-7.8%	-0.3%	6.5%	4.5%	3.7%	2.1%	3.3%	3.6%

Sources: Historical - Greater Orlando Aviation Authority records; Forecast - Jacobs Consultancy.

Exhibit E-1

Landing Fee and Apron Fee Calculation Orlando International Airport

(for the 12 months ending September 30; numbers in thousands, except as noted)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by the Authority management, as described in the accompanying text. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

	Forecast						
	2010	2011	2012	2013	2014	2015	2016
AIRFIELD REQUIREMENT							
Operation and Maintenance Expenses	\$ 21,859	\$ 23,265	\$ 24,142	\$ 25,087	\$ 26,069	\$ 27,090	\$ 28,153
Operating Reserve Requirement	-	32	165	158	164	171	178
Debt Service	13,506	13,553	13,803	15,827	14,390	14,384	14,780
Amortization for GOAA-Funded Maintenance Projects	442	689	791	914	1,041	1,110	1,185
Amortization for GOAA-Funded CIP Projects	-	-	-	-	-	-	-
Less: Available PFC Revenues	(851)	(851)	(850)	(2,713)	(2,713)	(2,714)	(2,714)
Total Airfield Requirement	\$ 34,955	\$ 36,688	\$ 38,051	\$ 39,272	\$ 38,951	\$ 40,042	\$ 41,582
Landing Fee Portion (90%)	<u>90.0%</u>	<u>90.0%</u>	<u>90.0%</u>	<u>90.0%</u>	<u>90.0%</u>	<u>90.0%</u>	<u>90.0%</u>
Adjusted Airfield Requirement	\$ 31,460	\$ 33,019	\$ 34,246	\$ 35,345	\$ 35,056	\$ 36,038	\$ 37,424
Less: Fuel System Revenues and Fuel Flowage Fees	(1,982)	(2,002)	(2,022)	(2,042)	(2,062)	(2,083)	(2,104)
Less: Nonsignatory and Cargo Landing Fee Revenue	(2,715)	(2,678)	(2,588)	(2,468)	(2,220)	(2,042)	(2,125)
Net Airfield Requirement	\$ 26,762	\$ 28,339	\$ 29,636	\$ 30,835	\$ 30,773	\$ 31,912	\$ 33,195
Signatory Maximum Gross Landed Weight (1,000 pounds)	19,187	19,904	20,605	21,260	21,934	22,640	23,170
Signatory Airline Landing Fee Rate (per 1,000 pound unit)	\$ 1.39	\$ 1.42	\$ 1.44	\$ 1.45	\$ 1.40	\$ 1.41	\$ 1.43
Signatory Landing Fee Revenue	\$ 26,762	\$ 28,339	\$ 29,636	\$ 30,835	\$ 30,773	\$ 31,912	\$ 33,195
Nonsignatory Landing Fee Revenue	1,416	1,335	1,199	1,017	768	535	593
Cargo Landing Fee Revenue	<u>1,299</u>	<u>1,343</u>	<u>1,389</u>	<u>1,451</u>	<u>1,452</u>	<u>1,508</u>	<u>1,532</u>
Total Landing Fee Revenue	\$ 29,478	\$ 31,017	\$ 32,224	\$ 33,303	\$ 32,993	\$ 33,955	\$ 35,320
APRON REQUIREMENT							
Airfield Requirement	\$ 34,955	\$ 36,688	\$ 38,051	\$ 39,272	\$ 38,951	\$ 40,042	\$ 41,582
Apron Portion (10%)	<u>10.0%</u>	<u>10.0%</u>	<u>10.0%</u>	<u>10.0%</u>	<u>10.0%</u>	<u>10.0%</u>	<u>10.0%</u>
Net Apron Requirement	\$ 3,496	\$ 3,669	\$ 3,805	\$ 3,927	\$ 3,895	\$ 4,004	\$ 4,158
Rentable Apron (Lineal Feet)	16,540	16,540	16,540	16,540	16,540	16,540	16,540
Average Apron Rate per Lineal Foot	\$ 211.34	\$ 221.81	\$ 230.06	\$ 237.44	\$ 235.49	\$ 242.09	\$ 251.40
Signatory Leased Apron Lineal Feet	<u>9,216</u>	<u>9,640</u>	<u>9,798</u>	<u>9,956</u>	<u>10,114</u>	<u>10,273</u>	<u>10,431</u>
Signatory Airline Apron Fees	\$ 1,948	\$ 2,138	\$ 2,254	\$ 2,364	\$ 2,382	\$ 2,487	\$ 2,622

Sources: Historical - Greater Orlando Aviation Authority records; Forecast - Jacobs Consultancy.

Exhibit E-2

Terminal Rental Rate Calculation Orlando International Airport (for the 12 months ending September 30; numbers in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by the Authority management, as described in the accompanying text. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

	Forecast 2010	2011	2012	2013	2014	2015	2016
TERMINAL REQUIREMENT							
Operation and Maintenance Expenses	\$ 115,902	\$ 122,856	\$ 128,474	\$ 133,519	\$ 138,767	\$ 144,225	\$ 149,901
Operating Reserve Requirement	-	153	785	752	782	813	846
Debt Service	87,787	90,919	92,222	134,398	76,544	76,551	77,910
Amortization for GOAA-Funded Maintenance Projects	1,331	2,204	2,850	3,463	4,176	4,341	4,602
Amortization for GOAA-Funded CIP Projects	-	-	1,294	1,294	1,294	1,294	1,294
Total Terminal Requirement	\$ 205,021	\$ 216,131	\$ 225,625	\$ 273,426	\$ 221,563	\$ 227,224	\$ 234,553
Less:							
Miscellaneous Direct Reimbursements	(375)	(375)	(375)	(375)	(375)	(375)	(375)
Unamortized Hangar Tenant Finish Payment	(201)	(201)	(201)	(201)	(201)	(201)	(201)
Airline Equipment Charges	(2,762)	(2,820)	(2,886)	(2,946)	(3,009)	(3,074)	(3,143)
CUTE/CUSS/CUPPS Fees	(1,508)	(1,570)	(2,541)	(2,640)	(2,745)	(2,854)	(2,967)
Terminal Facility Fees	(5,180)	(5,570)	(5,993)	(6,327)	(6,416)	(6,755)	(7,156)
FIS Fees	(3,030)	(3,196)	(3,335)	(3,461)	(3,582)	(3,707)	(3,837)
Available PFC Revenues	<u>(20,875)</u>	<u>(23,815)</u>	<u>(23,842)</u>	<u>(65,937)</u>	<u>(16,008)</u>	<u>(16,025)</u>	<u>(16,020)</u>
Net Terminal Requirement	\$ 171,089	\$ 178,585	\$ 186,450	\$ 191,540	\$ 189,228	\$ 194,232	\$ 200,854
Rentable Space	1,676	1,676	1,676	1,676	1,676	1,676	1,676
Average Terminal Rental Rate	\$ 102.10	\$ 106.57	\$ 111.27	\$ 114.30	\$ 112.92	\$ 115.91	\$ 119.86
Airline Rented Space (Classes 1 to 4)	<u>592</u>	<u>602</u>	<u>605</u>	<u>607</u>	<u>610</u>	<u>612</u>	<u>615</u>
Net Signatory Airline Requirement (Class 1 to 4)	\$ 60,425	\$ 64,170	\$ 67,284	\$ 69,407	\$ 68,857	\$ 70,976	\$ 73,700
Class 5 Rentals	<u>204</u>	<u>205</u>	<u>205</u>	<u>205</u>	<u>205</u>	<u>205</u>	<u>205</u>
Signatory Airline Terminal Rentals	\$ 60,629	\$ 64,375	\$ 67,489	\$ 69,613	\$ 69,062	\$ 71,181	\$ 73,905

Sources: Historical - Greater Orlando Aviation Authority records; Forecast - Jacobs Consultancy.

Note: 1. Assuming there would be no Facility Fees received from airlines not operating under Space/Use or similar agreements.

Exhibit E-3

Equipment and Common Use Fee Calculation

Orlando International Airport

(for the 12 months ending September 30; numbers in thousands, except as noted)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by the Authority management, as described in the accompanying text. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

	Forecast						
	2010	2011	2012	2013	2014	2015	2016
AIRLINE EQUIPMENT REQUIREMENT							
Operation and Maintenance Expenses	\$ 1,391	\$ 1,447	\$ 1,505	\$ 1,565	\$ 1,628	\$ 1,693	\$ 1,760
Operating Reserve Requirement	-	2	10	10	10	11	11
Debt Service	-	-	-	-	-	-	-
Amortization of Existing Equipment	1,371	1,371	1,371	1,371	1,371	1,371	1,371
Amortization for GOAA-Funded Maintenance Projects	-	-	-	-	-	-	-
Amortization for GOAA-Funded CIP Projects	-	-	-	-	-	-	-
Total Airline Equipment Requirement	\$ 2,762	\$ 2,820	\$ 2,886	\$ 2,946	\$ 3,009	\$ 3,074	\$ 3,143
Number of Gates with Airline Equipment	96	96	96	96	96	96	96
Airline Equipment Charge per Gate	\$ 28,774	\$ 29,375	\$ 30,064	\$ 30,686	\$ 31,343	\$ 32,025	\$ 32,735
Gates Rented by Signatory Airlines	58	61	62	63	64	65	66
Signatory Airline Equipment Payment	\$ 1,666	\$ 1,789	\$ 1,861	\$ 1,930	\$ 2,003	\$ 2,078	\$ 2,157
CUTE/CUSS/CUPPS REQUIREMENT							
Operation and Maintenance Expenses	\$ 1,508	\$ 1,568	\$ 2,524	\$ 2,624	\$ 2,728	\$ 2,836	\$ 2,949
Operating Reserve Requirement	-	2	17	17	17	18	19
Debt Service	-	-	-	-	-	-	-
Amortization for GOAA-Funded Maintenance Projects	-	-	-	-	-	-	-
Amortization for GOAA-Funded CIP Projects	-	-	-	-	-	-	-
Total CUTE/CUSS/CUPPS Requirement	\$ 1,508	\$ 1,570	\$ 2,541	\$ 2,640	\$ 2,745	\$ 2,854	\$ 2,967
Total CUTE/CUSS/CUPPS Positions	290	290	290	290	290	290	290
Charge Per Gate	\$ 5,198	\$ 5,414	\$ 8,762	\$ 9,105	\$ 9,466	\$ 9,842	\$ 10,232
Positions Rented by Signatory Airlines	94	98	100	102	104	106	108
Signatory CUTE/CUSS/CUPPS Payment	\$ 490	\$ 532	\$ 879	\$ 931	\$ 987	\$ 1,046	\$ 1,108

Sources: Historical - Greater Orlando Aviation Authority records; Forecast - Jacobs Consultancy.

Exhibit E-4

Cost per Enplaned Passenger

Orlando International Airport

(for the 12 months ending September 30; numbers in thousands, except as noted)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by the Authority management, as described in the accompanying text. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

	Actual 2009	Forecast 2010	2011	2012	2013	2014	2015	2016
Signatory Airline Payments								
Signatory Airline Payments								
Landing Fee	\$ 25,791	\$ 26,762	\$ 28,339	\$ 29,636	\$ 30,835	\$ 30,773	\$ 31,912	\$ 33,195
Terminal Rent	53,772	60,629	64,375	67,489	69,613	69,062	71,181	73,905
Apron Fee	1,821	1,948	2,138	2,254	2,364	2,382	2,487	2,622
Equipment and CUTE/CUSS/CUPPS Fees	2,425	2,156	2,321	2,740	2,862	2,990	3,125	3,265
Signatory Airline Payments (excluding Common Use/FIS Fees)	\$ 83,809	\$ 91,495	\$ 97,174	\$ 102,119	\$ 105,673	\$ 105,207	\$ 108,705	\$ 112,988
Revenue Sharing Payments /1	(11,469)	(8,348)	(9,073)	(10,254)	(12,061)	(13,327)	(14,237)	(15,737)
Signatory Airline Payments Net or Revenue Sharing	\$ 72,340	\$ 83,147	\$ 88,101	\$ 91,865	\$ 93,612	\$ 91,880	\$ 94,468	\$ 97,251
Signatory Airline Enplaned Passengers	16,043	16,168	16,640	17,133	17,591	18,042	18,490	18,926
Signatory Airline Cost per Enplaned Passenger	\$ 4.51	\$ 5.14	\$ 5.29	\$ 5.36	\$ 5.32	\$ 5.09	\$ 5.11	\$ 5.14
Total Passenger Airline Payments								
Signatory Airline Payments (excluding Common Use/FIS Fees)	\$ 83,809	\$ 91,495	\$ 97,174	\$ 102,119	\$ 105,673	\$ 105,207	\$ 108,705	\$ 112,988
Other Airline Rentals, Fees, and Charges								
Terminal Facility Fees	7,512	5,180	5,570	5,993	6,327	6,416	6,755	7,156
FIS Fees	3,098	3,030	3,196	3,335	3,461	3,582	3,707	3,837
Other Airline Payments	8,817	6,626	6,953	7,169	7,278	7,076	7,131	7,544
Total Passenger Airline Payments	\$ 103,236	\$ 106,331	\$ 112,893	\$ 118,617	\$ 122,738	\$ 122,282	\$ 126,298	\$ 131,525
Prepaid Airline Rates and Charges								
Revenue Sharing Payments /1	(11,469)	(8,348)	(9,073)	(10,254)	(12,061)	(13,327)	(14,237)	(15,737)
Total Passenger Airline Payments Net of Revenue Sharing	\$ 91,767	\$ 97,983	\$ 103,820	\$ 108,363	\$ 110,677	\$ 108,955	\$ 112,061	\$ 115,788
Enplaned Passengers	16,799	16,850	17,342	17,856	18,333	18,803	19,270	19,725
Cost per Enplaned Passenger for All Airlines	\$ 5.46	\$ 5.82	\$ 5.99	\$ 6.07	\$ 6.04	\$ 5.79	\$ 5.82	\$ 5.87

Sources: Historical - Greater Orlando Aviation Authority records; Forecast - Jacobs Consultancy.

Note: 1. Amounts required to be paid to the Signatory Airlines from net remaining revenues after the close of each Fiscal Year.

Exhibit F

Application of Revenues Orlando International Airport

(for the 12 months ending September 30; numbers in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by the Authority management, as described in the accompanying text. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

	Forecast 2010	2011	2012	2013	2014	2015	2016
Revenues							
Signatory Airline Revenues	\$ 91,495	\$ 97,174	\$ 102,119	\$ 105,673	\$ 105,207	\$ 108,705	\$ 112,988
Cargo and Nonsignatory Airline Revenues	7,925	8,295	8,558	8,729	8,529	8,639	9,076
Common Use Fees, FIS Fees, and Hangar Tenant Finish Paymen	8,412	8,967	9,530	9,989	10,199	10,663	11,194
Nonairline Revenues	211,143	224,135	232,860	240,926	248,888	256,820	265,033
Available PFC Revenues	27,937	31,612	31,645	87,353	24,942	24,964	24,957
Interest Earnings and Other Non-Operating Revenues	6,194	7,737	8,949	10,256	10,690	11,451	12,356
Revenues	\$ 353,106	\$ 377,920	\$ 393,662	\$ 462,925	\$ 408,455	\$ 421,242	\$ 435,606
Application of Revenues /1							
Operation and Maintenance Fund	\$ 188,570	\$ 199,609	\$ 208,154	\$ 216,340	\$ 224,854	\$ 233,708	\$ 242,917
Bond Fund							
Non-PFC Supported Debt Service on Bonds	95,335	95,596	96,748	96,743	90,215	90,204	91,044
PFC Supported Debt Service on Bonds	22,350	25,289	25,316	69,882	19,953	19,971	19,966
Debt Service Reserve Account	-	-	-	-	-	-	-
Operation and Maintenance Reserve Account	-	276	1,424	1,364	1,419	1,476	1,535
Capital Expenditures Fund	-	-	-	-	-	-	-
Renewal and Replacement Fund	-	-	-	-	-	-	-
Discretionary Fund							
Subordinated Indebtedness	11,663	11,644	9,739	7,210	7,206	7,197	5,123
PFC Account	5,587	6,322	6,329	17,471	4,988	4,993	4,991
Remaining Revenues							
Revenue Sharing Payments to Airlines	8,348	9,073	10,254	12,061	13,327	14,237	15,737
Funds Remaining	21,253	30,111	35,697	41,854	46,493	49,456	54,292
Total Application of Revenues	\$ 353,106	\$ 377,920	\$ 393,662	\$ 462,925	\$ 408,455	\$ 421,242	\$ 435,606
Calculation of Revenue Sharing under the Airline Lease and Use Agreement							
Revenues	\$ 353,106	\$ 377,920	\$ 393,662	\$ 462,925	\$ 408,455	\$ 421,242	\$ 435,606
Less:							
Airport Exclusive Revenue Sources	-	-	-	-	-	-	-
Available PFC Revenues	(27,937)	(31,612)	(31,645)	(87,353)	(24,942)	(24,964)	(24,957)
O&M Expenditures	(188,570)	(199,885)	(209,578)	(217,705)	(226,273)	(235,184)	(244,451)
Debt Service	(106,998)	(107,240)	(106,487)	(103,953)	(97,421)	(97,401)	(96,167)
Amortization	(1,773)	(2,893)	(4,935)	(5,671)	(6,511)	(6,744)	(7,081)
Net Shared Revenues	\$ 27,828	\$ 36,291	\$ 41,017	\$ 48,244	\$ 53,309	\$ 56,949	\$ 62,948
Reimbursement for Extraordinary Coverage Protection	-	-	-	-	-	-	-
Amount Available	\$ 27,828	\$ 36,291	\$ 41,017	\$ 48,244	\$ 53,309	\$ 56,949	\$ 62,948
Applicable Signatory Airline Revenue Share Percentage	30.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Revenue Sharing Payments to Airlines	\$ 8,348	\$ 9,073	\$ 10,254	\$ 12,061	\$ 13,327	\$ 14,237	\$ 15,737

Sources: Historical - Greater Orlando Aviation Authority records; Forecast - Jacobs Consultancy.

Note: 1. The Authority is not currently planning to make any deposits to the Capital Expenditures Fund or the Renewal and Replacement Fund during the forecast period.

Exhibit G

Debt Service Coverage and Rate Covenant Orlando International Airport

(for the 12 months ending September 30; numbers in thousands, except as noted)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by the Authority management, as described in the accompanying text. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

	Forecast						
	2010	2011	2012	2013	2014	2015	2016
Revenues	\$ 353,106	\$ 377,920	\$ 393,662	\$ 462,925	\$ 408,455	\$ 421,242	\$ 435,606
Operating and Maintenance Expenses	(188,570)	(199,609)	(208,154)	(216,340)	(224,854)	(233,708)	(242,917)
Net Revenues	\$ 164,536	\$ 178,311	\$ 185,508	\$ 246,585	\$ 183,601	\$ 187,534	\$ 192,689
Less:							
Operation and Maintenance Reserve Account	-	(276)	(1,424)	(1,364)	(1,419)	(1,476)	(1,535)
Capital Expenditures Fund	-	-	-	-	-	-	-
Renewal and Replacement Fund	-	-	-	-	-	-	-
Net Revenues Available for Debt Service /1	\$ 164,536	\$ 178,035	\$ 184,084	\$ 245,221	\$ 182,182	\$ 186,058	\$ 191,154
Aggregate Debt Service on Airport Facilities Revenue Bonds/2	\$ 117,685	\$ 120,885	\$ 122,064	\$ 166,626	\$ 110,168	\$ 110,175	\$ 112,380
Debt Service on Subordinated Indebtedness	11,663	11,644	9,739	7,210	7,206	7,197	5,123
Less Interest Earnings on Subordinated Indebtedness Resen	(44)	(44)	(25)	-	-	-	-
Total Debt Service	\$ 129,304	\$ 132,485	\$ 131,778	\$ 173,836	\$ 117,374	\$ 117,372	\$ 117,503
Debt Service Coverage							
Airport Facilities Revenue Bonds	1.40	1.47	1.51	1.47	1.65	1.69	1.70
Total Indebtedness	1.27	1.34	1.40	1.41	1.55	1.59	1.63

Sources: Historical - Greater Orlando Aviation Authority records; Forecast - Jacobs Consultancy.

Notes: 1. The Authority is not currently planning to make any deposits to the Capital Expenditures Fund or the Renewal and Replacement Fund during the forecast period.

2. Debt service in FY 2013 includes a balloon payment for the 2008C Bonds payable from Available PFC Revenues (see Exhibits C and E).

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT FACILITIES BOND RESOLUTION. The following is a summary of certain provisions of the Airport Facilities Bond Resolution. The Summary is subject in all respects to the detailed provisions of the Airport Facilities Bond Resolution, copies of which are available from the Office of the Chief Financial Officer, One Airport Boulevard, Orlando, Florida 32827-4399.

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT FACILITIES BOND RESOLUTION.

The following is a summary of certain provisions of the Airport Facilities Revenue Bond Resolution. The Summary is subject in all respects to the detailed provisions of the Airport Facilities Revenue Bond Resolution, copies of which are available from the Finance Department, One Airport Boulevard, Orlando, Florida 32827-4399.

Certain Definitions

The following are definitions in summary form of certain terms contained in the Airport Facilities Revenue Bond Resolution (as amended and supplemented, the "Resolution" or "Bond Resolution") and used herein and certain other terms defined for purposes of this summary:

Accreted Value. The accreted value of the Capital Appreciation Bonds, on the date of calculation, including the original principal amount or discounted principal value (original offering price) thereof, plus interest or principal accreted thereon to the date of calculation, as determined by reference to the accreted value tables contained or referred to in each such Bond.

Accrued Aggregate Debt Service. As of any date of calculation, an amount equal to the sum of (i) interest on the Bonds of all Series, other than Capital Appreciation Bonds, accrued and unpaid and to accrue to the end of the then current calendar month, and (ii) Principal Installments due and unpaid and that portion of the Principal Installments for all Series next due which would have accrued (if deemed to accrue in the manner set forth in the definition of Debt Service) to the end of such calendar month. With respect to Variable Rate Bonds, the interest rate for the remainder of the then current calendar month shall, for purposes of this definition, be assumed to be the interest rate in effect as of the date of calculation.

Additional Bonds. Additional parity Bonds issued under the Bond Resolution and Bonds issued in lieu of or in substitution for Outstanding Bonds pursuant to the Bond Resolution.

Additional Project. The acquisition and construction of any additional aviation facilities for the Airport System or any additions, extensions, improvements and betterments to and reconstructions of the Airport System to be financed in whole or in part from the proceeds of any Additional Bonds.

Aggregate Debt Service. As of any date of computation and with respect to any period, the sum of the amounts of Debt Service for such period with respect to all Series of Bonds.

Airport Consultant. The airport consultant at the time retained by the Authority to perform the acts and carry out the duties provided for the Airport Consultant under the Bond Resolution. The Airport Consultant is required to be an airport consultant or airport consultant firm or corporation having a wide and favorable reputation for skill and experience with respect to the operation and maintenance of airports, in recommending rental and other charges for use of airport facilities and in projecting revenues to be derived from the operation of airports.

Airport System. The Orlando International Airport owned by the City and operated by the Authority, including (i) all improvements and facilities now in existence, as said Airport may be hereafter added to, extended, improved or constructed and equipped, and (ii) any other aviation facility or airport acquired or constructed by the Authority; provided that, the Airport System shall not include Orlando Executive Airport (formerly known as Herndon Airport) or any additions, extensions or improvements thereto, unless (a) the Authority shall by Supplemental Resolution, expressly add Orlando Executive Airport to the Airport System, (b) shall deliver to the Trustee (1) a Counsel's Opinion to the effect that adding Orlando Executive Airport to the Airport System will not violate or cause a breach or default under the Lease and Use Agreements, (2) confirmation from each Rating Agency then maintaining a rating at the request of the Authority on any Bonds outstanding hereunder that adding Orlando Executive Airport to the Airport System will not result in a reduction or withdrawal of the credit ratings then assigned to the Bonds, and (3) the written consent of any bond insurers or other credit enhancer having in effect a municipal bond insurance policy insuring, or other credit enhancement securing, payment of any Bonds outstanding hereunder, and (c) the Retirement Date of the Prior Lien Bonds shall have occurred. "Airport System" shall include Special Purpose Facilities no part of the revenue and income from which is pledged to the payment of Authority obligations, but "Airport System" shall not include any airport or aviation facility thereafter acquired or constructed by the Authority with funds other than the proceeds of Bonds issued under the Resolution or revenues generated by the Airport System.

Annual Budget. The annual budget of the Authority, as amended or supplemented, adopted or in effect for a particular Fiscal Year, as provided in the Bond Resolution.

Authority. The Greater Orlando Aviation Authority created pursuant to the Act as an agency of the City, and any board or commission succeeding to the principal functions thereof or upon whom the powers conferred by the Act to said Authority shall be given by law. As used herein, the term Authority means the Greater Orlando Aviation Authority, acting on behalf of itself and the City.

Authorized Officer of the Authority. The Chairman, the Vice-Chairman, the Treasurer or the Secretary of the Authority, or any other officer or employee of the Authority authorized by resolution of the Authority to perform specific acts or duties related to the subject matter of the authorization.

Available PFC Revenues. PFC Revenues received by the Authority in an amount for each relevant period not to exceed 1.25 times the Debt Service accruing during such period with respect to that portion on the Bonds issued to finance PFC Projects, as allocated by a Certificate of an Authorized Officer of the Authority.

Bond or Bonds. Any bond or bonds, as the case may be, authenticated and delivered under and pursuant to the Resolution.

Bond Obligation. As of the date of computation, the sum of: (i) the principal amount of all Bonds then Outstanding other than Capital Appreciation Bonds, and (ii) the Accreted Value of all Capital Appreciation Bonds then Outstanding.

Bondholder or Holder of Bonds, or any similar term. Any person who shall be the bearer of any coupon Bond or Bonds or the registered owner of any Bond or Bonds without coupons.

Capital Appreciation Bonds. Bonds that bear interest at a compounded rate which is payable only at maturity or upon prior redemption thereof or Bonds issued at a discount from par value that bear no stated interest and appreciate in value over time.

City. The City of Orlando, Florida, a municipal corporation in the County of Orange, State of Florida.

Composite Reserve Requirement. An amount of money or available amount under one or more Reserve Products, or a combination thereof, equal to the lesser of (i) the Maximum Aggregate Debt Service calculated with respect to all Series of Bonds Outstanding under the Resolution that are secured by the Composite Reserve Subaccount, (ii) 125% of the average annual Aggregate Debt Service calculated with respect to all Series of Bonds Outstanding under the Resolution that are secured by the Composite Reserve Subaccount, or (iii) 10% of the aggregate stated principal amount of all Series of Bonds Outstanding under the Resolution that are secured by the Composite Reserve Subaccount; provided, however, that in determining the aggregate stated original principal amount of all Bonds Outstanding under the Resolution for purposes of (iii), the issue price of a Series (net of pre-issuance accrued interest) shall be substituted for the original principal stated amount of that Series if the Series was sold at either an original issue discount or premium exceeding two percent (2%) of the stated redemption price at maturity of such Series.

Composite Reserve Subaccount. The subaccount in the Debt Service Reserve Account established pursuant to Section 402 of the Bond Resolution.

Consulting Engineers. The engineer or engineering firm or corporation at the time retained by the Authority pursuant to the Bond Resolution to perform the acts and carry out the duties provided for such Consulting Engineers under the Bond Resolution. Such Consulting Engineers are required to have a wide and favorable reputation for skill and experience in the construction and operation of airport facilities.

Cost of Construction. The Authority's costs properly attributable to the construction or acquisition of an Additional Project including, but not limited to, the cost of acquisition by or for the Authority of real or personal property or other interest therein, costs of physical construction, and costs of the Authority incidental to such construction or acquisition, the cost of any indemnity and surety bonds and premiums on insurance during construction, engineering expenses, legal fees and expenses, cost of audits, fees and expenses of the Fiduciaries and costs of financing, administrative and general overhead and keeping accounts and making reports required by the Resolution prior to commencement of operation of such Project, amounts, if any, required by the Resolution to be paid into any Fund or Account established under the Resolution upon the issuance of any Series, payments when due (whether at the maturity of principal or the due date of interest or upon redemption) on any indebtedness of the Authority (other than the Bonds) incurred for such Project, costs of machinery, equipment and supplies and initial working capital and reserves required by the Authority for the commencement of operation of such Project, and may include reimbursement to the Authority for any such items of Cost of Construction theretofore paid by or on behalf of the Authority.

Debt Service. For any period, as of any date of calculation and with respect to any Series of Bonds, an amount equal to the sum of (i) interest accruing during such period on Bonds of such Series (other than Capital Appreciation Bonds), except to the extent that such interest is to be paid from deposits (including investment income thereon) in the Debt Service Account made from Bond proceeds or other amounts available therein, and (ii) that portion of each Principal Installment for such Series of Bonds, which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Series (or, if there shall be no such preceding Principal Installment due date, from a date one year preceding the due date of such Principal Installment or from the date of issuance of such Series, whichever is later). Such interest and Principal Installment for such Series shall be calculated on the assumption that no Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof.

Except as otherwise provided in the Bond Resolution, for purposes of calculating Debt Service with respect to Variable Rate Bonds, Variable Rate Bonds other than Taxable Bonds shall be assumed to bear interest at 125% of the Tax-Exempt Variable Rate Index as of the date of calculation, and Variable Rate Bonds that are Taxable Bonds shall be assumed to bear interest at the Taxable Variable Rate Index as of the date of calculation.

If a Series of Variable Rate Bonds is subject to purchase by the Authority pursuant to a mandatory or optional tender by the holder, the "tender" date or dates shall be ignored and the stated maturity dates thereof shall be used for purposes of this calculation.

The interest rate for Variable Rate Bonds for purposes of determining the amount, if any, to be deposited into a subaccount in the Reserve Account for such Variable Rate Bonds shall be as required by the Supplemental Resolution authorizing the issuance of

such Variable Rate Bonds; provided, however, that if no other assumption is provided, the assumptions provided above shall apply.

Other than for purposes of Section 1201 of the Bond Resolution, if, with respect to any portion of Debt Service, the Authority enters into a Qualified Derivative Agreement providing for Qualified Derivative Payments to the Authority which are pledged to the payment of Debt Service in an amount equal to interest on a notional amount equal to the principal portion of such Debt Service (which may include the principal of all or a portion of one or more Series of Bonds), based upon a fixed rate or a variable rate index or formula different from that used to calculate interest on the principal portion of such Debt Service, then the effective synthetic rate of interest to the Authority with respect to such principal portion of Debt Service taking into account (i) the actual interest rate borne by such principal portion of Debt Service, (ii) payments to be received by the Authority pursuant to such Qualified Derivative Agreement and (iii) payment obligations of the Authority to the counterparty under such Qualified Derivative Agreement, all based upon interest on such notional amount as determined by reference to a fixed rate or variable rate index or formula, shall be used for purposes of this definition as the actual rate of interest with respect to such principal portion of Debt Service.

If two Series of Variable Rate Bonds, or one or more maturities within a Series, are issued simultaneously with inverse floating interest rates providing a composite fixed interest rate for such Bonds taken as a whole, such composite fixed rate shall be used in determining the Debt Service with respect to such Bonds.

With respect to Designated Maturity Bonds, the unamortized principal coming due on the final maturity date thereof shall be ignored and in lieu thereof there shall be added to the Debt Service for the Bond Year in which such final maturity occurs and to each Bond Service Year thereafter through the 30th anniversary of the issuance of such Bonds (the "Reamortization Period") the amount of substantially level principal and interest payments (assuming for such purposes such interest rate as a financial advisor selected by the Authority and having national experience in the pricing of municipal bonds shall determine is a reasonable estimate of the rate that such Designated Maturity Bonds would bear based upon such Reamortization Period and the characteristics of such Designated Maturity Bonds) that if paid in each year during the Reamortization Period would be sufficient to pay in full the unamortized portion of such Designated Maturity Bonds by such anniversary.

Debt Service Reserve Requirement. With respect to the Composite Reserve Subaccount, the Composite Reserve Requirement; and with respect to each Series of Bonds issued under the Bond Resolution that is not secured by the Composite Reserve Subaccount, the amount of money, if any, or available amount of Reserve Product, if any, or any combination thereof, required by Supplemental Resolution adopted prior to the issuance of such Series of Bonds to be maintained in the subaccount in the Reserve Account with respect to such Series of Bonds pursuant to the Bond Resolution, which will not cause any existing rating on any Bonds or Series of Bonds outstanding under the

Bond Resolution to be lowered, suspended or withdrawn, and which amount shall be available for use only with respect to such Series of Bonds.

Designated Maturity Bonds. Bonds of a Series designated as such by Supplemental Resolution adopted in connection with the issuance thereof, for which either (i) no serial maturities or Sinking Fund Installments prior to the maturity thereof have been established, or (ii) the aggregate of such serial maturities and Sinking Fund Installments that have been established is less than the amount necessary to amortize such Bonds on a substantially level debt service basis.

Discretionary Fund Maximum Balance. The sum of (a) an amount equal to \$3,000,000, and (b) any amount or amounts required to repay, in accordance with the terms of any agreements securing the same, indebtedness issued by the Authority to finance improvements to the Airport System, plus (c) all amounts required to pay in a timely manner all payments the Authority is required to make to any third party under any interest rate swap agreement or other derivative financial product agreement between the Authority and a third party, and (d) any amounts required to be deposited to the credit the PFC Account in the Discretionary Fund pursuant to the Resolution; provided that, said amount set forth in (a) above shall be increased or decreased in direct proportion to the changes in the Producer Price Index, formerly designated as the Wholesale Price Index, issued by the United States Department of Labor, Bureau of Labor Statistics, using 1986 as the base year; and provided further that, said amounts set forth in (a), (b), (c) and (d) above may be adjusted by the Authority at any time if not prohibited under the terms of the Lease and Use Agreements, as amended, or as the same may be amended from time to time.

FAA. The Federal Aviation Administration, or any successor agency of the Federal Government performing the same or similar functions.

FAA Regulations. The regulations of the FAA contained in Title 14, part 158, Code of Federal Regulations, as amended from time to time, pertaining to the imposition, collection and use of PFCs.

Fiduciary. The Trustee, Special Trustee and any Paying Agent, or any or all of them as may be appropriate.

Fiscal Year. The then-current annual accounting period of the Authority for its general accounting purposes. Currently, the 12-month period ending September 30.

Fitch. Fitch Investors Service, L.P., a limited partnership organized and existing under the laws of the State of New York, its successors and assigns and, if such entity shall no longer perform the function of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally-recognized securities rating agency designated by the Authority by notice to the Trustee.

Investment Securities. Any of the following securities, if and to the extent the same are at the time legal for investment of moneys and funds held under the Resolution:

(i) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any federal agency to the extent such obligations are unconditionally guaranteed by the United States of America ("United States Obligations");

(ii) obligations of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Financing Bank, the Federal Intermediate Credit Banks, Federal Banks for Cooperatives, Federal Land Banks, Federal Home Loan Banks, Farmers Home Administration and Federal Home Loan Mortgage Association;

(iii) New Housing Authority Bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an Annual Contributions Contract or Contracts with the United States of America; or Project Notes issued, by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(iv) negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States or any national banking association (including any Depositary or Paying Agent), provided that such certificates of deposit must be purchased directly from such bank, trust company or national banking association and must be either (a) continuously and fully insured by the Federal Deposit Insurance Corporation, or (b) continuously and fully secured by such securities as are described in clauses (i) through (iii), inclusive, above which have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and are lodged with any Federal Reserve Bank, as custodian, by the bank, trust company or national banking association issuing such certificate of deposit. Additionally, the bank, trust company or national banking association issuing each such certificate of deposit required to be so secured, must furnish the Authority with an undertaking satisfactory to the Authority that the aggregate market value of all such obligations securing each such certificate of deposit will at all times be an amount equal to the principal amount of each such certificate of deposit;

(v) 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 secured by any one or more of the securities described in clauses (i), (ii) or (iii) above;

(vi) pre-refunded obligations of any state or of any agency, instrumentality or local governmental unit of any such state meeting the following conditions:

(A) the obligations are not to be redeemed prior to maturity or the fiduciary for such obligations has been given irrevocable instructions concerning their calling and redemption;

(B) the obligations are secured by cash or United States Obligations that may be applied only to interest, principal and redemption premium payments of such obligations;

(C) the principal of and interest on the United States Obligations (plus any cash in the escrow fund) have been verified by an independent certified public accountant as being sufficient to pay the principal of, redemption premium, if any, and interest on such obligations on the maturity dates or redemption dates specified in the irrevocable instructions referred to in clause (A) above;

(D) the United States Obligations and cash serving as security for the obligations are held by an escrow agent or trustee;

(E) the United States Obligations and cash are not available to satisfy any other claims, including those against the trustee or escrow agent; and

(F) the obligations are rated in the highest rating category by Moody's and S&P;

(vii) units of participation in the Local Government Surplus Funds Trust Fund established pursuant to Part IV, Chapter 218, Florida Statutes, or any similar common trust fund which is established pursuant to applicable state law as a legal depository of public moneys;

(viii) commercial paper rated in the highest category by S&P and Moody's;

(ix) interest-bearing time deposits or savings accounts in banks organized under the laws of Florida, in national banks organized under the laws of the United States and doing business

and situated in Florida, in savings and loan associations located in Florida and organized under federal law and under federal supervision, provided that any such deposits are secured by collateral as may be prescribed by law;

(x) direct general obligations of any state of the United States of America or any political subdivision, agency or municipality thereof whose unsecured, uninsured or unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's and "A" or better by S&P, or any obligation fully and unconditionally guaranteed by any such state, political subdivision or agency whose unsecured, uninsured and unguaranteed general obligation debt is rated at the time of purchase, "A" or better by Moody's and "A" or better by S&P;

(xi) tax-exempt revenue bond obligations of any state of the United States of America or any political subdivision, agency, municipality or governmental unit thereof rated at the time of purchase at least "Aa" by Moody's and at least "AA" by S&P;

(xii) any certificates, receipts or similar instruments ("Certificates") which were issued by or pursuant to a trust or similar arrangement and which evidence ownership or the right to receive payments of principal or interest or any securities (a) issued by a state of the United States of America or any political subdivision, agency, municipality or governmental unit thereof and (b) meeting the requirements set forth in clauses (iii), (vi), (x) or (xi) above ("Municipal Securities"), which Municipal Securities are held pursuant to such trust or similar agreement for the benefit of the Holders of such Certificates; provided, however, that the Holders of such Certificates are entitled to rely on an opinion of counsel rendered by a nationally recognized tax counsel that interest received on the Certificates by such Holders is excluded from gross income for federal income tax purposes under the Code and is not treated as an item of tax preference for purposes of the alternative minimum tax and is not subject to any similar tax under the Code, unless all tax-exempt bonds are subject to such tax; and

(xiii) such other investments as the Authority is permitted to make with general funds of the Authority.

Lease and Use Agreements. The Airline-Airport Lease and Use Agreements between the Authority and various airlines, as amended or as the same may be amended and in effect from time to time.

Maturity Amount. The amount payable at maturity of a Capital Appreciation Bond consisting of the original principal amount thereof or discounted principal value

(original offering price) and interest or principal accreted thereon to the maturity date thereof, as determined by reference to the accreted value tables contained or referred to in such Bond.

Maximum Aggregate Debt Service. As of any date of calculation, an amount equal to the greatest amount of Aggregate Debt Service for the current or any future Fiscal Year.

Moody's. Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns and, if such corporation shall no longer perform the function of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally-recognized securities rating agency designated by the Authority, by notice to the Trustee.

Net Revenues. Revenues less Operation and Maintenance Expenses.

Operation and Maintenance Expenses. The Authority's expenses for operation, maintenance, repairs, ordinary replacement and ordinary reconstruction of the Airport System which shall include, without limiting the generality of the foregoing, administrative expenses, insurance premiums, legal and engineering expenses, payments to pension, retirement, group life insurance, health and hospitalization funds, or other employee benefit funds, and any other expenses required to be paid by the Authority under the provisions of the Bond Resolution, or by law or consistent with standard practices for airports similar to the properties and business of the Airport System and applicable in the circumstances, the expenses, liabilities and compensation of the fiduciaries required to be paid under the Bond Resolution, and all to the extent properly attributable to the Airport System. "Operation and Maintenance Expenses" shall not include any capital cost or any allowance for depreciation or any operation or maintenance costs for Special Purpose Facilities; provided, however, that "Operation and Maintenance Expenses" shall include operation and maintenance costs incurred by the Authority with respect to any Special Purpose Facilities no part of the revenue and income from which is pledged to the payment of Authority obligations.

Outstanding or outstanding. When used with reference to Bonds, means as of a particular date, all Bonds theretofore and thereupon being authenticated and delivered under the Bond Resolution except (a) any Bond cancelled at or before said date, (b) any Bond (or portion of Bonds) for the payment or redemption of which moneys equal to the principal amount (or, with respect to Capital Appreciation Bonds, Maturity Amount) or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall have theretofore been deposited with one or more of the fiduciaries in trust (whether upon or prior to maturity or the redemption date of such Bond) and, except in the case of a Bond to be paid at maturity, of which notice of redemption shall have been given or provided for in accordance with the Bond Resolution or provision satisfactory to the Trustee shall have been made for the giving of such notice, (c) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the Bond Resolution, and (d) any Bond deemed to have been paid as provided in the Bond Resolution.

Paying Agent. Any bank or trust company designated by the Authority as paying agent for the Bonds of any Series, and its successor or successors appointed in the manner provided in the Bond Resolution.

PFC Account. The PFC Account established in the Discretionary Fund by Section 402 of the Bond Resolution.

PFCs or Passenger Facility Charges. The passenger facility charges authorized to be charged by the Authority pursuant to the Aviation Safety and Capacity Expansion Act of 1990, as amended (now codified in Section 40117 of the United States Code), and Section 158.5 of the Federal Aviation Regulations (Title 14, Code of Federal Regulations, Part 158).

PFC Projects. Additional Projects for which the Authority is authorized to impose and use PFC's, as confirmed by a Counsel's Opinion.

PFC Revenues. Amounts derived by the Authority from the imposition of PFCs, exclusive of the amounts retained by the air carriers collecting the PFCs pursuant to Section 158.53 of the Federal Aviation Regulations (Title 14, Code of Federal Regulations, Part 158).

Principal Installment. As of any date of calculation and with respect to any Series of Bonds, so long as any Bonds thereof are Outstanding, means (i) the principal amount of Bonds of such Series (other than the Capital Appreciation Bonds) and the Maturity Amount of the Capital Appreciation Bonds of such Series, in each case, due on a certain future date for which no Sinking Fund Installments have been established; or (ii) the unsatisfied balance (determined as provided in the Bond Resolution) of any Sinking Fund Installments due on a certain future date for Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount, or Accreted Value with respect to Capital Appreciation Bonds, equal to said unsatisfied balance of such Sinking Fund Installments; or (iii) if such future dates coincide as to different Bonds of such Series, the sum of such principal amount of Bonds other than Capital Appreciation Bonds and the Maturity Amount of Capital Appreciation Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date plus such applicable redemption premiums, if any.

Qualified Derivative Agreement. An agreement such as an interest rate swap, collar, cap, or other functionally similar agreement the purpose of which is to manage the effective interest cost on the Authority's outstanding debt, between the Authority and a counterparty whose long-term unsecured debt is at all times rated at least "A" or the equivalent by S&P and "A2" or the equivalent by Moody's, creating Qualified Derivative Payments and designated by the Authority as a Qualified Derivative Agreement for purposes of the Bond Resolution. In the event the credit rating of the counterparty to a Qualified Derivative Agreement is reduced below such rating categories, such agreement shall no longer constitute a Qualified Derivative Agreement for purposes of the Bond Resolution.

Qualified Derivative Payment. A payment to the Authority by a counterparty pursuant to a Qualified Derivative Agreement, the amount of which is equal to interest on a notional amount, based upon a fixed rate or a variable rate index or formula.

Rating Agency. Fitch, Moody's and S&P, to the extent then maintaining a rating on Bonds outstanding at the request of the Authority.

Redemption Price. With respect to any Bond, the principal amount or, with respect to Capital Appreciation Bonds, the Accreted Value to the redemption date of such Bond, plus (in either case) the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Resolution.

Reserve Product. Bond insurance, a surety bond or a letter of credit or other credit facility used in lieu of a cash deposit in the Composite Reserve Subaccount or any other subaccount in the Reserve Account and meeting the terms and conditions of the Bond Resolution, as applicable.

Reserve Product Provider. A bond insurance provider or a bank or other financial institution providing a Reserve Product, whose bond insurance policies insuring, or whose letters of credit, surety bonds or other credit facilities securing, the payment, when due, of the principal of and interest on bond issues by public entities, at the time such Reserve Product is obtained, results in such issues (as of the date such Reserve Product is delivered) being rated in one of the two highest full rating categories by each of the Rating Agencies; provided, however, that nothing herein shall require the Authority to obtain a rating on any Bonds issued under the Bond Resolution.

Revenues. (i) All income and revenues from all sources, collected or received by the Authority in the operation of the Airport System, including without limitation except as expressly provided in the Resolution, all rentals, charges, landing fees, use charges and concession revenue received by or on behalf of the Authority in its capacity as the operator of the Airport System in connection with the operation, improvement and enlargement of the Airport System, or any part thereof; (ii) all gifts, grants, reimbursements or payments received from governmental units or public agencies for the Airport System's benefit which are: (a) not restricted in application to a special purpose, and (b) otherwise lawfully available for the payment of charges with respect to the Prior Lien Bonds and the Bonds; (iii) income received on any investment of moneys held pursuant to the Resolution and paid into the Revenue Fund pursuant to the terms of the Resolution; (iv) income received on any investment of moneys held pursuant to the Trust Agreements and paid into the revenue fund established under the Trust Agreements; (v) amounts deposited in the revenue fund established under the Trust Agreements or into the Revenue Fund from the Prepaid Airlines Fees and Charges Fund pursuant to the terms of the Resolution; and (vi) Available PFC Revenues for the applicable period.

The term "Revenues" shall not include any revenue or income from any Special Purpose Facilities, except ground rentals therefor, or revenue or income from Orlando Executive Airport (formerly known as Herndon Airport) or any additions, extensions or improvements thereto unless Orlando Executive Airport is added to the Airport System as

provided in the definition of "Airport System"; provided, however, that "Revenues" shall include the revenue or income from Special Purpose Facilities which are not pledged to the payment of obligations of the Authority issued to finance such Facilities. The term "Revenues" shall include PFC Revenues only to the extent they constitute Available PFC Revenues for the applicable period.

Series. All Bonds, including Additional Bonds, authenticated and delivered on the original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds, pursuant to the Bond Resolution, regardless of variations in maturity, interest rate, Sinking Fund Installments, or other provisions.

Series 2010 Bonds. Means, collectively, the Series 2010A Bonds and the Series 2010B Bonds.

Series 2010A Bonds. Means the \$79,705,000 Greater Orlando Aviation Authority Airport Facilities Revenue Bonds, Series 2010A (Non-AMT) of the City of Orlando, Florida issued pursuant to the terms of the Airport Facilities Revenue Bond Resolution.

Series 2010B Bonds. Means the \$84,105,000 Greater Orlando Aviation Authority Airport Facilities Refunding Revenue Bonds, Series 2010B (AMT) of the City of Orlando, Florida issued pursuant to the terms of the Airport Facilities Revenue Bond Resolution.

Sinking Fund Installment. An amount so designated by Supplemental Resolution for a particular Series of Bonds, as required by the Bond Resolution.

Special Purpose Facilities. Any capital improvements or facilities acquired or constructed by the Authority from funds other than Revenues or obligations payable from Revenues and located or to be located on any property included under the definition of Airport System.

Special Trustee. The Special Trustee appointed pursuant to the Resolution, and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Resolution.

Standard & Poor's or S&P. Standard & Poor's, a Division of The McGraw-Hill Companies, a corporation organized and existing under the laws of the State of New York, and its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Standard & Poor's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority, by notice to the Trustee.

Subordinated Indebtedness. Any evidence of indebtedness of the Authority payable out of and which may be secured by a pledge of amounts available in the Discretionary Fund established under the Bond Resolution.

Supplemental Resolution. Any resolution of the Authority amending or supplementing the Bond Resolution and adopted and becoming effective in accordance with the terms of Article X of the Bond Resolution.

Supplemental Revenues. Any source of funds not constituting Available Revenues or Revenues under the Bond Resolution irrevocably pledged to the payment of debt service on one or more series of Bonds outstanding thereunder by Supplemental Resolution and with respect to which there has been delivered to the Trustee (a) an opinion of Bond Counsel to the effect that the pledging of such source of Supplemental Revenues shall not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Bonds outstanding under the Bond Resolution that are not Taxable Bonds, (b) the written consent of any bond insurer or other credit enhancer having in effect a bond insurance policy insuring, or other credit enhancement securing, payment of any Bonds outstanding under the Bond Resolution, and (c) confirmation from the Rating Agencies that the pledging of such source of Supplemental Revenues will not result in the reduction or withdrawal of the credit ratings assigned to the Bonds, or, if unrated and non-credit enhanced, then consent of the owners of not less than a majority of such unrated, non-credit enhanced Bond Obligation.

Tax Exempt Variable Rate Index. The average of the PSA Municipal Swap Index for the twelve (12) months preceding the date of calculation, or, in connection with the issuance of Bonds, the twelve (12) calendar months preceding the date of pricing of the Bonds to be issued, or, if such index is no longer published, the Tax Exempt Variable Rate Index shall be determined in accordance with such formula or index or in such manner as the Authority shall in good faith determine will provide substantially the same rate and, if the Authority has Bonds outstanding rated by the Rating Agencies, then with respect to which the Authority receives confirmation from such Rating Agencies that the calculation of the Tax Exempt Variable Rate Index in such manner will not result in a reduction or withdrawal of the then applicable rating on the Bonds.

Taxable Bonds. Bonds the interest on which is not intended at the time of the issuance thereof to be excluded from the gross income of the owners thereof for federal income tax purposes.

Taxable Variable Rate Index. The average yield on 30-day United States Treasury Bills for the twelve (12) calendar months preceding the date of calculation, or, in connection with the issuance of Bonds, the twelve (12) calendar months preceding the date of pricing of the Bonds to be issued, plus fifty (50) basis points.

Variable Rate Bonds. Bonds issued with a variable, adjustable, convertible or other similar interest rate which is not fixed in percentage for the remaining term thereof.

Pledge Under Resolution

Payment of the principal and redemption price of, and interest on, the Bonds is secured, subject to the provisions of the Resolution permitting the application thereof for the purposes and on the terms of the Resolution, by (i) the proceeds of the sale of the Bonds, (ii) all Revenues, and (iii) all funds established by the Resolution, including the investments thereof, if any, provided, however, that each of the separate subaccounts in the Reserve Account shall secure only those Series of Bonds designated by Supplemental Resolution to be secured by such separate subaccount and provided further that any Supplemental Revenues deposited in the Debt Service Account shall only be available and used to pay the principal of and interest on the Bonds of the Series to which such Supplemental Revenues are pledged.

General Provisions for the Issuance of Bonds

Bonds may be issued with various interest rate determination mechanisms in addition to fixed interest rate or Capital Appreciation Bonds, including variable, adjustable, convertible, auction reset or other rates, original issue discounts and zero coupon bonds.

The Authority must specify, among others, the following in connection with the issuance of a Series of Bonds: (i) a designation as to whether such Series of Bonds shall be secured by the Composite Reserve Subaccount, a separate subaccount in the Reserve Account, or no debt service reserve, and, if secured by a separate subaccount in the Reserve Account, the Debt Service Reserve Requirement with respect thereto; (ii) the redemption terms for the Bonds of such Series; and (iii) the terms, if any, upon which the holder of such Bond may elect, or may be required, to tender such Bonds for purchase by the Authority or its designated agent.

Additional Bonds

One or more Series of Additional Bonds may be issued for the purpose of paying the cost of construction of any Additional Project, subject to the following conditions and tests, among others:

1. Receipt by the Trustee of a certificate of an Authorized Officer of the Authority demonstrating that Net Revenues for any consecutive 12-month period out of the preceding 30 months equaled at least 1.25 times the sum of Aggregate Debt Service and Prior Lien Debt Service;

2. Receipt by the Trustee of a report of the Consulting Engineers setting forth (i) the estimated substantial completion and placed in service date for the Additional Project for which such Series of Additional Bonds is being issued and for any other uncompleted Project, and (ii) an estimate of the Cost of Construction of such Additional Project and of any other uncompleted Project and any other Additional Project (an "Anticipated Additional Project") as to which the Authority expresses, by a certificate of an Authorized Officer of the Authority, its intention and reasonable expectation to

undertake prior to the end of the Fiscal Year following the Fiscal Year in which the completion date described in clause (i) is estimated to occur by the Consulting Engineers; and

3. Receipt by the Trustee of a report of the Airport Consultant demonstrating that the estimated (taking into account the effect of any Anticipated Additional Projects) Net Revenues and Supplemental Revenues, if any, for each of the three Fiscal Years following the Fiscal Year in which the Additional Project is estimated to be substantially completed and placed into service, less the sum of the amounts estimated to be deposited from Revenues or Available Revenues in each such Fiscal Year into the renewal and replacement fund and operating reserve account established under the Trust Agreements and into the Operation and Maintenance Reserve Account, the Capital Expenditures Fund and the Renewal and Replacement Fund established under the Resolution, plus the estimated Supplemental Revenues in each such Fiscal Year (not to exceed in any such Fiscal Year an amount equal to 1.25 times the Aggregate Debt Service in such Fiscal Year with respect to each Series of Bonds secured by such Supplemental Revenues), shall be at least equal to 1.25 times the sum of Aggregate Debt Service (including the Aggregate Debt Service for each Series of Bonds secured by Supplemental Revenues and the Aggregate Debt Service estimated by the Authority with respect to future Series of Bonds estimated to be required to complete such Additional Project and any other uncompleted Project) plus Prior Lien Debt Service for each such Fiscal Year.

Refunding Bonds

One or more Series of Refunding Bonds may be authenticated and delivered upon original issuance to refund (a) all Outstanding Bonds of one or more Series or all or any portion of one or more maturities within a Series, or (b) any Subordinated Indebtedness as follows:

1. Refunding Bonds of each Series issued to refund one or more Series of Outstanding Bonds, or one or more maturities or any portion of a maturity, within a Series shall be authenticated and delivered by the Trustee only upon receipt by it from the Authority of, among others:

(a) Either (i) moneys in an amount sufficient to effect payment at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption date, shall be held by the Trustee or one or more of the Paying Agents or (ii) Investment Securities and moneys, sufficient to satisfy the defeasance requirements of the Bond Resolution, shall be held in trust. See "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT FACILITIES REVENUE BOND RESOLUTION — Defeasance" for a summary of the defeasance requirements of the Bond Resolution; and

(b) Receipt by the Trustee of either of the following: a certificate of an Authorized Officer of the Authority setting forth (1) the Aggregate Debt Service through the date of the latest maturity of any Bonds of any Series then

Outstanding (A) with respect to the Bonds of all Series Outstanding immediately prior to the date of authentication and delivery of such Refunding Bonds, and (B) with respect to the Bonds of all Series to be Outstanding immediately thereafter, and (2) that the Aggregate Debt Service set forth pursuant to (B) above is no greater than that set forth pursuant to (A) above, or (ii) the certificates required by the Bond Resolution for the issuance of Additional Bonds demonstrating that the tests set forth in the Bond Resolution for such issuance have been met in connection with the issuance of the Refunding Bonds, treating the Refunding Bonds as Additional Bonds for all purposes of such certificate and tests. See "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT FACILITIES REVENUE BOND RESOLUTION — Additional Bonds" for a summary of certain conditions and tests applicable to Additional Bonds.

2. Refunding Bonds may be issued to refund Subordinated Indebtedness upon satisfaction of the following conditions, among others:

(a) Receipt by the Trustee of the documents required by the Bond Resolution for the issuance of Additional Bonds; and

(b) Receipt by the Trustee of a certificate of an Authorized Officer of the Authority (or of the trustee under the instrument authorizing such Subordinated Indebtedness, if there be such a trustee) stating, among other things, that provision has been duly made for the redemption or payment at maturity of such Refunding Indebtedness.

Qualified Derivative Agreements

The Authority may enter into one or more Qualified Derivative Agreements with respect to all or a portion of the Debt Service with respect to Bonds outstanding under the Resolution; provided, however, that if such Qualified Derivative Agreement is not entered into at the time of initial issuance of the Bonds to which it applies, the Authority must deliver a report of the Airport Consultant such as is required in connection with the issuance of Additional Bonds, but using the assumptions provided in the definition of "Debt Service" with respect to the Qualified Derivative Agreement and the portion of Debt Service to which it relates as of the effective date of such Qualified Derivative Agreement. Qualified Derivative Payments received by the Authority under any Qualified Derivative Agreement shall be deposited upon receipt in the Revenue Fund.

Subordinated Indebtedness

The Authority may, from time to time, issue indebtedness payable out of, and which may be secured by a pledge of, amounts in its Discretionary Fund provided (i) that such indebtedness may be incurred only for (a) the purchase or redemption of any Bonds, and expenses in connection with the purchase or redemption of any such Bonds, (b) payments of principal or redemption price of and interest on any Subordinated Indebtedness, (c) payments into any separate account or accounts established in the Construction Fund for application in a manner consistent with the purposes of such

account, (d) improvements, extensions, betterments, renewals, replacements, repairs, maintenance or reconstruction of any properties or facilities of the Airport System or the provision of one or more reserves therefor, and (e) any other corporate purpose of the Authority in connection with the Airport System; and (ii) that any pledge granted in connection therewith shall be subordinate in all respects to the pledge created by the Bond Resolution.

Rate Covenant

The Authority covenants in the Resolution that it will, at all times while any Bonds are Outstanding, establish, fix, prescribe and collect rates, fees, rentals and other charges for the use of the Airport System as shall be required in order that in each Fiscal Year the Net Revenues, less the amounts, if any, required to be deposited from Revenues into the Capital Expenditures Fund, the Operation and Maintenance Reserve Account and the Renewal and Replacement Fund established under the Resolution, plus Supplemental Revenues in an amount not to exceed 1.25 times the Aggregate Debt Service on each Series of Bonds secured by such Supplemental Revenues for such Fiscal Year, shall equal at least 1.25 times the sum of the Aggregate Debt Service for such Fiscal Year, and, in any event, as shall be required to pay or discharge all indebtedness, charges and liens whatsoever payable out of Revenues or Available Revenues under the Resolution.

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Application of Revenues

The Resolution establishes the following funds and accounts for the application of Revenues:

<u>Fund</u>	<u>Held By</u>
Airport Facilities Construction Fund	Special Trustee
Airport Facilities Revenue Fund	Special Trustee
Airport Facilities Bond Fund (consisting of a Debt Service Account and a Debt Service Reserve Account, consisting of a Composite Reserve Subaccount and such additional reserve subaccounts as may be established with respect to particular Series of Bonds)	Trustee
Airport Facilities Operation and Maintenance Fund (which includes an Operation and Maintenance Reserve Account)	Authority
Airport Facilities Capital Expenditures Fund	Authority
Airport Facilities Renewal and Replacement Fund	Authority
Airport Facilities Improvement and Development Fund	Authority
Airport Facilities Discretionary Fund (which includes the PFC Account)	Authority
Airport Facilities Prepaid Airline Fees and Charges Fund	Authority

The Authority shall promptly deposit all Revenues (including Available PFC Revenues) into the Airport Facilities Revenue Fund established under the Resolution. Amounts in the Airport Facilities Revenue Fund shall be applied monthly to the following funds and accounts established under the Resolution, in the following order of priority, as follows:

1. To the Airport Facilities Operation and Maintenance Fund, an amount equal to one-twelfth (1/12) (or such greater fraction if the period is less than 12 months as may be appropriate) of the amount provided for Operation and Maintenance Expenses for the then current Fiscal Year in the then-current Annual Budget.

2. To the Airport Facilities Bond Fund, for credit to the Debt Service Account therein, if and to the extent required so that the balance in such Account shall equal Accrued Aggregate Debt Service; provided that, for purposes of computing the amount in the Debt Service Account, there shall be excluded the amount, if any, set aside therein from the proceeds of each Series of Bonds less the amount of interest accrued and unpaid and to accrue on the Bonds of such Series (or any Refunding Bonds issued to

refund such Bonds), other than with respect to Capital Appreciation Bonds, to the last day of the then-current calendar month.

3. Except as otherwise provided below, to the Airport Facilities Bond Fund, for credit to the applicable subaccount in the Debt Service Reserve Account therein, if and to the extent necessary so that the balance in each subaccount equals the Debt Service Reserve Requirement with respect thereto.

4. To the Airport Facilities Operation and Maintenance Fund for credit to the Operation and Maintenance Reserve Account therein, an amount equal to one-twelfth (1/12) (or such greater fraction if the period is less than 12 months as may be appropriate) of the difference between the sum on deposit in said Account at the beginning of the then-current Fiscal Year and one-sixth (1/6) of the Operation and Maintenance Expenses set forth in the then-current Annual Budget.

5. To the Airport Facilities Capital Expenditures Fund, a sum equal to one-twelfth (1/12) (or such greater fraction if the period is less than 12 months as may be appropriate) of the amount provided therefor in the then-current Annual Budget; provided that, if any such monthly allocation shall be less than the required amount, the amount of the next succeeding monthly payment shall be increased by the amount of such deficiency.

6. To the Airport Facilities Renewal and Replacement Fund, a sum equal to one-twelfth (1/12) (or such greater fraction if the period is less than 12 months as may be appropriate) of the amount provided therefor in the then-current Annual Budget; provided that no deposit shall be required whenever and as long as uncommitted moneys in said Fund are equal to or greater than \$1,000,000 or such larger amount as the Airport Consultant shall certify as necessary for the purposes of said Fund; and provided further that, if any such monthly allocation shall be less than the required amount, the amount of the next monthly payment shall be increased by the amount of such deficiency.

7. To the Discretionary Fund, the amount of \$166,666.66¹ plus all amounts required to be deposited into such Fund in such month by the terms of any agreements relating to indebtedness issued by the Authority to finance improvements to the Airport System, plus all amounts required to pay in a timely manner all payments the Authority is required to make to any third party under any interest rate swap agreement or other derivative financial product agreement between the Authority and a third party, plus, for deposit in the PFC Account, an amount equal to the difference between (a) the amount of Available PFC Revenues deposited in the Revenue Fund, plus amounts withdrawn from the PFC Account to pay principal and interest or to make up any deficiency in the Operation and Maintenance Fund pursuant to the Bond Resolution (to the extent not previously replenished), and (b) the Accrued Aggregate Debt Service with respect to that portion of the Bonds issued to finance PFC Projects, as allocated by a certificate of an Authorized Officer of the Authority, or such lesser amount which will

¹ The Lease and Use Agreements permit adjustments from time to time by agreement between the Authority and a Majority-In-Interest of such airlines. See "AIRLINE REVENUES AND OTHER REVENUE SOURCES-Payments by Airlines Pursuant to Lease and Use Agreements" herein.

not cause the amount on deposit in such Fund to exceed the Discretionary Fund Maximum Balance; provided that, if any such monthly allocation to said Fund shall be less than the required amount, the amount of the next succeeding monthly payment shall be increased by the amount of such deficiency to the extent that the amount on deposit in such Fund shall not exceed the Discretionary Fund Maximum Balance. The amount of the monthly deposit to the Discretionary Fund may be adjusted by Authority at any time if not prohibited under the terms of the Lease and Use Agreements.

Deposits to the Bond Fund shall be increased to the extent required to pay principal, interest and redemption premiums, if any, next becoming due, and to makeup any deficiencies or losses that may otherwise arise in such Fund and subaccounts.

If there are not sufficient funds in the Revenue Fund available to make the amounts on deposit in each subaccount in the Debt Service Reserve Account equal to the Reserve Requirement for the applicable Series of Bonds, there shall be deposited in each such subaccount an amount equal to the lesser of the Reserve Requirement for such subaccount or the total amount available to be deposited into the Debt Service Reserve Account multiplied by a fraction, the numerator of which is the Bond Obligation of all Bonds of the applicable Series then Outstanding and the denominator of which is the total aggregate amount of the Bond Obligation of all Bonds of every Series then Outstanding hereunder secured by a subaccount in the Debt Service Reserve Account.

At the end of each Fiscal Year, after all deposits required to be made into each of the aforesaid funds and accounts have been made, the Special Trustee shall transfer from the remaining moneys on deposit in the Airport Facilities Revenue Fund a sum equal to the estimated amount of moneys which are not required to make up deficiencies in any of the aforesaid funds and accounts as follows: (i) an amount equal to fifty percent (50%) of such remaining moneys shall be deposited into the Airport Facilities Improvement and Development Fund, and (ii) an amount equal to fifty percent (50%) of such remaining moneys shall be deposited into the Prepaid Airline Fees and Charges Fund. When it has been determined by audit what actual amounts were on deposit in the Airport Facilities Revenue Fund at the end of a Fiscal Year which were not required to make up deficiencies as aforesaid, an adjustment shall be made, as follows:

- (a) If such amounts were overestimated, there shall be deposited into the Airport Facilities Revenue Fund from each of the Airport Facilities Improvement and Development Fund and the Airport Facilities Prepaid Airline Fees and Charges Fund, respectively, fifty percent (50%) of the overestimated amount.
- (b) If such amounts were underestimated, there shall be deposited from the Airport Facilities Revenue Fund into each of the Airport Facilities Improvement and Development Fund and the Airport Facilities Prepaid Airline Fees and Charges Fund, respectively, fifty percent (50%) of the underestimated amount.

At such time as the total amount held in the Debt Service Account and the Debt Service Reserve Account shall be sufficient to fully pay all Outstanding Bonds in accordance with their terms (including principal of, applicable sinking fund Redemption

Price and interest thereon), no further deposits shall be required to be made into such Accounts and the Bonds shall no longer be deemed Outstanding.

Notwithstanding anything in the Resolution to the contrary, the Authority shall not be required to fully fund a subaccount in the Debt Service Reserve Account at the time of issuance of any Series of Bonds under the Resolution, if it provides on the date of issuance of any Series of Bonds in lieu of such funds, a Reserve Product issued by a Reserve Product Provider in an amount equal to the difference between the applicable Reserve Requirement and the sums then on deposit in the applicable subaccount in the Reserve Account. Such Reserve Product must provide for payment on any interest or principal payment date (provided adequate notice is given) on which a deficiency exists (or is expected to exist) in moneys held under the Resolution for a payment with respect to the applicable Series of Bonds which cannot be cured by funds in any other account held pursuant to the Resolution and available for such purpose, and which shall name the Trustee or a Paying Agent as the beneficiary thereof. In no event shall the use of such Reserve Product be permitted if it would cause any existing rating on the Bonds or any Series thereof to be lowered, suspended or withdrawn. If a disbursement is made from a Reserve Product as provided above, the Authority shall be obligated to reinstate the maximum limits of such Reserve Product immediately following such disbursement or to replace such Reserve Product by depositing into the applicable subaccount in the Debt Service Reserve Account from the first Revenues available for such deposit into the applicable subaccounts of the Debt Service Reserve Account after the deposits required to be made to the Operation and Maintenance Fund and Debt Service Account, funds in the maximum amount originally payable under such Reserve Product, plus amounts necessary to reimburse the Reserve Product Provider for previous disbursements made pursuant to such Reserve Product, or a combination of such alternatives, and for purposes of all required deposits to the applicable subaccounts of the Debt Service Reserve Account, amounts necessary to satisfy such reimbursement obligation and other obligations of the Authority to such a Reserve Product Provider shall be deemed required deposits into the applicable subaccount in the Reserve Account, but shall be used by the Authority to satisfy its obligations to the Reserve Product Provider.

Also notwithstanding anything in the Resolution to the contrary, the Authority shall not be required to fund fully a subaccount in the Debt Service Reserve Account at the time of issuance of any Series of Bonds under the Resolution, if it elects by Supplemental Resolution adopted prior to the issuance of any Series of Bonds and subject to the limits described below, to fully fund the applicable subaccount over a period specified in such Supplemental Resolution not to exceed sixty (60) months during which it shall make substantially equal monthly installments in order that the amount on deposit in such subaccount in the Debt Service Reserve Account at the end of such period shall equal the Debt Service Reserve Requirement with respect thereto. The aggregate amounts which may be permitted to be deposited in installments at any time shall not exceed 75% of the Debt Service Reserve Requirement with respect to such subaccount in the Debt Service Reserve Account. If a subaccount in the Debt Service Reserve Account is to be initially funded in installments, the deposits required pursuant to the foregoing may be limited to the amount which will be sufficient to make the required monthly installments specified in the Supplemental Resolution, plus an amount necessary to make

up any deficiencies caused by withdrawals or resulting from valuations of the funds on deposit therein.

Application of Airport Facilities Bond Fund - Debt Service Account

1. The Trustee shall pay out of the Debt Service Account to the respective Paying Agents (i) on or before each interest payment date and each Principal Installment due date for any of the Bonds, the amount required for the interest and Principal Installments payable on such dates; and (ii) on or before the day preceding any redemption date for the Bonds, the amount required for the payment of interest on the Bonds then to be redeemed. Such amounts shall be applied by the Paying Agents on and after the due dates thereof. The Trustee shall also pay out of the Debt Service Account the accrued interest included in the purchase price of Bonds purchased for retirement. Notwithstanding anything in this section to the contrary, if principal, interest or premium payments on Bonds have been paid on behalf of the Authority by a bond insurer or the provider of any credit or liquidity facility or any other entity insuring, guarantying or otherwise providing for the payment of the Bonds, or any Series thereof, moneys on deposit in the Debt Service Account and allocable to such Bonds shall be paid to such bond insurer or provider of the liquidity facility or credit facility or other entity having made a corresponding payment on the Bonds.

2. Amounts accumulated in the Debt Service Account with respect to any Sinking Fund Installment (together with amounts accumulated therein with respect to interest on the Bonds for which such Sinking Fund Installment was established) may and, if so directed by the Authority, shall be applied by the Trustee, on or prior to the 60th day preceding the due date of such Sinking Fund Installment, to (i) the purchase of Bonds of the Series and maturity for which such Sinking Fund Installment was established, or (ii) the redemption at the applicable sinking fund Redemption Prices, pursuant to the terms of the Bond Resolution of such Bonds, if then redeemable by their terms. After the 60th day but on or prior to the 40th day preceding the due date of such Sinking Fund Installment, any amounts then on deposit in the Debt Service Account (exclusive of amounts, if any, set aside in said Fund which were deposited therein from the proceeds of Additional Bonds) may, and if so directed by the Authority, shall be applied by the Trustee to the purchase of Bonds of the Series and maturity for which such Sinking Fund Installment was established in an amount not exceeding that necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment. All such purchases of Bonds shall be made at prices not exceeding the applicable sinking fund Redemption Price of such Bonds plus accrued interest, and such purchases shall be made in such manner as the Trustee shall determine. The applicable sinking fund Redemption Price (or principal amount of maturing Bonds) of any Bonds so purchased or redeemed shall be deemed to constitute part of the Debt Service Account until such Sinking Fund Installment date, for the purpose of calculating the amount of such Fund. As soon as practicable after the 40th day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption, by giving notice as required in the Bond Resolution, on such due date Bonds of the Series and maturity for which such Sinking Fund Installment was established (except in the case of Bonds maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the

retirement of the unsatisfied balance of such Sinking Fund Installment. The Trustee shall pay out of the Debt Service Account to the appropriate Paying Agents, on or before the day preceding such redemption date (or maturity date), the amount required for the redemption of the Bonds so called for redemption (or for the payment of such Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment).

3. The amount, if any, deposited in the Debt Service Account from the proceeds of each Series of Bonds shall be set aside in such Fund and applied to the payment of interest on the Bonds of such Series (or Refunding Bonds issued to refund such Bonds) as the same becomes due and payable.

Application of Airport Facilities Bond Fund - Debt Service Reserve Account

If, on the final business day of any month the amount in the Debt Service Account shall be less than the amount required to be in such Account, the Trustee shall apply amounts from the applicable subaccounts in the Debt Service Reserve Account to the extent necessary to cure the deficiency; provided, however, that amounts in the separate subaccounts in the Debt Service Reserve Account shall be used only for the purpose of curing deficiencies with respect to the Series of Bonds secured by such subaccount. Any proceeds received from a Reserve Product shall be applied to cure deficiencies in the Debt Service Account only with respect to the Series of Bonds for which such Reserve Product was provided.

Whenever the moneys on deposit in a subaccount in the Debt Service Reserve Account shall exceed the applicable Debt Service Reserve Requirement, the Trustee, at the direction of an Authorized Officer of the Authority, shall allocate and apply the amount of such excess in the same manner as Available Revenues or Revenues, as the case may be, pursuant to the Resolution.

Whenever the amounts in the applicable subaccounts in the Debt Service Reserve Account, together with the amount in the Debt Service Account, is sufficient to fully pay all Outstanding Bonds in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), the funds on deposit in the Debt Service Reserve Account shall be transferred to the Debt Service Account. Prior to said transfer, all investments held in the Debt Service Reserve Account shall be liquidated to the extent deemed necessary in order to provide for the timely payment of principal and interest (or Redemption Price) on the Bonds Outstanding secured by the applicable subaccount in the Debt Service Reserve Account.

The Authority is permitted, at any time in its discretion, to substitute a Reserve Product for the cash and Investment Securities in a subaccount of the Debt Service Reserve Account, and to then withdraw such cash and Investment Securities from such account and deposit them to the credit of the Revenue Fund, so long as (i) no event of default shall have occurred and be continuing under the Bond Resolution, (ii) the substitution and withdrawal does not adversely affect any rating by a Rating Agency then in effect for the applicable Series of Outstanding Bonds and (iii) the Authority obtains an

opinion of Bond Counsel that such actions will not, in and of themselves, adversely affect the exclusion from gross income of interest on the applicable Series of Bonds (if other than Taxable Bonds) for federal income tax purposes.

Cash on deposit in the applicable subaccount in the Debt Service Reserve Account shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any Reserve Product. If and to the extent that more than one Reserve Product is deposited in the applicable subaccount in the Debt Service Reserve Account, drawings thereunder and repayments of costs associated therewith shall be made on a pro rated basis, calculated by reference to the maximum amounts available thereunder.

Application of Airport Facilities Operation and Maintenance Fund and Operation and Maintenance Reserve Account

Amounts in the Airport Facilities Operation and Maintenance Fund shall be paid out from time to time by the Authority for reasonable and necessary Operation and Maintenance Expenses.

Amounts in the Airport Facilities Operation and Maintenance Fund which the Authority at any time determines to be in excess of the requirements of such Fund shall be paid over by the Authority to the Special Trustee for deposit into the Revenue Fund and applied as described above and in the Resolution.

Moneys to the credit of the Operation and Maintenance Reserve Account shall be paid out from time to time by the Authority for reasonable and necessary Operation and Maintenance Expenses to the extent that sufficient funds are not available within the Operation and Maintenance Fund for such purposes.

If at any time amounts on deposit in the Maintenance Reserve Account are in excess of 1/6 of the Operation and Maintenance Expenses with respect to the Airport System as set forth in the then current Annual Budget, the Authority shall pay such excess to the Special Trustee for deposit into the Revenue Fund and application as described above and in the Resolution.

Application of Airport Facilities Capital Expenditures Fund

Moneys in the Capital Expenditures Fund may be applied to purchase items of equipment and other capital items for use in connection with the Airport System. Any payments made by the Authority from the Capital Expenditures Fund shall be made in such manner as is not prohibited under the terms of the Lease and Use Agreements.

If at any time the moneys in the Debt Service Account, the Debt Service Reserve Account, the Airport Facilities Discretionary Fund, the Airport Facilities Improvement and Development Fund and the Airport Facilities Renewal and Replacement Fund shall be insufficient to pay the interest and Principal Installments when due on the Bonds, the Authority, upon requisition of the Trustee, shall transfer from the Airport Facilities Capital Expenditures Fund to the Trustee for deposit in the Debt Service Account the

amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency.

To the extent not required to meet a deficiency as described in the preceding paragraph, if at any time the moneys in the Airport Facilities Operation and Maintenance Fund (including the Operation and Maintenance Reserve Account), the Airport Facilities Discretionary Fund, the Airport Facilities Improvement and Development Fund and the Airport Facilities Renewal and Replacement Fund shall be insufficient to pay Operation and Maintenance Expenses when due, the Authority shall transfer from the Airport Facilities Capital Expenditures Fund to the Airport Facilities Operation and Maintenance Fund the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency.

Application of Airport Facilities Renewal and Replacement Fund

Moneys in the Airport Facilities Renewal and Replacement Fund may be applied to pay costs of unanticipated or emergency replacements and repairs to the Airport System.

If at any time the moneys in the Debt Service Account, the Debt Service Reserve Account, the Airport Facilities Discretionary Fund and the Airport Facilities Improvement and Development Fund shall be insufficient to pay the interest and Principal Installments when due on the Bonds, the Trustee shall transfer from the Airport Facilities Renewal and Replacement Fund to the Debt Service Account the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency.

To the extent not required to meet a deficiency as described in the preceding paragraph, if at any time the moneys in the Airport Facilities Operation and Maintenance Fund (including the Operation and Maintenance Reserve Account), the Airport Facilities Discretionary Fund and the Airport Facilities Improvement and Development Fund shall be insufficient to pay Operation and Maintenance Expenses when due, the Trustee shall transfer from the Airport Facilities Renewal and Replacement Fund to the Authority for deposit in the Airport Facilities Operation and Maintenance Fund the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency.

Application of Airport Facilities Discretionary Fund and PFC Account

1. If at any time the moneys in the Debt Service Account and the Debt Service Reserve Account shall be insufficient to pay the interest and Principal Installments when due on the Bonds, the Authority, upon requisition of the Trustee, shall transfer from the Airport Facilities Discretionary Fund to the Trustee for deposit in the Debt Service Account the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency.

2. To the extent not required to meet a deficiency as described in paragraph 1, if at any time the moneys in the Airport Facilities Operation and

Maintenance Fund (including the Operation and Maintenance Reserve Account) shall be insufficient to pay Operation and Maintenance Expenses when due, the Authority shall transfer from the Airport Facilities Discretionary Fund to the Airport Facilities Operation and Maintenance Fund the amount necessary (or all moneys in said Fund if less than the amount necessary) to make up such deficiency.

3. Amounts in the Airport Facilities Discretionary Fund not required to meet a deficiency as described in paragraphs 1 and 2 of this Section may, at the discretion of the Authority and, with respect to amounts in the PFC Account, subject to the requirements described in paragraph 6 below, be applied to any one or more of the following purposes:

- (a) the purchase or redemption of any Bonds, and expenses in connection with the purchase or redemption of any such Bonds;
- (b) payments of principal or redemption price of and interest on any Subordinated Indebtedness;
- (c) payments into any separate account or accounts established in the Construction Fund for application in a manner consistent with the purposes of such account;
- (d) improvements, extensions, betterments, renewals, replacements, repairs, maintenance or reconstruction of any properties or facilities of the Airport System or the provision of one or more reserves therefor; and
- (e) any other corporate purpose of the Authority in connection with the Airport System;

provided that, subject to the provisions described in paragraphs 1 and 2 of this Section, amounts deposited in the Airport Facilities Discretionary Fund and required by the Resolution to be applied to the purchase or redemption of Bonds shall be applied to such purpose in such manner as the Authority shall determine.

4. Subject to the provisions described in this section and the terms of any pledge securing Subordinated Indebtedness, amounts in the Airport Facilities Discretionary Fund shall be applied to the purposes specified in paragraph 3 of this Section.

5. Whenever any moneys in the Discretionary Fund or the Improvement and Development Fund are to be applied to the purchase or redemption of Bonds, the Authority shall deposit such moneys with the Trustee, in a separate account established for such purpose, and shall give written instructions to the Trustee to make such purchase or redemption in accordance with the provisions of the Resolution. Upon any such purchase or redemption of Bonds of any Series and maturity for which Sinking Fund Installments shall have been established, an amount equal to the principal amount of such Bonds so purchased or redeemed shall be credited toward a part (an integral multiple of \$5,000) or all of any one or more Sinking Fund Installments thereafter to become due, as directed by the Authority in a certificate in writing signed by an Authorized Officer of the

Authority and filed with the Trustee, or in the absence of such direction, toward such Sinking Fund Installments in inverse order of their due dates. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

6. Amounts in the PFC Account in the Airport Facilities Discretionary Fund not required to meet a deficiency as described in paragraphs 1 and 2 of this Section may be withdrawn by the Authority at any time and shall be applied by the Authority, in its discretion for permitted purposes, in accordance with the applicable approvals and authorizations of the FAA and applicable FAA Regulations.

Application of Airport Facilities Improvement and Development Fund

Moneys in the Airport Facilities Improvement and Development Fund may be applied to costs of the Airport Improvement and Development Plan for the then current Fiscal Year or to the purchase or redemption of Bonds, including any expenses in connection with such purchase or redemption. Whenever moneys in the Improvement and Development Fund are applied to the purchase or redemption of Bonds, the provisions of paragraph 5 in the section entitled "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT FACILITIES REVENUE BOND RESOLUTION – Application of Airport Facilities Discretionary Fund and PFC Account" shall equally apply.

If at any time the moneys in the Debt Service Account, the Debt Service Reserve Account and the Airport Facilities Discretionary Fund shall be insufficient to pay the interest and Principal Installments when due on the Bonds, the Authority, upon requisition of the Trustee, shall transfer from the Airport Facilities Improvement and Development Fund to the Trustee for deposit in the Debt Service Account the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency.

To the extent not required to meet a deficiency as described in the preceding paragraph, if at any time the moneys in the Airport Facilities Operation and Maintenance Fund (including the Operation and Maintenance Reserve Account) and the Airport Facilities Discretionary Fund shall be insufficient to pay Operation and Maintenance Expenses when due, the Authority shall transfer from the Airport Facilities Improvement and Development Fund to the Airport Facilities Operation and Maintenance Fund the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency.

Application of Airport Facilities Prepaid Airline Fees and Charges Fund

After certain reimbursements, any remaining amounts on deposit in the Prepaid Airline Fees and Charges Fund at the end of each Fiscal Year shall be transferred by the

Authority to the Special Trustee for deposit into the Revenue Fund for application as described above, such deposit to be made in equal amounts in each of the first three months of the next succeeding Fiscal Year.

Application of Supplemental Revenues

Each month, all Supplemental Revenues, up to the Accrued Aggregate Debt Service with respect to the Series of Bonds secured by such Supplemental Revenues, shall be deposited to the Bond Fund for the credit of the Debt Service Account and, anything provided in the Bond Resolution to the contrary notwithstanding, shall be used solely to pay debt service on the Series of Bonds secured by such Supplemental Revenues. Supplemental Revenues deposited in the Debt Service Account shall be used to pay debt service on the Series of Bonds secured thereby prior to the use of any Revenues or Available Revenues.

Investment of Certain Funds

The Resolution provides that certain funds and accounts held thereunder may, and in the case of the Debt Service Account and the Debt Service Reserve Account shall, be invested to the fullest extent practicable in Investment Securities. The Resolution provides that such investments shall mature no later than such time as shall be necessary to provide moneys when needed for payments from such funds and accounts, and in the case of the following funds and accounts not later than the period set forth below:

Debt Service Reserve Account	15 years
Operation and Maintenance Fund, including the Operation and Maintenance Reserve Account	1 year
Capital Expenditures Fund	5 years
Renewal and Replacement Fund	5 years
Improvement and Development Fund	5 years
Discretionary Fund	5 years

Net interest earned on any moneys or investments in any such funds and accounts (other than the Construction Fund) shall be paid into the Airport Facilities Revenue Fund.

All obligations purchased as an investment of moneys within any funds or accounts under the Bond Resolution shall be valued semiannually at the lower of cost or principal amount thereof, exclusive of accrued interest, except such investments in the Debt Service Reserve Account shall be valued semiannually at the lower of cost or market price, exclusive of accrued interest.

Construction Fund

The Resolution establishes an Airport Facilities Construction Fund to be held by the Special Trustee, and provides that the Special Trustee shall establish within such fund a separate account for each Additional Project which is to be paid from the Construction Fund.

There shall be paid into the Airport Facilities Construction Fund the amounts required by the Resolution. The Authority may also pay into the Airport Facilities Construction Fund any moneys received for or in connection with the Airport System from any other source, unless required to be otherwise applied as provided by the Resolution.

To the extent that other moneys are not available therefor in any other fund, amounts in the Airport Facilities Construction Fund shall be applied to the payment of Principal Installments and interest on the Bonds when due, unless such use would cause interest on Bonds (other than Bonds issued with the intent that interest thereon be included in gross income for federal income tax purposes) not to be excluded from gross income for federal income tax purposes.

Amounts in each separate account established for any Additional Project shall be applied to the purpose or purposes specified in the Supplemental Resolution authorizing the Bonds issued with respect to such Additional Project. Amounts will be withdrawn from the Construction Fund pursuant to requisitions signed by an Authorized Officer of the Authority filed with the Special Trustee. Each such requisition must evidence that the stated amounts have been incurred by the Authority, that each item is a proper charge against the Construction Fund and that there has not been filed with or served upon the Authority notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to anyone named in the requisition which has not been released, or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

Amounts in the Airport Facilities Construction Fund may be invested in Investment Securities maturing in such amounts and at such times as may be necessary to provide funds when needed to pay the cost of construction or such other purpose to which such moneys are applicable. Interest earned on moneys or investments in a separate account in the Airport Facilities Construction Fund shall be held in such account for the purposes thereof.

Upon completion of any Additional Project as evidenced by certificate of the Consulting Engineers, any amount remaining in the separate account established therefor not required to complete payment of the cost of construction shall be deposited in the Debt Service Reserve Account to the extent necessary to meet the Debt Service Reserve Requirement and the balance shall be (i) transferred to the Debt Service Account and applied to the purchase or redemption of Bonds, or (ii) used to pay costs of improvements to the Airport System, as the Authority shall direct.

Certain Other Covenants

Passenger Facility Charges (PFCs)

The Authority has covenanted and agreed to file such applications, submit such reports and take any and all such other actions that may be necessary or desirable to preserve its rights to impose and collect PFCs from which Available PFC Revenues are derived, to enforce with reasonable diligence its rights to receive PFC Revenues from which Available PFC Revenues are derived and to use the proceeds of such Available PFC Revenues and amounts required to be deposited in the PFC Account in the manner provided in the Resolution. Without limiting the generality of the foregoing, the Authority has covenanted and agreed as follows:

(a) To apply PFC Revenues only to finance allowable costs of approved projects in accordance with the FAA Regulations and applicable FAA authorizations and approvals (including Accrued Aggregate Debt Service with respect to that portion of the Bonds issued to finance PFC Projects);

(b) To comply with the applicable requirements of Section 9304(e) and 9307 of the Airport Noise and Capacity Act of 1990 (Pub. L. 101-508, Title IX, Subtitle D);

(c) To notify the air carriers and foreign air carriers required to collect PFCs with respect to the Airport System of the FAA's approval of the imposition of such PFC's in accordance with the requirements of the FAA Regulations and to take all actions reasonably necessary to insure the proper collection and remittance of the PFC Revenues from which Available PFC Revenues are derived by the air carriers; and

(d) To comply with all reporting, recordkeeping, and auditing requirements contained in the FAA Regulations.

Indebtedness and Liens

The Authority covenants not to issue any bonds or other evidences of indebtedness, other than the Bonds, payable out of or secured by a pledge of the Revenues, or of the moneys, securities or funds held or set aside by the Authority or by the fiduciaries under the Resolution, and shall not create or cause to be created any lien or charge on the Revenues, or such moneys, securities or funds; provided, however, that nothing contained in the Resolution shall prevent the Authority from issuing (i) evidences of indebtedness payable out of moneys in the Airport Facilities Construction Fund as part of the Cost of Construction of any Additional Project, or payable out of, or secured by the pledge of, Revenues after the date the pledge of Revenues provided in the Resolution shall be discharged and satisfied, or (ii) Subordinated Indebtedness as provided in Section 414 of the Resolution.

Insurance

So long as any Bonds are Outstanding, the Authority shall at all times carry insurance with a responsible insurance company or companies authorized and qualified under the laws of any state of the United States of America to assume the risk thereof, covering such properties of the Airport System as are customarily insured, and against loss or damage from such causes as are customarily insured against, by public or private corporations engaged in a similar type of business, all in accordance with the annual written recommendations of the Airport Consultant.

Any proceeds of insurance for the Airport System (except proceeds of insurance maintained pursuant to the Resolution against physical loss of or damage to any Project, or of contractors' performance bonds with respect thereto, pertaining to a period of construction which shall be paid into the Airport Facilities Construction Fund), shall, to the extent necessary and desirable, be applied to the repair and replacement of any damaged or destroyed properties of the Airport System. If any of said proceeds are not used to repair or replace property, such proceeds shall be paid into the Debt Service Account.

Annual Budget

The Authority also agrees to prepare and file with the Trustee prior to the beginning of each Fiscal Year an Annual Budget setting forth for the ensuing Fiscal Year in reasonable detail, among other things, estimated Revenues and Operation and Maintenance Expenses, estimated deposits into each of the funds and accounts established under the Resolution and estimated expenditures for replacement of capital assets or extraordinary repairs. The Authority may at any time adopt an amended annual budget for the remainder of the then current Fiscal Year, and promptly file such amended budget with the Trustee.

Accounts and Reports

The Authority covenants to keep proper and separate books of record and account relating to the Revenues and each fund and account established under the Resolution. Such books shall at all times be subject to the inspection of the Trustee and the Holders of not less than five percent (5%) of the Bond Obligation then Outstanding.

The Trustee and the Special Trustee shall advise the Authority promptly after the end of each month of the respective transactions during such month relating to each Fund and Account held by the Trustee and the Special Trustee under the Resolution and the Revenues and Available Revenues, as the case may be. The Authority shall have the right upon reasonable notice and during reasonable business hours to examine the books and records of the Trustee and the Special Trustee with respect to the Funds and Accounts held by the Trustee or the Special Trustee under the Resolution and with respect to the Revenues or Available Revenues, as the case may be.

The Authority covenants to cause an annual audit to be made of its books and accounts relating to the Airport System within 120 days after the close of each Fiscal

Year and to file annually with the Trustee an annual report of such audit, prepared by an independent and recognized certified public accountant not in the regular employ of the Authority, which includes a statement of receipts and disbursements with respect to each fund and account established under the Resolution, a statement of the details of all Bonds issued, paid, purchased or redeemed, a statement of the amounts on deposit at the end of the prior Fiscal Year in each fund and account established under the Resolution showing the details of investment thereof, a statement of the amounts of proceeds received from the sales of property constituting part of the Airport System, and a list of all insurance policies with respect to the Airport System, and a statement as to the existence of any default under the provisions of the Resolution.

The Authority shall file with the Trustee (a) forthwith upon becoming aware of any Event of Default or default in the performance by the Authority of any covenant, agreement or condition contained in the Resolution, a certificate signed by an Authorized Officer of the Authority and specifying such Event of Default or default and (b) within 120 days after the end of each Fiscal Year, a certificate signed by an appropriate Authorized Officer of the Authority stating that, to the best of his knowledge and belief, the Authority has kept, observed, performed and fulfilled each and every one of its covenants and obligations contained in the Resolution and there does not exist at the date of such certificate any default by the Authority under the Resolution or any Event of Default or other event which, with the lapse of time would become an Event of Default, or, if any such default or Event of Default or other event shall so exist, specifying the same and the nature and status thereof.

The reports, statements and other documents required to be furnished to the Trustee pursuant to any provision of the Resolution shall be available for the inspection of Bondholders at the office of the Trustee and shall be mailed to each Bondholder who shall file a written request therefor with the Authority. The Authority may charge a reasonable fee to each Bondholder requesting said items.

Sale, Lease or Encumbrance of Property

The Authority covenants not to sell or otherwise dispose of or encumber any part of the Airport System, except in an arm's length transaction, property which has been certified as obsolete, uneconomical, negligible, worn out or surplus property, or property no longer useful or profitable in the operation thereof, and except as described in the following paragraph.

The Authority may lease or make contracts or grant licenses for the operation of, or grant easements or other rights with respect to, any part of the Airport System if the same does not impede or restrict the operation of the Airport System by the Authority.

Any proceeds from the sale or other disposition of property not used to replace such property, and any payments received with respect to a lease, contract, license, easement or other right not otherwise required to be applied in accordance with the Resolution shall be applied in the same manner and to the same purposes as Revenues.

Condemnation

The Authority covenants that if the Airport System or any part thereof is taken by the exercise of eminent domain, any proceeds received in connection therewith shall to the extent necessary and desirable, be applied to the replacement of the Airport System or such part thereof. Any such proceeds not applied to such replacement are required to be paid into the Debt Service Account.

Special Purpose Facilities

The Bond Resolution permits the Authority to issue Special Purpose Facilities revenue bonds without regard to any of the requirements of the Resolution with respect to the issuance of Additional Bonds, provided that such Bonds are secured solely by the rentals or other charges derived by the Authority pursuant to the leasing or other agreement with respect to such Special Purpose Facility and provided that the following requirements are satisfied as well.

There shall be filed with the Trustee prior to the issuance of such obligations a certificate of the Airport Consultant, certifying that the estimated rentals, payments or other charges to be derived by the Authority from the lease, sale or other agreement with respect to the Special Purpose Facilities to be financed will be at least sufficient to pay the principal of and interest on such obligations, all costs of operating and maintaining such Special Purpose Facilities and all sinking fund, reserve or other payments required by the resolution or indenture securing such obligations.

There shall be filed with the Trustee prior to the issuance of such obligations a certificate of the Airport Consultant, certifying that the construction and operation of the Special Purpose Facilities to be financed will not decrease the Revenues to be derived from the Airport System.

In addition to all rentals, payments or other charges with respect to the Special Purpose Facilities to be financed, a fair and reasonable rental for the land upon which said Special Purpose Facilities are to be constructed shall be charged by the Authority, and said ground rent shall be deemed Revenues derived from the Airport System.

Events of Default and Remedies

Events of Default specified in the Resolution include failure to pay principal or redemption price of any Bond when due; failure to pay any interest installments or the unsatisfied balance of any sinking fund installment when due; failure to perform the rate covenant, provided that such failure shall not constitute an Event of Default unless the Authority shall fail in the succeeding Fiscal Year to comply with the rate covenant or to restore any deficiencies which occurred in any funds in the preceding Fiscal Year; failure for sixty (60) days after written notice thereof by the Trustee or owners of at least twenty-five percent (25%) of the Bond Obligation Outstanding in the observance or performance of any other covenants, agreements or conditions provided in the Bond Resolution or the Bonds; the filing of a petition, by the Authority or the City, seeking a composition of indebtedness under the federal bankruptcy laws, or other applicable federal or Florida

statute; the appointment of a receiver for the Airport or any part thereof or other revenues therefrom with the consent of the Authority or the City; the appointment of such receiver without the consent of the Authority or the City, which appointment is not vacated, discharged, stayed or appealed within ninety (90) days; the rendering of a judgment for the payment of money against the Authority or the City, as the result of the construction, improvement, ownership, control or operation of the Airport System, which is not discharged within twenty-four (24) months or an appeal taken therefrom vacating or staying such judgment.

Upon occurrence of an Event of Default, which shall not have been remedied, the Authority shall, if demanded by the Trustee, (i) account as if it were the trustee of an express trust, for all Revenues, other moneys, securities and Funds pledged under the Resolution, and (ii) pay over or cause to be paid over to the Trustee all moneys, securities and Funds held in any Fund or account under the Resolution and, as received, all Revenues, which the Trustee shall apply first to Operation and Maintenance Expenses, including the payment of reasonable charges and expenses of the Trustee and reasonable fees and disbursements of its counsel, and then to the payment of interest and principal and redemption price then due on the Bonds in the order of priority set forth in Section 803(2)(b) of the Resolution.

If an Event of Default shall have occurred and not be remedied, the Trustee may, or on request of the Holders of not less than twenty-five percent (25%) of the Bond Obligation then Outstanding shall proceed to protect and enforce its rights and the rights of the Bondholders under the Bond Resolution by a suit or suits in equity or at law, whether for the specific performance of any covenant in the Resolution or in aid of the execution of any power granted in the Resolution, or for an accounting against the Authority, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under the Resolution.

The Holders of not less than a majority of the Bond Obligation then Outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercise any trust or power conferred upon the Trustee (subject to the Trustee's right to decline to follow such direction upon advice of counsel as to the unlawfulness thereof or upon its good faith determination that such action would involve the Trustee in personal liability or would be unjustly prejudicial to Bondholders not parties to such direction).

Regardless of the happening of Event of Default, the Trustee may, and upon the request of the Holders of not less than a majority of the Bond Obligation then Outstanding and upon being furnished with reasonable security and indemnity shall, institute and prosecute a proper action to prevent any impairment of the security under the Resolution or to preserve or protect the interests of the Trustee and of the Bondholders.

In case an Event of Default shall occur (which shall not have been cured), the Trustee is required to exercise such of the rights and powers vested in it by the Bond

Resolution and to use the same degree of care and skill in their exercise, as a prudent man would use under the circumstances in the conduct of his own affairs. No Bondholder shall have any right to institute any suit, action or proceeding for the enforcement of any provision of the Resolution or the execution of any trust under the Resolution or for any remedy under the Resolution, unless such Bondholder shall have previously given the Trustee written notice of the Event of Default, and the Holders of at least twenty-five percent (25%) of the Bond Obligation then Outstanding shall have filed a written request with the Trustee and have afforded the Trustee a reasonable opportunity to exercise its powers or institute such action, suit or proceeding, and unless such Bondholders shall have offered to the Trustee adequate security and indemnity against its costs, expenses and liabilities to be incurred and the Trustee shall have refused to comply with such request within thirty (30) days, it being understood and intended that no one or more Bondholders shall have any right in any manner whatsoever by his or their action to affect, disturb, or prejudice the pledge created by the Bond Resolution, or to enforce any right under the Bond Resolution, except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of the Bond Resolution shall be instituted, had and maintained in the manner provided in the Bond Resolution and for the equal benefit of all Bondholders. Nothing in the Resolution or the Bonds affects or impairs the Authority's obligation to pay from the sources specified in the Bond Resolution the Bonds and interest thereon when due or the right of any Bondholder to enforce such payment.

Resignation of Trustee or Special Trustee

The Trustee or Special Trustee may at any time resign and be discharged of the duties and obligations created by the Resolution by giving not less than ninety (90) days' written notice to the Authority and publishing notice thereof, specifying the date when such resignation shall take effect, once in each week for three successive calendar weeks in an Authorized Newspaper, and such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed by the Authority or the Bondholders as provided below, in which event such resignation shall take effect immediately on the appointment of such successor; provided, however, that in no event shall the resignation of the Trustee or Special Trustee become effective until a successor Trustee or Special Trustee shall have been appointed as described below.

Removal of Trustee or Special Trustee and Designation of Successor Trustee

The Trustee or Special Trustee may be removed at any time by a written instrument filed with the Trustee and Special Trustee and signed by the Holders of a majority of the Bond Obligation then Outstanding, or so long as the Authority is not then in default under the Resolution, by a certificate of an Authorized Officer of the Authority filed with the Trustee and the Special Trustee. Upon the resignation or removal of the Trustee or Special Trustee, a successor Trustee or Special Trustee, as the case may be, may be appointed by the Authority, so long as the Authority is not then in default under the Resolution, or, if the Authority is then in default thereunder or the Authority has not appointed a successor Trustee or Special Trustee as the case may be within 45 days of the

occurrence of such event, by the Holders of a majority of the Bond Obligation then Outstanding.

Supplemental Resolutions Effective Upon Filing with Trustee

The Authority may, without the consent of the Trustee or the Bondholders, adopt supplemental resolutions (i) to close the Bond Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained therein, on the authentication and delivery of Bonds or the issuance of other evidences of indebtedness; (ii) to add to the Bond Resolution other covenants and agreements to be observed by the Authority which are not contrary to or inconsistent with the Bond Resolution as theretofore in effect; (iii) to add to the limitations and restrictions of the Authority in the Bond Resolution not contrary to or inconsistent with those as theretofore in effect; (iv) to authorize Additional Bonds and, in connection therewith, specify and determine the details thereof which are not contrary to or inconsistent with the Bond Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Additional Bonds; (v) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Bond Resolution, of the Revenues or of any other moneys, securities or funds; and (vi) to modify any of the provisions of the Bond Resolution in any respect whatever, provided that such modification shall be, and be expressed to be, effective only after all Bonds of any Series Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding and such Supplemental Resolution shall be specifically referred to in the text of all Bonds of any Series issued after the adoption of such Supplemental Resolution.

Supplemental Resolutions with Consent of Trustee

The Authority may, with the consent of the Trustee, but without the consent of the Bondholders, adopt supplemental resolutions (i) to cure any ambiguity, supply an omission, or cure or correct any defect or inconsistent provision in the Bond Resolution; (ii) to insert such provisions clarifying matters or questions arising under the Bond Resolution as are necessary or desirable and are not contrary to or inconsistent with the Bond Resolution as theretofore in effect; or (iii) to make any other changes or modifications to or to otherwise amend the Resolution in any manner that does not materially adversely affect the interest or the rights of any of the Holders of Bonds issued pursuant to the Resolution and then Outstanding.

Supplemental Resolutions with Bondholder Consent

Supplemental Resolutions modifying or amending the Bond Resolution and the rights and obligations of the Authority and the Holders of the Bonds and coupons thereunder, in any particular, may be adopted with the written consent (given as provided in Section 1103 of the Bond Resolution) (i) of the Holders of at least a majority of the Bond Obligation Outstanding at the time such consent is given, and (ii) in case less than all of the several Series of Bonds then Outstanding are affected by modification or amendment, of the Holders of at least a majority of the Bond Obligation of each Series so

affected and Outstanding at the time such consent is given, and (iii) in case the modification or amendment changes the terms of any Sinking Fund Installment, of the Holders of at least a majority of the Bond Obligation of the particular Series and maturity entitled to such Sinking Fund Installment and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remaining Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds required to consent to such amendment. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon, or in the case of Capital Appreciation Bonds, the Maturity Amount or Accreted Value, as applicable, or a reduction in the principal amount or the Redemption Price, or in the case of Capital Appreciation Bonds, the Maturity Amount or Accreted Value, as applicable, thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purposes of the foregoing, a Series shall be deemed to be affected by a modification or amendment of the Bond Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series. The Trustee may, in its discretion, determine whether or not Bonds of any particular Series or maturity would be affected by any modification or amendment of the Bond Resolution and any such determination shall be binding and conclusive on the Authority and all Bondholders.

Defeasance

If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds and coupons the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then the pledge of any Revenues, and other moneys and securities pledged under the Resolution and all covenants, agreements and other obligations of the Authority to the Bondholders, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the Authority to be prepared and filed with the Authority and, upon the request of the Authority, shall execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over or deliver to the Authority all moneys or securities held by them pursuant to the Resolution which are not required for the payment of principal or Redemption Price, if applicable, on Bonds or payment of coupons not theretofore surrendered for such payment or redemption. If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Outstanding Bonds of a particular Series and the coupons appertaining thereto the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Resolution, such Bonds shall cease to be entitled to any lien, benefit or security under the Resolution, and all

covenants, agreements and obligations of the Authority to the Holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

All Outstanding Bonds of any Series, or all or any portion of one or more maturities within a Series and all coupons pertaining to such Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid and shall cease to be entitled to any lien, benefit or security under the Bond Resolution if the following conditions are met: (i) in the case of Bonds to be redeemed, the Authority shall have given to the Trustee irrevocable instructions to give the notice of redemption therefor; (ii) there shall have been deposited with the Trustee in trust either moneys in an amount which shall be sufficient, or Investment Securities (which shall consist of the securities described in item (i) and (vi) in the definition of "Investment Securities" under "Certain Definitions") the principal of and the interest on which, when due, will provide moneys which, together with any moneys also deposited, shall be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on such Bonds on and prior to the maturity date or redemption date thereof; and (iii) in the event such Bonds are not subject to redemption within the next succeeding 60 days, the Authority shall have given the Trustee irrevocable instructions to give, as soon as practicable, a notice to the Holders of such Bonds that the above deposit has been made with the Trustee and that such Bonds are deemed to be paid and stating the maturity or redemption date upon which moneys are to be available to pay the principal or Redemption Price, if applicable, of such Bonds.

Redemption Notice

With respect to Series of Bonds originally issued after June 1, 1993, if all of the Bonds of such Series to be redeemed are in fully registered form, notice of redemption shall be given by the deposit in the U.S. Mail of a copy of the redemption notice, postage prepaid, at least thirty and not more than sixty days before the redemption date to all registered owners of the Bonds or portions of the Bonds to be redeemed at their last addresses as they appear on the registration books maintained in accordance with the Bond Resolution. Failure to mail any such notice to a registered owner of a Bond, or any defect therein, shall not effect the validity of the proceedings for redemption of any Bond or portion thereof with respect to which no such failure or defect occurred. Any notice mailed as described conclusively presumed to have been duly given, whether or not the owner of such Bond receives such notice.

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APPENDIX C

FORM OF THE LEASE AND USE AGREEMENTS

The various Lease and Use Agreements with the Signatory Airlines are substantially similar to each other. The following is a form of the Lease and Use Agreement.

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APPENDIX C

FORM OF

AIRLINE-AIRPORT LEASE AND USE AGREEMENT

FOR

ORLANDO INTERNATIONAL AIRPORT

BY AND BETWEEN

GREATER ORLANDO AVIATION AUTHORITY

ORLANDO, FLORIDA

AND

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LIST OF EXHIBITS

<u>Exhibit</u>	<u>Title</u>
Exhibit A -	Airport Boundaries and Cost Centers
Exhibit B -	Approved Capital Expenditures
Exhibit C -	Airline Premises
Exhibit D -	Sample Reporting Forms
Exhibit E -	Rentals, Fees and Charges
Exhibit F -	Responsibilities of AUTHORITY and AIRLINE for Operation and Maintenance of the Terminal
Exhibit G -	Existing Incentive Programs

AIRLINE-AIRPORT LEASE AND USE AGREEMENT

THIS AIRLINE-AIRPORT LEASE AND USE AGREEMENT ("Agreement") is made and entered into this _____ day of _____, _____ (the "Effective Date") by and between the Greater Orlando Aviation Authority, a public and governmental body existing under and by virtue of the laws of the State of Florida (hereinafter referred to as "AUTHORITY") and _____, a corporation organized and existing under the laws of the State of _____ and authorized to do business in the State of Florida (hereinafter referred to as "AIRLINE").

WITNESSETH:

WHEREAS, the City of Orlando has the ownership, custody, control and management of Orlando International Airport (which, as it may exist from time to time, is hereafter called the "Airport," the current boundaries of which are as set forth in Exhibit A attached hereto) located in the City of Orlando, County of Orange, State of Florida; and

WHEREAS, pursuant to an agreement dated September 27, 1976, as amended, with the City of Orlando, City Document No. 13260-1, AUTHORITY has custody, control, and management of the Airport, and under its governmental responsibilities, operates the Airport for the accommodation of air commerce transportation; and

WHEREAS, AUTHORITY has the right to lease, license, or otherwise provide for the use of land, property and facilities of the Airport and has full power and authority to enter into this Agreement in respect thereof; and

WHEREAS, AIRLINE is engaged in the business of transportation by air of persons, property, mail, parcels and/or cargo; and

WHEREAS, AIRLINE desires to lease certain premises, and obtain certain rights, services and privileges in connection with the use of the Airport and its facilities, and AUTHORITY is willing to grant and lease the same to AIRLINE upon the terms and conditions hereinafter stated; and

WHEREAS, AIRLINE and AUTHORITY agree to enter into this Agreement, specifying the rights and obligations of the parties with respect to the use and occupancy of the Airport by AIRLINE;

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, AUTHORITY and AIRLINE do hereby mutually undertake, promise and agree, each for itself and its successors and assigns, as follows:

ARTICLE 1: DEFINITIONS

The following words, terms and phrases wherever used in this Agreement shall for the purposes of this Agreement have the following meanings:

1.01 Accommodation Fee shall have the meaning set forth in Section 16.02C below.

1.02 Affiliate shall mean any Air Transportation Company that (i) is a parent or wholly owned subsidiary of AIRLINE, or (ii) otherwise operates under essentially the same trade name as AIRLINE at the Airport and uses essentially the same livery as AIRLINE.

1.03 Agreement shall mean this Airline-Airport Lease and Use Agreement between AUTHORITY and AIRLINE, as the same may be amended, modified or altered from time to time pursuant to the terms hereof.

1.04 Air Transportation Business shall mean that business operated by AIRLINE at the Airport for the commercial transportation by air of persons, property, mail, parcels and/or cargo.

1.05 Air Transportation Company shall mean a legal entity engaged in the business of scheduled or non-scheduled commercial transportation by air of persons, property, mail, parcels and/or cargo.

1.06 Airfield shall mean those portions of the Airport, including the Terminal Aircraft Aprons, providing for the landing, taking off, and taxiing of aircraft, including without limitation, approach and turning zones, runway protection zones, safety areas, infield areas, landing and navigational aids, service roads, fencing, buffer areas, fuel farm, fuel hydrant and delivery systems, clear zones, aviation or other easements, runways, a fully integrated taxiway system, runway and taxiway lights, and other appurtenances related to the aeronautical use of the Airport, including any property purchased for noise mitigation purposes, as set forth in Exhibit A and as may be revised from time to time by AUTHORITY in its reasonable discretion.

1.07 Airfield Cost Center shall include all Debt Service, O&M Expenditures, Amortization, and operating Revenues allocated to, or generated by, the Airfield.

1.08 AIRLINE shall mean the Air Transportation Company executing this Agreement.

1.09 Airline Airport Affairs Committee (or AAAC) shall mean collectively the authorized representatives of each Signatory Airline which shall meet from time to time with representatives of AUTHORITY to receive information and provide input from the Signatory Airlines with regard to selected operation and development matters of the Airport.

1.10 Airline Equipment shall mean loading bridges, pre-conditioned air, ground power/400Hz, potable water, fire bottles and related equipment used to transport passengers between the Terminal and an aircraft.

1.11 Airline Equipment Charge shall mean a per gate charge determined by dividing the Airline Equipment Expenses by the total number of gates at Orlando International Airport at which Airline Equipment is used, times the number of such gates leased that month at Orlando International Airport by AIRLINE. An example of such calculation is set forth on Exhibit E.

1.12 Airline Equipment Expenses shall mean the aggregate annual cost to AUTHORITY of acquiring and maintaining all Airline Equipment, which cost (a) shall include Debt Service, O&M Expenditures and Amortization, but (b) shall not include the acquisition cost of items purchased by AIRLINE or by AUTHORITY with PFC's or funds from federal or state grants.

1.13 Airline Premises shall mean those areas in the Terminal assigned to AIRLINE as Exclusive Use Premises, Preferential Use Premises, or Common Use Premises, each as defined herein, and shown in Exhibit C attached hereto, as such may be revised from time to time as provided herein. Premises at the Airport, but not in the Terminal or on the Terminal Aircraft Apron, leased by AIRLINE (e.g. hangars) shall not be governed by the terms hereof, but shall be governed by a separate agreement between AUTHORITY and AIRLINE.

1.14 Airline Supported Areas shall mean the Airfield Cost Center and the Terminal Cost Center.

1.15 Airport shall mean Orlando International Airport, owned by the City of Orlando and operated by AUTHORITY, the current boundaries of which are more particularly shown in Exhibit A attached hereto, including all real property easements or any other interest therein as well as all improvements and appurtenances thereto, structures, buildings, fixtures, and all tangible personal property or interest in any of the foregoing, now or hereafter owned leased or operated by AUTHORITY. Exhibit A may be modified from time to time, and at any time, in the exclusive discretion of AUTHORITY to reflect changes in the boundaries of the Airport. Any modified Exhibit A shall become part of this Agreement and replace any prior Exhibit A, without any further action of the parties hereto, upon delivery by Authority to Airline of such modified Exhibit A.

1.16 Airport Exclusive Revenue Sources shall mean that certain real property referred to as the "Poitras Property" and identified as such on attached Exhibit A. All Revenues generated from Airport Exclusive Revenue Sources shall be maintained in a segregated fund and shall be applied, when deemed appropriate by the AUTHORITY, toward capital development projects.

1.17 Applicable Signatory Airline Revenue Share Percentage shall mean thirty percent (30%) for Fiscal Years ending September 30, 2009 and September 30, 2010 and twenty five percent (25%) for each Fiscal Year thereafter.

1.18 Airport System shall mean all real property owned or operated from time to time by the AUTHORITY, and any interest therein, including improvements thereto, structures, buildings, fixtures, and other personal property, which comprise part of the Airport, Orlando

Executive Airport or any airport hereafter owned by the AUTHORITY or by the City of Orlando and leased or operated by AUTHORITY.

1.19 Amortization shall mean the annualized cost of capital assets and projects (including renewal and replacement projects and expenditures and Airline Equipment) funded with AUTHORITY funds, amortized over the reasonably expected life of the respective asset, project or expenditure, with interest at six percent (6%) per annum, and charged to the Cost Center(s) to which the asset, project or expenditures relates or to Airline Equipment Expenses, as appropriate.

1.20 Apron Use Fee shall mean the fee charged by AUTHORITY for use of the Terminal Aircraft Apron, as more particularly described in Section 7.01B below.

1.21 AUTHORITY shall mean the Greater Orlando Aviation Authority, created pursuant to Chapter 57-1658, Special Laws of Florida 1957, as replaced by Chapter 98-492, Laws of Florida, as amended, and, for purposes of carrying out and exercising the obligations, rights and duties of such entity hereunder, its board and executive staff, as the context requires.

1.22 Average Terminal Rental Rate shall have the meaning set forth in Section 7.02B.

1.23 Bond Resolution shall mean the Airport Facilities Revenue Bond Resolution Authorizing Airport Facilities Revenue Bonds of City of Orlando, Florida, adopted by AUTHORITY on June 13, 1978, as the same has and may hereafter, from time to time, be amended and supplemented by Supplemental Resolution, as defined in the Bond Resolution.

1.24 Bonds shall mean the Airport Facilities Revenue Bonds issued by AUTHORITY pursuant to the Bond Resolution.

1.25 Capital Expenditure shall mean an expenditure equal to or greater than \$250,000, made to acquire, purchase or construct a single capital item or project for the purpose(s) of improving, maintaining or developing the Airport, and shall include expenses incurred for development, study, analysis, review, design, or planning efforts for such capital item or project.

1.26 Chargeable Landings shall mean all Revenue Landings and those Non-Revenue Landings whenever the same aircraft subsequently departs the Airport as a revenue flight.

1.27 City shall mean the City of Orlando, Florida.

1.28 Common Use Charges shall have the meaning set forth in Section 7.02C(1) below.

1.29 Common Use Formula shall mean that formula which prorates twenty percent (20%) of an applicable rate, use, charge or fee equally among all Signatory Airlines, and eighty percent (80%) of such rate, use, charge or fee among all Signatory Airlines, based on the ratio of each Signatory Airline's Enplaned Passengers annually at the Airport, to the total of all Enplaned Passengers annually at the Airport of all Signatory Airlines.

1.30 Common Use Premises shall mean those non-preferential areas of the Airport (excluding Public Space), used in common by AIRLINE and other authorized users of the Airport, along with all facilities, improvements, equipment and services available in such areas which are, or hereafter may be, designated as common-use, as shown in Exhibit C attached hereto, as such may be amended from time to time as described herein.

1.31 Cost Centers shall mean those distinct areas or functional activities of the Airport System used for the purposes of accounting for Revenues, O&M Expenditures, Amortization and Debt Service, as designated from time to time by the AUTHORITY.

1.32 Debt Service shall mean any principal, interest, premium, and other fees and amounts either paid or accrued for, or required under applicable documents to be paid or accrued for, Bonds, Subordinated Indebtedness or Other Indebtedness, exclusive of amounts funded by PFC collections.

1.33 Deplaned Passenger shall mean any passenger disembarking an aircraft at the Terminal, including any such passenger that shall subsequently board another aircraft of the same or a different Air Transportation Company or the same aircraft, previously operating under a different flight number.

1.34 Effective Date shall have the meaning set forth in the first paragraph of this Agreement.

1.35 Enplaned Passenger shall mean any passenger boarding an aircraft at the Terminal, including any such passenger that previously disembarked from another aircraft of the same or a different Air Transportation Company or from the same aircraft, previously operating under a different flight number.

1.36 Environmental Laws shall have the meaning set forth in Section 17.05A(1)(a) below.

1.37 Event of Default shall have the meaning set forth in Section 12.01.

1.38 Exclusive Use Premises shall mean those portions of the Terminal and Terminal Aircraft Aprons assigned to AIRLINE, as shown in Exhibit C attached hereto (as may be amended from time to time as described herein), on an exclusive basis.

1.39 Executive Director shall mean the Executive Director of AUTHORITY, and shall include such person or persons as may from time to time be authorized in writing by AUTHORITY or by the Executive Director or applicable law to act for the Executive Director with respect to any or all matters pertaining to this Agreement.

1.40 Extraordinary Coverage Protection shall have the meaning set forth in Section 7.05D.

1.41 FAA shall mean the Federal Aviation Administration, or its authorized successor(s).

1.42 Facility Fee shall mean a per use fee payable by an Air Transportation Company for the right to use Airport facilities for the processing of passengers and baggage (e.g. gate, check-in counter, holdroom, etc.), which facilities are not leased by such Air Transportation Company pursuant to a Space/Use Agreement or similar contractual lease arrangement.

1.43 Fiscal Year shall mean the annual accounting period of AUTHORITY for its general accounting purposes which, at the time of entering into this Agreement, is the period of twelve consecutive months, ending with the last day of September of any year.

1.44 Ground Transportation Cost Center shall include all Debt Service, Amortization, O&M Expenditures and operating Revenues allocated to or generated by those areas on the Airport designated from time to time by AUTHORITY for public automobile parking, automobile rental agencies, taxi, bus and limousine parking areas, and other nonaeronautical transportation related accommodations and services for the public arriving at or leaving the Terminal, as designated as such from time to time by AUTHORITY on Exhibit A.

1.45 Hotel shall mean the hotel facility, including guest rooms, meeting rooms restaurants and lobby areas, located in the landside terminal building, and identified on Exhibit A (as may be amended from time to time as described herein).

1.46 Hotel Cost Center shall include all Debt Service, Amortization, O&M Expenditures and operating Revenues allocated to or generated by the Hotel.

1.47 Identified Affiliate shall have the meaning set forth in Section 5.03 below.

1.48 MUFIDs shall have the meaning set forth in Section 5.01J below.

1.49 Landing Fee shall mean the amount payable by AIRLINE for the use of the Airfield, as described in Section 7.01 below.

1.50 Landing Fee Rate shall mean a fee rounded to the nearest cent per thousand pounds, calculated as set forth in Section 7.01 below.

1.51 Majority-in-Interest shall mean, with respect to issues pertaining to the Terminal Cost Center, (a) more than fifty percent (50%) of all Signatory Airlines at the Airport on the date the particular consideration is requested and (b) Signatory Airlines which paid, in the aggregate, more than fifty percent (50%) of total Terminal rental payments in the six (6) full months preceding the month in which the particular consideration is requested; and, with respect to issues pertaining to the Airfield Cost Center, (y) more than fifty percent (50%) of all Signatory Airlines at the Airport on the date the particular consideration is requested, and (z) Signatory Airlines having, in the aggregate, more than fifty percent (50%) of the total Maximum Gross Landed Weight at the Airport for the six (6) full months preceding the month in which the particular consideration is requested.

1.52 Maximum Gross Landed Weight shall mean the maximum gross certificated landing weight in one thousand pound units for each aircraft operated at the Airport by AIRLINE, as certificated by the FAA or its successor.

1.53 Net Airfield Requirement shall mean all Operating Expenditures, Operating Reserve Requirements, Amortization and Debt Service reasonably allocated by AUTHORITY to the Airfield Cost Center in a Fiscal Year, times ninety percent (90%), minus all landing fees collected by AUTHORITY from all non-Signatory Airlines during such Fiscal Year and all other Revenues reasonably assigned by AUTHORITY to the Airfield Cost Center and collected by the AUTHORITY during such Fiscal Year (including in particular all Revenues received by AUTHORITY from the use or operation of the fuel hydrant system, but specifically excluding Landing Fees paid by Signatory Airlines, Apron Use Fees, non-Signatory ramp fees and "remain overnight" fees).

1.54 Net Shared Revenues shall mean (a) all Revenues generated by the operation of the Airport for a Fiscal Year (with the exception of, and not including, Revenues generated from the operation, use, sale, lease or other exploitation of Airport Exclusive Revenue Sources), (b) minus all Debt Service, Amortization and O&M Expenditures for such Fiscal Year.

1.55 Net Terminal Requirement shall mean all Operating Expenditures (including Operating Reserve Requirements), Amortization and Debt Service reasonably allocated by AUTHORITY to the Terminal Cost Center in a Fiscal Year, minus all Airline Equipment Charges, all Facility Fees paid by Signatory or non-Signatory Airlines, all FIS fees, all fees paid for the use of CUTE, CUSS and CUPPS equipment, and all unamortized tenant finish payments received with respect to the Continental hangar, in each case, collected by AUTHORITY during such Fiscal Year.

1.56 Non-Airline Revenues shall mean those rentals, fees, charges and other income received by AUTHORITY from all Airport operations, including income from lessees, permittees, concessionaires, users, and patrons other than Air Transportation Companies.

1.57 Non-Revenue Landing shall mean any aircraft landing by AIRLINE at the Airport for a flight for which AIRLINE receives no revenue, which shall include any flight, that 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.

1.58 Operating Expenditures (or O&M Expenditures) shall mean all Operating Expenses, reduced by any reimbursements or grants received from governmental entities to offset Operating Expenses, plus all expenditures other than Capital Expenditures, all repair, replacement, operating, maintenance and other reserves (including the Operating Reserve Requirement) required or deemed prudent in the reasonable discretion of AUTHORITY, and expenditures for the purpose of paying the cost of rebuilding, reconstructing, altering, replacing and renewing the facilities of the Airport (other than expenditures of casualty insurance proceeds), and construction and acquisition of improvements to capital assets of the Airport.

1.59 Operating Expenses shall mean all direct, indirect or general administrative current expenses, paid, payable or accrued, of AUTHORITY to operate, maintain, and conduct ordinary current repairs or replacements of or at the Airport and shall include, without limiting the generality of the foregoing, insurance premiums, insurance claims and related costs, self insurance retentions, administrative fees, administrative expenses of AUTHORITY, employment compensation and costs, engineering, architectural, legal, accounting and airport consultant fees and costs, replacement and/or repair of all vehicles, rolling stock and moveable equipment, fees and expenses relating to any Bonds not included in Debt Service, and such other current expenses of AUTHORITY incurred in connection with the operation of the Airport. Operating Expenses shall not include any allowance for depreciation or obsolescence of capital assets used at the Airport, or any operating expenses of special purpose facilities buildings where the lessees thereof are obligated to pay such operating expenses. Direct operating expenses shall be allocated to the Cost Center to which those expenses relate, as determined in the reasonable discretion of AUTHORITY. Indirect operating expenses shall be allocated to Cost Centers by the AUTHORITY in its reasonable discretion, which allocations may be amended from time to time in the reasonable discretion of AUTHORITY.

1.60 Operating Reserve Requirement (or O&M Reserve Requirement) shall mean the operating reserve amount required to be created and maintained in accordance with the Bond Resolution.

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1.61 Other Buildings and Grounds Cost Center shall include all Debt Service, Amortization, O&M Expenditures and operating Revenues allocated to or generated by those areas of the Airport not in the Airfield Cost Center, Terminal Cost Center, Ground Transportation Cost Center, Hotel Cost Center or Other Cost Center.

1.62 Other Cost Center shall include all Debt Service, Amortization, O&M Expenditures, and operating Revenues allocated to or generated by those areas of the Airport specifically designated from time to time by AUTHORITY in its reasonable discretion as not belonging in another Cost Center.

1.63 Other Indebtedness shall mean any debt incurred by AUTHORITY for Airport purposes which is outstanding and not authenticated and delivered under and pursuant to the Bond Resolution or any Subordinated Bond Resolution.

1.64 Passenger Facility Charge (or PFC) shall mean the fees authorized by 49 U.S.C. 40117 and regulated by 14 CFR Part 158 as such statute and regulations currently exist or as they may be amended during the Term of this Agreement.

1.65 Performance Security shall have the meaning set forth in Section 7.08A below.

1.66 PFC Act shall have the meaning set forth in Section 18.03 below.

1.67 Preferential Use Premises shall mean those portions of the Terminal and Terminal Aircraft Aprons assigned to AIRLINE, as shown in Exhibit C attached hereto (as may be

amended from time to time as described herein), to which AIRLINE shall have priority over other users, subject to the provisions of Article 16.

1.68 Public Space shall mean all utility rooms, ductways, janitorial rooms and closets, stairways, hallways, holdroom corridor, elevators, escalators, entrance-ways, public lobbies and areas, public toilet areas and other areas used for the operation, maintenance or security of the Terminal, even if used solely by AUTHORITY, as such may be designated from time to time as described herein.

1.69 Rentable Square Feet with respect to the Terminal shall mean the number of square feet of space in the Terminal that is rentable to tenants, including office and administrative space used by AUTHORITY, but specifically excluding Public Space and Hotel space; which rentable space shall be as shown on Exhibit C attached hereto, as such may be amended from time to time by the AUTHORITY. Untenable areas committed for leasing to a future tenant when renovated shall not be considered rentable during the period of such commitment until the lease period commences.

1.70 Requesting Airlines shall have the meaning set forth in Section 16.02 below.

1.71 Revenue Landing shall mean any aircraft landing by AIRLINE at the Airport for which AIRLINE receives revenue.

1.72 Revenues shall mean income received or accrued by AUTHORITY in accordance with generally accepted accounting practices, including investment earnings, from or in connection with the ownership or operation of the Airport or any part thereof, or the leasing or use thereof; provided, however, Revenues shall specifically exclude: (a) gifts, grants and other funds which are restricted by their terms to purposes inconsistent with the payment of general Operating Expenses or payment of Debt Service; (b) insurance proceeds; (c) any unrealized gains on securities held for investment by or on behalf of the Authority; (d) any gains resulting from changes in valuation of any Swap; (e) any unrealized gains from the reappraisal or revaluation of assets; (f) the proceeds of debt; (g) PFC's and the interest earned therefrom, (h) customer facility charges and interest earned therefrom; (i) investment income derived from any moneys or securities placed in escrow or trust to defease Debt Service; (j) any arbitrage earnings which are required to be paid to the United State of America pursuant to Section 148 of the Code; and (k) interest earnings or other investment earnings on any account in the construction fund established by any supplement to the Bond Resolution unless otherwise provided in such supplement.

1.73 Revenue Sharing Payments shall have the meaning set forth in Section 8.03 below.

1.74 Signatory Airline shall mean an Air Transportation Company that has an agreement with AUTHORITY substantially similar to this Agreement (with the exception of differences permitted by Section 18.19 below), and leases at least one preferential gate and other

space in the Terminal that (a) is deemed sufficient by the Executive Director to support its operation, and (b) totals at least 5,000 square feet.

1.75 Space/Use Agreement shall mean a rental agreement between the AUTHORITY and a user of Airport facilities, which rental of such facilities is not otherwise governed by a Signatory Airline agreement substantially similar to this Agreement (with the exception of differences permitted by Section 18.19 below).

1.76 Subordinated Indebtedness shall mean any bonds or other financing instrument or obligation subordinate to the Bonds, issued pursuant to any Subordinated Bond Resolution.

1.77 Subordinated Bond Resolution shall mean a bond resolution, indenture or related document granting a pledge subordinate to the pledge granted by the Bond Resolution, and authorizing the issuance by AUTHORITY of Subordinated Indebtedness, as such may be supplemented or amended from time to time.

1.78 Substantial Completion shall mean the date on which AUTHORITY's architects and/or engineers certify any premises at the Airport to be substantially complete as to permit use and occupancy.

1.79 Term shall mean the period of time during which AIRLINE's activities at the Airport shall be governed by this Agreement. Said Term shall begin on the later of October 1, 2008 or the Effective Date, and, except as otherwise set forth herein, terminate on the date set forth in Article 3.

1.80 Terminal Aircraft Aprons shall mean those areas of the Airport that are designated for the parking of passenger aircraft and support vehicles, and the loading and unloading of passenger aircraft.

1.81 Terminal shall mean the passenger terminal building, including all landside and airside passenger terminal facilities, as set forth in Exhibit A attached hereto, as such may be amended from time to time as permitted herein.

1.82 Terminal Cost Center shall include all Debt Service, Amortization, O&M Expenditures, and operating Revenues allocated to or generated by the Terminal (other than with respect to Terminal space designated from time to time as the Hotel and other than Airline Equipment Expenses and Airline Equipment Charges), and specifically including all Debt Service for Bonds, Subordinated Indebtedness and Other Indebtedness (a) related to the proposed South Terminal outstanding as of the Effective Date or (b) related to the Continental hangar.

1.83 TSA shall mean the Transportation Security Administration of the Department of Homeland Security, or any successor.

Additional words and phrases used in this Agreement but not defined herein shall have the meanings as defined under the Bond Resolution or, if not so set forth, shall have their usual and customary meaning.

ARTICLE 2: EFFECTIVE DATE AND TRANSITION PROVISIONS

2.01 Effective Date. This Agreement, along with the determination of rentals, fees, and charges set forth herein, shall be effective on the Effective Date.

2.02 Cancellation of Prior Agreements. At the Effective Date, any and all prior agreements between AIRLINE and AUTHORITY for the lease and use of the Airfield and Terminal facilities at the Airport, including any terms, conditions and restrictions under any MII ballots approved in connection with such prior agreements, shall terminate and be of no further force and effect, except that (a) any obligations of payment by AIRLINE to AUTHORITY under such agreements, and (b) any other obligations intended to survive termination pursuant to the terms of such agreements, shall survive termination until such obligations have been satisfied.

2.03 Existing Tenant Finish Balances. Debt Service payable on or after October 1, 2008 with respect to tenant finish costs incurred prior thereto and funded with bond proceeds shall be deemed to be Debt Service and recovered through Terminal rents as a component of Net Terminal Requirement; with the exception that recovery of Debt Service applicable to the Continental hanger (as identified on Exhibit A) will be recovered directly from Continental Airlines.

ARTICLE 3: TERM

This Agreement shall commence on the later of October 1, 2008 or the Effective Date and terminate at midnight on September 30, 2013, unless canceled sooner as provided herein; provided, however, that the obligation of AIRLINE to pay amounts owed hereunder for use of the Airport through September 30, 2013 shall survive expiration or earlier termination until such amounts are paid in full.

ARTICLE 4: PREMISES

4.01 Airline Premises.

A. AUTHORITY does hereby lease and demise to AIRLINE, and AIRLINE does hereby lease and accept from AUTHORITY, the Exclusive Use Premises, Preferential Use Premises, and Common Use Premises, each as set forth from time to time on Exhibit C. At such time as (a) the Airline Premises, including space used by any Identified Affiliate (as defined in Section 5.03), is, in the reasonable discretion of the Executive Director, insufficient to support AIRLINE's operations, as evidenced by actual use or occupancy by AIRLINE of space not leased by AIRLINE, and AIRLINE fails to promptly and permanently vacate use or occupancy of such premises following notice from AUTHORITY to vacate or lease such premises, or (b) use of the Airline Premises, including space used by any Identified Affiliate, exceeds the legal capacity for such premises, AUTHORITY shall be entitled to require AIRLINE to lease additional space reasonably sufficient for its needs. AUTHORITY is hereby authorized to amend Exhibits A and C for purposes of identifying any new or additional space leased hereunder by AIRLINE. AIRLINE hereby accepts the Airline Premises, including any future Airline Premises, "as is", generally in the same condition in which such space or any part thereof now is. AIRLINE agrees that the AUTHORITY shall have no obligation to do any work on, or make any improvements to or with respect to the Airline Premises or the condition thereof, unless otherwise specifically agreed to by AUTHORITY.

B. Any changes to Airline Premises, except as set forth herein, shall be evidenced by an amendment to this Agreement pursuant to Section 18.18.

C. AUTHORITY may, in its reasonable discretion, (i) make changes in the Airport boundaries, the categories of space (e.g. Public Space to rentable space) or the configuration or amount of space, and (ii) identify new, destroyed, demolished, untenable, decommissioned or re-commissioned facilities or space. In any such event, or upon any change in Airline Premises made hereunder or to the premises leased by any other party, AUTHORITY may amend Exhibits A and/or C, as appropriate, and, upon notice to AIRLINE, such amended Exhibit shall replace any previous corresponding exhibits and shall become a part of this Agreement; provided, however, that the boundaries of the Airline Premises may not be arbitrarily and unilaterally changed by AUTHORITY without the prior written consent of AIRLINE or as otherwise permitted herein.

D. AIRLINE and AUTHORITY agree that it is important to maximize the efficiency of space leased and used in the Terminal, while also adhering to reasonable standards and levels of customer service for the traveling public. Throughout the Term of this Agreement, AIRLINE and AUTHORITY will continue to monitor and evaluate Terminal operations in an effort to achieve a reasonable balance between efficient airline operations and level of customer service for the traveling public. Should AUTHORITY notify AIRLINE of its concern with regards to potential customer service issues,

AIRLINE agrees to discuss with AUTHORITY, and take reasonable action to address and alleviate, the customer service issues.

E. AIRLINE may satisfy temporary or seasonal needs for additional Terminal space (i.e. a change in demand for space expected to be temporary caused by unusual or special circumstances) through the use of a Space/Use Agreement. Rental rates payable by AIRLINE under the Space/Use Agreement shall, for the first three (3) months of the Space/Use Agreement term, be the rates charged to Signatory Airlines for comparable space. Thereafter, rental rates payable by AIRLINE shall be the rates charged to non-Signatory Airlines for comparable space. At any time during the term of any Space/Use Agreement, AIRLINE may request that the space leased thereunder be added to this Agreement. If such request is denied by the AUTHORITY, the rental rates payable by AIRLINE after such denial under the Space/Use Agreement shall be the rates charged to Signatory Airlines for comparable space; provided, however, that if AUTHORITY subsequently grants its permission to include such space hereunder and AIRLINE declines or refuses to include such space hereunder, the rates payable by AIRLINE shall again be the rates charged to non-Signatory Airlines for comparable space. The rental rates for space leased under a Space/Use Agreement not due to temporary or seasonal needs, but, for example, as a device to avoid committing such space under this Agreement, shall be the rates charged to non-Signatory Airlines for comparable space.

C-10 4.02 Terminal Equipment. Terminal equipment owned or acquired by AUTHORITY for use by AIRLINE shall remain the property, and under the control, of AUTHORITY.

4.03 Employee Parking. AUTHORITY will make reasonable efforts, for the fee described in Section 7.05 below, to make area(s) at the Airport available for vehicular parking and transportation to the Terminal for AIRLINE's personnel employed at the Airport; provided, however, such area(s) shall not be used for the storage of vehicles or trailers; and usage of the area(s) is subject to Section 7.05B and to reasonable and non-discriminatory rules and regulations established by AUTHORITY.

4.04 Federal Inspection Facilities. AUTHORITY shall designate areas in the Terminal, or elsewhere on the Airport, to be used by agencies of the United States for the inspection of international passengers and their baggage, and for the exercise of the responsibilities of said agencies with respect to the movement of persons, property, and cargo to and from the United States.

4.05 Transfer of Operations.

A. In the event new or expanded facilities are developed at the Airport, and Authority either agrees, or determines under Section 4.05B, to relocate AIRLINE, in whole or in part, to the new or expanded facilities, AUTHORITY shall give notice to AIRLINE of the estimated Substantial Completion date at least one hundred eighty (180) days prior thereto. AIRLINE shall have the right to install in its Exclusive Use Premises and Preferential Use Premises in such new or expanded facilities, its own equipment and

furnishings sixty (60) days prior to the estimated date of Substantial Completion or such other date as may be agreed to by the parties subject to the provisions of Section 9.01 below. AIRLINE shall begin its operations from any new or expanded Airline Premises on the date of Substantial Completion thereof, unless otherwise agreed by AUTHORITY.

B. AUTHORITY has the right at any time, and from time to time, to relocate any Airline Premises to alternative Terminal locations and facilities if AUTHORITY determines, in its reasonable discretion, that such relocation is required to accommodate a new Air Transportation Company, to make available sufficient contiguous space to accommodate the expansion or growth of another Signatory Airline, to replace damaged or destroyed premises, or to utilize Airport Terminal facilities in a fair and efficient manner; provided that if, and to the extent, the relocated premises are Exclusive Use Premises or Preferential Use Premises (1) AUTHORITY will provide AIRLINE at least one hundred eighty (180) days advance notice of such relocation, (2) except as described below, AUTHORITY will reimburse the reasonable out of pocket costs incurred by AIRLINE to complete such relocation (including, without limitation, all installation costs), and (3) the new Airline Premises shall be comparable in size (e.g. 30 feet of counter space to approximately 30 feet of counter space) and character (e.g. 2 gates to 2 gates, Class 1 space to Class 1 space), though not necessarily identical or comparable in square footage, quality, appearance, layout or appointments, to the Airline Premises being vacated. AUTHORITY shall have no obligation to reimburse AIRLINE for costs incurred by AIRLINE to comply with any relocation requested by AIRLINE or required by AUTHORITY hereunder if such relocation is necessary, in the reasonable judgment of AUTHORITY, to accommodate AIRLINE's expansion or growth.

C. AIRLINE may request in writing to AUTHORITY to relocate any Airline Premises, which request may be accepted or denied by AUTHORITY in its exclusive discretion. AIRLINE shall pay all costs of any relocation requested by AIRLINE.

D. No relocation of Airline Premises, either temporarily or permanently, shall have any effect on AIRLINE's obligation to pay rentals, rates and charges herein, except for any change caused by a difference in total square footage of the entire Airline Premises or of the classes of space within the Airline Premises.

4.06 Calculation of Leased Holdroom Space. The number of square feet of holdroom space leased by AIRLINE hereunder shall, for purposes of calculating Terminal rental payments due under this Agreement, be calculated as follows: total square footage of all holdroom space in an airside Terminal wing in which AIRLINE leases a gate, divided by the number of operational gates in such wing, times the number of gates in such wing leased by AIRLINE.

ARTICLE 5: USE OF THE AIRPORT AND RELATED FACILITIES

5.01 AIRLINE Rights and Privileges. In addition to all rights granted elsewhere in this Agreement, AIRLINE shall have the right, subject to AUTHORITY rules, policies and procedures and to the terms hereof, to use, in common with others so authorized by AUTHORITY, all Airline Premises, including related facilities, equipment, and improvements, the Airfield and Terminal Aircraft Aprons for the operation of AIRLINE's Air Transportation Business and all activities reasonably necessary to such operations, including but not limited to:

A. The landing, taking off, flying over, taxiing and towing of AIRLINE's aircraft and, in areas designated by AUTHORITY, the extended parking, servicing, deicing, loading or unloading, storage, or maintenance of AIRLINE's aircraft and support equipment in areas designated or approved by AUTHORITY, subject to Sections 5.01F, 5.01G, and 5.02C below, and to the availability of space, and subject to such reasonable charges and regulations as AUTHORITY may establish; provided, however, AIRLINE shall not permit the use of the Airfield by any aircraft operated or controlled by AIRLINE which exceeds the design strength or capability of the Airfield as described in the then-current FAA approved Airport Layout Plan or other engineering evaluations performed subsequent thereto, including the then-current Airport Certification Manual.

B. The sale of air transportation tickets and services, the processing of passengers and their baggage for air travel, the sale, handling, and providing of mail, freight, and express services, and reasonable and customary airline activities.

C. The training of personnel in the employ of or to be employed by AIRLINE or its contractors and the testing of aircraft and other equipment being utilized at the Airport in areas designated or approved by AUTHORITY in the operation of AIRLINE's Air Transportation Business; provided, however, said training and testing shall be incidental to the use of the Airport in the operation by AIRLINE of its Air Transportation Business and shall not unreasonably hamper or interfere with the use of the Airport and its facilities by others entitled to the use of same. AUTHORITY reserves the right to restrict or prohibit such training and testing operations which it deems to interfere with the use of the Airport.

D. The sale, disposition, or exchange of AIRLINE's aircraft, engines, accessories, gasoline, oil, grease, lubricants, fuel, or other similar equipment or supplies; provided, however, AIRLINE shall not sell or permit to be sold aviation fuels or propellants except (i) to such Air Transportation Company which is a successor company to AIRLINE, (ii) for use in aircraft of others which are being used solely in the operation of AIRLINE's Air Transportation Business, including, but not limited to, AIRLINE's Affiliates, (iii) when a comparable grade and type of fuel desired by others is not available at the Airport except from AIRLINE, or (iv) in accordance with sales of fuel by or on behalf of Signatory Airlines through the Airport's fuel hydrant system, to the extent the AUTHORITY and Signatory Airlines have an agreement for Signatory Airlines to operate the fuel flowage systems at the Airport.

E. The purchase at the Airport or elsewhere, of fuels, lubricants, and any other supplies and services, from any person or company, subject to Section 5.01D and to AUTHORITY's right to require that each provider of services and/or supplies to AIRLINE secures a permit from AUTHORITY to conduct such activity at the Airport, pays required fees, and abides by all reasonable rules and regulations established by AUTHORITY. Nothing herein shall be construed to permit AIRLINE to store aviation fuels at the Airport. Fuel tenders are prohibited on Terminal Aircraft Aprons serviced by the fuel hydrant system. The granting of the right to store and dispense aviation fuels shall be subject to the execution of a separate agreement between AIRLINE and AUTHORITY.

F. The servicing by AIRLINE or its suppliers of aircraft and other equipment being utilized at the Airport by AIRLINE on the Terminal Aircraft Aprons or such other locations as may be designated by the Executive Director; provided that routine servicing or maintenance of ground equipment on Terminal Aircraft Aprons is not permitted, unless specifically authorized by AUTHORITY.

G. The loading and unloading of persons, property, cargo, parcels and mail by motor vehicles or other means of conveyance reasonably approved by AUTHORITY on Terminal Aircraft Aprons or such other locations as may be designated by the Executive Director; provided AIRLINE shall not use Terminal Aircraft Aprons immediately adjacent to the Terminal to load or unload all-cargo aircraft unless otherwise authorized in writing by AUTHORITY.

H. The provision, either alone or in conjunction with other Air Transportation Companies or through a nominee, of porter/skycap service for the convenience of the public, at no cost to AUTHORITY.

I. The installation and maintenance, at AIRLINE's sole cost and expense, of identifying signs in AIRLINE's Exclusive Use Premises and Preferential Use Premises; provided that AIRLINE may not install any permanent signage in any Preferential Use Premises without the prior consent of AUTHORITY, which may be withheld in AUTHORITY's reasonable discretion. All signage shall be subject to standards and policies of AUTHORITY in effect from time to time. Permanent signage approved by AUTHORITY and existing prior to the adoption or amendment of any policy by AUTHORITY shall not be deemed to be in violation of such adopted or amended policy. Furthermore, the general type and design of such signs shall be compatible with and not detract from the pattern and decor of the Terminal areas, in the reasonable discretion of AUTHORITY. Subject to the foregoing, AIRLINE may install on the walls behind ticket counters, in holdrooms and on loading bridges, if any, temporary signage (including electronic signage displays that may be easily changed, such as LCD monitors) identifying AIRLINE or displaying AIRLINE's company logo; provided that any such installation must be performed in accordance with the standards and policies of AUTHORITY in effect from time to time.

J. The installation, maintenance, and operation, at no cost to AUTHORITY, of such radio communication, company telephone system, computer, meteorological and aerial navigation equipment and facilities on AIRLINE's Exclusive Use Premises and Preferential Use Premises as may be necessary or convenient for the operation of its Air Transportation Business; provided, however, that (1) except for equipment and facilities already in place on the Effective Date, such installations and the subsequent use of such equipment shall be subject to applicable law, regulation and AUTHORITY policy, (2) the location of all such equipment and facilities shall be determined by AUTHORITY in its exclusive discretion, (3) AIRLINE is required to use AUTHORITY's telephone system in all locations other than Exclusive Use Premises, and (4) AIRLINE is encouraged to use AUTHORITY's wireless communications systems (e.g. WIFI) in all locations in the Terminal and AIRLINE agrees that any use by AIRLINE of wireless communications systems not provided by AUTHORITY shall not interfere with any AUTHORITY wireless communications system. AUTHORITY shall have unrestricted access to all AIRLINE communication equipment located on Airline Premises if any AUTHORITY equipment or systems interfaces with such AIRLINE equipment. Prior to any written approval, AIRLINE shall provide the Executive Director with all necessary supporting documentation related to such installations. AIRLINE shall be required to use AUTHORITY's compatible multi-user flight information display systems (MUFIDS); provided that AIRLINE may install and maintain its own MUFIDS if it is compatible in all material respects, in the exclusive discretion of AUTHORITY, with AUTHORITY's MUFIDS.

K. Such rights of way as may reasonably be required by AIRLINE for communications, computer equipment, telephone, interphone, conveyor systems and power, and other transmission lines in AIRLINE's Exclusive Use Premises and Preferential Use Premises, subject to the availability of space and/or ground areas as determined by the Executive Director. AUTHORITY reserves the right to require the execution of a separate agreement between AUTHORITY and AIRLINE for the lease and use of such space and/or ground area outside Terminal areas or for the provision of such service directly to AIRLINE.

L. The installation of personal property, including furniture, furnishings, supplies, machinery, and equipment, in AIRLINE's Exclusive Use Premises and, subject to prior approval by AUTHORITY, Preferential Use Premises, as AIRLINE may deem necessary, useful or prudent for the operation of its Air Transportation Business. Title to such personal property shall remain with AIRLINE, subject to the provisions of this Agreement.

M. The construction of modifications, finishes and improvements in Airline Premises as AIRLINE may deem necessary or prudent for the operation of its Air Transportation Business, subject to the provisions of Article 9.

N. AIRLINE shall have rights of ingress to and egress from the Airport and Airline Premises for AIRLINE's officers, employees, agents, and invitees, including passengers,

suppliers of materials, furnishers of services, aircraft, equipment, vehicles, machinery and other property; subject to 49 CFR Part 1542, the airport security program, applicable laws, and any rules, regulations and operating directives established by AUTHORITY governing (i) the general public, including AIRLINE's passengers, (ii) access to non-public areas at the Airport by AIRLINE's employees, suppliers of materials, and furnishers of services, or (iii) safety and security; provided, however, any such rules and regulations and operating directives of AUTHORITY shall not unreasonably interfere with the operation of AIRLINE's Air Transportation Business if at all possible. In addition to the foregoing, AUTHORITY may at any time temporarily or permanently close, re-route, or consent to or request the closing or re-routing of any roadway or access to the Airport, so long as a means of ingress to and egress from the Airport and the Airline Premises is concurrently made available to AIRLINE. AIRLINE hereby releases and discharges AUTHORITY from any and all claims, demands, or causes of action which AIRLINE may now or at any time hereafter have arising or alleged to arise out of such a closing or re-routing. AUTHORITY shall have no liability or obligation to AIRLINE for temporary blockages or closings of means of ingress to or egress from the Airport and the Airline Premises caused by factors beyond the reasonable control of AUTHORITY.

O. Subject to any restrictions in AUTHORITY's agreements with its food and beverage concessionaires, nothing in this paragraph shall prohibit AIRLINE from (i) providing food and beverages, at AIRLINE's sole cost and expense, or installing or maintaining vending machines or AIRLINE credit union automated teller machines in its non-public Exclusive Use Premises or, subject to the prior approval of AUTHORITY, its non-public Preferential Use Premises, for the sole use of AIRLINE's employees, the type, kind, and locations subject to the approval of the Executive Director, (ii) providing, under a separate agreement with AUTHORITY and subject to AUTHORITY's policies, including the payment of fees based on gross receipts, for its own flight kitchen for catering services to its passengers and crews for consumption aboard aircraft or (iii) from entering into a separate agreement for the distribution without charge of food and beverage in a non-public "VIP room" or similar private club at the Airport.

P. The rights and privileges granted to AIRLINE pursuant to this Article 5 may be exercised on behalf of AIRLINE by other Signatory Airlines or contractors authorized by AUTHORITY to provide such services at the Airport, subject to the prior written approval of AUTHORITY and further subject to all laws, rules, regulations, fees and charges and Article 15 as may be applicable to the activities undertaken. Nothing herein shall be construed as exempting contractors or service providers who provide services to Signatory Airlines from any obligation to pay privilege fees and other amounts to AUTHORITY pursuant to AUTHORITY policy, as such exists from time to time.

Q. AIRLINE may exercise on behalf of any other Air Transportation Company having an operating agreement or permit with AUTHORITY any of the rights granted AIRLINE herein, so long as AIRLINE is concurrently exercising those same rights in the operation of AIRLINE's own Air Transportation Business at the Airport, subject to the

provisions of Section 7.05, Article 15 and the AUTHORITY's rules, regulations and operating directives for the Airport.

R. AIRLINE may only enter into revenue generating agreements, such as for advertising or the provision of pay telephones by the public, in its non-public airline clubs and VIP rooms, and shall not enter into any such revenue generating agreements anywhere else within the Terminal.

5.02 Exclusions and Reservations.

A. AIRLINE is prohibited from conducting any business or engaging in any activities at the Airport other than the conduct of its Air Transportation Business, except as otherwise permitted in this Agreement.

B. AIRLINE shall not knowingly interfere or permit interference by its contractors, agents, permittees, and invitees with the use, operation, or maintenance of the Airport, including but not limited to, the effectiveness or accessibility of the drainage, sewage, water, communications, fire protection, utility, electrical, or other systems installed or located from time to time at the Airport; and AIRLINE shall not engage in any activity prohibited by AUTHORITY's approved FAR Part 150 Noise Compatibility Study, as may be amended or supplemented from time to time.

C. As soon as possible after an AIRLINE's disabled aircraft is released from the control or jurisdiction of all applicable authorities, AIRLINE shall remove any such disabled aircraft from the Airfield and Terminal Aircraft Aprons, shall place any such disabled aircraft only in such storage areas as may be reasonably approved by the Executive Director, and shall store such disabled aircraft only upon such terms and conditions as may be reasonably established by AUTHORITY. In the event AIRLINE shall fail to remove any of its disabled aircraft as expeditiously as possible, AUTHORITY may, but shall not be obligated to, cause the removal of such disabled aircraft. AIRLINE shall pay to AUTHORITY, upon receipt of invoice, the costs incurred for such removal plus ten percent (10%). Nonpayment of such invoice shall be deemed a default of this Agreement, pursuant to Section 12.01B below.

D. AIRLINE shall not do or permit to be done anything, either by act or failure to act, that shall cause the cancellation or violation of the provisions, or any part thereof, of any policy of insurance for the Airport, or that shall cause a hazardous condition so as to increase the risks normally attendant upon operations permitted by this Agreement. If AIRLINE shall do or permit to be done any act not permitted under this Agreement, or fail to do any act required under this Agreement, regardless of whether such act shall constitute a breach of this Agreement, which act or failure, in and of itself, causes an increase in AUTHORITY's insurance premiums, AIRLINE shall immediately remedy such actions and/or pay the increase in premiums, upon notice from AUTHORITY to do so.

E. AIRLINE shall not maintain or operate in the Terminal or elsewhere at the Airport a cafeteria, restaurant, bar, or cocktail lounge for the purpose of selling food and beverages to the public or to AIRLINE's employees and passengers, except as may be permitted under Section 5.01O, above.

F. AUTHORITY may, at its sole option, install or cause to be installed advertising and revenue generating devices or concessions, including vending machines and power poles, in Common Use Premises and Preferential Use Premises; provided, however, that any advertising in AIRLINE's Preferential Use Premises shall not promote competing Air Transportation Companies, power poles will only be installed in AIRLINE holdrooms with AIRLINE's prior consent, and such installations shall not unreasonably interfere with AIRLINE's operations authorized hereunder or substantially diminish the square footage contained in Airline Premises. AUTHORITY may also, at its sole option, install pay telephones and business center amenities in any part of the Terminal excluding airline clubs, holdrooms and VIP rooms. Such installations shall not unreasonably interfere with AIRLINE's operations authorized hereunder or substantially diminish the square footage contained in Airline Premises. AUTHORITY shall be entitled to reasonable access upon Airline Premises to install or service such telephones, vending machines and amenities. Income generated by such telephones and business center amenities shall be accounted for in the same manner as other Non-Airline Revenues of the Airport.

G. AUTHORITY may install at the request of AIRLINE, at AIRLINE's Exclusive Use Premises and/or Preferential Use Premises, a Common Use Passenger Processing System (CUPPS), Common Use Self-Service (CUSS) equipment, Common Use Terminal Equipment (CUTE) and/or other equipment designed to facilitate the handling and processing of passengers and baggage in the Terminal. AUTHORITY shall be entitled to reasonable access upon Airline Premises to install and maintain such hardware/software for any of such equipment. Such installations shall not unreasonably interfere with AIRLINE's operations authorized hereunder.

H. The rights and privileges granted AIRLINE pursuant to this Agreement, and in particular this Article 5, shall be subject to any and all rules, regulations and operating policies, procedures and directives established by AUTHORITY, as may be amended from time to time, and to the provisions of Article 7 below.

I. Any and all rights and privileges not specifically granted to AIRLINE for its use of and operations at the Airport pursuant to this Agreement are hereby reserved for and to AUTHORITY.

5.03 Affiliates. Upon written request by AIRLINE to AUTHORITY, and provided the requirements of this Section are satisfied, any Affiliate of AIRLINE identified in such written request ("Identified Affiliate") shall pay fees, rates and charges as if the Identified Affiliate were a Signatory Airline, without payment of any additional charges or premiums (a) for as long as AIRLINE remains a signatory to this Agreement, (b) for as long as the Identified Affiliate

remains an Affiliate of AIRLINE, and (c) if Identified Affiliate enters into an agreement with AUTHORITY for operations at the Airport, which agreement shall be in a form specified by AUTHORITY from time to time. AIRLINE hereby agrees to and shall guaranty full payment of all fees, rates and charges incurred by Identified Affiliate at the Airport. All Enplaned Passengers, landed weights and other statistics of an Identified Affiliate of a Signatory Airline shall be aggregated with the statistics of such Signatory Airline for purposes of computing any charges for Common Use Premises, any Extraordinary Coverage Protection payments, and any revenue sharing under Section 8.05 below; provided, however, that only Identified Affiliates who are a parent or wholly owned subsidiary of a Signatory Airlines shall be aggregated with the Signatory Airline for revenue sharing purposes. AUTHORITY may invoice AIRLINE and its Identified Affiliates separately for amounts owed hereunder, or may invoice AIRLINE for the aggregate amounts owed by AIRLINE and its Identified Affiliates hereunder. AIRLINE shall be responsible for any and all unpaid fees, rates and charges of any Identified Affiliate and any failure of an Identified Affiliate to pay such amounts when due shall be deemed a failure of AIRLINE. AIRLINE may at any time give AUTHORITY at least ninety (90) days prior written notice that an Affiliate of AIRLINE shall no longer be considered an Identified Affiliate of AIRLINE for purposes of this Agreement, and AIRLINE shall have no responsibility for any fees, rates and charges incurred by Affiliate after the conclusion of such notice period, but shall remain liable for fees, rates and charges incurred by Affiliate prior to the conclusion of such notice period.

5.04 AIRLINE Representations and Covenants.

A. AIRLINE represents and warrants that it holds all certificates, permits, licenses, insurance or other entitlements required by federal, state or local laws, rules, or regulations in order to enable the AIRLINE to conduct its operations and engage in the Air Transportation Business at the Airport, and that said certificates, permits, licenses or other entitlements are and will be kept current, valid and complete throughout the Term.

B. AIRLINE shall, at its sole cost and expense, comply and cause its employees, agents, contractors, licensees and invitees to comply, with all present and future applicable laws, rules or regulations of all applicable federal, state and local governmental or quasi-governmental authorities, subdivisions, departments, agencies and the like, including any rules and regulations of the AUTHORITY, which impose any duty upon the Authority or the Airline with respect to the use, occupancy or alteration of the Premises. Airline shall obtain any permits necessary to occupy the Airline Premises and shall promptly pay all fines, penalties, and expenses to remedy or correct any violations of applicable laws, and damages that may arise out of or be imposed because of its failure to comply with the provisions of this paragraph.

C. AIRLINE shall faithfully observe and comply with any rules which AUTHORITY may from time to time make and communicate in writing to AIRLINE, provided that such rules apply to all similarly situated tenants and are reasonably related to the safety, care, appearance, reputation, operation or maintenance of the Airport, or the comfort of tenants, passengers or others using such areas or facilities.

D. Except as otherwise provided herein, AIRLINE shall have the right to obtain supplies or services from suppliers, vendors or contractors of its own choice for its operations at the Airport, provided that AUTHORITY reserves the right to license and regulate all persons or companies doing business on the Airport and to impose reasonable and non-discriminatory charges for the privilege of conducting any such business and to prohibit persons from engaging in aeronautical activities, the provision of ground transportation services or any commercial activities at the Airport, except in accordance with this Agreement and agreements, concession contracts, permits or operating agreements entered into between AUTHORITY and such persons. A charge will not be considered discriminatory for the purposes of this Agreement if the charge is more for businesses located on the Airport than for businesses located off the Airport.

E. AIRLINE shall comply with all applicable state and federal regulations relating to Airport security and shall control the Airline Premises so as to prevent or deter unauthorized persons from obtaining access to the air operations area of Airport. AIRLINE shall also be required during the Term, at AIRLINE's sole cost and expense, to take such security precautions, with respect to the Airline Premises and the Airline's operations and service personnel related thereto, as AUTHORITY may, from time to time, reasonably require pursuant to generally applicable policies or directives of the AUTHORITY. AIRLINE further agrees to reimburse AUTHORITY for all fines or charges imposed by any applicable governmental authority against the AUTHORITY as a result of AIRLINE's violation of any laws, rules and regulations promulgated by such authority.

F. AIRLINE acknowledges that a portion of the Airline Premises is to be used by the traveling public. AIRLINE shall make available such space to its passengers and to the traveling public on a nondiscriminatory basis, including ensuring accessible paths of travel for disabled persons, and shall make reasonable efforts to coordinate its activities and operations with abutting tenants and the AUTHORITY so as to maximize efficient use of available space.

G. AIRLINE covenants and agrees that it shall not injure, deface or otherwise harm the Airline Premises in any manner that will constitute waste, and that it shall not cause or permit any unlawful conduct, unreasonable annoyance or nuisance to exist on the Airline Premises, nor permit any activity or omission which constitutes or results in unlawful conduct, unreasonable annoyance or nuisance, nor permit the emission of any objectionable noise, vibration or odor, nor overload the floor of the Airline Premises, nor permit any use of the Airline Premises which will invalidate or increase the premiums on any of the AUTHORITY's insurance; provided that the conduct of the AIRLINE's Air Transportation Business in accordance with applicable law shall not be deemed a nuisance or an unreasonable annoyance.

H. AIRLINE agrees to use reasonable efforts to participate in any lawful Airport-wide programs or initiatives of general applicability as the AUTHORITY may require upon notice to the AIRLINE; provided such program or initiative shall not result in any material cost or expense or result in any undue burden to AIRLINE.

ARTICLE 6: OPERATION AND MAINTENANCE OF THE AIRPORT

6.01 Designation of Operation and Maintenance Responsibilities. In addition to the obligations of AIRLINE and AUTHORITY set forth in this Article 6, responsibilities for maintenance, cleaning, and operation of the Airport shall be as set forth in Exhibit F, attached hereto and made a part hereof. AIRLINE and AUTHORITY shall each timely perform their respective obligations as described on Exhibit F.

6.02 AUTHORITY Obligations.

A. AUTHORITY shall, with reasonable diligence and in order of priority determined by AUTHORITY in its discretion, prudently develop, improve, and at all times maintain and operate the Airport with qualified personnel and keep the Airport in an orderly, clean, neat and sanitary condition, and in good repair, unless such maintenance, operation, or repair shall be AIRLINE's obligation pursuant to Section 6.03 or Exhibit F.

B. AUTHORITY shall, to the extent it is legally able so to do, use reasonable efforts to keep the Airport and its aerial approaches free from ground obstruction for the safe and proper use thereof by AIRLINE.

C. AUTHORITY shall not be liable to AIRLINE for temporary failure to furnish all or any of such services to be provided in accordance with this Section 6.02 or Exhibit F when such failure is due to mechanical breakdown not caused by AUTHORITY's sole negligence or is due to any other cause beyond the reasonable control of AUTHORITY.

D. AUTHORITY shall maintain throughout the Term (i) loading bridges; (ii) preconditioned air systems; (iii) associated 400 Hertz units; (iv) inbound and outbound baggage handling systems; (v) lightning detection systems; (vi) water cabinets, and (vii) other systems that may be acquired by AUTHORITY after the Effective Date. AUTHORITY shall provide and maintain holdroom seating, gate podiums and the equipment described in Section 5.02G.

E. AUTHORITY shall, in the operation of the Airport, comply with all local, state and federal laws, rules and regulations.

F. To the extent AUTHORITY is requested to make repairs or otherwise maintain AIRLINE's Exclusive Use Premises, AUTHORITY shall charge AIRLINE a reasonable cost for such service (including both time and materials), which cost AIRLINE shall pay promptly upon receipt of an invoice therefor.

6.03 AIRLINE Obligations.

A. AIRLINE shall, at all times, preserve and keep Airline Premises, including loading bridges and related equipment, in an orderly, clean, neat, and sanitary condition, free from trash and debris resulting from AIRLINE's operations, provided, however, this

requirement shall not be construed to mean AIRLINE shall have janitorial responsibilities designated to be those of AUTHORITY pursuant to Exhibit F.

B. AIRLINE shall keep, at its own expense, its Terminal Aircraft Aprons free of fuel, oil, debris, and other foreign objects.

C. AIRLINE shall operate and maintain at its own expense any improvements and/or equipment installed by AIRLINE for the exclusive use of AIRLINE.

D. Should AIRLINE fail to perform any of its material obligations hereunder, AUTHORITY shall have the right to enter the Airline Premises and perform such activities; provided, however, other than in a case of emergency, AUTHORITY shall give AIRLINE reasonable advance written notice of non-compliance, not to exceed ten (10) days, prior to the exercise of this right. If such right is exercised, AIRLINE shall pay AUTHORITY, upon receipt of invoice, the cost of such services plus ten percent (10%). Nonpayment of such invoice shall be deemed a default of this Agreement, pursuant to Section 12.01B below.

ARTICLE 7: RENTALS, FEES, AND CHARGES

AIRLINE shall pay AUTHORITY rentals for use of Airline Premises, and fees and charges for the other rights, licenses, and privileges granted hereunder during the Term of this Agreement, in each case as described by, and payable in accordance with, the following:

7.01 Landing Fees.

A. AIRLINE shall pay to AUTHORITY each month, pursuant to Section 7.07 below, an amount equal to the then current Landing Fee Rate, determined as set forth below, as applied to AIRLINE's total landed weight for the preceding month (the "Landing Fee"). AIRLINE's total landed weight for each month shall be equal to the sum of the products obtained by multiplying the Maximum Gross Landed Weight of each type of AIRLINE's aircraft by the number of Chargeable Landings of each such aircraft during such month, determined in accordance with Section 7.06 below. The Landing Fee Rate shall be determined by AUTHORITY in its reasonable discretion by dividing the Net Airfield Requirement by the aggregate Maximum Gross Landed Weight of all Signatory Airlines for the applicable period. An example of such calculation is described in Exhibit E attached hereto.

B. AIRLINE shall pay to AUTHORITY each month, pursuant to Section 7.07 below, an apron use fee calculated in accordance with attached Exhibit E ("Apron Use Fee").

7.02 Terminal Rentals.

A. AIRLINE shall pay to AUTHORITY, pursuant to Section 7.07 below, an amount equal to the sum of AIRLINE's rental payments for Exclusive Use Premises and Preferential Use Premises, as calculated pursuant to Section 7.02B below, and Common Use Premises, as calculated pursuant to Section 7.02C below.

B. AIRLINE's annual rental payment for Exclusive Use Premises and Preferential Use Premises shall equal the sum of the products obtained by multiplying the applicable rental rates for the applicable period, calculated in accordance with Exhibit E, by the amount of the corresponding class of space leased by AIRLINE as Exclusive Use Premises and Preferential Use Premises that period, as set forth in Exhibit C. The average rental rate of all classes of space applicable to each period shall be determined by AUTHORITY in its reasonable discretion by dividing the Net Terminal Requirement by the Rentable Square Feet ("Average Terminal Rental Rate"). An example of such calculation is set forth in Exhibit E attached hereto. Actual rental rates for different classes of space shall be determined by AUTHORITY in accordance with attached Exhibit E, based on the Average Terminal Rental Rate.

C. (1) The aggregate monthly rental payments owed by all Signatory Airlines for Common Use Premises shall be ninety two percent (92%) times the annual aggregate rental amount owed for all Common Use Premises based on the rental rates applicable to

such Common Use Premises, determined in accordance with Section 7.02B above, divided by twelve (12). AIRLINE's share of the aggregate monthly rental payments for Common Use Premises ("Common Use Charges") shall be determined by applying the Common Use Formula, as calculated with respect to AIRLINE, to the aggregate rental payment owed that month. AIRLINE shall pay to AUTHORITY each month, pursuant to Section 7.07 below, AIRLINE'S Common Use Charges for its use of Common Use Premises.

(2) For purposes of the Common Use Formula, AIRLINE shall include in its monthly report of Enplaned Passengers and Deplaned Passengers the total number of Enplaned Passengers and Deplaned Passengers handled or otherwise accommodated by AIRLINE, including for its Identified Affiliates.

D. AIRLINE shall pay the Airline Equipment Charge pursuant to Section 7.07.

7.03 Extraordinary Service Charges. Throughout the Term of the Agreement, AIRLINE shall pay AUTHORITY for additional equipment and services provided by AUTHORITY for AIRLINE's use (e.g., club room finishes, or any other systems or equipment that are unique or special to AIRLINE's operation) pursuant to authorizations executed by AIRLINE. AIRLINE's charges for AUTHORITY purchased and/or provided equipment and services shall be as set forth in a separate agreement with AUTHORITY, and all such charges received by AUTHORITY shall be allocated to the Terminal Cost Center.

7.04 Aircraft Parking Charges. AIRLINE shall pay to AUTHORITY aircraft parking charges as established from time to time by AUTHORITY for aircraft remotely parked overnight on the ramp and away from the Terminal Aircraft Aprons leased by AIRLINE. All such charges received by AUTHORITY shall be allocated to the Airfield Cost Center.

7.05 Other Fees and Charges.

A. AUTHORITY expressly reserves the right to assess and collect the following fees and charges, each as established from time to time by AUTHORITY, which amounts, when allocated, shall be allocated to and between Cost Centers deemed most appropriate in the reasonable discretion of AUTHORITY:

(1) Fees for services provided by AIRLINE for Air Transportation Companies, or for AIRLINE by Air Transportation Companies, pursuant to Sections 5.01P and 5.01Q of this Agreement, if such services or concessions would otherwise be available from a concessionaire or licensee of AUTHORITY; provided, however, that no fees shall be collected in connection with services provided by AIRLINE to AIRLINE'S Identified Affiliates or to AIRLINE by its Identified Affiliates.

(2) Fees and charges for services, equipment or facilities not otherwise enumerated in this Agreement, but provided by AUTHORITY or its contractors and utilized by AIRLINE, including, but not limited to, fees and charges for special

maintenance of Airline Premises, use of equipment such as CUPPS, CUSS and CUTE (which fee shall be as calculated in accordance with Exhibit E), Federal Inspection Services (FIS) facility fees and/or Facility Fees.

(3) All costs, charges or expenses for the provision of any services or facilities which AUTHORITY is required or mandated to provide by any governmental entity (other than AUTHORITY acting within its proprietary capacity) having jurisdiction over the Airport. AUTHORITY shall, upon request and to the extent not prohibited by applicable law, rule or regulation, identify for AIRLINE the particular rule, order or mandate resulting in such costs, charges or expenses.

B. AUTHORITY reserves the right to charge AIRLINE or its employees a fee based on AUTHORITY's cost of providing services and facilities for the employee parking area(s) provided at the Airport. All such charges received by AUTHORITY shall be allocated to the Ground Transportation Cost Center.

C. AIRLINE shall pay all applicable sales, use, intangible and ad valorem taxes of any kind, payable in connection with the rental of Airline Premises, the real property and any improvements thereto or the leasehold estate created herein, or which result from AIRLINE's occupancy or use of Airline Premises or otherwise from this Agreement, whether levied against AIRLINE or AUTHORITY. AIRLINE shall also pay any other taxes or assessments against the Airline Premises or leasehold estate created herein. AIRLINE may reserve the right to contest such taxes and withhold payment of such taxes upon written notice to AUTHORITY of its intent to do so, so long as the nonpayment of such taxes does not result in a lien against the real property or any improvements thereon of a direct liability on the part of AUTHORITY. AUTHORITY agrees to immediately forward to AIRLINE any notices of such taxes and assessments due upon receipt of same.

D. The Signatory Airlines shall pay, as additional rental payments, an amount necessary in any Fiscal Year to satisfy AUTHORITY's rate covenant, as set forth in Section 711 of the Bond Resolution, or any successor thereto ("Extraordinary Coverage Protection"). Any shortfalls in annual receipts required by the AUTHORITY's rate covenant shall not be satisfied with prior year surpluses or AUTHORITY cash balances, even if such exist; but shall be satisfied by the Extraordinary Coverage Protection payments described herein. AIRLINE's share of such Extraordinary Coverage Protection payments shall equal the total required payment times a fraction, the numerator of which is the estimated number of annual Enplaned Passengers for Airline for the Fiscal Year such payment is due and the denominator of which is the estimated number of annual Enplaned Passengers of all Signatory Airlines that actually make an Extraordinary Coverage Protection payment. The estimated number of Enplaned Passengers and the required amount of the Extraordinary Coverage Protection payment shall be determined by AUTHORITY in its reasonable discretion. All Extraordinary Coverage Protection payments shall be due within fifteen (15) days after notice from AUTHORITY. The AUTHORITY may provide notice of the requirement for Extraordinary Coverage

Protection payments at any time, and from time to time, during a Fiscal Year that it appears, in the AUTHORITY's reasonable discretion, that such payments will be required pursuant to the terms hereof; provided, however, that the AUTHORITY shall afford the Signatory Airlines a reasonable opportunity to discuss the requirement with the AUTHORITY prior to requiring such payment.

7.06 Information to be Supplied by AIRLINE.

A. Not later than ten (10) days after the end of each month, AIRLINE shall file with AUTHORITY separate written or electronic reports on forms provided by AUTHORITY and included as samples in Exhibit D attached hereto, for activity conducted by AIRLINE during said month, and for activity handled by AIRLINE for each Air Transportation Company not having an agreement with AUTHORITY providing for its own submission of activity data to AUTHORITY. Such activity reporting shall include, but not be limited to, revenue and non-revenue Enplaned Passengers, Deplaned Passengers, pounds of cargo and mail, Chargeable Landings by aircraft type and Maximum Gross Landed Weight by aircraft type.

B. AUTHORITY shall have the right, but shall not be required, to rely on said activity reports in determining rentals, fees and charges due hereunder. AUTHORITY may also rely on alternative sources of information, such as FAA statistics and electronic data collection systems, to determine rentals, fees and charges due hereunder. Use of such alternative sources by AUTHORITY shall not relieve AIRLINE of its reporting obligations hereunder. To the extent there is a discrepancy between the information provided by AIRLINE and information gathered from other sources, AUTHORITY's determination as to the most reliable and accurate information shall be conclusive and binding on the parties, absent fraud or manifest error. AIRLINE shall have full responsibility for the accuracy of said reports. Payment deficiencies of more than ten percent (10%) by category of rentals, fees, and charges due on an annual basis hereunder that are due to incomplete or inaccurate activity reports shall be subject to interest charges, at a rate of eighteen percent (18%) per annum.

C. AIRLINE shall at all times maintain and keep records reflecting the activity statistics of AIRLINE's activities at the Airport to be reported pursuant to Section 7.06A. Such records shall be retained by AIRLINE for a period of three (3) years subsequent to the activities reported therein, or such other retention period as set forth in FAR Part 249, and upon prior written notice to AIRLINE shall be made available at Orlando, Florida for audit and/or examination by AUTHORITY or its duly authorized representative during all normal business hours. AIRLINE shall produce such books and records at Orlando, Florida within thirty (30) calendar days of AUTHORITY's notice to do so or pay all reasonable expenses, including but not limited to transportation, food, and lodging, necessary for an auditor selected by AUTHORITY to audit said books and records at AIRLINE's facilities. The cost of such audit, with the exception of the aforementioned expenses, shall be borne by AUTHORITY; provided, however, the total cost of said audit shall be borne by AIRLINE if either or both of the following conditions exist:

(1) The audit reveals an underpayment of more than ten percent (10%) by category of rentals, fees, and charges due on an annual basis hereunder, as determined by said audit;

(2) AIRLINE has failed to maintain true and complete records in accordance with this Section 7.06C.

7.07 Payments.

A. Payments of one-twelfth (1/12) of the total annual rentals, as may be adjusted from time to time, for AIRLINE's Exclusive Use Premises and Preferential Use Premises shall be due in advance, without demand or invoice, on the first day of each month. Said rentals and charges shall be deemed delinquent if payment is not received by the tenth (10) day of the month.

B. Payment of AIRLINE's Landing Fees, Apron Use Fees and aircraft parking charges under Section 7.04 shall be due fifteen (15) days from AUTHORITY's issuance of invoice, and shall be deemed delinquent if not received within ten (10) days after the due date.

C. Payment of AIRLINE's Common Use Charges, Airline Equipment Charges and any recurring charges under Section 7.05 (such as for CUPPS, CUSS or CUTE equipment), shall be due fifteen (15) days from AUTHORITY's issuance of invoice, and shall be deemed delinquent if not received within ten (10) days of the due date.

D. Payment for all other fees and charges due hereunder, shall be due as of the due date stated on AUTHORITY's invoice. Said fees and charges shall be deemed delinquent if payment is not received within thirty (30) days of the due date of such invoice.

E. AUTHORITY shall provide notice of any and all payment delinquencies, including any deficiencies which may be due as a result of AUTHORITY's estimates of activity pursuant to Section 7.07F below, or due to an audit performed pursuant to Section 7.06C above; provided, however, interest at the rate of eighteen percent (18%) per annum shall accrue against any and all delinquent payment(s) from the due date until the date payments are received by AUTHORITY. This provision shall not preclude AUTHORITY from canceling this Agreement for default in the payment of rentals, fees, or charges, as provided for in Section 12.01B below, or from exercising any other rights contained herein or provided by law. In the event AUTHORITY sends AIRLINE an invoice in error (as opposed to an invoice based on estimates or budgets that happens to differ from the final true-up amount due, which would not be deemed an invoice sent in error) and AIRLINE pays such invoice, AUTHORITY shall promptly refund the erroneous payment, plus interest at a rate of eighteen percent (18%) per annum, accruing from the date payment was received by AUTHORITY.

F. In the event AIRLINE fails to submit its monthly activity reports as required in Section 7.06A, AUTHORITY shall estimate the rentals, fees, and charges based upon the highest month of the previous twelve (12) month's activity reported by AIRLINE and issue an invoice to AIRLINE for same. If no activity data is available, AUTHORITY shall reasonably estimate such activity and invoice AIRLINE for same. AIRLINE shall be liable for any deficiencies in payments based on estimates made under this provision; payment for said deficiencies shall be deemed due as of the date such rental fee or charge was due and payable. If such estimate results in an overpayment by AIRLINE, AUTHORITY shall apply such overpayment as a credit against subsequent amounts due for such rentals, fees, and charges from AIRLINE; provided, however, AIRLINE shall not be entitled to any credit for interest on payments of such estimated amounts.

G. In the event AIRLINE's obligations with respect to Airline Premises or rights, licenses, or privileges granted hereunder shall commence or terminate on any date other than the first or last day of the month, AIRLINE's rentals, fees, and charges shall be prorated on the basis of the number of days such premises, facilities, rights, licenses, services, or privileges were enjoyed during that month.

H. All payments due and payable hereunder shall be paid in lawful money of the United States of America, without set off, by check made payable to AUTHORITY and delivered to:

Via Express Mail

Via Wire Transfer

Via U.S. Mail

7.08 Security for Performance.

A. Unless AIRLINE has provided regularly scheduled flights to and from the Airport during the eighteen (18) months prior to the Effective Date of this Agreement without the occurrence of any act or omission that would have been an event enumerated in Section 12.01 of this Agreement, if this Agreement had been in effect during that period, AIRLINE shall provide AUTHORITY on the Effective Date of this Agreement with a contract bond, irrevocable letter of credit or other similar security acceptable to AUTHORITY ("Performance Security") in an amount equal to the estimate of three (3) months' rentals, fees and charges payable by AIRLINE (excluding PFC's) pursuant to this Article 7, to guarantee the faithful performance by AIRLINE of its obligations under this Agreement and the payment of all rentals, fees and charges due hereunder. AIRLINE shall be obligated to maintain such Performance Security in effect until the expiration of eighteen (18) consecutive months during which period AIRLINE commits no event enumerated in Section 12.01 of this Agreement. Such Performance Security shall be in a form and with a company reasonably acceptable to AUTHORITY and licensed to do business in the State of Florida. In the event that any such Performance Security shall be for a period less than the full period required by this Section 7.08A or if

Performance Security shall be canceled, AIRLINE shall provide a renewal or replacement Performance Security for the remaining required period at least sixty (60) days prior to the date of such expiration or cancellation. The amount of Performance Security required to be maintained by AIRLINE may be adjusted from time to time by AUTHORITY based on updated estimates of rentals, fees and charges payable by AIRLINE. AIRLINE shall deposit increased Performance Security promptly after receipt of notice of adjustment from AUTHORITY. AUTHORITY may waive any requirement herein in its exclusive discretion.

B. In the event AUTHORITY is required to draw down or collect against AIRLINE's Performance Security for any reason, AIRLINE shall, within ten (10) business days after AUTHORITY's written demand, take such action as may be necessary to replenish the existing Performance Security to its original amount (three months' estimated rentals, fees, and charges) or to provide additional or supplemental Performance Security from another source so that the aggregate of all Performance Security is equal to three months' estimated rentals, fees, and charges payable by AIRLINE pursuant to this Article 7.

C. If AIRLINE is not required to have Performance Security in place at any time, then, upon the occurrence of any act or omission by AIRLINE that is an event enumerated in Section 12.01, or upon the failure of AIRLINE to pay any rentals, fees or charges hereunder when due for sixty (60) consecutive days, or upon AIRLINE's election to assume this Agreement under Federal Bankruptcy Rules and Regulations and Federal Judgeship Act of 1984 or any successor statute, as such may be amended, supplemented, or replaced, AUTHORITY, by written notice to AIRLINE given at any time within ninety (90) days after the date such event becomes known to AUTHORITY, may impose or reimpose the Performance Security requirements of Section 7.08A on AIRLINE. In such event, AIRLINE shall provide AUTHORITY with the required Performance Security within ten (10) days from its receipt of such written notice and shall thereafter maintain such Performance Security in effect until the requirements for removal of the Performance Security set forth in Section 7.08A are met.

D. If AIRLINE shall fail to obtain and/or keep in force such Performance Security required hereunder, such failure shall be grounds for immediate cancellation of this Agreement pursuant to Section 12.01. AUTHORITY'S rights under this Section 7.08 shall be in addition to all other rights and remedies provided to AUTHORITY under this Agreement.

E. AIRLINE and AUTHORITY agree that this Agreement constitutes an 'executory contract' for the purposes of Section 365 of the United States Bankruptcy Code (Title 11 USC) subject to assumption or rejection, and subject to the terms and conditions of assumption or rejection, as provided in said Section 365. Furthermore, AIRLINE and AUTHORITY agree that any Performance Security provided by AIRLINE are not 'property of the estate' for purposes of Section 541 of the United States Bankruptcy Code (Title 11 USC), it being understood that any Performance Security is property of the third

party providing it (subject to AUTHORITY's ability to draw against the Performance Security).

F. AIRLINE and AUTHORITY agree that, to the extent permitted by applicable law, all PFCs collected by AIRLINE with respect to Enplaned Passengers at the Airport, are property of AUTHORITY when collected, and, to the extent held by AIRLINE, are being held in trust for AUTHORITY.

7.09 No Further Charges. Except as provided in this Agreement, or as may be permitted or required by any governmental entity (other than AUTHORITY, acting within its proprietary capacity) having jurisdiction over the Airport, no further rentals, fees, or charges shall be charged against or collected from AIRLINE, its passengers, its shippers and receivers of freight, its suppliers or material, its contractors or furnishers or services, by AUTHORITY, acting in its capacity as Airport proprietor, for the premises, facilities, rights, licenses, and privileges granted to AIRLINE herein.

ARTICLE 8: CHANGES IN RATES FOR RENTALS, FEES, AND CHARGES

8.01 Annual Rate Changes.

A. Prior to the end of each Fiscal Year during the Term of this Agreement, AUTHORITY shall notify AIRLINE of the proposed schedule of initial rates for rentals, fees, and charges for the ensuing Fiscal Year. Such rates shall be determined and presented to AIRLINE substantially in conformance with the methods and format set forth in Article 7 and Exhibit E attached hereto.

B. If calculation of the new rates for rentals, fees, and charges is not completed by AUTHORITY and the notice provided in Section 8.01A is not given on or prior to the end of the then current Fiscal Year, the rates for rentals, fees, and charges then in effect shall continue to be paid by AIRLINE until such calculations are concluded and such notice is given. Upon the completion of such calculations and the giving of such notice, AUTHORITY shall determine the difference(s), if any, between the actual rentals, fees, and charges paid by AIRLINE to date for the then current Fiscal Year and the rates for rentals, fees, and charges that would have been paid by AIRLINE if said rates had been in effect beginning on the first day of the Fiscal Year. Such differences shall be applied to the particular rentals, fees, or charges for which a difference(s) in rates resulted in an overpayment or underpayment, and shall be remitted by AIRLINE or credited or refunded by AUTHORITY in the month immediately following the calculation of the new Fiscal Year rates and the giving of written notice to AIRLINE by AUTHORITY.

C. AIRLINE acknowledges that AUTHORITY'S determination of Net Airfield Requirement, Net Terminal Requirement, Landing Rate, Landing Fee, Apron Use Fee, Terminal rentals, Common Use Charges and other fees and charges due hereunder, is based on estimates by AUTHORITY of many factors and AIRLINE agrees to pay monthly rentals, fees and charges as determined by AUTHORITY based on such estimates, subject to a true-up calculation by AUTHORITY of total rentals, fees and charges owed by AIRLINE for a particular Fiscal Year to be completed, within 120 days after the end of such Fiscal Year or as soon as possible after audited financial information is available to AUTHORITY, whichever is later. For clarification, the true-up calculation shall be based, to the extent possible, on actual results for a Fiscal Year, and shall be calculated by the AUTHORITY in a manner consistent with the true-up calculation for all Signatory Airlines. AUTHORITY may recover or pay, as the case may be, amounts owing to or from AUTHORITY as a result of such true-up by, in its discretion, (a) adjusting revenue sharing payments owed under Section 8.03 below, (b) adjusting future rentals, fees and charges due from AIRLINE under this Article 7 by an amount deemed reasonable by AUTHORITY or (c) by making payment to, or requiring payment from, AIRLINE. AIRLINE and AUTHORITY each agrees to make payment of any amount due hereunder within thirty (30) days, if the payment in (c) above is the true up methodology chosen.

D. AUTHORITY may recalculate its Landing Fee, Apron Use Fee, Terminal rental rates and Common Use Charges any time the unaudited monthly financial data collected by the AUTHORITY indicates (a) that the amounts projected to be owed by AIRLINE or any other Signatory Airline for that Fiscal Year are reasonably likely to fall short of, or exceed, the amounts to be paid by such AIRLINE or Signatory Airline under then current rates by at least ten percent (10%) or (b) the amounts projected to be collected in the Airfield Cost Center or in the Terminal Cost Center for that Fiscal Year are reasonably likely to fall short of, or exceed, the amounts required to be collected in such Cost Centers for such Fiscal Year by at least ten percent (10%).

8.02 Changes in Rates, Fees and Charges. Adjustments to rates for rentals, fees, and charges, but not the methodology of calculating them, shall apply without the necessity of formal amendment of this Agreement.

8.03 Revenue Sharing.

A. For each Fiscal Year, AUTHORITY will pay to the Signatory Airlines, in the aggregate, an amount equal to (a) one hundred percent (100%) of any Extraordinary Coverage Protection payments made with respect to such year, but only to the extent of Net Shared Revenues and to the extent of uncommitted funds in the Improvement and Development Fund (as defined in the Bond Resolution), and (b) the Applicable Signatory Airline Revenue Share Percentage of any balance of Net Shared Revenues after subtracting an amount equal to Extraordinary Coverage Protection payments made with respect to such year ("Revenue Sharing Payment"). AIRLINE's share of the total Revenue Sharing Payments due hereunder for a Fiscal Year shall, with respect to (a) above, be equal to the proportion of Extraordinary Coverage Protection payments made by AIRLINE and with respect to (b) above, shall equal a fraction of such amount, the numerator of which is the total number of Enplaned Passengers for AIRLINE for that Fiscal Year and the denominator of which is the total number of Enplaned Passengers for all Signatory Airlines for that Fiscal Year. Only Air Transportation Companies who were Signatory Airlines on the last day of a Fiscal Year shall be entitled to any payments hereunder for such Fiscal Year. Only the number of Enplaned Passengers counted during such time as an Air Transportation Company was a Signatory Airline during a particular Fiscal Year, but not when an Air Transportation Company was not a Signatory Airline during such Fiscal Year, shall be considered for purposes of any calculation hereunder. Furthermore, if an Air Transportation Company ceases being a Signatory Airline at some point in a Fiscal Year ("First Signatory Term") and later becomes a Signatory Airline again in the same Fiscal Year ("Second Signatory Term"), only Enplaned Passengers counts for such Air Transportation Company during the Second Signatory Term, but not the First Signatory Term, shall be considered for purposes of any calculation hereunder.

B. AUTHORITY shall use commercially reasonable efforts to estimate the Revenue Sharing Payment to be made to AIRLINE within sixty (60) days after the conclusion of each Fiscal Year and, to the extent AUTHORITY is comfortable with such estimate, shall pay to AIRLINE eighty percent (80%) of such estimated Revenue Sharing Payment

within such sixty (60) day period. AUTHORITY shall pay to AIRLINE the balance of each Revenue Sharing Payment owed to AIRLINE within thirty (30) days after AUTHORITY determines the actual Revenue Sharing Payment owed to AIRLINE for the prior Fiscal Year, which is expected to be following the completion of audited financial statements for such Fiscal Year.

8.04 AUTHORITY Covenants.

A. AUTHORITY covenants that for purposes of assigning and allocating costs, it shall utilize generally accepted accounting practices utilized for airports operating as an enterprise fund, and include only those charges properly attributable to the Airport.

B. AUTHORITY shall use Revenues of the Airport on the Airport System, in accordance with the provisions of the Bond Resolution and applicable law.

ARTICLE 9: CAPITAL EXPENDITURES AND IMPROVEMENTS

9.01 Need for Capital Expenditures. The parties hereto recognize that Capital Expenditures to preserve, protect, enhance, expand, renovate or otherwise improve the Airport or any part thereof, will be required during the Term of this Agreement. Any such Capital Expenditures to be paid for or financed with Revenues shall be subject to the provisions of Sections 9.02 and 9.03, below.

9.02 Capital Expenditures Subject to Signatory Airline Consideration.

A. AUTHORITY shall notify AIRLINE in writing of its intent to undertake any Capital Expenditures not excluded from Majority-in-Interest consideration pursuant to Section 9.03, and shall provide AIRLINE with the following information associated with such Capital Expenditures:

(1) A description of the proposed Capital Expenditure(s), together with cost estimates;

(2) AUTHORITY's anticipated means of financing or paying the costs of the proposed Capital Expenditure(s); and

(3) The planned allocation of the costs thereof to the Airfield Cost Center or the Terminal Cost Center and the projected impact on AIRLINE rates and charges.

B. Within twenty (20) days after AUTHORITY's delivery of the notice set forth above, AIRLINE may request in writing, a meeting with AUTHORITY for the purpose of discussing the proposed Capital Expenditure(s). Should such a request be made, AUTHORITY shall schedule a meeting with Signatory Airlines collectively within sixty (60) days after AUTHORITY's original notice. AUTHORITY agrees to consider comments and recommendations of the Signatory Airlines with respect to proposed Capital Expenditure(s).

C. Unless Signatory Airlines constituting a Majority-in-Interest shall issue written disapprovals to AUTHORITY for a particular Capital Expenditure that is subject to Majority-in-Interest consideration within thirty (30) days after the date set for the meeting between the AUTHORITY and the Signatory Airlines, time being of the essence, AUTHORITY may proceed with such Capital Expenditures. AUTHORITY may also proceed at any time with Capital Expenditures not requiring Majority-in-Interest consideration, as set forth in Section 9.03, and with any other improvements or developments not defined as a Capital Expenditure herein.

D. In the event of a Majority-in-Interest disapproval of a proposed Capital Expenditure subject to Majority-in-Interest consideration, AUTHORITY shall have the option to convene a second meeting with the Signatory Airlines within forty five (45) days following the date of disapproval for the purpose of providing additional information relative to the proposed Capital Expenditure and to request reconsideration.

The reconsidered Capital Expenditure shall be subject to Majority-in-Interest disapproval, as set forth in subparagraph C above.

E. AUTHORITY may issue Bonds, Subordinated Indebtedness, or Other Indebtedness to finance any Capital Expenditures permitted by this Article 9. All costs associated with Capital Expenditures permitted by this Article 9, including but not limited to, Operating Expenditures (including appropriate reserves therefor) shall be included in the determination of rates for rentals, fees, and charges in accordance with Article 7 above.

9.03 Capital Expenditures Not Subject to Signatory Airline Consideration. The following Capital Expenditures shall be permitted to be undertaken by the AUTHORITY at any time and shall not be subject to consideration or disapproval by the Signatory Airlines:

A. New development, planning, replacement, renovation, construction or expansion projects to the extent applicable to the Airfield Cost Center that have a gross project cost equal to or less than Five Million Dollars (\$5,000,000).

B. New development, renovation, planning, replacement, construction or expansion projects to the extent applicable to the Terminal Cost Center with gross project cost equal to or less than Five Million Dollars (\$5,000,000).

C. Projects for the increased requirements of any Signatory Airline(s) if such Signatory Airline(s) agree to increased rentals, fees, and charges sufficient to cover the annual debt service associated with the project.

D. Projects required by the FAA, the Department of Transportation or other governmental authority, other than AUTHORITY, having jurisdiction over the Airport; provided, however, that AUTHORITY shall, upon request and to the extent not prohibited by applicable law, rule or regulation or such governmental authority, substantiate the requirement by identifying for AIRLINE the particular rule, order or mandate issued by such governmental authority.

E. Projects to repair or replace casualty damage to Airport property which must be rebuilt or replaced in order for AUTHORITY to meet its obligations pursuant to this Agreement, the Bond Resolution, or agreements with other lessees at the Airport, or which are funded from insurance proceeds.

F. Facilities or equipment for which the tenant(s) or other user(s) thereof shall be required to pay directly, or reimburse AUTHORITY for, all capital costs, including finance costs, associated with such facilities during the Term of this Agreement.

G. Improvements or additions, including the associated costs therefor, necessary or reasonable in the judgment of the AUTHORITY to settle lawful claims, satisfy judgments, or comply with judicial orders against AUTHORITY by reason of its ownership, operation, maintenance, or use of the Airport.

H. Expenditures of an emergency nature which, if not made within the time established for the Majority-in-Interest disapproval process, would result in the closing or inoperability of any portion of the Airport.

I. Projects to the extent applicable to Cost Centers other than the Airfield Cost Center and the Terminal Cost Center.

J. The projects identified in Exhibit B, including an additional twenty-five percent (25%) cost escalation for each project. The AUTHORITY agrees to continue reviewing its capital improvement plan during the Term of the Agreement to undertake projects that are appropriate in its judgment, to continue to support growth and demand for, and the operation and maintenance of, facilities at the Airport.

9.04 Alterations and Improvements by AIRLINE. In accordance with Section 5.01M above, AIRLINE may construct and install, at AIRLINE's sole expense, such improvements in its non-public Exclusive Use Premises and non-public Preferential Use Premises as AIRLINE deems to be necessary for its operations; provided, however, that the plans and specifications, location, and, in the Executive Director's exclusive discretion, construction schedule for such improvements shall be approved by the Executive Director in writing prior to the commencement of any and all such construction or installation and that AIRLINE complies with the requirements of AUTHORITY in effect from time to time. Said approval shall not be unreasonably withheld, conditioned or delayed. No reduction or abatement of rentals, fees, and charges shall be allowed for any interference with AIRLINE's operations by such construction.

9.05 Security.

A. Surety Bonds.

(1) Prior to the commencement of any improvements greater than \$250,000 at the Airport, AIRLINE shall obtain, or cause to be obtained, and deliver to AUTHORITY and record in the public records of Orange County, payment and performance bonds in sums equal to the full amount of the construction contract awarded by AIRLINE for the improvements, as described more fully herein.

(2) Such bonds shall name AUTHORITY as an obligee thereunder and shall be drawn from such company acceptable to AUTHORITY and licensed to do business in the State of Florida, subject to AUTHORITY's reasonable approval.

(3) All payment bonds required hereunder with any contractor or contractors of AIRLINE, as principal, shall be in the sum equal to the full amount of the construction contract awarded by AIRLINE for the improvements. Such bond shall name AUTHORITY as an obligee thereunder and shall guarantee payment of all wages for labor and services engaged, and of all bills for materials, supplies, and equipment used in the performance of said construction contract.

(4) All performance bonds required hereunder shall name AUTHORITY as an obligee thereunder, and shall be drawn in from such company reasonably acceptable to AUTHORITY and licensed to do business in the State of Florida; shall guarantee the faithful performance of necessary construction and completion of improvements in accordance with approved final plans and detailed specifications, and shall protect AUTHORITY against any losses and liability, damages, expenses, claims, and judgments caused by or resulting from any failure to perform completely the work described.

(5) Bonds required hereunder shall be submitted in the forms reasonably acceptable to AUTHORITY from time to time, and AIRLINE shall be responsible for taking such steps as necessary to ensure that such bonds shall fully comply, both in form and substance, with the requirements of Section 255.05, Fla. Stat., any successor thereto and any other applicable law or regulation. AIRLINE shall provide AUTHORITY with a true copy of the recorded bonds as evidence of such recording.

(6) Any construction or installation work by or for AIRLINE at the Airport shall not unreasonably interfere with the operation of the Airport, or otherwise unreasonably interfere with the permitted activities of other Terminal tenants and users. Upon completion of approved construction and within sixty (60) days after AIRLINE's receipt of a certificate of occupancy, a complete set of as-built drawings shall be delivered to the Executive Director in a media type and format acceptable to AUTHORITY for the permanent record of AUTHORITY.

B. Sureties' Qualifications.

(1) All bonds required under this Section shall be written with a surety meeting the following requirements: (i) rated by the latest edition of A.M. Best Company Insurance Guide no less than "A-" as to management and no less than "VIII" as to strength for Contracts in which the total contract price exceeds \$1,000,000 and no less than "B+" as to management and no less than "VI" as to strength for Contracts in which the total contract price is \$1,000,000 or less; and (ii) be authorized to transact business in the State of Florida. The surety shall hold a certificate of authority authorizing it to write surety bonds in Florida and the surety bond shall be countersigned by a licensed Florida agent appointed by the surety, and shall also maintain a current certificate of authority as an acceptable surety on Federal Bonds in accordance with U.S. Department of Treasury Circular 570, current revision. If the amount of the bond exceeds the underwriting limitations set forth in Circular 570, in order to qualify, the net retention of the surety company shall not exceed the underwriting limitation in Circular 570 and the surety shall provide evidence satisfactory to AUTHORITY that the amount in excess of the net retention is protected by co-insurance, reinsurance, or other methods in accordance with Treasury Circular 297, Revised September 1, 1978 (31 CFR Section 223.10, Section 223.11).

(2) Notwithstanding anything contrary in this Agreement or Subsection, in the event the total contract price does not exceed \$500,000, as determined in accordance with

Section 287.0935, Florida Statutes, bonds with a surety company in compliance with the following requirements shall be acceptable: (i) The surety company is licensed to do business in the State of Florida; (ii) The surety company holds a certificate of authority authorizing it to write surety bonds in Florida; (iii) The surety company has twice the minimum surplus and capital required by the Florida Insurance Code at the time the invitation to bid is issued; (iv) The surety company is otherwise in compliance with the provisions of the Florida Insurance Code; and (iv) The surety company holds a currently valid certificate of authority issued by the United States Department of the Treasury under 31 U.S.C. §§ 9304 to 9308. In order to qualify as an acceptable surety company, an Affidavit for Surety Company shall be executed by an Officer of the surety bond insurer as evidence that a surety company is in compliance with the foregoing requirements.

(3) It is further mutually agreed between AIRLINE and AUTHORITY that if at any time, AUTHORITY shall deem the surety or sureties upon any bond to be unsatisfactory, or if for any reason such bond (because of increases in the work or otherwise) ceases to be adequate, AIRLINE shall, at its expense, within five (5) days after the receipt of notice from AUTHORITY to do so, furnish or cause to be furnished an additional or replacement bond or bonds in such form, amount, and with such surety or sureties as shall be satisfactory to AUTHORITY.

C. Alternate Form of Security.

In lieu of a payment bond and a performance bond in the amount of any contract between AIRLINE and a contractor, pursuant to Section 255.05, Fla. Stat., AIRLINE may furnish or caused to be furnished to AUTHORITY an alternate form of security in the form of cash, a money order, a certified check, a cashier's check, an irrevocable letter of credit, or security of a type listed in Part II of Chapter 625, Fla. Stat., in the amount of the underlying contract. Any such alternative form of security shall be for the same purpose and be subject to the same conditions as those applicable to the bond for which the alternative form of security is being substituted. The determination of the value of an alternative form of security shall be made by AUTHORITY.

9.06 Contractor Insurance. AIRLINE shall require contractors to maintain, and provide evidence satisfactory to AUTHORITY of, insurance (including, but not limited to, worker's compensation/employer's liability insurance, commercial general liability insurance, automobile liability insurance, and builder's risk insurance), in such amounts and in such manner as AUTHORITY may reasonably require. AUTHORITY may require additional insurance for any alterations or improvements approved hereunder, in such limits as AUTHORITY reasonably determines to be necessary.

9.07 Responsibility for Construction. Any construction or installation by or for the benefit of AIRLINE shall be at the sole risk of AIRLINE and shall be in accordance with the Tenant Work Permit Program and all applicable state and local codes and laws and subject to inspection by the Executive Director.

9.08 Ownership of Improvements. All improvements made to Airline Premises and additions and alterations thereto made by AIRLINE, except those financed by AUTHORITY, shall be and remain the property of AIRLINE until expiration of the Term of this Agreement. Upon termination or cancellation of this Agreement, said additions and alterations shall become the property of AUTHORITY or at AUTHORITY's option removed by AIRLINE; provided, however, that any trade fixtures, signs, equipment and other movable personal property of AIRLINE not permanently affixed to Airline Premises shall remain the property of AIRLINE, subject to the terms of Article 14.

ARTICLE 10: DAMAGE OR DESTRUCTION

10.01 Partial Damage. If any part of Airline Premises, or adjacent facilities directly and substantially affecting the use of Airline Premises, shall be partially damaged by fire or other casualty or by any AUTHORITY required construction or renovation project, but said circumstances do not render Airline Premises untenable as reasonably determined by AUTHORITY, the same shall be repaired, constructed or renovated to usable condition with due diligence by AUTHORITY as hereinafter provided. No abatement of rentals shall accrue to AIRLINE so long as Airline Premises remain tenantable.

10.02 Substantial Damage. If any part of Airline Premises, or adjacent facilities directly and substantially affecting the use of Airline Premises, shall be so extensively damaged by fire or other casualty or by any AUTHORITY required construction or renovation project, as to render any portion of the Airline Premises untenable, but capable of being repaired, as reasonably determined by AUTHORITY, the same shall be repaired to usable condition with due diligence by AUTHORITY as hereinafter provided. If such repairs have not been commenced (defined as any material construction related activity, such as preparing plans, applying for permits, etc.) by AUTHORITY within ninety (90) days after such damage, and AIRLINE has not been provided comparable alternative facilities, AIRLINE shall have the option to terminate its agreement related to the facilities so damaged. In the case of damage described herein, the rentals payable hereunder with respect to 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 untenable bears to total Airline Premises until such time as the damaged Airline Premises are again tenable or comparable alternative facilities are made available to AIRLINE. AUTHORITY shall use its best efforts to provide AIRLINE with comparable, alternative facilities sufficient to allow AIRLINE to continue its operations while repairs are being completed, at a rental rate applicable to such alternative facilities; provided, however, that AIRLINE shall not be required to lease more alternative space than was rendered untenable in accordance with this Section.

10.03 Destruction.

A. If any part of Airline Premises, or adjacent facilities directly and substantially affecting the use of Airline Premises, shall be damaged by fire or other casualty or by any AUTHORITY required construction or renovation project, and is so extensively damaged as to render any portion of said Airline Premises untenable and not economically feasible to repair, as reasonably determined by AUTHORITY, AUTHORITY shall notify AIRLINE within a period of forty five (45) days after the date of such damage of its decision whether to reconstruct or replace said space; provided, however, AUTHORITY shall be under no obligation to replace or reconstruct such premises. The rentals payable hereunder with respect to affected Airline Premises shall be paid up to the time of such damage and thereafter shall abate until such time as replacement or reconstructed space becomes available for use by AIRLINE.

B. In the event AUTHORITY elects to reconstruct or replace affected Airline Premises, AUTHORITY shall use its best efforts to provide AIRLINE with comparable, alternative facilities sufficient to allow AIRLINE to continue its operation while reconstruction or replacement facilities are being completed; provided, however, that AIRLINE shall not be required to occupy and pay for more alternative space than was rendered untenable in accordance with this Section.

C. In the event AUTHORITY elects to not reconstruct or replace damaged Airline Premises, AUTHORITY shall either relocate AIRLINE, pursuant to Section 4.05B above, or if no premises are available to accomplish such relocation, to terminate this Agreement as to the damaged facilities. In such event, AUTHORITY agrees to amend this Agreement to reflect related additions and deletions to Airline Premises. In the event AIRLINE is not relocated and, after termination of this Agreement as to the damaged facilities, the remaining tenable portion of the Airline Premises is not sufficient to maintain operations at the Airport, AIRLINE may terminate this entire Agreement upon at least sixty (60) days advance notice given within ninety (90) days after receipt by AIRLINE of notice of termination of this Agreement as to the damaged facilities.

10.04 Damage Caused By AIRLINE. Notwithstanding any provision of this Article 10 to the contrary, in the event that due to the negligence or willful act or omission of AIRLINE, its employees, its agents, or licensees, Airline Premises shall be damaged or destroyed by fire, other casualty or otherwise, there shall be no abatement of rent during the repair or replacement of said Airline Premises. To the extent that the costs of repairs are not fully recovered from any insurance proceeds payable to AUTHORITY by reason of such damage or destruction, AIRLINE shall pay the amount of such additional costs to AUTHORITY. Upon the evacuation of any premises by AIRLINE, whether due to relocation, termination of this Agreement or otherwise, AIRLINE shall reimburse AUTHORITY for the cost to repair any damage to such premises, other than normal wear and tear.

10.05 AUTHORITY's Responsibilities. AUTHORITY shall maintain commercially reasonable property insurance; provided, however, that AUTHORITY's obligations to repair, reconstruct, or replace any part of the affected Airline Premises or adjacent facilities under the provisions of this Article 10 shall in any event be limited to restoring affected Airline Premises or adjacent facilities to (1) substantially the same condition that existed at the date of damage or destruction, or (2) to the extent of insurance proceeds and other funds available to AUTHORITY for such repair, reconstruction, or replacement, whichever is less; provided further that AUTHORITY shall in no way be responsible for the insuring of, or the restoration or replacement of any equipment, furnishings, property, improvements, signs, or other items installed and/or owned by AIRLINE.

ARTICLE 11: INDEMNIFICATION AND INSURANCE

11.01 Indemnification by Airline.

A. Indemnification for Claims. AIRLINE agrees to protect, defend, reimburse, indemnify and hold each of the AUTHORITY, the City, their respective agents, employees, board members and elected officers (hereinafter collectively referred to as "AUTHORITY Indemnatee") free and harmless at all times from and against any and all claims, liability, expenses, losses, costs, fines and damages (including actually incurred reasonable attorney's fees and appellate cost) and causes of action of every kind and character, whether or not meritorious, including but not limited to, claims or damages relating to any damage to property (including but not limited to, any environmental damage) personal injury, or bodily injury (including death) incurred or sustained by any person or organization (including, but not limited to, by an AUTHORITY Indemnatee) against or incurred by any AUTHORITY Indemnatee and arising out of, or incident to, or in connection with, (a) AIRLINE's use, operation, maintenance or occupancy of the Airline Premises, or (b) the operation of AIRLINE's Air Transportation Business, including the use or access by AIRLINE's ticketed passengers of the Airport; or (c) the performance, non-performance or purported performance of AIRLINE under this Agreement or (d) any breach of the terms of this Agreement by AIRLINE; provided, however, nothing contained in this Section shall require indemnification by AIRLINE of an AUTHORITY Indemnatee from or against any loss, liability or claim to the extent arising from the gross negligence or willful misconduct of such AUTHORITY Indemnatee.

B. Notice and Defense of Claims. Upon the filing by anyone of a claim with AUTHORITY for damages arising out of incidents for which AIRLINE herein agrees to indemnify and hold AUTHORITY or another AUTHORITY Indemnatee harmless, AUTHORITY shall promptly notify AIRLINE of such claim and, in the event that AIRLINE does not settle or compromise such claim, then AIRLINE shall undertake the legal defense of such claim both on behalf of AIRLINE and on behalf of each involved AUTHORITY Indemnatee. It is specifically agreed, however, that in the event of any conflict between an AUTHORITY Indemnatee, including AUTHORITY, and AIRLINE, an AUTHORITY Indemnatee may, at its option, provide its own legal defense and that AIRLINE will promptly reimburse any such AUTHORITY Indemnatee for the reasonable cost, including attorney's fees, incurred by or on behalf of AUTHORITY Indemnatee in the legal defense of such claim.

C. No Voluntary Waiver of Immunity. AIRLINE and AUTHORITY agree that the obligation of AIRLINE to indemnify an AUTHORITY Indemnatee is not intended to waive any sovereign immunity otherwise applicable to an AUTHORITY Indemnatee.

D. Consideration, Survival of Indemnity Obligation and Additional Remedy. AIRLINE recognizes the broad nature of this indemnification and hold harmless clause, and voluntarily makes this covenant and expressly acknowledges the receipt of good and

valuable consideration provided by AUTHORITY in support of this indemnification in accordance with laws of the State of Florida. This clause shall survive the termination of this Agreement as to claims arising during the Term thereof. Compliance with the insurance requirements of this Article 11 shall not relieve AIRLINE of, or otherwise limit, AIRLINE's obligation to indemnify an AUTHORITY Indemnatee as set forth in this Article 11.

11.02 Insurance.

A. Except to the extent AUTHORITY, at its sole discretion otherwise agrees to the contrary, during the Term of this Agreement, AIRLINE shall provide, pay for and maintain the types and amounts of insurance described herein. All such insurance shall be issued by insurers which are eligible to do business in the State of Florida. In addition, all such insurers shall have and maintain throughout the period for which coverage is required, evidence of financial integrity and responsibility reasonably acceptable to AUTHORITY.

B. The insurance coverage and limits required shall be evidenced by properly executed certificates of insurance. These certificates shall be signed by the authorized representative of the insurance company shown on the certificate and will show all deductibles or self-insurance retentions and show the AUTHORITY as an additional insured on airline liability/commercial general liability primary and excess coverage. In addition, certified, true, and exact copies of all insurance policies shall be made available to AUTHORITY, at AUTHORITY's cost, on a timely basis, if requested by AUTHORITY.

C. All required insurance coverages of AIRLINE shall be primary to any insurance or self-insurance program of AUTHORITY. In addition, any insurance, or self-insurance maintained by AUTHORITY shall be excess of, and shall not contribute with, the insurance provided by AIRLINE.

D. The acceptance of delivery to AUTHORITY of any certificate of insurance evidencing the insurance coverages and limits required in this Agreement does not constitute approval or acceptance by AUTHORITY that the insurance requirements in this Agreement have been met.

E. No operations shall commence at the Airport unless and until the required certificates of insurance are in effect and approved by AUTHORITY.

F. The insurance coverages and limits required of AIRLINE under this Agreement are designed to meet the minimum requirements of AUTHORITY. They are not designed as a recommended insurance program for AIRLINE. AIRLINE is responsible for insuring its real and personal property located at the Airport. AIRLINE, alone, shall be responsible for the sufficiency of its own insurance program. Should AIRLINE have

any question concerning its exposures to loss under this Agreement, or the possible insurance coverages needed therefor, it should seek professional advice.

G. AIRLINE shall give AUTHORITY thirty (30) days prior written notice by registered or certificated mail of any cancellation, intent not to renew, or material reduction in any policy's coverage instigated by AIRLINE and prompt notice of any such event instigated by an insurance company. Said notices shall be sent pursuant to Section 18.22 of this Agreement.

H. Renewal Certificates of Insurance must be provided to AUTHORITY as soon as practical but in every instance prior to expiration of current coverages.

I. Should at any time AIRLINE not, in the opinion of AUTHORITY, provide or maintain the insurance coverages required in this Agreement, AUTHORITY may terminate or suspend this Agreement.

J. The amounts and types of insurance shall conform to the following minimum requirements.

(1) Workers Compensation and Employer's Liability Insurance shall be maintained in force by AIRLINE during the Term of this Agreement for all employees engaged in the operations on the Airport under this Agreement. The limits of coverage shall not be less than:

Workers' Compensation	Florida Statutory
Employer's Liability	\$1,000,000 Limit Each Accident
	\$1,000,000 Limit Disease Aggregate
	\$1,000,000 Limit Disease Each Employee

(2) Airline Liability Insurance/Commercial General Liability shall be maintained by AIRLINE for the life of this Agreement. Coverage shall include, but not be limited to, Premises and Operations, Personal Injury, Contractual Liability, Products and Completed Operations Coverage, Hangarkeepers, Liquor Liability, Terrorism or War Risk and Allied Perils (to the extent available from, or subsidized by, the federal government), and Environmental Liability. Coverage shall be applicable to the operation of all owned, non-owned, leased or hired, licensed and unlicensed motor vehicles and ground equipment operating within the Aircraft Operations Area (AOA) at the Airport. The limits of coverage shall not be less than:

Airline Liability:

Bodily & Personal Injury & Property Damage Liability	\$200,000,000 Combined Single Limit Each Occurrence & Aggregate

Sublimits to be provided through the Airline Liability or separate policy:

Liquor Liability Coverage – for any facility of AIRLINE serving alcoholic beverages on the Airport in an amount not less than \$1,000,000 per occurrence.

Hangarkeepers Liability Coverage – in an amount adequate to cover any non-owned property in the care, custody, and control of AIRLINE on the Airport, but in any event in an amount not less than \$5,000,000 per occurrence.

Motor Vehicle Liability Coverage – to cover all licensed and unlicensed motor vehicles and ground equipment owned, non-owned, or hired by AIRLINE which are operated in the AOA. This coverage will be in an amount not less than \$5,000,000 per person and per occurrence.

Terrorism or War Risk and Allied Perils (to the extent available from, or subsidized by, the federal government) – in an amount not less than \$50,000,000.

Environmental Liability – in an amount not less than \$10,000,000 for sudden and accidental pollution, or, to the extent not prohibited by any applicable law, AIRLINE may provide for reasonable limits of self insurance against environmental liability risks. All amounts paid to AUTHORITY by AIRLINE on account of any self-insurance program shall be deemed insurance proceeds for purposes of this Agreement. To the extent AIRLINE self-insures as to environmental liability, the protections afforded AUTHORITY by AIRLINE shall be the same as if insurance were provided by a third-party insurer and AIRLINE shall have all the obligations and liabilities of a third party insurer hereunder (e.g. obligation to provide a defense).

(3) Aircraft Liability Insurance shall be maintained by AIRLINE during the Term of this Agreement for all owned, non-owned, leased or hired aircraft, including passenger coverage. The limits of coverage shall not be less than:

Bodily & Personal Injury & Property Damage Liability	\$200,000,000 Combined Single Limit Each Occurrence & Aggregate

(4) Business Automobile Liability Insurance shall be maintained by AIRLINE during the Term of this Agreement as to the ownership, maintenance, and use of all owned, non-owned, leased or hired vehicles. The limits of coverage shall not be less than:

Bodily & Personal Injury & Property Damage Liability	\$1,000,000 Combined Single Limit Each Occurrence & Aggregate

(5) Umbrella Liability Insurance or Excess Liability Insurance may be used to reach the limits of liability required by this Article 11.

ARTICLE 12: CANCELLATION BY AUTHORITY

12.01 Events of Default. The events described below shall be deemed Events of Default by AIRLINE hereunder:

(1) The conduct by AIRLINE of any business or performance of any acts at the Airport not specifically authorized herein or by other agreements between AUTHORITY and AIRLINE, and such business or acts do not cease within thirty (30) days after receipt of AUTHORITY's written notice to cease such business or acts.

(2) The failure by AIRLINE to cure a default in the performance of any of the terms, covenants, and conditions required herein (except Performance Security requirements, insurance requirements, and payment of rentals, fees, and charges, all as provided for below) within thirty (30) days after receipt of written notice by AUTHORITY of such default; or, if by reason of the nature of such default, the same cannot be cured within thirty (30) days following receipt by AIRLINE of written demand from AUTHORITY to do so, AIRLINE fails to commence curing such default within such thirty (30) days following such written notice, or having so commenced, shall fail thereafter to continue with diligence the curing thereof and, in any event, fails to cure such default within a reasonable time or ninety (90) days after receipt of notice of such default, whichever is earlier. AIRLINE shall have the burden of proof to demonstrate (i) that the default cannot be cured within thirty (30) days, and (ii) that it is proceeding with diligence to cure said default, and that such default can be cured within the earlier of a reasonable period of time or ninety (90) days.

(3) The failure by AIRLINE to pay any part of the rentals, fees, and charges due hereunder and the continued failure to pay such amounts in full within fifteen (15) days after AUTHORITY's written notice of such default; provided, however, that if a dispute arises between AUTHORITY and AIRLINE with respect to any obligation or alleged obligation of AIRLINE to make payments to AUTHORITY, payments under protest by AIRLINE of the amount due shall not waive any of AIRLINE'S rights to contest the validity or amount of such payment. In the event any court or other body having jurisdiction determines all or any part of the protested payment shall not be due, then AUTHORITY shall promptly reimburse AIRLINE or credit against future payments by AIRLINE any amount determined as not due.

(4) The failure by AIRLINE to provide and keep in force Performance Security in accordance with Section 7.08.

(5) The failure by AIRLINE to obtain and keep in force insurance coverage in accordance with Section 11.02.

(6) The appointment of a trustee, custodian, or receiver of all or a substantial portion of AIRLINE's assets.

(7) The divestiture of AIRLINE's estate herein by operation of law, by dissolution, or by liquidation, (not including a merger or sale of assets).

(8) The insolvency of AIRLINE; or if AIRLINE shall take the benefit of any present or future insolvency statute, shall make a general assignment for the benefit of creditors, or shall seek a reorganization or the readjustment of its indebtedness under any law or statute of the United States or of any state thereof including the filing by AIRLINE of a voluntary petition of bankruptcy or the institution of proceedings against AIRLINE for the adjudication of AIRLINE as a bankrupt.

(9) The abandonment by AIRLINE of the Airline Premises, or its conduct of business at the Airport; and, in this connection, suspension of operations for a period of thirty (30) days will be considered abandonment in the absence of a labor dispute or other governmental action in which AIRLINE is directly involved.

(10) The failure by AIRLINE to remit PFCs in accordance with Section 18.03.

12.02 Continuing Responsibilities of AIRLINE. Notwithstanding the occurrence of any Event of Default, AIRLINE shall remain liable to AUTHORITY for all rentals, fees, and charges payable hereunder and for all preceding breaches of any obligation under this Agreement. Furthermore, unless AUTHORITY elects to cancel this Agreement, AIRLINE shall remain liable for and promptly pay all rentals, fees, and charges accruing hereunder through the end of the Term.

12.03 AUTHORITY's Remedies. Upon the occurrence of an Event of Default, the following remedies, which shall be cumulative, shall be available to AUTHORITY:

A. AUTHORITY may exercise any remedy provided by law or in equity, including but not limited to the remedies hereinafter specified.

B. AUTHORITY may cancel this Agreement, effective upon the date specified in the notice of cancellation. Upon such date, AIRLINE shall be deemed to have no further rights hereunder and AUTHORITY shall have the right to take immediate possession of AIRLINE's Airline Premises.

C. AUTHORITY may reenter the Airline Premises and may remove all AIRLINE persons and property from same upon the date of reentry specified in AUTHORITY's written notice of reentry to AIRLINE. Upon any removal of AIRLINE property by AUTHORITY hereunder, AIRLINE property may be stored at a public warehouse or elsewhere at AIRLINE's sole cost and expense.

D. AUTHORITY may relet Airline Premises and any improvements thereon or any part thereof at such rentals, fees, and charges and upon such other terms and conditions as AUTHORITY, in its sole discretion, may deem advisable, with the right to make alterations, repairs or improvements on said Airline Premises. In reletting the Airline Premises, AUTHORITY shall be obligated to make a good faith effort to obtain terms

comparable to those contained herein and otherwise seek to mitigate any damages it may suffer as a result of AIRLINE's Event of Default.

E. In the event that AUTHORITY relets Airline Premises, rentals, fees, and charges received by AUTHORITY from such reletting shall be applied: (i) first to the payment of any indebtedness other than rentals, fees, and charges due hereunder from AIRLINE to AUTHORITY; (ii) then to the payment of any cost of such reletting; and (iii) finally to the payment of rentals, fees, and charges due from AIRLINE. Any excess rentals, fees and charges received by AUTHORITY from reletting shall be held by AUTHORITY and applied in payment of future rentals, fees, and charges owed by AIRLINE as the same may become due and payable hereunder. If that portion of such rentals, fees, and charges received from such reletting and applied to the payment of rentals, fees, and charges owed by AIRLINE hereunder is less than the rentals, fees, and charges that would have been payable during applicable periods by AIRLINE hereunder, then AIRLINE shall pay such deficiency to AUTHORITY. AIRLINE shall also pay to AUTHORITY, as soon as ascertained, any reasonable costs and expenses incurred by AUTHORITY in such reletting not covered by the rentals, fees, and charges received from such reletting.

F. No reentry or reletting of Airline Premises by AUTHORITY shall be construed as an election on AUTHORITY'S part to cancel this Agreement unless a written notice of cancellation is given to AIRLINE.

G. AIRLINE shall pay to AUTHORITY all other costs incurred by AUTHORITY in the exercise of any remedy in this Article 12, including, but not limited to, reasonable attorney fees, disbursements, court costs, and expert fees.

12.04 Remedies Under Federal Bankruptcy Laws. Notwithstanding the foregoing, upon the filing by or against AIRLINE of any proceeding under federal bankruptcy laws, if AIRLINE has defaulted in the performance of any provision of this Agreement within the six (6) months preceding such filing, AUTHORITY shall have the right to cancel this Agreement, in addition to other remedies provided under provisions of the Federal Bankruptcy Rules and Regulations and Federal Judgeship Act of 1984, as such may be subsequently amended, supplemented, or replaced. Such cancellation shall be by written notice to AIRLINE within sixty (60) days from the date of AIRLINE's initial filing in bankruptcy court.

ARTICLE 13: CANCELLATION BY AIRLINE

13.01 AUTHORITY Events of Default. The events described below shall be deemed "AUTHORITY Events of Default":

A. AUTHORITY fails to keep, perform, or observe any material term, covenant, or condition herein contained, to be kept, performed, or observed by AUTHORITY and such failure continues for thirty (30) days after receipt of written notice of such failure from AIRLINE; or, if by its nature such default cannot be cured within such thirty (30) day period, AUTHORITY shall not commence to cure such default within said thirty (30) days and thereafter to cure or remove the same as promptly as reasonably practicable; provided, however, AUTHORITY's performance under this Section shall be subject to the provisions of Section 18.25 of this Agreement.

B. Airport is closed to flights in general or to the flights of AIRLINE, for reasons other than those circumstances within AIRLINE's control, and Airport fails to be reopened to such flights within sixty (60) consecutive days from such closure.

C. The Airport is permanently closed as an air carrier airport by act of any federal, state, or local government agency having competent jurisdiction; or AIRLINE is unable to use Airport for a period of at least forty-five (45) consecutive days due to any law or any order, rule or regulation of any governmental authority having jurisdiction over the operations of the Airport; or any court of competent jurisdiction issues an injunction preventing AUTHORITY or AIRLINE from using Airport for airport purposes, for reasons other than those circumstances within AIRLINE's control or resulting from AIRLINE's actions, and such injunction remains in force for a period of at least forty-five (45) consecutive days.

D. The United States Government or any authorized agency thereof (by executive order or otherwise) assumes the operation, control, or use of the Airport in such a manner as to substantially restrict AIRLINE from conducting its operations, if such restriction continues for a period of sixty (60) consecutive days or more.

13.02 AIRLINE's Remedy. So long as AIRLINE is not in default of any obligation in this Agreement, including but not limited to payments due to AUTHORITY hereunder, AIRLINE may cancel this Agreement upon the occurrence of an AUTHORITY Event of Default upon delivery of written notice of cancellation to AUTHORITY any time prior to such AUTHORITY Event of Default being cured. All obligations of AIRLINE to pay rentals, fees, and charges shall cease as of the date of such cancellation and AIRLINE shall surrender the Airline Premises in accordance with Article 14 hereof. AIRLINE may also exercise any remedy provided by law or in equity.

ARTICLE 14: SURRENDER OF AIRLINE PREMISES

14.01 Surrender and Delivery. Upon expiration or cancellation of this Agreement, AIRLINE shall promptly and peaceably surrender to AUTHORITY its Airline Premises and all improvements thereon to which AUTHORITY is entitled in good and fit condition, reasonable wear and tear as well as damage or repair which is the responsibility of AUTHORITY hereunder excepted; provided, however, nothing in this Section 14.01 shall be construed to modify the obligations of the parties set forth in Article 9, Article 10, and Article 11.

14.02 Removal of Property. Provided AIRLINE is not in default for payment of rentals, fees, and charges hereunder, AIRLINE shall have the right at any time during the Term of this Agreement to remove from the Airport its aircraft, tools, equipment, trade fixtures, and other personal property, title to which shall remain in AIRLINE, unless otherwise set forth in this Agreement, and shall remove such aircraft, tools, equipment, trade fixtures, and other personal property within five (5) business days following termination of this Agreement, whether by expiration of time or otherwise, as provided herein, subject to any valid lien which AUTHORITY may have thereon for unpaid rentals, fees, and charges. AIRLINE shall not abandon any portion of its property at the Airport without the written consent of AUTHORITY. Any and all property not removed by AIRLINE within fifteen (15) business days following the date of termination of this Agreement shall, at the option of AUTHORITY, (i) become the property of AUTHORITY at no cost to AUTHORITY; (ii) be stored by AUTHORITY, at no cost to AUTHORITY; or (iii) be sold at public or private sale at no cost to AUTHORITY, with the proceeds thereof being retained by the AUTHORITY. Except as may be agreed to otherwise by AUTHORITY and AIRLINE, all AUTHORITY property damaged by or as a result of the removal of AIRLINE's property shall be restored by AIRLINE to the condition existing before such damage at AIRLINE's expense.

14.03 Holding Over. In the event AIRLINE uses its Airline Premises without the written consent of AUTHORITY after this Agreement has been canceled or expires, AIRLINE shall be deemed a tenant at sufferance during the period of such use and shall pay the rate for rentals, fees, and charges established by AUTHORITY for Air Transportation Companies which are not Signatory Airlines during such period.

ARTICLE 15: ASSIGNMENT, SUBLETTING, AND HANDLING AGREEMENTS

15.01 Assignment and Subletting by AIRLINE.

A. AIRLINE shall not, directly or indirectly, assign, sell, hypothecate, or otherwise transfer this Agreement, or any portion of Airline Premises, without the prior written consent of AUTHORITY; provided, however, AIRLINE may assign this Agreement to any person, firm or corporation with which AIRLINE may merge or consolidate or which may succeed to the business of AIRLINE or which purchases all or substantially all of AIRLINE'S assets. AUTHORITY may withhold its consent hereunder on any reasonable basis, including the availability for lease of alternative space.

B. AIRLINE shall not sublease Airline Premises, other than to an Identified Affiliate, without the prior written consent of AUTHORITY, which consent may be withheld if AUTHORITY has alternative unleased space available or if AUTHORITY can make such space available for lease within a reasonable time; otherwise, such prior consent shall not be unreasonably withheld, delayed or conditioned. Use of AIRLINE's Exclusive Use Premises, Preferential Use Premises or any part thereof, by anyone other than AIRLINE, except in accordance with Article 16 below, shall be deemed a sublease.

C. AIRLINE shall include with its request for permission to assign or sublease, a copy of the proposed assignment or sublease agreement. The assignment or sublease agreement submitted with AIRLINE's request shall include the following information: (i) the term; (ii) the area or space to be assigned or subleased; (iii) the sublease rentals to be charged; and (iv) the provision that assignee or sublessee must execute a separate agreement with AUTHORITY for operating at the Airport. Any other information reasonably requested by AUTHORITY pertaining to said sublease or assignment shall be promptly provided by AIRLINE. A fully executed copy of such sublease or assignment shall be submitted to AUTHORITY for final approval prior to the occupancy of Airline Premises, or any portion thereof, by the assignee or sublessee.

D. Nothing in this Article 15 shall be construed to release AIRLINE from its obligations under this Agreement, including but not limited to, the payment of rentals, fees, and charges provided herein, with respect to the Airline Premises, including such portion of the Airline Premises assigned or sublet, unless otherwise agreed in writing by AUTHORITY.

15.02 Handling Agreements. In the event AIRLINE agrees to ground handle any portion of the operations of another Air Transportation Company, other than an Identified Affiliate, AIRLINE shall provide AUTHORITY advance written notice of such proposed activities, including a description of the type and extent of services to be provided, and shall comply with all policies of AUTHORITY in effect from time to time applicable to such activity, including, without limitation, policies relating to the payment to AUTHORITY of a percentage of fees received by AIRLINE for such service.

ARTICLE 16: AVAILABILITY OF ADEQUATE FACILITIES

16.01 Declaration of Intent.

The parties acknowledge the objective of AUTHORITY to offer to all Air Transportation Companies desiring to serve Airport access to the Airport and to provide adequate gate positions and space in the Terminal. Recognizing that physical and financial limitations may preclude timely expansion of the Terminal and Terminal Aircraft Apron areas to meet the stated requests of AIRLINE and/or such other Air Transportation Companies for additional facilities, AUTHORITY hereby states, and AIRLINE acknowledges and agrees with, its intent to pursue the objective of achieving a balance in the overall utilization of the Terminal and Terminal Aircraft Apron areas to be achieved, if necessary, through relocating or sharing, from time to time, of gate positions, ticket counters, and other passenger handling facilities.

16.02 Accommodation on Preferential Use Premises.

A. AIRLINE is prohibited from allowing any non-Identified Affiliate Air Transportation Company ("Requesting Airline") from using any gate leased by AIRLINE, without the written consent of AUTHORITY. All requests received by AIRLINE to use gate facilities made by any Requesting Airline shall be referred by AIRLINE to AUTHORITY. At the request of AUTHORITY, AIRLINE shall cooperate with AUTHORITY to accommodate the needs of a Requesting Airline by permitting such Requesting Airline to utilize AIRLINE's Preferential Use Premises, including gates, ticket counters, and/or baggage makeup, for the time period(s) necessary to permit passenger check-in, loading and unloading operations in conjunction with the scheduled operations of such Requesting Airline, or as may be necessary to accommodate unscheduled flights, including charters or diversion due to weather, in any case at times when the use of such facilities shall not interfere with AIRLINE's operations or those of its approved sublessees, licensees, or permittees. Notwithstanding the foregoing, it is the intent of AUTHORITY when possible to accommodate a Requesting Airline on an unassigned gate and other unassigned facilities, prior to utilizing AIRLINE's Preferential Use Premises.

B. AUTHORITY will require Requesting Airlines to coordinate all use of Terminal facilities directly with AUTHORITY. AUTHORITY shall have exclusive discretion as to the assignment of Terminal facilities, including AIRLINE'S Preferential Use Premises, to be used by any Requesting Airline, subject to the parameters described in this Section 16.02. AIRLINE may make written request to AUTHORITY to accommodate a Requesting Airline at AIRLINE'S Preferential Use Premises due to certain economies to be gained, such as the facilitation of ground handling services. AUTHORITY will make reasonable efforts to comply with any such request by AIRLINE, subject to a determination by AUTHORITY that such compliance is not in the best interests of the Airport.

C. If AUTHORITY assigns AIRLINE'S Preferential Use Premises to a Requesting Airline for passenger check-in, loading and unloading operations, AUTHORITY shall pay to AIRLINE eighty five percent (85%) of the fees and charges collected from the Requesting Airline on account of such operations at AIRLINE'S Preferential Use Premises ("Accommodation Fee"); except that AIRLINE shall not be entitled to an Accommodation Fee for any assignment of a Requesting Airline at AIRLINE'S Preferential Use Premises made at the request of AIRLINE. If a Requesting Airline is assigned the Preferential Use Premises of both AIRLINE and another Signatory Airline (e.g. gate of AIRLINE and ticket counter of the other Signatory Airline), AUTHORITY shall divide the Accommodation Fee among AIRLINE and the other Signatory Airline in a manner deemed reasonable by AUTHORITY.

D. In determining if AIRLINE shall be required to accommodate a Requesting Airline, AUTHORITY shall consider AIRLINE's capabilities, capacity, facilities, and personnel therefor, after taking into account AIRLINE's own requirements and contractual obligations, the compatibility of said Requesting Airline's proposed operations with those of AIRLINE, and the need for labor harmony.

E. If AIRLINE accommodates a Requesting Airline, then such Requesting Airline shall be required to vacate AIRLINE's gate position at least sixty (60) minutes prior to AIRLINE's next scheduled flight arrival at such gate position.

F. During the period of use of AIRLINE's facilities by a Requesting Airline pursuant to this Article 16, AIRLINE shall be relieved of its obligation under this Agreement to indemnify and save harmless AUTHORITY, its officers, directors, employees, or agents with regard to any claim for property damage or personal injury arising out of or in connection with the Requesting Airline's use of its Preferential Use Premises, unless such damage or injury is caused by AIRLINE, its officers, directors, employees or agents who have come upon its Preferential Use Premises in connection with AIRLINE's occupancy hereunder.

16.03 Reassignment of Preferential Use Premises.

AUTHORITY reserves the right upon written notice to reassign one or more of an AIRLINE's preferentially assigned gates to another Signatory Airline(s) if: (1) AIRLINE's scheduled average for any individual gate utilization falls below four (4) flights per gate per day; (2) AUTHORITY determines that there is a reasonable need for the preferential use of such gate(s) by another Signatory Airline(s); and (3) such other Signatory Airline meets the required four (4) flights per gate per day minimum. Prior to such reassignment becoming effective, AIRLINE shall have a ninety (90) day period to adjust its schedule to four (4) flights per gate per day so as not to be subject to such reassignment. In the event of reassignment, AIRLINE will be entitled to reimbursement for a portion of its cost of providing tenant improvements to the reassigned gate area, amortized over a reasonable useful life of such improvements, determined in the reasonable discretion of AUTHORITY. The costs associated with extraordinary tenant

improvements will not be reimbursed by AUTHORITY. When determining specific Preferential Use Premises to be reassigned, AUTHORITY will use reasonable efforts to not reassign facilities that will disrupt the continuity and staffing of AIRLINE's operation.

16.04 Regional/Commuter Operations.

A. To the extent practical, aircraft that are capable of connecting to a loading bridge must use a Terminal Aircraft Apron equipped with a loading bridge for the enplaning and deplaning of passengers.

B. Aircraft that are not capable of connecting to a loading bridge will use those areas of the Terminal Aircraft Aprons designated by AUTHORITY and will be accessed from the ramp level through commuter facilities unless otherwise approved by AUTHORITY.

ARTICLE 17: GOVERNMENT INCLUSION

17.01 Government Agreements. This Agreement shall be subordinate to, and shall be automatically modified to comply with, the provisions of any existing or future agreements between AUTHORITY and the United States Government or other governmental authority, relative to the operation or maintenance of the Airport, the execution of which has been or will be required as a condition precedent to the granting of federal or other governmental funds for the development of the Airport, to the extent that the provisions of any such existing or future agreements are generally required by the United States or other governmental authority as a condition to receiving such funds. AUTHORITY agrees to provide AIRLINE written advance notice of any provisions which would adversely modify the material terms of this Agreement.

17.02 Federal Government's Emergency Clause. All provisions of this Agreement shall be subordinate to the rights of the United States of America to operate the Airport or any part thereof during time of war or national emergency. Such rights shall supersede any provisions of this Agreement inconsistent with the operations of the Airport by the United States of America.

17.03 Nondiscrimination.

A. AIRLINE for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby agree as a covenant running with the land that (i) no person on the grounds of race, color, creed, sex, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of Airline Premises, (ii) in the construction of any improvements on, over, or under Airline Premises and the furnishing of services thereon, no person on the grounds of race, color, creed, sex, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination, and (iii) AIRLINE shall use the Airline Premises in compliance with all other requirements imposed by or pursuant to 14 CFR 152 and Title VI of the Civil Rights Act of 1964 and 49 CFR, Subtitle A, Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Title and Regulations may be amended.

B. AIRLINE acknowledges that the provisions of 49 CFR, Part 23, Disadvantaged Business Enterprises ("DBE"), as such regulations may be amended, and such other similar regulations may be enacted, may be applicable to the activities of AIRLINE under the terms of this Agreement, unless exempted by said regulations, and AIRLINE hereby agrees to comply with the regulatory agencies, in reference thereto. These requirements may include, but not be limited to, compliance with DBE participation goals, the keeping of certain records of good faith compliance efforts, which would be subject to review by the various agencies, the submission of various reports and, if so directed, the contracting of specified percentages of goods and services contracts to DBEs.

17.04 Security. AIRLINE, its officers, employees, agents, and those under its control, shall comply with all security measures required of AIRLINE by the AUTHORITY, TSA, FAA

or contained in any Airport master security plan approved by the TSA or FAA. If AIRLINE, its officers, employees, agents, or those under its control shall fail or refuse to comply with said measures and such non-compliance results in a monetary penalty being assessed against AUTHORITY, then, in addition to any other remedies available to AUTHORITY, AIRLINE shall be responsible for, and shall reimburse AUTHORITY in the full amount of, any such monetary penalty or other damages.

17.05 Environmental.

A. General Conditions.

(1) Notwithstanding any other provisions in this AGREEMENT, and in addition to any and all other requirements of this AGREEMENT or any other covenants, representations or warranties of AIRLINE, AIRLINE hereby expressly covenants, warrants and represents to AUTHORITY, in connection with AIRLINE's operations at the Airport the following :

(a) AIRLINE is knowledgeable of all applicable federal, state, regional, and local environmental laws (including common law), ordinances, rules, regulations, resolutions, policies, guidelines and orders, which apply to AIRLINE's operations at the Airport (collectively, "Environmental Laws") and acknowledges that such Environmental Laws change from time-to-time, and AIRLINE agrees to keep informed of any such future changes.

(b) AIRLINE agrees to comply with all Environmental Laws which apply to AIRLINE's operations. AIRLINE agrees to hold harmless and indemnify AUTHORITY for any violation by AIRLINE of such applicable Environmental Laws and for any non-compliance by AIRLINE with any permits issued to AIRLINE or AUTHORITY pursuant to such Environmental Laws, which hold harmless and indemnity shall include, but not be limited to, enforcement actions to assess, abate, remediate, undertake corrective measures or monitor environmental conditions and for any monetary penalties, costs, expenses, or damages, including natural resource damages, imposed against AIRLINE, its employees, invitees, suppliers, or service providers or AUTHORITY by reason of AIRLINE's violation or non-compliance.

(c) AIRLINE agrees to cooperate with any investigation, audit or inquiry by AUTHORITY or any governmental or quasi-governmental agency, regarding possible violation of any Environmental Law upon the Airport.

(d) AIRLINE agrees that all remedies of AUTHORITY as provided herein with regard to violation of any Environmental Laws shall be deemed cumulative in nature and shall survive termination of this Agreement.

(e) AIRLINE agrees that any notice of violation, notice of non-compliance, or other enforcement action relating to the Airport shall be provided to

AUTHORITY promptly after receipt by AIRLINE or AIRLINE's agent. Any violation or notice of violation or non-compliance with any Environmental Laws shall be deemed a default under this Agreement. Such default may be cured within ten (10) days of receipt of notice of default from AUTHORITY, or such longer period as may be required to effect a cure provided AIRLINE commences a cure within said ten (10) days and thereafter diligently prosecutes the cure to completion. Any such default which is not cured shall be grounds for termination of this Agreement.

(2) In entering this Agreement, AUTHORITY expressly relies on the covenants, representations, and warranties of AIRLINE as stated herein.

B. Stormwater.

(1) Notwithstanding any other provisions or terms of this Agreement, AIRLINE acknowledges that certain properties within the Airport, or on AUTHORITY owned land, are subject to stormwater rules and regulations. AIRLINE agrees to observe and abide by such stormwater rules and regulations as may be applicable to AUTHORITY's property and uses thereof.

(2) AIRLINE acknowledges that any stormwater discharge permit issued to AUTHORITY may name AIRLINE as a co-permittee. AUTHORITY and AIRLINE both acknowledge that close cooperation is necessary to insure compliance with any stormwater discharge permit terms and conditions, as well as to insure safety and to minimize cost of compliance. AIRLINE acknowledges further that it may be necessary to undertake such actions to minimize the exposure of stormwater to "significant materials" generated, stored, handled or otherwise used by AIRLINE, as such term may be defined by applicable stormwater rules and regulations, by implementing and maintaining "best management practices" as that term may be defined in applicable stormwater rules and regulations.

(3) AUTHORITY will provide AIRLINE with written notice of any stormwater discharge permit requirements applicable to AIRLINE and with which AIRLINE will be obligated to comply from time-to-time, including, but not limited to: certification of non-stormwater discharges; collection of stormwater samples; preparation of stormwater pollution prevention or similar plans; implementation of best management practices; and maintenance of necessary records. Such written notice shall include applicable deadlines. AIRLINE agrees that within ten (10) days of receipt of such written notice, it shall notify AUTHORITY in writing if it disputes any of the stormwater permit requirements it is being directed to undertake. If AIRLINE does not provide such timely notice, AIRLINE will be deemed to assent to undertake such stormwater permit requirements. In that event, AIRLINE agrees to undertake, at its sole expense, unless otherwise agreed to in writing between AUTHORITY and AIRLINE, those stormwater permit requirements for which it has received written notice from AUTHORITY, and AIRLINE agrees that it will hold harmless and indemnify AUTHORITY for any violations or non-compliance with any such permit requirements.

C. Solid and Hazardous Waste.

(1) AIRLINE shall comply with all applicable federal, state and local laws relating to solid or hazardous waste, and any rules and regulations promulgated thereunder, including but not limited to, insuring that the transportation, storage, handling and disposal of such hazardous wastes are conducted in full compliance with applicable law.

(2) AIRLINE agrees to provide AUTHORITY, upon request, copies of all hazardous waste permit application documentation, permits, monitoring reports, transportation, responses, storage, disposal and contingency plans and material safety data sheets, within ten (10) days of any such requests by AUTHORITY. AIRLINE is required to have, and to implement as needed, a written plan addressing containment and clean up of fuel and/or oil spills.

D. Air Quality. AIRLINE agrees to comply with all applicable laws relating to the quality of air in any confined or indoor spaces.

ARTICLE 18: GENERAL PROVISIONS

18.01 Subordination to Bond Resolution.

A. This Agreement and all rights granted to AIRLINE hereunder are expressly subordinated and subject to the lien, covenants (including the rate covenants), and provisions of the pledges, transfer, hypothecation, or assignment made by AUTHORITY in the Bond Resolution. AUTHORITY and AIRLINE agree that to the extent required by the Bond Resolution or law, the holders of the Bonds or their designated representatives shall have the right to exercise any and all rights of AUTHORITY hereunder.

B. AUTHORITY shall notify AIRLINE in advance of any amendments or supplements to the Bond Resolution that would materially alter the terms and provisions of this Agreement or materially impact the levels of rentals, fees, and charges paid by AIRLINE (herein referred to as Material Amendments).

C. For any Material Amendments desired solely by AUTHORITY for its own purposes, AUTHORITY and AIRLINE shall use commercially reasonable efforts to agree on the implementation. However, in the event AUTHORITY and AIRLINE cannot agree on the implementation of any Material Amendments desired solely by AUTHORITY for its own purposes, AIRLINE, in addition to cancellation rights provided elsewhere in this Agreement, shall have the right to cancel this Agreement upon thirty (30) days advance written notice given to AUTHORITY within sixty (60) days after the effective date of such Material Amendment.

D. With respect to property leased by AUTHORITY to AIRLINE hereunder which was or is to be acquired by AUTHORITY with proceeds of Bonds, the interest on which is, or is intended to be, excludable from the gross income of the holders of such Bonds for federal income tax purposes, the parties hereby covenant to protect the tax-exempt status of the Bonds.

E. AIRLINE agrees to execute all instruments, certificates, or other documents reasonably requested by AUTHORITY to assist AUTHORITY and bond counsel in determining and assuring that Bonds are issued in compliance with applicable rules and regulations of the Internal Revenue Service and the Securities and Exchange Commission and AIRLINE shall provide whatever additional relevant information is reasonably requested by AUTHORITY initially or on an ongoing basis in connection with complying with any of those rules and regulations.

18.02 Nonwaiver. No waiver of default by either party of any of the terms, covenants, or conditions of this Agreement to be performed, kept, and observed by the other party shall be construed to be or act as a waiver of any subsequent default of any of the terms, covenants, and conditions to be performed, kept, and observed by the other party and shall not be deemed a waiver of any right on the part of the other party to cancel this Agreement as provided herein.

18.03 Passenger Facility Charge. AUTHORITY reserves the right to assess and collect PFC's subject to the terms and conditions set forth in the Aviation Safety and Capacity Expansion Act of 1990, Section 9110 (the "PFC Act") and implementing regulations as may be supplemented or amended from time to time. AIRLINE shall collect and pay all PFC's for which it is responsible under applicable law or regulation.

18.04 Rights Non-Exclusive. Notwithstanding anything herein contained that may be or appear to the contrary, the rights, privileges, and licenses granted under this Agreement, are "non-exclusive" and AUTHORITY reserves the right to grant similar privileges to others.

18.05 Quiet Enjoyment.

A. AUTHORITY agrees that, so long as AIRLINE's payment of rentals, fees, and charges is timely and AIRLINE keeps all covenants and agreements contained herein, AIRLINE shall peaceably have and enjoy its Airline Premises and all rights, privileges, and licenses of the Airport, its appurtenances and facilities granted herein, subject to the terms and conditions herein contained.

B. Consistent with the nature of AIRLINE's business, AIRLINE agrees that occupancy of its Airline Premises will be lawful and quiet and that it will not knowingly use or permit the use of Airline Premises in any way that would violate the terms of this Agreement, create a nuisance, or disturb other tenants or the general public. AIRLINE shall be responsible for the activity of its officers, employees, agents, and others under its control with respect to this provision.

18.06 Performance. The parties expressly agree that time is of the essence in this Agreement. Failure by a party to complete performance within the time specified, or within a reasonable time if no time is specified herein, shall relieve the other party, without liability, of any obligation to accept such performance.

18.07 Aviation Rights. AUTHORITY reserves unto itself, its successors, and assigns for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Airport, including Airline Premises, for navigation or flight in the said airspace for landing on, taking off from, or operating at the Airport.

18.08 Rules and Regulations and Operational Directives.

A. AIRLINE, its officers, employees, agents, and others under its control shall observe and obey all laws, regulations, and orders of the federal, state, county, municipal governments and AUTHORITY (acting in its governmental capacity) which may be applicable to AIRLINE'S operations at the Airport.

B. AUTHORITY may from time to time adopt, amend, or revise the Airport's rules and regulations, policies and procedures and operating directives governing the conduct of operations at the Airport, for reasons of safety, health, preservation of the property, or for the maintenance of the good and orderly appearance of the Airport. AIRLINE, its

officers, employees, agents, and others under its control shall faithfully comply with and observe such reasonable and non-discriminatory rules and regulations, policies and procedures and operating directives; provided AIRLINE has first received written notice of, and, other than rules and policies adopted on an emergency basis, an opportunity to comment on, such rules and regulations, policies and procedures and operating directives.

C. AIRLINE shall be strictly liable and responsible for obtaining, maintaining current, and fully complying with, any and all permits, licenses, and other governmental authorizations, however designated, as may be required at any time throughout the entire Term of this Agreement by any federal, state, or local governmental entity or any court of law having jurisdiction over AIRLINE or AIRLINE's operations and activities.

18.09 Inspection. AIRLINE shall allow AUTHORITY's authorized representatives access to Airline Premises for the purpose of examining and inspecting such premises; for purposes necessary, incidental to, or connected with the performance of its obligations under this Agreement; or, in the exercise of its governmental functions. Except in the case of an emergency, AUTHORITY shall conduct such inspections during reasonable business hours, after reasonable prior notice to AIRLINE and in the presence of AIRLINE's representative.

18.10 No Individual Liability. No member, officer, agent, director, or employee of AUTHORITY or AIRLINE shall be charged personally or held contractually liable by or to the other party under the terms or provisions of this Agreement or because of any breach thereof or because of its or their execution or attempted execution.

18.11 Relationship of Parties. Nothing contained herein shall be deemed or construed by the parties hereto, or by any third party, as creating the relationship of principal and agent, partners, joint venturers, or any other similar such relationship between the parties hereto. It is understood and agreed that neither the method of computation of rentals, fees, and charges, nor any other provisions contained herein, nor any acts of the parties hereto, creates a relationship other than the relationship of landlord and tenant.

18.12 Capacity to Execute. The individuals executing this Agreement personally warrant that they have full authority to execute this Agreement on behalf of the entity for whom they are acting herein.

18.13 No Construction Against the Drafter. The parties hereto acknowledge that they have thoroughly read this Agreement, including any exhibits or attachments hereto and have sought and received whatever competent advice and counsel was necessary for them to form a full and complete understanding of all rights and obligations herein. The parties further acknowledge that this Agreement is the result of extensive negotiations between the parties and shall not be construed against AUTHORITY by reason of the preparation of this Agreement by AUTHORITY.

18.14 Successors and Assigns Bound. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

18.15 Incorporation of Exhibits. All exhibits and attachments referred to in this Agreement are intended to be and are hereby specifically made a part of this Agreement.

18.16 Titles. Paragraph titles are inserted only as a matter of convenience and for reference, and in no way define, limit, or describe the scope or extent of any provision of this Agreement.

18.17 Severability. In the event that any covenant, condition, or provision of this Agreement is held to be invalid by any court of competent jurisdiction, the invalidity of such covenant, condition, or provision shall not materially prejudice either AUTHORITY or AIRLINE in their respective rights and obligations contained in the valid covenants, conditions, or provisions of this Agreement.

18.18 Amendments. Except as otherwise provided herein, no amendment, modification or alteration of the terms of this Agreement shall be binding unless the same be in writing, dated subsequent to the date hereof, and duly executed by the parties hereto.

C-36 18.19 Most Favored Nation. Except for the incentive programs and arrangements set forth on Exhibit G hereto, or as may be permitted by applicable law, rule or regulation for incentive programs, promoting competition, establishing peak period pricing or otherwise, AUTHORITY covenants and agrees not to enter into any basic airline use and lease agreement with any Air Transportation Company that (i) makes substantially similar use of the Airport, (ii) operates substantially similar aircraft, and (iii) utilizes substantially similar facilities to that of AIRLINE, which agreement contains more favorable terms than this Agreement, or to grant to any such Air Transportation Company rights or privileges with respect to the Airport which are not afforded to AIRLINE hereunder unless substantially the same terms, rights, privileges, and facilities are concurrently made available to AIRLINE. The AUTHORITY incentive programs and arrangements set forth on Exhibit G do not violate this section.

18.20 Other Agreements. Other than as set forth herein, nothing contained in this Agreement shall be deemed or construed to nullify, restrict, or modify in any manner the provisions of any other lease or contract between AUTHORITY and AIRLINE authorizing the use of the Airport, its facilities, and appurtenances.

18.21 Approvals. Unless otherwise stated, whenever this Agreement calls for approval by AUTHORITY, such approval shall be evidenced by the written approval of the Executive Director.

18.22 Notice.

A. All notices, requests, consents, and approvals served or given under this Agreement shall be served or given in writing with proof of delivery. If intended for AUTHORITY, notices shall be delivered to:

Executive Director
Greater Orlando Aviation Authority
Orlando International Airport
One Airport Boulevard
Orlando, FL 32827-4399

or to such other address as may be designated by AUTHORITY by written notice to AIRLINE.

B. Notices to AIRLINE shall be delivered to:

Attn.: _____

or to such other address as may be designated by AIRLINE by written notice to AUTHORITY.

18.23 Agent For Service. It is expressly understood and agreed that if AIRLINE is not a resident of the State of Florida, or is an association or partnership without a member or partner resident of said state, AIRLINE shall appoint an agent for the purpose of service of process in any court action between it and AUTHORITY arising out of or based upon this Agreement. AIRLINE shall, upon request, notify AUTHORITY, in writing, of the name and address of said agent. Such service shall be made as provided by the laws of the State of Florida for service upon a non-resident engaging in business in the State. It is further expressly agreed, covenanted, and stipulated that, if for any reason, such service of process is not possible, as an alternative method of service of process, AIRLINE may be personally served out of the State of Florida by the registered mailing of such service at the address set forth in Section 18.22.

18.24 Governing Law and Legal Forum. This Agreement is to be read and construed in accordance with the laws of the State of Florida. Exclusive venue for all dispute resolution, including litigation, concerning or arising out of this Agreement shall be in Orange County, Florida. The parties submit to the personal jurisdiction of the state and federal courts in and for Orange County, Florida.

18.25 Force Majeure. Except as herein provided, neither AUTHORITY nor AIRLINE shall be deemed to be in default hereunder if either party is prevented from performing any of its obligations hereunder, other than the payment of rentals, fees, and charges hereunder, by reason of strikes, boycotts, labor disputes, embargoes, shortages of energy or materials, acts of God, acts of the public enemy, weather conditions, riots, rebellion, or sabotage, or any other circumstances for which it is not responsible or which are not within its control.

18.26 Entire Agreement. It is understood and agreed that this instrument contains the entire agreement between the parties hereto. It is further understood and agreed by AIRLINE that AUTHORITY and AUTHORITY's agents have made no representations or promises with respect to this Agreement or the making or entry into this Agreement, except as expressly set forth herein, and that no claim or liability or cause for termination shall be asserted by AIRLINE against AUTHORITY for, and AUTHORITY shall not be liable by reason of, the breach of any representations or promises not expressly stated in this Agreement. This Agreement supersedes any and all term sheets, models and drafts related hereto.

18.27 Third-Party Beneficiary. The parties hereto agree that the City is a third party beneficiary to this Agreement with full rights of enforcement herein. Otherwise, except for the City, there are no third-party beneficiaries to this Agreement

IN WITNESS WHEREOF, the parties hereto have set their hands and corporate seals on this _____ day of _____, 2008.

WITNESSES:**GREATER ORLANDO AVIATION
AUTHORITY**

Print Name: _____

By: _____
Chairman

Print Name: _____

Attest: _____ (SEAL)
Assistant Secretary

WITNESSES:**AIRLINE:**

Print Name: _____

By: _____
Print Name: _____
Title: _____

Print Name: _____

Attest: _____ (SEAL)

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APPENDIX D

AUDITED FINANCIAL STATEMENTS AND REPORT OF THE INDEPENDENT AUDITORS THEREON FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2008 AND 2009

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Report of Independent Certified Public Accountants

The Authority Board
Greater Orlando Aviation Authority

We have audited the accompanying balance sheets of the Greater Orlando Aviation Authority (the Authority) as of September 30, 2009 and 2008, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Authority's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2009 and 2008, and the changes in its financial position and its cash flows for the years then ended in conformity with US generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2010 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the schedules of funding progress as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Authority's basic financial statements. The introductory section, supplemental schedules, and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Similarly, the accompanying schedule of expenditures of federal awards and state financial assistance and schedule of passenger facility charges are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Chapter 10.550, Rules of the Auditor General, State of Florida, and the requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and is also not a required part of the basic financial statements. The supplemental schedules and schedule of expenditures of federal awards and state financial assistance and schedule of passenger facility charges have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Ernst & Young LLP

February 2, 2010



GREATER ORLANDO AVIATION AUTHORITY

One Airport Boulevard, Orlando, Florida 32827-4399 | www.orlandoairports.net

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The following discussion and analysis of the Greater Orlando Aviation Authority (the Authority) provides an introduction to the basic financial statements for the fiscal years ended September 30, 2009 and 2008 with selected comparative information for the fiscal year ended September 30, 2007. This discussion has been prepared by management and should be read in conjunction with the basic financial statements, footnotes, and supplementary information found in this report. This information taken collectively is designed to provide readers with an understanding of the Authority's finances.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority is structured as an enterprise fund with separate accounts for Orlando International Airport and Orlando Executive Airport. The financial statements are prepared on the accrual basis of accounting. Therefore, revenues are recognized when earned and expenses are recognized when incurred. Capital assets are capitalized and depreciated, except for land, over their useful lives. See "Notes to the Financial Statements" for a summary of the Authority's significant accounting policies and practices.

The Balance Sheets present information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of the Authority's financial position.

The Statements of Revenues, Expenses and Changes in Net Assets present information showing how the Authority's net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for certain items that will result in cash flows in future fiscal periods.

The Statements of Cash Flow report the flows of cash and cash equivalents. Consequently, only transactions that affect the Authority's cash accounts are recorded in these statements. A reconciliation follows these statements to assist in the understanding of the difference between cash flows from operating activities and operating income.

AUTHORITY ACTIVITY HIGHLIGHTS

Enplanements at Orlando International Airport decreased 7.9% in fiscal year 2009 from fiscal year 2008. Enplanements were up 2.3% in fiscal year 2008 from fiscal year 2007. In 2008, as oil and aviation fuel prices increased to unprecedented levels, the industry experienced significant financial losses. The industry responded by grounding older, less fuel-efficient aircraft, adopting fuel-saving operating practices, hedging their fuel requirements, reducing scheduled seat capacity, eliminating unprofitable routes, laying off employees, reducing employee compensation, reducing other non-fuel expenses, increasing airfares, and imposing other fees and charges. By the end of 2008, the U.S. passenger airlines had collectively reduced domestic capacity (as measured by available seat-miles) by approximately 10% compared with the end of 2007 and most airlines undertook additional capacity reductions in 2009. As a result, the Authority expects slower growth in the near future with long-term passenger growth expected to average around 2.4%.

A number of construction projects were completed during fiscal year 2009. Terminal projects include the completion of the rehabilitation of Airside 3, phases 1 and 2 of the in-line baggage system, automated people mover refurbishment, elevator and escalator refurbishments, fire alarm system and smoke control upgrades, landside emergency power system enhancements and the addition of an emergency computer room. Completed airfield projects include the first phase of Taxiway C and its connectors at Orlando International Airport and the lighting, signage, and drainage projects at the Orlando Executive Airport. Terminal projects remaining in construction include the rehabilitation of Airside 1, and the last phase of the in-line baggage system, both expected to be completed next fiscal year. The primary airfield project still underway is the rehabilitation of Taxiway C and its connectors. In addition, construction of a rental car facility is also underway and is expected to be completed during fiscal year 2010.

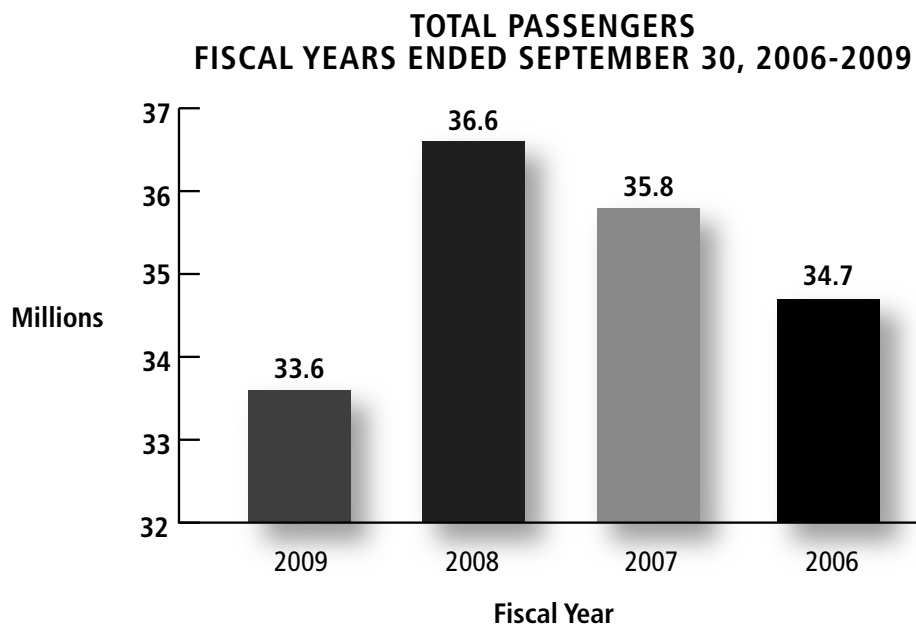
The following chart shows total enplaned passengers and flight operations (landings and take-offs) at Orlando International Airport for three-year comparative period:

ENPLANEMENTS AND OPERATIONS ACTIVITY FOR 2007 TO 2009

	2009	2008	2007
Enplaned Passengers	16,798,602	18,238,278	17,831,818
Operations	284,998	329,214	331,080

The Authority's total passengers served during fiscal year 2009 decreased approximately 3 million from fiscal year 2008. This follows an increase of 0.8 million total passengers during fiscal year 2008 and an increase of 1.1 million total passengers during fiscal year 2007. The Authority continues to monitor changes in passenger levels, making adjustments when necessary to accommodate the demands on the airport facilities.

The following graph represents total passenger activity at Orlando International Airport for the fiscal years ended September 30:



FINANCIAL HIGHLIGHTS

REVENUES

The Authority operates under an Airline-Airport Lease and Use Agreement (ALUA) with certain airlines (the Signatory Airlines) serving the Airport which expires on September 30, 2013. The ALUA provides for a compensatory rate-making methodology for use of the terminal facilities, a cost center residual rate-making methodology to establish landing fees for the use of the airfield, revenue sharing between the Authority and Signatory Airlines, and an Extraordinary Coverage Protection provision.

The ALUA provides for the sharing of revenues after the payment of debt service and other fund deposit requirements (net remaining revenues) with the Signatory Airlines. For fiscal years 2009 and 2010, the net remaining revenues are divided between the Authority and the Signatory Airlines using an allocation percentage of 70% and 30%, respectively. The net remaining revenues will be divided between the Authority and Signatory Airlines using an allocation percentage of 75% and 25%, respectively, for fiscal years 2011 through 2013.

Orlando International Airport had a residual rate making lease and use agreement with various Signatory Airlines that expired on September 30, 2008. This agreement provided for increases in rates and charges to meet any unanticipated cash shortfall and sharing of any net surplus with the Signatory Airlines in the form of prepaid credits. On October 1, 2008 and 2007, the beginning of the fiscal years, Signatory Airline prepaid credits totaled \$13.6 million and \$18.7 million, respectively. These balances were transferred to the Airport Facilities Revenue Account as earned. Because of this transfer, Signatory Airlines generally had no cash requirement for the first three months of each fiscal year.

For the year ended September 30, 2009, no Signatory Airline's revenue under the ALUA represented more than 5% of operating revenues. The Signatory Airline revenues for fiscal years 2009, 2008 and 2007 represented about 25%, 31% and 23%, respectively, of total operating revenue. The Authority's total revenues decreased in fiscal year 2009 due to a reduction in airfield area revenues and certain concession revenues as a result of a weakened economy. Those results are as follows:

TOTAL REVENUES (IN THOUSANDS)

	2009	2008	2007
Total Operating Revenues	\$320,209	\$356,966	\$312,680
Total Nonoperating Revenues	97,958	99,488	93,669
Total Revenues	\$418,167	\$456,454	\$406,349

OPERATING REVENUES

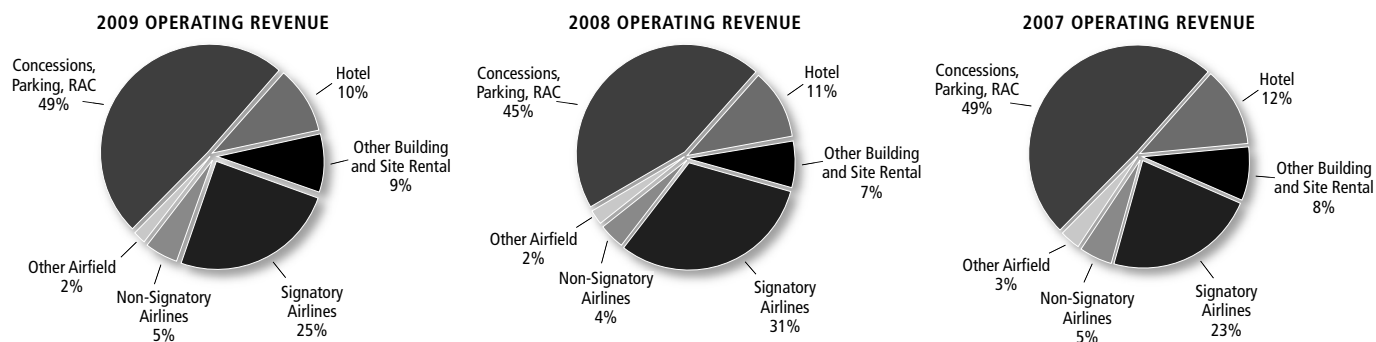
Overall, the operating revenues of the Authority decreased \$36.8 million in fiscal year 2009, or 10.3% from the previous year, primarily from decreased airfield area revenue, parking revenues, and hotel revenues. Airfield area revenues decreased \$29.3 million for the 2009 fiscal year due to a decrease in total landing fees as a result of airlines reducing capacity and previously deferred revenues under the prior airline agreement, recognized in airfield area revenues at the end of fiscal year 2008, as a result of the expiration of this agreement on September 30, 2008. Parking revenues decreased \$6.9 million as a result of the reduction of passenger and parking transactions. Overall, the passenger traffic decreased approximately 8%. The hotel experienced a decrease in revenue earnings of \$8.3 million from the prior year as a result of a decrease in occupancy of 6.7% and a reduction in average room rate of \$22.08.

Operating revenues of the Authority increased \$44.3 million in fiscal year 2008 or 14.1% over 2007, primarily from increased airfield related revenue, terminal rent, concession fees, rental car parking and hotel revenues. Total airfield related revenue increased \$30.3 million over the prior year and is attributed to recognition of deferred revenue and an increase in total landing fees. The increase of \$11.9 million in terminal area revenue included concession revenue increases of \$2.0 million, as well as an increase of \$1.8 million for rental car, parking and ground transportation revenue. These increases are attributed to a 2.3% increase in passenger traffic. The hotel experienced an increase in revenue earnings over the prior year as a result of a 0.8% occupancy level increase and a 2.7% increase in rates.

OPERATING REVENUES BY MAJOR SOURCE (IN THOUSANDS)

	2009	2008	2007
Signatory Airlines			
Net Landing Fees	\$25,506	\$52,441	\$20,187
Terminal Area Rents	54,026	57,122	50,764
Signatory Airline Revenues	79,532	109,563	70,951
Non-Signatory Airlines			
Landing Fees	3,063	4,857	5,519
Terminal Area Rents	14,150	10,809	11,161
Non-Signatory Airline Revenues	17,213	15,666	16,680
Other Airfield Revenues	5,644	5,928	7,165
Concession			
General Merchandise	14,724	15,749	14,531
Food and Beverage	13,385	12,283	11,526
Rental Car (RAC)	59,355	58,866	58,140
Public Auto Parking	48,564	55,489	57,306
Other Terminal Area	22,852	17,243	13,370
Concession	158,880	159,630	154,873
Other Building and Site Rentals	27,985	26,937	25,985
Hotel	30,955	39,242	37,026
Total Operating Revenues	\$320,209	\$356,966	\$312,680

The following charts show major sources and the percentage of operating revenues for the years ended September 30, 2009, 2008, and 2007:



NONOPERATING REVENUES

Nonoperating revenues consist of investment income, passenger facility charges (PFCs), customer facility charges (CFCs), and other nonoperating revenue. Investment income was \$10.4 million in fiscal year 2009, \$19.6 million in fiscal year 2008, and \$30.8 million in fiscal year 2007. Interest rates decreased dramatically as a result of the Federal Open Market Committee cutting the Federal Funds Rate a number of times from 4.75% in September 2007 to a range of 0% to .25% in December 2008 where they have remained unchanged. PFCs were \$64.3 million in fiscal year 2009, \$70.6 million in fiscal year 2008, and \$59.3 million in fiscal year 2007. The growth in 2008 was the result of increased passenger traffic and an increase from \$3 to \$4.50 in the PFC charge effective July 1, 2007. The decline in fiscal year 2009 is a result of a reduction in enplanements. The Authority approved the collection of CFCs effective October 1, 2008. Certain rental car companies (RACs) agreed to assess and collect CFCs to pay the costs and expenses of financing, designing, constructing, operating, relocating, and maintaining the rental car related facilities. Revenue related to the collection of CFCs amounted to \$21.8 million during fiscal year 2009. Other nonoperating revenue for 2008 includes nonmonetary exchanges of property between the Authority and the Orlando Orange County Expressway Authority and between the Authority and the City of Orlando. These transactions resulted in \$3.5 million of nonoperating revenues in 2008.

OPERATING EXPENSES

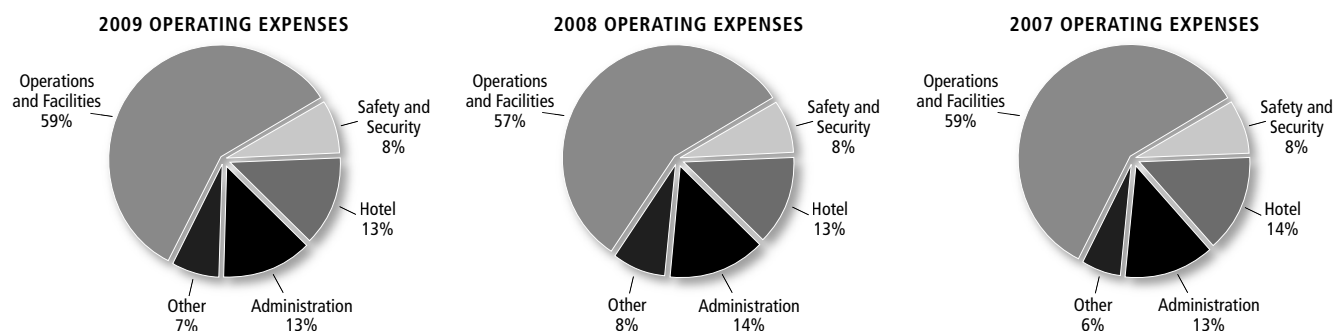
Operating expenses, before depreciation, decreased \$16.5 million, or 7.7%, from fiscal year 2008 to 2009 as a result of various cost saving measures adopted by the Authority and lower hotel costs as a result of reduction in occupancy. The Authority reduced certain costs, including but not limited to personnel and related benefits, contractual services such as janitorial, landscaping, and fleet maintenance, and outside services for security. All of these cost saving initiatives resulted in a reduction of expenses of approximately \$13.6 million or 7.3%. In addition, the hotel reduced its costs \$2.9 million or 10.2% to offset its reduced revenues. The Authority monitors operating expenses closely to ensure budget objectives are met.

The operating expenses of the Authority before depreciation increased \$20.1 million, or 10.3%, from fiscal year 2007 to 2008 as a result of \$1.5 million higher variable hotel expenses attributed to increased occupancy; approximately \$3.4 million of Authority administrative expenses; an additional \$2.6 million for safety and security and \$7.7 million in operations and facilities maintenance. Retirement costs and general liability insurance also increased during the year. Total operating expenses, including depreciation, increased by \$23.1 million, or 8.0%, over fiscal year 2007 as depreciation expense increased \$3.0 million from completed capital projects.

OPERATING EXPENSES (IN THOUSANDS)

	2009	2008	2007
Operations and Facilities	\$115,714	\$121,728	\$114,070
Safety and Security	16,270	17,979	15,409
Administration	25,898	29,720	26,296
Hotel	25,151	28,008	26,505
Other	13,942	16,008	11,110
Total Operating Expenses Before Depreciation	196,975	213,443	193,390
Depreciation	103,335	96,442	93,352
Total Operating Expenses	\$300,310	\$309,885	\$286,742

The following charts show major cost centers and the percentage of operating expenses (excluding depreciation) for the years ended September 30, 2009, 2008, and 2007:



NONOPERATING EXPENSES

Nonoperating expenses consist of interest expense and Signatory Airline net revenue sharing as a result of the ALUA. Interest expense amounted to \$66.8 million in fiscal year 2009, \$64.1 million in fiscal year 2008, and \$67.2 million in fiscal year 2007. Signatory Airline net revenue sharing was \$11.1 million for fiscal year 2009, the first year of the ALUA.

TOTAL EXPENSES (IN THOUSANDS)

	2009	2008	2007
Total Operating Expenses	\$300,310	\$309,885	\$286,742
Total Nonoperating Expenses	77,942	64,130	67,150
Total Expenses	\$378,252	\$374,015	\$353,892

CHANGES IN NET ASSETS

Capital contributions received from the federal, state and other governments amounted to \$38.0 million during fiscal year 2009. Grant funding received on major projects for fiscal year 2009 are as follows:

CAPITAL CONTRIBUTIONS (IN MILLIONS)

In-line Baggage System	\$11.8
Rehabilitation of Airsides 1 and 3	8.9
Airfield Rehabilitation	7.9
Additions to Fourth Runway	4.8
Automated People Mover Refurbishment	1.6
Airfield Drainage and Other Improvements	1.0
Vehicle for Airport Rescue Fire Fighting	0.6
Miscellaneous	1.4
	\$38.0

The changes in net assets for the fiscal years ended September 30 are as follows:

CHANGES IN NET ASSETS (IN THOUSANDS)

	2009	2008	2007
Operating Revenues	\$320,209	\$356,966	\$312,680
Operating Expenses	300,310	309,885	286,742
Operating Income	19,899	47,081	25,938
Nonoperating Revenues (Expenses)	20,016	35,358	26,519
Income Before Capital Contributions	39,915	82,439	52,457
Capital Contributions	38,037	69,876	47,639
Increase in Net Assets	77,952	152,315	100,096
Prior Period Adjustment (See Note 3 to financial statements)	-	(2,598)	-
Adjusted Increase in Net Assets	\$77,952	\$149,717	\$100,096

FINANCIAL POSITION

The Balance Sheet presents the financial position of the Authority at the end of the fiscal year. The statement includes all assets and liabilities of the Authority. Net assets is the difference between total assets and total liabilities and is an indicator of the current fiscal health of the Authority. The following is a summarized comparison of the Authority's assets, liabilities, and net assets at September 30:

NET ASSETS (IN THOUSANDS)

	2009	2008	2007
Assets:			
Current Assets			
Unrestricted Assets	\$188,910	\$141,214	\$152,125
Restricted Assets	367,028	400,020	352,702
Non-Current Assets	91,037	163,390	191,223
Capital Assets	2,093,686	2,008,382	1,897,728
Total Assets	2,740,661	2,713,006	2,593,778
Liabilities:			
Current (payable from unrestricted assets)	56,904	42,691	58,980
Current (payable from restricted assets)	202,758	258,042	132,849
Non-Current Liabilities	1,052,372	1,059,000	1,200,991
Total Liabilities	1,312,034	1,359,733	1,392,820
Net Assets:			
Invested in Capital Assets, net of related debt	1,014,475	926,201	758,380
Restricted	255,904	284,720	327,979
Unrestricted	158,248	142,352	114,599
Total Net Assets	\$1,428,627	\$1,353,273	\$1,200,958

The majority of the Authority's net assets at September 30, 2009 represent its investment in capital assets less the related indebtedness outstanding used to acquire those capital assets. The Authority uses these capital assets to provide services to the airlines and to its passengers and visitors to the airports; consequently, these assets are not available for future spending. The Authority's investment in its capital assets is reported net of related debt. The resources required to repay this debt must be provided annually from operations since it is unlikely that the capital assets themselves will be liquidated to pay the liabilities.

Net assets restricted for debt service and capital acquisitions at September 30, 2009 represent funds that are subject to external restrictions under the Authority's Bond Resolution dated June 13, 1978, as amended, and PFCs that are restricted by federal regulations. The unrestricted portion of net assets, \$158.2 million at September 30, 2009, may be used to meet the Authority's ongoing obligations.

AIRLINE RATES AND CHARGES

The Authority negotiated the ALUA relating to the use of the Orlando International Airport, the rental of space, and the establishment of landing fees with fourteen of the airlines effective October 1, 2008. For fiscal year 2009 in the chart below, the budgeted landing fee is inserted as the gross landing fee while the net landing fee is no longer applicable under the new ALUA. See the Airline-Airport Lease and Use Agreement (Note 20) for additional information.

The rates effective for fiscal years 2008 and 2007, in the chart below, represent the rates and charges as calculated under the prior airline agreement, which expired on September 30, 2008.

SIGNATORY AIRLINE RATES AND CHARGES

	Rates effective for FY 2009	Rates effective for FY 2008	Rates effective for FY 2007
Terminal Average Square Foot Rate	\$102.01	\$69.38	\$55.53
Landing Fee – per 1,000 lbs. Unit (gross)	1.4320	1.9657	1.9469
Landing Fee – per 1,000 lbs. Unit (net)	-	1.4391	1.1363
Cargo Landing Fee – per 1,000 lbs. Unit	1.65	2.08	2.00

PASSENGER FACILITY CHARGES

As part of the Safety and Capacity Expansion Act of 1990, the Authority received approval from the Federal Aviation Administration (FAA) to impose a passenger facility charge per eligible enplaned passenger at Orlando International Airport and has imposed the PFC since February 1993. Effective July 1, 2007 the charge increased from \$3 to \$4.50. PFCs may be used to pay either eligible capital improvements or debt service on bonds issued to finance projects eligible for PFC funding. Through September 2009, the Authority has approved applications to impose PFCs of approximately \$1.8 billion to fund project costs of various airport improvements. PFC collections to date (including investment earnings) are \$717.5 million. Expenditures on PFC approved projects and debt service to date are \$696.9 million.

CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

During fiscal year 2009, the Authority expended \$183.4 million on capital projects. This included \$14.7 million funded by FAA contributions, \$11.6 million funded by Florida Department of Transportation (FDOT) contributions, Transportation and Security Administration (TSA) \$11.3 million, Office of Tourism Trade and Economic Development (OTTED) \$0.1 million, and \$64.2 million funded by PFCs. The balance was paid from tenant and other Authority funds, including CFCs. Of the grants noted previously, \$5.0 million funded by the TSA and \$0.1 million funded by the FAA are American Recovery and Reinvestment Act of 2009 (ARRA) grants. See the Schedule of Expenditures of Federal Awards and State Financial Assistance in the Compliance section for additional information regarding grant expenditures. Major projects completed and the amounts transferred to fixed assets during the fiscal year are listed as follows (in millions):

Rehabilitation of Airside 3	\$122.8
In-line Baggage System Phase 1 & 2	44.6
Automated People Mover Refurbishment	15.0
Airfield Rehabilitation	6.7
Elevator and Escalator Refurbishment	6.3
Roadway and Pavement	5.2
Miscellaneous (Projects < \$5.0 million)	19.2
Total	\$219.8

Major projects under construction and the amounts expended during fiscal year 2009 are listed as follows (in millions):

Rehabilitation of Airsides 1 and 3	\$77.1
Rental Car Facility	37.1
In-line Baggage System	36.4
Airfield Rehabilitation at OIA	9.6
Miscellaneous (Projects < \$5.0 million)	23.2
Total	\$183.4

More detailed information about the Authority's capital assets is presented in Note 9 to the financial statements.

DEBT ACTIVITIES

During fiscal year 2009, the Authority issued \$75.0 million in Airport Facilities Revenue Bonds, Series 2008C, to pay down existing commercial paper and for future construction costs associated with the in-line baggage system. The Authority defeased the Airport Facilities Variable Rate Refunding Revenue Bonds, Series 2002E, in the amount of \$113.4 million, by using proceeds of the Airport Facilities Refunding Revenue Bonds, Series 2009A, in the amount of \$98.5 million, and Authority funds. The Authority also issued Airport Facilities Refunding Revenue Bonds, Series 2009B, in the amount of \$11.3 million, in order to pay a swap termination fee associated with the 2002E debt in the amount of \$11.1 million and costs of issuance. Additional commercial paper in the amount of \$25.0 million was issued during the current year to pay for the rental car facility and related projects. Finally, the 2002A Subordinated ("1999 Swap Fixed to Floating Rate") Swap was terminated on October 1, 2008 in accordance with the swap agreement.

During fiscal year 2008, the Authority defeased the Airport Facilities Variable Rate Subordinated Revenue Refunding Periodic Auction Rate Security (PARS) Bonds, Series 1998 in the amount of \$282.3 million, by using proceeds of the Airport Facilities Refunding Revenue Bonds, Series 2008A, in the amount of \$248.1 million, and Authority funds. The Authority also issued Airport Facilities Refunding Revenue Bonds, Series 2008B in the amount of \$26.1 million, in order to pay a swap termination fee in the amount of \$25.7 million and costs of issuance associated with the PARS debt. Additional commercial paper in the amount of \$62.0 million was also issued during fiscal year 2008 to pay for construction costs.

On October 7, 2009 the Authority issued \$62.8 million Special Purpose Facilities Taxable Revenue Bonds, Series 2009 (the "Series 2009 Bonds"), for the purpose of providing funds to pay costs and expenses associated with the design, construction and relocation of rental car facilities at the Orlando International Airport and to repay a portion of the Authority's commercial paper debt that was used to provide interim financing for certain costs. The Series 2009 Bonds are payable solely from and secured by a pledge of Pledged Revenues derived by the Authority from Customer Facility Charges (CFCs).

On December 17, 2009, the Authority issued \$87.1 million Airport Facilities Revenue Bonds, Series 2009C for the purpose of providing funds to pay costs and expenses related to improvements to Airside 1 and 3 (the "2009 PFC Project"), to repay a portion of the Authority's commercial paper debt that was used to provide an interim financing for certain costs of the 2009 PFC Project, and to pay certain costs of issuance of the Series 2009C Bonds.

DEBT ADMINISTRATION

The Authority has outstanding revenue bonds which are secured by a pledge of and lien on Revenues and Net Revenues as defined in the Bond Resolution. This senior indebtedness is expressly senior and superior to the pledge and lien securing other parity indebtedness.

SENIOR INDEBTEDNESS

Pursuant to the Bond Resolution, the Authority has issued various series of Airport Facilities Revenue Bonds to finance additions and improvements at the airport. The aggregate principal amount of such bonds outstanding as of September 30, 2009 was \$1.0 billion.

OTHER PARITY SUBORDINATED INDEBTEDNESS

Other parity subordinated indebtedness as defined in the Master Trust Indenture consists of Gulf Breeze Loan Agreements; Airport Facilities Taxable Subordinated Revenue Bonds, Series 2002A; Airport Facilities Secondary Subordinated Revenue Bonds, Series 1997; and commercial paper notes. Other parity indebtedness is payable from revenues deposited into the Discretionary Account and is junior and subordinate to senior indebtedness of the Authority. As of September 30, 2009, the aggregate principal amount of all other parity-subordinated indebtedness was \$190.8 million, including \$90.1 million of secondary subordinated indebtedness and other such principal amounts as further discussed below.

Between 1991 and 1993, the Authority borrowed a total of \$35 million at a variable interest rate from the City of Gulf Breeze, Florida, Local Government Loan Program, to finance a portion of the costs of the Airport's hotel. On July 1, 1998, the Authority remarketed these bonds to fixed rates. The aggregate principal amount of such bonds outstanding as of September 30, 2009, was \$17.9 million.

As of September 30, 2009, the Authority has outstanding \$69.0 million of Airport Facilities Subordinated Commercial Paper Notes of which the aggregate principal amount outstanding at any one time may not exceed \$400.0 million. There exists a Commercial Paper Program A which is not to exceed \$250 million and Program B which is not to exceed \$150 million. On November 5, 2009, the Letter of Credit for Program B expired and no Program B Commercial Paper Notes remained outstanding under Program B. In addition, the Agent for the Program B CP Banks gave notice to the Authority of the intent of the Program A CP Banks to terminate the Program A Letter of Credit on February 3, 2010. After the issuance of the 2009C Bonds, \$4,259,000 in Program A Commercial Paper Notes will remain outstanding which is expected to be repaid prior to the expiration of the Letter of Credit.

In December 2009, the Authority entered into an agreement with Wachovia Corporation to provide the Authority with a \$100 million line of credit. The line of credit is to be used as interim financing for capital projects in anticipation of the issuance of long term bonds and/or receipt of grants, PFCs, CFCs, Authority funds and other permanent funding sources. The term of the line of credit is three years.

DEBT SERVICE COVERAGE

Airport revenue bond covenants require that revenue available to pay debt service, as defined in the Bond Resolution, be equal to or greater than 125% of the debt service on the senior lien airport revenue bonds and 100% of the debt service on subordinated bonds and other parity indebtedness. Coverage ratios for the past three years are shown in the following table:

COVERAGE RATIOS

	2009	2008	2007
Senior lien debt	1.47%	1.70%	2.21%
All indebtedness	1.33%	1.27%	1.37%

More detailed information about the Authority's noncurrent liabilities is presented in Note 14 to the financial statements.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, Greater Orlando Aviation Authority, One Airport Boulevard, Orlando, FL 32827-4399.

A handwritten signature in black ink that reads "J. Churchill". The signature is written in a cursive, flowing style.

Jacki Churchill
Chief Financial Officer



GREATER ORLANDO AVIATION AUTHORITY

Orlando, Florida

GREATER ORLANDO AVIATION AUTHORITY
BALANCE SHEETS
(in thousands)

ASSETS	September 30, 2009	2008
Current Assets		
Unrestricted:		
Cash and cash equivalents	\$ 165,362	\$ 103,766
Accounts and grants receivable, less allowance for uncollectibles of \$387 and \$128	10,628	14,727
Investments	7,072	16,031
Interest receivable	148	603
Prepaid expenses	5,700	6,087
Total unrestricted assets	<u>188,910</u>	<u>141,214</u>
Restricted:		
Cash and cash equivalents	342,832	279,117
Accounts and grants receivable	21,796	41,855
Investments	2,002	75,755
Interest receivable	387	2,038
Prepaid expenses	11	1,255
Total restricted assets	<u>367,028</u>	<u>400,020</u>
Total current assets	<u>555,938</u>	<u>541,234</u>
Noncurrent Assets		
Investments, unrestricted	14,206	24,528
Investments, restricted	76,831	138,862
Total long-term investments	<u>91,037</u>	<u>163,390</u>
Capital assets, net of accumulated depreciation:		
Property and equipment	1,320,710	1,170,006
Property held for lease	493,863	522,834
Construction in progress	279,113	315,542
Total capital assets, net of accumulated depreciation	<u>2,093,686</u>	<u>2,008,382</u>
Total noncurrent assets	<u>2,184,723</u>	<u>2,171,772</u>
 Total Assets	 <u><u>\$ 2,740,661</u></u>	 <u><u>\$ 2,713,006</u></u>

See accompanying notes to basic financial statements

GREATER ORLANDO AVIATION AUTHORITY
BALANCE SHEETS
(in thousands)

LIABILITIES AND NET ASSETS	September 30,	
	2009	2008
Current Liabilities (Payable from Unrestricted Current Assets)		
Accounts payable and accrued liabilities	\$ 27,003	\$ 28,621
Deferred revenue	3,034	3,665
Deposits	5,551	5,185
Advance rent from tenants, current	3,053	5,220
Accrued airline revenue sharing	18,263	-
Total current liabilities (payable from unrestricted current assets)	<u>56,904</u>	<u>42,691</u>
Current Liabilities (Payable from Restricted Assets)		
Accrued interest	25,478	25,239
Accounts payable and accrued liabilities	39,913	43,914
Deferred revenue	2,538	15,456
Notes payable, current	68,951	2,003
Revenue bonds payable, current	65,878	171,430
Total current liabilities (payable from restricted assets)	<u>202,758</u>	<u>258,042</u>
Total current liabilities	<u>259,662</u>	<u>300,733</u>
Noncurrent Liabilities		
Notes payable, long-term	-	127,256
Revenue bonds payable, long-term	1,030,123	919,352
Advance rent from tenants, long-term	2,528	2,722
Other long-term liabilities	19,721	9,670
Total noncurrent liabilities	<u>1,052,372</u>	<u>1,059,000</u>
Total liabilities	<u>1,312,034</u>	<u>1,359,733</u>
Net Assets		
Invested in capital assets, net of related debt	1,014,475	926,201
Restricted:		
For debt service	158,961	170,579
For capital acquisitions	96,943	114,141
Unrestricted	158,248	142,352
Total net assets	<u>1,428,627</u>	<u>1,353,273</u>
Total Liabilities and Net Assets	<u>\$ 2,740,661</u>	<u>\$ 2,713,006</u>

See accompanying notes to basic financial statements

GREATER ORLANDO AVIATION AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
(in thousands)

	Years Ended September 30,	
	2009	2008
Operating Revenues		
Airfield area	\$ 34,412	\$ 63,680
Terminal area	119,322	113,396
Hotel	30,955	39,242
Other buildings and grounds	18,084	16,564
Ground transportation	117,436	124,084
Total operating revenues	<u>320,209</u>	<u>356,966</u>
Operating Expenses		
Operations and facilities	115,714	121,728
Safety and security	16,270	17,979
Administration	25,898	29,720
Hotel	25,151	28,008
Other	13,942	16,008
Total operating expenses before depreciation	<u>196,975</u>	<u>213,443</u>
Operating income before depreciation	123,234	143,523
Depreciation	<u>(103,335)</u>	<u>(96,442)</u>
Operating income	19,899	47,081
Nonoperating Revenues (Expenses)		
Investment income	10,441	19,579
Interest expense	(66,850)	(64,130)
Signatory Airline net revenue sharing	(11,092)	-
Passenger facility charges	64,302	70,656
Customer facility charges	21,790	-
Federal and state grants	1,150	1,842
Other	275	7,411
Income before capital contributions	<u>39,915</u>	<u>82,439</u>
Capital Contributions	<u>38,037</u>	<u>69,876</u>
Increase in net assets	77,952	152,315
Total Net Assets, Beginning of Year	1,353,273	1,200,958
Pollution Remediation Obligation Adjustment	<u>(2,598)</u>	<u>-</u>
Total Net Assets, Beginning of Year, as Adjusted	<u>1,350,675</u>	<u>1,200,958</u>
Total Net Assets, End of Year	<u>\$ 1,428,627</u>	<u>\$ 1,353,273</u>

See accompanying notes to basic financial statements

GREATER ORLANDO AVIATION AUTHORITY
STATEMENTS OF CASH FLOW
(in thousands)

	Years Ended September 30,	
	2009	2008
Cash flows from operating activities		
Cash received from customers and tenants	\$ 315,961	\$ 336,049
Cash paid to suppliers	(142,221)	(145,457)
Cash paid to employees for services	(48,566)	(51,442)
Net cash provided by operating activities	<u>125,174</u>	<u>139,150</u>
Cash flows from noncapital financing activities		
Operating grants and passenger facilities charges received	<u>3,545</u>	<u>8,048</u>
Net cash provided by noncapital financing activities	<u>3,545</u>	<u>8,048</u>
Cash flows from capital and related financing activities		
Proceeds from issuance of bonds	185,948	283,214
Proceeds from issuance of commercial paper notes	25,017	62,000
Passenger facility charges	60,443	68,224
Customer facility charges	20,530	-
Principal payments - bonds and notes	(262,250)	(348,671)
Bond issue costs and discount on bonds	(1,791)	(5,164)
Swap termination payment	(11,096)	(25,724)
Interest paid	(57,528)	(49,824)
Acquisition and construction of capital assets (including capitalized interest)	(191,047)	(209,401)
Capital contributed by federal and state agencies	61,471	43,023
Net cash used for capital and related financing activities	<u>(170,303)</u>	<u>(182,323)</u>
Cash flows from investing activities		
Purchase of investments	(214,121)	(360,280)
Proceeds from sale and maturity of investments	370,403	335,583
Interest received	10,613	21,756
Net cash provided by (used for) investing activities	<u>166,895</u>	<u>(2,941)</u>
Net increase (decrease) in cash and cash equivalents	125,311	(38,066)
Cash and Cash Equivalents, Beginning of Year	382,883	420,949
Cash and Cash Equivalents, End of Year (1)	<u>\$ 508,194</u>	<u>\$ 382,883</u>
(1) Cash and Cash Equivalents - Unrestricted Assets	\$ 165,362	\$ 103,766
Cash and Cash Equivalents - Restricted Assets	<u>342,832</u>	<u>279,117</u>
	<u>\$ 508,194</u>	<u>\$ 382,883</u>

(continued)

GREATER ORLANDO AVIATION AUTHORITY
STATEMENTS OF CASH FLOW
(in thousands)

	Years Ended September 30,	
	<u>2009</u>	<u>2008</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	<u>\$ 19,899</u>	<u>\$ 47,081</u>
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	103,335	96,442
Noncash operating revenue	-	(35)
(Increase) Decrease in operating assets		
Accounts and grants receivable	4,045	4,844
Prepaid expenses	387	(330)
Increase (Decrease) in operating liabilities		
Accounts payable and accrued liabilities	12,858	7,720
Deferred revenues	(13,549)	(20,368)
Deposits	366	245
Advanced rent from tenants	(2,167)	3,551
Total adjustments	<u>105,275</u>	<u>92,069</u>
Net cash provided by operating activities	<u><u>\$ 125,174</u></u>	<u><u>\$ 139,150</u></u>

Noncash Investing, Capital and Financing Activities

Increase (Decrease) in fair value of investments	\$ 1,087	\$ (798)
Capital assets received in lieu of cash from exchange transaction	\$ -	\$ 2,883

See accompanying notes to basic financial statements

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2009 and 2008

1. ORGANIZATION AND PURPOSE

The Greater Orlando Aviation Authority (Authority) was established by the Florida State Legislature pursuant to the Greater Orlando Aviation Authority Act, Chapter 57-1658, Special Laws of Florida, 1957, as replaced by Chapter 98-492, Laws of Florida, as amended. The Authority operates Orlando International Airport and Orlando Executive Airport. For reporting purposes, these airports are combined into a single enterprise fund.

2. REPORTING ENTITY

In defining the Authority for financial reporting purposes, management applied the requirements as set forth by the Governmental Accounting Standards Board (GASB). These requirements establish the basis for defining the reporting entity and whether it is considered a component unit of another entity and whether other entities are component units. Based on these criteria, the reporting entity includes only the accounts of the Authority in the reporting entity. The Authority identified no potential component units to include in these basic financial statements nor identified any other entity that should include the Authority in its basic financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

Basis of Presentation and Accounting: The Authority's financial statements are accounted for on the flow of economic resources measurement focus using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when incurred. Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority applies all applicable GASB pronouncements as well as Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The principal operating revenues of the Authority are from sources such as airlines, concessions, rental cars and parking. Investment income, passenger and customer facility charges, federal and state operating grants and other revenues not related to the operations of the airport are considered nonoperating revenues. Operating expenses include the cost of airport and related facilities maintenance, administrative expenses, and depreciation on capital assets. Interest expense and Signatory Airline net revenue sharing are considered nonoperating expenses.

The GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues* (GASB 48), was issued in September 2006 and implemented by the Authority in fiscal year 2008. GASB 48 establishes criteria for government agencies on the reporting of receivables, and provides guidance in recognizing other assets and liabilities for sales of receivables or future revenues. The Authority pledged future airport revenues, net of specified operating expenses, to repay Airport Facilities Revenue Bonds issued from 1997 to 2009. Proceeds from the bonds provided financing for various airport capital projects. The bonds are payable solely from the airport system revenues. The Authority agreed to maintain rates and charges each year to provide net revenues, as defined in the applicable bond agreements, equal to at least 1.25 times the sum of the aggregate debt service on senior lien bonds each fiscal year and at least 1.00 times on all other debt. Disclosures related to GASB 48 are found in Note 14.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2009 and 2008

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (continued)

GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (GASB 49), in November 2006, and was adopted by the Authority in fiscal year 2009. GASB 49 provides accounting and financial reporting standards for pollution remediation obligations as well as disclosure requirements. In accordance with GASB 49, environmental expenditures are expensed (except in cases where the expenditures require capitalization) and liabilities are recorded when obligations have been incurred and the costs can be reasonably estimated. The Authority has evaluated its property and identified certain polluted sites whereas the Authority is named or will be named a responsible or potentially responsible party or where pollution remediation has already commenced with monitoring being completed as necessary. Upon adoption of GASB 49, the Authority recorded a pollution remediation liability of \$4.1 million as of October 1, 2008. In addition, the Authority restated Net Assets as of October 1, 2008 by \$2.6 million, which represents the pollution remediation liability of \$4.1 million less realized recoveries of \$1.5 million. The fiscal year 2008 financial statements have not been restated as the information is not available to determine the impact on the financial statements as of October 1, 2007 although the Authority expects these amounts to be immaterial. Disclosures related to the pollution remediation liability are discussed in Note 23.

Cash and Cash Equivalents: Demand deposits, certificates of deposits, cash on hand and repurchase agreements with a maturity of three months or less from the date of purchase are considered to be cash and cash equivalents.

Fair Value of Investments: The Authority accounts for all investments, regardless of time to maturity or their acquisition date, at fair value on the balance sheet with unrealized gains and losses charged or credited to investment income. The Authority uses quoted market prices to determine these fair values.

Restricted Assets and Liabilities: The Bond Resolution authorizing the issuance of the revenue bonds for Orlando International Airport requires the segregation of certain assets into restricted accounts and limits their use to specific items as defined by the document. Current liabilities payable from restricted assets are the liabilities that are to be retired by use of the restricted assets.

Noncurrent Assets: A portion of unrestricted and restricted assets is reported as noncurrent. This represents amounts of unrestricted and restricted investments with maturities greater than one year and capital assets, net of accumulated depreciation.

Lease and Concession Agreements: The Authority's operations consist of agreements for use of land, buildings, terminal space and privileges to airlines and concessionaires. With the exception of the new Signatory Airline Lease and Use Agreement that is discussed separately, the agreements consist of (a) one year, cancelable space and use permits, and (b) non-cancelable agreements for land, buildings, terminal space and privileges, most of which expire between the years 2009 and 2013. The Authority accounts for revenue from these agreements and reports over the terms of the agreements.

Property and Equipment and Property Held for Lease: Property and equipment and property held for lease are recorded at cost when purchased or at fair value when donated, with a capitalization threshold of \$1,000.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2009 and 2008

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (continued)

Depreciation: Property and equipment is depreciated on the straight-line basis over the estimated useful lives of the assets. The estimated useful lives of the property and equipment are as follows:

Building	5 to 50 years
Improvements	5 to 50 years
Equipment	3 to 30 years
Motor vehicles	5 to 15 years

Pension Plans: The Authority's policy is to fund accrued defined benefit pension costs which include normal costs for regular employees as actuarially determined. The Authority recognizes plan member contributions in the period in which contributions are due, and the employer made a formal commitment to provide contributions.

Other Postemployment Benefit Plans: The Authority adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (GASB 45). GASB 45 improves the relevance and usefulness of financial reporting by (a) requiring systematic, accrual-basis measurement and recognition of Other Postemployment Benefits (OPEB) costs over a period that approximates employees' years of service and (b) providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the OPEB plan. The Authority obtains actuarial valuation reports for its OPEB plan and records the expenses and liabilities for OPEB as required under GASB 45. OPEB expense includes normal costs and prior service costs. Prior service costs are amortized over a period of thirty years. The Authority is currently reviewing its funding options. The Authority discloses the information required by GASB 45 in Note 12.

Compensated Absences: The Authority recognizes expenses relating to compensated absences as incurred and includes those liabilities in accrued expenses.

Passenger Facility Charges: The Federal Aviation Administration (FAA) approved the collection of passenger facility charges (PFCs). The Authority uses PFCs for pre-approved airport projects that meet at least one of the following criteria: preserve or enhance safety, security or capacity of the national air transportation system; reduce noise or mitigate noise impacts resulting from an airport; or furnish opportunities for enhanced competition between or among carriers. The airlines collect and remit this revenue to the Authority and the Authority records this as nonoperating revenues.

Customer Facility Charges: The Authority approved the collection of customer facility charges (CFCs) effective October 1, 2008. Certain rental car companies (RACs) agreed to assess and collect CFCs to pay the costs and expenses of financing, designing, constructing, operating, relocating, and maintaining the rental automobile related facilities. The RACs collect and remit this revenue to the Authority and the Authority records this as nonoperating revenues.

Arbitrage Rebate: The U.S. Treasury issued regulations on calculating the rebate due the federal government on arbitrage profits, calculating arbitrage penalties, and determining compliance with the arbitrage rebate provisions of the Tax Reform Act of 1986. Arbitrage profits arise when the Authority temporarily invests the proceeds of tax exempt debt in securities with higher yields. The Authority estimates the rebate payable and reduces investment income accordingly.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2009 and 2008

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (continued)

Revenue Classifications: The components of the major operating revenue classifications are as follows:

- Airfield Area – Fees for landings of passenger and cargo aircraft, apron use, and fuel flow system rental and fees.
- Terminal Area – Airlines space rentals, privilege fees for the operation of terminal complex concessions of food, beverage, general merchandise, and other miscellaneous fees.
- Hotel – Revenue associated with rooms, food and beverage, telecommunications, and other rentals and income.
- Other Buildings and Grounds – Fees associated with fixed base operators, cargo apron use, in-flight catering and other building and land rentals.
- Ground Transportation – Revenue associated with rental car concessions, taxi, shuttle and bus ground transportation, and public parking.

Interest Rate Risk Management: The Authority uses interest rate swap agreements to reduce its debt service costs. The Authority has entered into an interest-rate swap agreement to reduce interest costs on the Airport Facilities Secondary Subordinated Revenue Bonds, Series 1997B. The differential to be paid or received is accrued as interest expense or income and is recognized over the life of the agreement. The related amount payable to or receivable from the counterparty is included in accrued interest or interest receivable. The fair value of the swap agreement is not recognized in the financial statements. In March 2008, the interest-rate swap associated with the Airport Facilities Variable Rate Subordinated Revenue Refunding Bonds, Series 1998, was terminated along with the refunding of its underlying debt. The interest-rate swap associated with the Airport Facilities Taxable Subordinated Refunding Revenue Bonds, Series 2002A terminated on October 1, 2008 in accordance with the terms of its official confirmation, and in June 2009, the interest rate swap associated with the Airport Facilities Variable Rate Refunding Revenue Bonds, Series 2002E, was also terminated along with the refunding of its underlying debt.

Capital Contributions: Capital contributions consist primarily of grants and contributions from federal and state governmental agencies, airlines, and tenants. The Authority recognizes contributions as earned as related project costs are incurred. The Authority recognizes donated property when received.

Interest During Construction: The Authority capitalizes interest during construction to Construction in Progress, and consists of interest cost on certain borrowings in excess of interest earned on related investments acquired with the proceeds of borrowings.

Signatory Airline Lease and Use Agreement: Effective October 1, 2008 the Authority entered into a new Lease and Use Agreement relating to the use of the Orlando International Airport, for the terminal rentals, the establishment of landing fees, apron use fees, common use charges and other fees and charges with each of fourteen airlines (collectively, the “Signatory Airlines”). The new Lease and Use and Agreements will be effective through September 30, 2013. The key provisions of the new Lease and Use Agreements include a change from a residual to a compensatory rate-making methodology for the terminal building, an amount of net remaining revenues for the Authority over the term of the Lease and Use Agreements, and an increase in amount of capital expenditures not subject to approval by the Signatory Airlines. Rates and charges are set up annually based on budget, reviewed periodically during the year, and a true-up calculation performed at year-end based on actual results. In the event the annual Revenues, as defined in the Lease and Use Agreement, shall be less than the requirement to satisfy the Authority’s rate covenant, the Authority shall recover additional rates and charges, pursuant to a provision of the Lease and Use Agreements. The net revenue sharing due to the Signatory Airlines is presented as a nonoperating expense on the Statements of Revenues, Expenses, and Changes in Net Assets.

Advance Rent From Tenants: The current portion of advance rent from tenants primarily represents October revenues received in September. Amounts reported as noncurrent liabilities represent revenues to be recognized in years subsequent to the following fiscal year.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2009 and 2008

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (continued)

Bond Issue Costs and Bond Discounts and Premiums: The Authority defers bond issue costs and bond discounts and premiums in the year of issuance and amortizes deferrals using the effective interest method over the life of the issuance. Losses on bond refundings are deferred and amortized over the shorter of the remaining life of the original issue or the life of the new issue.

Estimates: The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimated.

Reclassifications: Certain amounts in the prior year financial statements may have been reclassified to conform to the current year presentation.

4. OPERATION AND USE AGREEMENT – CITY OF ORLANDO

The City of Orlando and the Authority executed an Operation and Use Agreement, dated September 27, 1976, which grants the Authority the right to occupy, operate, control and use Orlando International Airport and Orlando Executive Airport for a term of fifty years commencing on October 1, 1976. At the end of the term, unless otherwise extended, the Authority is obligated to return full ownership and control of all its assets to the City of Orlando.

The City of Orlando transferred assets, liabilities and equity to the Authority at the carrying amounts in the accounts of the Aviation Division of the City of Orlando, which reflected historical or estimated historical costs, with accumulated depreciation at September 30, 1976. The property and equipment, net of accumulated depreciation transferred from the Aviation Division of the City of Orlando to the Authority, amounted to approximately \$31.5 million.

The City of Orlando provides certain police and fire protection services to the Authority. Total charges for these services amounted to approximately \$9.0 million and \$10.0 million for 2009 and 2008, respectively. Approximately, \$2.6 million and \$1.0 million are recorded as liabilities due to the City of Orlando in connection with these services at September 30, 2009 and 2008, respectively.

5. CASH DEPOSITS AND INVESTMENTS

The Authority's cash and cash equivalents balances include amounts deposited with commercial banks in interest-bearing and non-interest bearing demand deposit accounts, as well as the Florida State Board of Administration's (SBA) Local Government Surplus Investment Pool (LGIP). The commercial bank balances are entirely insured by federal depository insurance or by collateral pursuant to the Florida Security for Public Deposits Act of the State of Florida (Act).

The Act establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the Authority's deposits in qualified public depositories are considered totally insured. The qualified public depository must pledge at least 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125%, may be required, if deemed necessary under the conditions set forth in the Act. Obligations pledged to secure deposits must be delivered to the State of Florida's Chief Financial Officer (State's CFO) or, with the approval of the State's CFO, to a bank, savings association, or trust company provided a power of attorney is delivered to the State's CFO.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2009 and 2008

5. CASH DEPOSITS AND INVESTMENTS (continued)

The Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, (GASB 31), which requires the adjustments of the carrying values of investments to fair value to be presented as a component of investment income. Investments are presented at fair value, which is based on available market values. The LGIP operated by the Florida State Board of Administration is a “2a-7-like” pool in accordance with GASB 31; therefore it is not presented at fair value but at its actual pooled share price which approximates fair value.

At September 30, 2009 and 2008, the fair value of all securities regardless of the balance sheet classification was as follows (in thousands):

	2009	2008
U.S. Treasury and government agency securities	\$ 99,599	\$ 300,249
Commercial paper	-	24,884
Local government investment pool	1,642	9,538
Investment in money market funds	286,844	167,020
Total securities, at fair value	<u>\$ 388,085</u>	<u>\$ 501,691</u>

These securities are classified on the balance sheet as follows (in thousands):

	2009	2008
Current assets		
Cash and cash equivalents	\$ 508,194	\$ 382,883
Investments	9,074	91,786
Noncurrent Assets		
Investments, unrestricted	14,206	24,528
Investments, restricted	76,831	138,862
Total cash and investments	608,305	638,059
Less cash on deposit	(220,220)	(136,368)
Total securities, at fair value	<u>\$ 388,085</u>	<u>\$ 501,691</u>

The Authority is authorized to invest in securities as described in its investment policy and in each bond resolution. As of September 30, 2009 and 2008, the Authority held the following investments as categorized below in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*:

Investment Maturities at September 30, 2009 (in thousands):

Investment Type	Less than 1 Year	1 to 5 Years	6 to 10 Years	11 to 15 Years	Total
U.S. Treasury and government agency	\$ 2,002	\$ 57,168	\$ 10,400	\$ 30,029	\$ 99,599
Local government investment pool	1,130	-	512	-	1,642
Money market funds	286,844	-	-	-	286,844
Total securities, at fair value	<u>\$ 289,976</u>	<u>\$ 57,168</u>	<u>\$ 10,912</u>	<u>\$ 30,029</u>	<u>\$ 388,085</u>

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2009 and 2008

5. CASH DEPOSITS AND INVESTMENTS (continued)

Investment Maturities at September 30, 2008 (in thousands):

Investment Type	Less than 1 Year	1 to 5 Years	6 to 10 Years	11 to 15 Years	Total
U.S. Treasury and government agency	\$ 130,721	\$ 98,500	\$ 38,693	\$ 32,335	\$ 300,249
Commercial paper	24,884	-	-	-	24,884
Local government investment pool	8,638	-	900	-	9,538
Money market funds	167,020	-	-	-	167,020
Total securities, at fair value	<u>\$ 331,263</u>	<u>\$ 98,500</u>	<u>\$ 39,593</u>	<u>\$ 32,335</u>	<u>\$ 501,691</u>

On November 29, 2007, the SBA implemented a temporary freeze on the assets held in the Local Government Surplus Fund Trust Fund Investment Pool (Pool) due to an unprecedented amount of withdrawals from the Pool, coupled with the absence of market liquidity for certain securities within the Pool. On December 4, 2007, based on recommendations from an outside financial advisor, the SBA restructured the Pool into two separate funds; Fund A consisted of all money market appropriate assets, which was approximately \$12.0 billion or 86% of Pool assets and Fund B consisted of assets that either defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk, which was approximately \$2.1 billion or 14% of Pool assets. At the time of the restructuring, all current Pool participants had their existing balances proportionately allocated into Fund A and Fund B. Fund A was later renamed Local Government Surplus Funds Investment Pool (LGIP). The Authority had \$3.6 million in assets transferred to Fund B.

The SBA does not allow participants to withdraw funds from Fund B. As maturities occur in Fund B, the SBA transfers the monies from Fund B to LGIP. Since the SBA established Fund B on December 4, 2007, they have released approximately \$2.6 million of the Authority's Fund B balance into the Authority's LGIP account.

On July 31, 2009, the SBA disclosed the weighted average maturity of investments held in Fund B as of June 30, 2009 as being 6.87 years. Therefore, as of September 30, 2009, the maturity date of investments held in Fund B was adjusted from September 16, 2017 to May 11, 2016. However, because Fund B consists of restructured or defaulted securities there is a considerable uncertainty regarding the weighted average life.

As of September 30, 2009, the Authority had \$2.1 million invested in the Pool with \$1.1 million in LGIP and \$0.9 million invested in Fund B. An entry to adjust the fair value of Fund B by \$0.4 million to reflect the approximate fair value of Fund B investments at September 30, 2009 reduced the combined value of the LGIP and Fund B to \$1.6 million.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority generally holds investments to maturity. The Authority's investment policy requires the investment portfolio to be structured to provide sufficient liquidity to pay obligations as they come due. To the extent possible, investment maturities match known cash needs and anticipated cash flow requirements. Additionally, maturity limitations for investments related to the issuance of debt are outlined in the Bond Resolution relating to the specific bond issue. The Authority portfolio holds a number of callable securities. The schedules above present the ranges of maturity dates for each type of security.

Credit Risk: The Authority's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments. Authority policy limits investments to the highest credit rating category of Moody's Investors Services (Moody's) and Standard & Poor's (S&P), and funds can only be invested in money market funds rated AAAM or AAAM-G by S&P. Investment in commercial paper is limited to those programs rated A-1, P-1, which is the highest rating category. Consistent with the Authority's investment policy and bond resolutions, instrumentality investments held in the portfolio were rated AAA by S&P and Aaa by Moody's at the time of purchase.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2009 and 2008

5. CASH DEPOSITS AND INVESTMENTS (continued)

On December 21, 2007, Standard and Poor's Ratings Services assigned its "AAAm" principal stability fund rating to LGIP. Fund B is not rated by any nationally recognized statistical rating agency. Additional information regarding the LGIP and Fund B may be obtained from the SBA.

Custodial Credit Risk: For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the Authority's investments are either held in the name of the Authority or held in trust under the Authority's name.

Concentration of Credit Risk: At September 30, 2009, the Authority held investments exceeding 5% of the total investment portfolio with two issuers; Federal Home Loan Bank (5.75%) and Federal Home Loan Mortgage Corporation (6.80%). At September 30, 2008, the Authority held investments exceeding 5% of the total investment portfolio with three issuers; Federal Home Loan Bank (34.0%), Federal Home Loan Mortgage Corporation (15.5%), and Federal National Mortgage Association (10.2%). Each of the investments are rated either AAA by S&P or Aaa by Moody's rating agency. Standard practice limits the maximum investment in any one issuer of commercial paper to \$5 million dollars.

6. ACCOUNTS AND GRANTS RECEIVABLE

At September 30, 2009 and 2008, accounts and grants receivable, net of allowance for doubtful accounts, consist of the following (in thousands):

	2009	2008
Current Unrestricted Assets		
Accounts receivable	\$ 10,910	\$ 14,707
Allowance for doubtful accounts	(387)	(128)
Grants receivable	105	148
Net Current Unrestricted Accounts and Grants Receivable	<u>\$ 10,628</u>	<u>\$ 14,727</u>
Current Restricted Assets		
Accounts receivable	\$ 10,073	\$ 6,628
Grants receivable	11,723	35,227
Net Current Restricted Accounts and Grants Receivable	<u>\$ 21,796</u>	<u>\$ 41,855</u>

7. GRANT RECOGNITION

A Letter of Intent (LOI) is a provision under Section 47110(e) of Title 49, United States Code to obligate funds for future budget authority to issue grants to pay the Authority for the FAA's shares of allowable costs. The amounts listed below are estimates and are not obligations of the United States or administrative commitments. The LOI can be amended to adjust the payment schedule or the maximum obligation.

Under GASB Statement No. 33, *Accounting and Reporting for Nonexchange Transactions*, the Authority recognizes revenues from the LOI when all eligibility requirements are met. Since there are time and reimbursement requirements associated with the LOI, the balance to be collected is recognized as revenue in the year the grant is awarded. As of September 30, 2009, the Authority has been awarded all grants within the LOI obligations.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2009 and 2008

7. GRANT RECOGNITION (continued)

LOI ASO-99-01 dated April 3, 2000, received from the FAA for construction of a new runway, associated taxiways, and security roads is listed as follows (in thousands):

	<u>2009</u>	<u>2008</u>
Maximum Obligation	<u>\$ 73,190</u>	<u>\$ 73,190</u>
Collected in prior years	\$ 68,410	\$ 62,700
Collected in current year	<u>4,780</u>	<u>5,710</u>
Collected to date	<u>73,190</u>	<u>68,410</u>
Balance to be collected	<u>\$ -</u>	<u>\$ 4,780</u>
Schedule of balance to be collected:		
2009	<u>\$ -</u>	<u>\$ 4,780</u>
Balance to be collected	<u>\$ -</u>	<u>\$ 4,780</u>

8. RESTRICTED ASSETS

The Bond Resolution and the Master Indenture of Trust authorizing the issuance of the revenue bonds for Orlando International Airport require segregation of certain assets into restricted accounts. Majority-in-Interest approval of the Signatory Airlines was granted for (1) the issuance of commercial paper to fund various capital improvements to Orlando International Airport, and (2) the use of Airport Facilities Improvement and Development assets to pay all or a portion of project costs with reimbursement from commercial paper, state and federal grants, passenger facility charges, and/or revenue bonds. At September 30, 2009 and 2008, composition of restricted accounts is as follows (in thousands):

	<u>2009</u>	<u>2008</u>
Debt Service Accounts	\$ 188,540	\$ 197,710
Capital Acquisition Accounts	150,046	218,015
Bond Construction Accounts	55,479	61,183
Passenger Facility Charges Account	11,870	16,132
Customer Facility Charges Account	5,729	-
Operating Reserve Account	32,195	32,261
Prepaid Airlines Fees and Charges Account	-	13,581
Total Restricted Assets	<u>\$ 443,859</u>	<u>\$ 538,882</u>

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2009 and 2008

9. CAPITAL ASSETS

A summary of capital assets activity for the years ended September 30, 2009 and 2008 follows (in thousands):

	Balance October 1, 2008	Additions and Reclass- ifications	Deductions	Balance September 30, 2009
Property and Equipment				
Capital Assets not Depreciated				
Land	\$ 246,663	\$ 209	\$ -	\$ 246,872
Assets Held for Future Use	99,602	6,706	-	106,308
	<u>346,265</u>	<u>6,915</u>	<u>-</u>	<u>353,180</u>
Other Property and Equipment				
Building	270,410	784	-	271,194
Improvements	1,295,125	196,668	-	1,491,793
Equipment	76,431	19,133	874	94,690
Motor Vehicles	19,384	1,525	1,783	19,126
	<u>1,661,350</u>	<u>218,110</u>	<u>2,657</u>	<u>1,876,803</u>
Accumulated Depreciation				
Building	94,417	8,969		103,386
Improvements	670,572	55,487		726,059
Equipment	59,084	7,995	715	66,364
Motor Vehicles	13,536	1,701	1,773	13,464
	<u>837,609</u>	<u>74,152</u>	<u>2,488</u>	<u>909,273</u>
Net Property and Equipment	<u>1,170,006</u>	<u>150,873</u>	<u>169</u>	<u>1,320,710</u>
Property and Equipment - Held for Lease				
Capital Assets not Depreciated				
Land	8,131	-	-	8,131
Other Property and Equipment				
Building	861,005	204	-	861,209
Improvements	76,369	8	-	76,377
	<u>937,374</u>	<u>212</u>	<u>-</u>	<u>937,586</u>
Accumulated Depreciation				
Building	388,944	25,005	-	413,949
Improvements	33,727	4,178	-	37,905
	<u>422,671</u>	<u>29,183</u>	<u>-</u>	<u>451,854</u>
Net Property and Equipment - Held for Lease	<u>522,834</u>	<u>(28,971)</u>	<u>-</u>	<u>493,863</u>
Construction Work in Progress				
Capital Assets not Depreciated				
Construction Work in Progress	315,542	183,404	219,833	279,113
Net Capital Assets	<u>\$ 2,008,382</u>	<u>\$ 305,306</u>	<u>\$ 220,002</u>	<u>\$ 2,093,686</u>

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2009 and 2008

9. CAPITAL ASSETS (continued)

	Balance October 1, 2007	Additions and Reclass- ifications	Deductions	Balance September 30, 2008
Property and Equipment				
Capital Assets not Depreciated				
Land	\$ 186,221	\$ 60,562	\$ 120	\$ 246,663
Assets Held for Future Use	-	99,602	-	99,602
	<u>186,221</u>	<u>160,164</u>	<u>120</u>	<u>346,265</u>
Other Property and Equipment				
Building	268,568	1,842	-	270,410
Improvements	1,224,272	70,853	-	1,295,125
Equipment	71,922	5,868	1,359	76,431
Motor Vehicles	18,180	1,945	741	19,384
	<u>1,582,942</u>	<u>80,508</u>	<u>2,100</u>	<u>1,661,350</u>
Accumulated Depreciation				
Building	85,336	9,081		94,417
Improvements	621,798	48,774		670,572
Equipment	52,413	7,955	1,284	59,084
Motor Vehicles	12,774	1,502	740	13,536
	<u>772,321</u>	<u>67,312</u>	<u>2,024</u>	<u>837,609</u>
Net Property and Equipment	<u>996,842</u>	<u>173,360</u>	<u>196</u>	<u>1,170,006</u>
Property and Equipment - Held for Lease				
Capital Assets not Depreciated				
Land	<u>8,154</u>	<u>-</u>	<u>23</u>	<u>8,131</u>
Other Property and Equipment				
Building	860,127	878	-	861,005
Improvements	75,354	1,015	-	76,369
	<u>935,481</u>	<u>1,893</u>	<u>-</u>	<u>937,374</u>
Accumulated Depreciation				
Building	363,954	24,990	-	388,944
Improvements	29,587	4,140	-	33,727
	<u>393,541</u>	<u>29,130</u>	<u>-</u>	<u>422,671</u>
Net Property and Equipment - Held for Lease	<u>550,094</u>	<u>(27,237)</u>	<u>23</u>	<u>522,834</u>
Construction Work in Progress				
Capital Assets not Depreciated				
Construction Work in Progress	<u>350,792</u>	<u>197,454</u>	<u>232,704</u>	<u>315,542</u>
Net Capital Assets	<u>\$1,897,728</u>	<u>\$ 343,577</u>	<u>\$ 232,923</u>	<u>\$ 2,008,382</u>

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2009 and 2008

9. CAPITAL ASSETS (continued)

During 2009, the Authority capitalized interest in the amount of \$1.5 million to Construction in Progress, representing the excess of interest cost (\$1.5 million) on certain borrowings during the construction period over the interest earned (\$36,000) on related interest-bearing investments acquired with the proceeds of the borrowings. In addition, the Authority capitalized commercial paper interest in the amount of \$1.7 million to Construction in Progress related to the Airside 1 and 3 renovations and the in-line baggage screening system.

During 2008, the Authority capitalized interest in the amount of \$219,000 to Construction in Progress, representing the excess of interest cost (\$291,000) on certain borrowings during the construction period over the interest earned (\$72,000) on related interest-bearing investments acquired with the proceeds of the borrowings. In addition, the Authority capitalized commercial paper interest in the amount of \$2.5 million to Construction in Progress related to the Airside 1 and 3 renovations and the in-line baggage screening system.

The South Terminal design, Intermodal Transit System (ITS) design and first phase of ITS construction were transferred from Construction in Progress (CIP) to a non-depreciable fixed assets category named Assets Held for Future Use during fiscal year 2008 since they had not yet been placed in service. Various grading, drainage and infrastructure projects were transferred from CIP and added to the cost basis of Land, which is non-depreciable. Additional assets in the amount of \$6.7 million were transferred out of CIP to Assets Held for Future Use during fiscal year 2009. The assets were reviewed during the year to determine whether they should be impaired due to changes in the airport/airline industry that could render the design insufficient to construct the structures. No such impairment was noted.

10. LEASE AND CONCESSION AGREEMENTS

The following is a schedule by years of minimum future revenues from non-cancelable agreements as of September 30 (in thousands):

2010	\$ 164,041
2011	173,672
2012	170,757
2013	162,870
2014	92,871
Later years	<u>175,543</u>
Total minimum future revenues	<u><u>\$ 939,754</u></u>

Minimum future revenues do not include contingent revenues which may be received under agreements for use of land and buildings on the basis of revenue or fuel flow fees earned. Contingent revenues amounted to approximately \$29 million and \$38.2 million for the years ended September 30, 2009 and 2008 respectively.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2009 and 2008

11. PENSION PLANS

The Authority maintains two defined benefit plans for its employees, a single-employer plan covering non-firefighter employees and a multi-employer plan for firefighters. Additionally, the Authority provides two defined contribution plans, a single-employer defined contribution retirement plan for non-firefighter employees and a multi-employer defined contribution plan for firefighters.

Single-Employer Defined Benefit Pension Plan

General: The Authority contributes to the Retirement Plan for Employees of the Greater Orlando Aviation Authority (DB Plan), a single-employer retirement plan. The DB Plan provides retirement and death benefits to DB Plan members and beneficiaries. Charles Schwab Trust Company (Schwab) currently holds the assets of the DB Plan in various mutual funds. Schwab currently pays DB Plan benefits. Gabriel, Roeder, Smith & Company issues a publicly available actuarial report that includes required supplementary information for the DB Plan. That report may be obtained by writing to Greater Orlando Aviation Authority, One Airport Boulevard, Orlando, Florida 32827, Attention: Human Resources.

Plan Description: The Authority authorizes all employees hired before October 1, 1999, other than firefighters, to participate in the DB Plan. The Authority authorizes employees hired after September 30, 1999 to participate in the single-employer Defined Contribution Retirement Plan (DC Plan). The Authority allowed employees who were members of the DB Plan to convert to the DC Plan during the period February 23, 2001 to June 30, 2001. The Authority credits all service from date of hire. Retirement benefits equal 3% of the average of the three years of highest annual earnings multiplied by years of credited service with a maximum of 75% of the average earnings. In the event of early retirement, there is a 3% benefit reduction for each year prior to normal retirement. Normal retirement date is the first day of the month following, or coinciding with, the earliest of a participant's sixty-fifth birthday and seven years of credited service, or twenty-five years of credited service. An employee is 20% vested after the first year of credited service and achieves 100% vesting after five years of service. The Authority Board establishes benefit provisions.

If a vested participant dies after becoming eligible for early retirement, but prior to actual retirement, his eligible spouse or other named beneficiary receives an amount equal to that which would have been received if the participant had retired on the date of death with an immediate 50% annuity.

If a vested participant dies before becoming eligible for early retirement, his eligible spouse or other named beneficiary receives an amount equal to that which would have been received if the participant had separated from service on the date of death, survived to the earliest possible retirement age and retired on that date with an immediate 50% contingent annuity. This benefit is payable unless otherwise elected by the participant and spouse.

Funding Policy: The actuarial valuation used for funding determines the annual contribution requirements of the Authority. The Authority does not require plan members to contribute to the DB Plan.

The Authority's contributions to the DB Plan are actuarially determined. The rates for the years ended September 30, 2009 and 2008 were 38.39% and 43.07% of estimated annual covered payroll, respectively. The Authority's estimated annual covered payroll for employees under the DB Plan was \$14.0 million and \$13.1 million for the years ended September 30, 2009 and 2008, respectively.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2009 and 2008

11. PENSION PLANS (continued)

Annual Pension Cost and Net Pension Asset: The Authority's annual pension cost and net pension asset, which has not been reflected in the financial statements, to the DB Plan at September 30, 2009 were as follows (in thousands):

Annual required contribution (ARC)	\$ 5,368
Interest on net pension asset	(97)
Adjustment to ARC	192
Annual pension cost	<u>5,463</u>
Contributions made	<u>(5,367)</u>
Decrease in net pension asset	96
Net pension asset - October 1, 2008	<u>1,290</u>
Net pension asset - September 30, 2009	<u><u>\$ 1,194</u></u>

Three-Year Trend Information
(in thousands)

Fiscal Years Ended September 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
2007	\$ 6,081	98.3%	\$ 1,394
2008	5,750	98.2	1,290
2009	5,463	98.3	1,194

Funded Status and Funding Progress: As of October 1, 2008, the most recent actuarial valuation date, the DB Plan was 74.3% funded. The actuarial accrued liability for benefits was \$93.1 million, and the actuarial value of assets was \$69.2 million resulting in an unfunded actuarial accrued liability (UAAL) of \$23.9 million. The covered payroll was \$15.2 million, and the ratio of the UAAL to the covered payroll was 157.4%.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. The Authority currently uses the Aggregate Cost Method to determine the annual required contribution. Since this method does not identify or separately amortize unfunded actuarial accrued liabilities, information about the funded status and funding progress is presented using the Entry Age Actuarial Cost Method and the information is intended to serve as a surrogate for the funded status and funding progress of the plan.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2009 and 2008

11. PENSION PLANS (continued)

Actuarial Methods and Assumptions: The October 1, 2007 actuarial valuation determined the required contribution for the 2009 fiscal year. The actuarial assumptions for fiscal years 2009 and 2008 include: (a) rate of return on investments of 7.5% per year, (b) projected salary increases of 5.0%, (c) inflation adjustments of 3.5%, and (d) expense loading is the average of actual expenses over the previous two years. Five-year smoothed market method values DB Plan assets. The aggregate cost method (ACM) determines the plan's actuarial valuation.

During fiscal year 2008, the Authority changed its cost method from the frozen initial liability method to the ACM. As a result of the change, the Authority reduced the probability of retirement and terminating employment for reasons other than retirement, disability or death. In addition, the Authority updated its mortality table to the RP2000 Generational Mortality Table from the 1983 Group Annuity Mortality Table. Finally, the Authority set the actuarial value of assets equal to market value. Because the aggregate actuarial cost method is used, it does not identify or separately amortize unfunded actuarial liabilities.

Single-Employer Defined Contribution Retirement Plan

Plan Description: The DC Plan provides benefits upon retirement to employees of the Authority. At September 30, 2009, there were 336 active plan members. The plan provides retirement and death benefits to plan members and beneficiaries.

General: The DC Plan is administered by a committee appointed by the Authority Board. The Authority can modify, alter or amend the DC Plan.

The DC Plan authorizes employees, other than firefighters, hired on or after October 1, 1999 to participate. Eligible employees include regular full-time employees and regular part-time employees who are normally scheduled to work 20 or more hours per week. The DC Plan allows employees to participate after three full months of service. The DC Plan has separate accounts for each employee and investments are self-directed by the employee. The Authority contributes 6% of base wages and up to another 4% as a matching contribution. The employee contributes up to 10%. The DC Plan allows the employee's first 4% contribution to be pre-tax or after-tax. Employee contributions and earnings are 100% vested. The Authority's contributions vest at 20% per year of service, starting at one year of service. Employees hired prior to October 1, 1999, continued in the Authority's DB Plan, or converted at their option from the DB Plan to the DC Plan during the period of February 23, 2001 to June 30, 2001.

The Authority's payroll for employees covered by the DC Plan was \$15.0 million and \$13.8 million for the years ended September 30, 2009 and 2008, respectively. The Authority contributed \$1.4 million and \$1.1 million for the years ended September 30, 2009 and 2008. Participants contributed \$0.6 million for each of the years ended September 30, 2009 and 2008.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2009 and 2008

11. PENSION PLANS (continued)

Multiple-Employer Defined Benefit Public Retirement Plan

Plan Description: All firefighters employed by the Authority participate in the Florida Retirement System (FRS), a cost-sharing, multiple-employer defined benefit public retirement plan. The FRS provides retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries. Florida Statutes establish benefit provisions. The FRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Florida Retirement System, Division of Retirement, Post Office Box 9000, Tallahassee, Florida 32315-9000, or by calling (877) 377-1737.

Participation in the FRS is compulsory for all full-time and part-time firefighters employed by the Authority. The FRS categorizes participants as members of a special risk class. A member receives one month credit for each month in which any salary is paid for services performed. The FRS authorizes members who meet certain requirements to purchase additional service credits to increase their retirement benefit. The FRS provides vesting of benefits after six years of creditable service. Special risk members meet eligibility for normal retirement after; (a) six years of special risk service and attaining age fifty-five, (b) twenty-five total years special risk service and attaining age fifty-two (may include four years military), (c) twenty-five continuous years special risk service, regardless of age, or (d) thirty years of any creditable service, regardless of age (may include four years military). The FRS allows early retirement any time after vesting; however, there is a 5% benefit reduction for each year prior to normal retirement age or date. Options at retirement include benefits for life or reduced benefits with beneficiary rights.

Funding Policy: Various acts of the Florida Legislature determine the funding methods and benefits. These acts provide employers, such as the Authority, requirements to contribute at the current actuarially determined rate of covered payroll for special risk members.

The contribution rate for each of the years ended September 30, 2009, 2008 and 2007 was 20.92%. The Authority's contributions to the FRS for each of the years ended September 30, 2009, 2008 and 2007 were approximately \$900,000, which represents the required contributions for each year.

Multi-Employer Defined Contribution Retirement Plan

Effective July, 2002, the System offered its members the Florida Retirement System Investment Plan (Investment Plan) as a second retirement plan option. The Investment Plan is a defined contribution plan funded by employer contributions established by law. The employers' contributions are based on salary and FRS membership class, ranging from 9% for regular to 20% for special risk. The Investment Plan does not allow participant contributions. Employees that do not elect this plan automatically enroll in the defined benefit plan. Employees vest after one year of service. Participants of the FRS have one lifetime option of transferring the value of their plan to the Investment Plan. As of September 30, 2009 and 2008, the Authority had one and two participants in the Investment Plan, respectively.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2009 and 2008

12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description: The Greater Orlando Aviation Authority Healthcare Plan (GOAAHP) is a single-employer healthcare plan administered by the Authority. The GOAAHP provides postemployment healthcare benefits to those participants who, in accordance with Article 4 of the Retirement Plan for Employees of the Greater Orlando Aviation Authority and Article 5 of the Greater Orlando Aviation Authority Defined Contribution Retirement Plan, retire at a participants' normal retirement date or early retirement date and who receive pension benefits immediately upon termination. CBIZ Benefits and Insurance Services issues a publicly available actuarial report that includes required supplementary information for GOAAHP. The report may be obtained by writing to Greater Orlando Aviation Authority, One Airport Boulevard, Orlando, Florida 32827, Attention: Human Resources. As of September 30, 2009, the GOAAHP provided benefits to 204 participants.

Funding Policy and Annual Cost: The Authority establishes and amends benefit provisions and contribution obligations. The Authority provides medical, dental, and vision coverage at no cost to employees who retired prior to August 2, 1997.

For employees that retire after August 2, 1997 and employees hired prior to October 1, 2006, eligibility for retirement health care benefits will be determined by the years of credited service, and whether the employee immediately begins to receive pension benefits. Employees who do not elect to receive pension benefits immediately upon termination of employment forfeit eligibility for any health care coverage under this policy. The Authority's premium contribution for employees retiring after August 2, 1997 and for employees hired prior to October 1, 2006 is as follows:

<u>Credited Service</u>	<u>Contribution</u>
20 or more years	100%
15 but less than 20 years	75%
10 but less than 15 years	50%
Less than 10 years	0%

The premiums for employees hired on or after October 1, 2006, will be paid by the employee at 100%. Dependent coverage is available at the retiree's expense provided the retiree is eligible to receive health benefits under this policy.

The Authority is not required to fund the GOAAHP. The annual contribution of the employer, an amount actuarially determined in accordance with GASB 45, represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current rate is 20.7% of annual covered payroll. For the years ended September 30, 2009 and 2008, the Authority's actuarially determined annual OPEB costs (expenses) were \$7.0 million and \$5.3 million, respectively.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2009 and 2008

12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (continued)

The following table shows the components of the Authority's annual OPEB cost for the years ended September 30, 2009 and 2008, the annual required contribution, and changes in the Authority's net OPEB obligation to GOAAHP (in thousands):

	2009	2008
Annual required contribution	\$ 7,000	\$ 5,375
Interest on net OPEB obligation	585	310
Adjustment to annual required contribution	(575)	(375)
Annual OPEB cost	7,010	5,310
Benefit payments	-	-
Contributions made	(774)	(809)
Increase in net OPEB obligation	6,236	4,501
Net OPEB obligation - beginning of year	9,670	5,169
Net OPEB obligation - end of year	\$ 15,906	\$ 9,670

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the GOAAHP, and the net OPEB obligation for the fiscal years ended September 30, 2007, 2008, and 2009 is as follows (in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2007	\$ 3,278	23.5%	\$ 5,169
9/30/2008	5,310	15.2	9,670
9/30/2009	7,010	11.0	15,906

Funded Status and Funding Process: The funded status of the plan as of October 1, 2009, the most recent actuarial valuation date, is as follows (in thousands):

Actuarial Accrued Liability (a)	\$70,869
Actuarial Value of Plan Assets (b)	-
Unfunded Actuarial Accrued Liability (a) – (b)	\$70,869
Funded Ratio (b) / (a)	0.00%
Covered Payroll (c) *	\$33,755
Unfunded Actuarial Accrued Liability As a Percentage of Covered Payroll [(a) – (b)] / (c)	209.95%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the GOAAHP and the annual contribution of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

* Covered Payroll is the 2008-2009 budgeted regular salaries for active employees covered under the GOAAHP.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2009 and 2008

12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (continued)

Actuarial Methods and Assumptions: Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Authority and the GOAAHP members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. During the year ended September 30, 2009 the assumption for the investment rate of return was changed from 6% for prior years to 4% for the current year. Significant methods and assumptions were as follows:

Actuarial Valuation Date	October 1, 2009
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar amounts
Amortization Period	30
Asset Valuation Method	N/A
Investment Rate of Return	4.0%
Projected Salary Increase	N/A

Healthcare Inflation Rate:

Year	Medical Rate	Dental Rate	Vision Rate
2010	9.00%	0.00%	(4.00%)
2011	7.50%	5.00%	5.00%
2012	7.00%	5.00%	5.00%
2013	6.50%	5.00%	5.00%
2014+	6.00%	5.00%	5.00%

The required schedule of funding progress presented as required supplementary information immediately following the notes to the financial statements presents multi year trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liability for benefits.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2009 and 2008

13. RISK MANAGEMENT

The Authority develops risk mitigation and loss prevention strategies to address exposure to various risks. One of those risk mitigation strategies is the purchase of commercial insurance for losses related to torts and other liabilities, theft of, damage to and destruction of assets, and natural disasters. The supplemental section of the Comprehensive Annual Financial Report of the Authority discusses specific details regarding insurance coverage and deductibles.

Effective October 1, 2000, the Authority became self-insured for workers compensation and employer's liability insurance up to \$150,000 per occurrence. The Authority purchases excess coverage for workers' compensation and employer's liability claims to provide stop loss coverage for claims in excess of \$150,000 per occurrence with limits that are consistent with statutory requirements. Johns Eastern Company, Inc. provides claims administration and associated reporting. The Authority records workers compensation liabilities when it is probable that a loss occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for the claims that have been incurred but not reported (IBNR). The Authority includes liabilities for unpaid claims at year-end in accrued expenses as current liabilities.

The Authority has a third party actuary perform a review of claim history for all claim years in which open claims are outstanding. The actuary projects the ultimate claim payment obligation (including IBNR) for each year's claim experience. The Authority recorded this estimate as a liability. No settlements exceeded excess insurance coverage in the past three years.

Changes in the Authority's workers' compensation claims liability are as follows as of September 30, 2009 and 2008 (in thousands):

	<u>2009</u>	<u>2008</u>
Unpaid claims and claims adjustment expenses at beginning of year	<u>\$ 779</u>	<u>\$ 779</u>
Incurred claims and claims adjustment expenses:		
Provisions for insured events of the current fiscal year	251	281
Decrease in provision for insured events of prior years	<u>(216)</u>	<u>10</u>
Total incurred claims and claims adjustment expenses	<u>35</u>	<u>291</u>
Payments:		
Claims and claims adjustment expenses attributable to insured events of prior years	(129)	(239)
Claims and claims adjustment expenses attributable to insured events of current year	<u>(130)</u>	<u>(52)</u>
Total payments	<u>(259)</u>	<u>(291)</u>
Total unpaid claims and claims adjustment expenses at end of year	<u><u>\$ 555</u></u>	<u><u>\$ 779</u></u>

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2009 and 2008

14. NONCURRENT LIABILITIES

A summary of non-current liability activity for the years ended September 30, 2009 and 2008 is as follows (in thousands):

	Balance October 1, 2008	Additions	Deductions	Balance September 30, 2009	Amounts Due Within One Year	Amounts Due After One Year
Airport Facilities Revenue Bonds						
Senior Lien Bonds						
Series 1997	\$ 26,080	\$ -	\$ -	\$ 26,080	\$ 8,200	\$ 17,880
Series 1998	18,765	-	3,040	15,725	2,815	12,910
Series 1999A	184,950	-	695	184,255	14,160	170,095
Series 1999B	12,300	-	265	12,035	275	11,760
Series 2002A	48,325	-	1,040	47,285	1,080	46,205
Series 2002B	109,410	-	445	108,965	465	108,500
Series 2002C	14,940	-	14,940	-	-	-
Series 2002D Taxable	650	-	650	-	-	-
Series 2002E	128,745	-	128,745	-	-	-
Series 2003A	61,335	-	7,440	53,895	425	53,470
Series 2007A	141,485	-	-	141,485	-	141,485
Series 2008A	248,070	-	-	248,070	8,930	239,140
Series 2008B	26,110	-	8,655	17,455	17,455	-
Series 2008C	-	75,000	5,500	69,500	6,263	63,237
Series 2009A	-	98,550	-	98,550	-	98,550
Series 2009B	-	11,275	-	11,275	-	11,275
Subordinated Indebtedness						
Series 1998B Gulf Breeze	690	-	690	-	-	-
Series 1998C Gulf Breeze	19,290	-	1,410	17,880	2,200	15,680
Series 2002A Taxable	17,290	-	3,415	13,875	3,610	10,265
Secondary Subordinated Indebtedness						
Series 1997B	90,055	-	-	90,055	-	90,055
Total Revenue Bonds	1,148,490	184,825	176,930	1,156,385	65,878	1,090,507
Less unamortized discounts and premiums	3,931	661	812	3,780	-	3,780
Less unamortized deferred amounts	53,777	12,108	9,281	56,604	-	56,604
Net Revenue Bonds	1,090,782	172,056	166,837	1,096,001	65,878	1,030,123
Notes Payable						
Commercial Paper	129,259	25,017	85,321	68,955	68,955	-
Less unamortized discounts	-	4	-	4	4	-
Net Notes payable	129,259	25,013	85,321	68,951	68,951	-
Other Liabilities ⁽¹⁾						
Advanced rent from tenants	2,916	-	194	2,722	194	2,528
Other Postemployment Benefits	9,670	7,136	900	15,906	-	15,906
Pollution Remediation Liability	4,143	57	214	3,986	171	3,815
Total Other Liabilities	16,729	7,193	1,308	22,614	365	22,249
Total Noncurrent Liabilities	\$1,236,770	\$204,262	\$253,466	\$1,187,566	\$ 135,194	\$1,052,372

- (1) Advanced rent from tenants due within one year is included with other current advanced rents from tenants on the balance sheet; pollution remediation liability due within one year is included in current accounts payable and accrued liabilities on the balance sheet.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2009 and 2008

14. NONCURRENT LIABILITIES (continued)

	Balance October 1, 2007	Additions	Deductions	Balance September 30, 2008	Amounts Due Within One Year	Amounts Due After One Year
Airport Facilities Revenue Bonds						
Senior Lien Bonds						
Series 1997	\$ 26,080	\$ -	\$ -	\$ 26,080	\$ -	\$ 26,080
Series 1998	22,000	-	3,235	18,765	3,040	15,725
Series 1999A	185,620	-	670	184,950	695	184,255
Series 1999B	12,555	-	255	12,300	265	12,035
Series 2002A	49,330	-	1,005	48,325	1,040	47,285
Series 2002B	109,840	-	430	109,410	445	108,965
Series 2002C	29,230	-	14,290	14,940	14,940	-
Series 2002D Taxable	1,270	-	620	650	650	-
Series 2002E	143,320	-	14,575	128,745	128,745	-
Series 2003A	62,590	-	1,255	61,335	7,440	53,895
Series 2007A	141,485	-	-	141,485	-	141,485
Series 2008A	-	248,070	-	248,070	-	248,070
Series 2008B	-	26,110	-	26,110	8,655	17,455
Subordinated Indebtedness						
Series 1998B Gulf Breeze	2,690	-	2,000	690	690	-
Series 1998C Gulf Breeze	19,290	-	-	19,290	1,410	17,880
Series 1998A,B,C,D	286,250	-	286,250	-	-	-
Series 2002A Taxable	20,530	-	3,240	17,290	3,415	13,875
Secondary Subordinated Indebtedness						
Series 1997	90,055	-	-	90,055	-	90,055
Total Revenue Bonds	1,202,135	274,180	327,825	1,148,490	171,430	977,060
Less unamortized discounts and premiums	8,621	(3,869)	821	3,931	-	3,931
Less unamortized deferred amounts	33,789	27,204	7,216	53,777	-	53,777
Net Revenue Bonds	1,159,725	250,845	319,788	1,090,782	171,430	919,352
Notes Payable						
Commercial Paper	88,105	62,000	20,846	129,259	2,003	127,256
Total Notes payable	88,105	62,000	20,846	129,259	2,003	127,256
Other Liabilities						
Advanced rent from tenants (1)	3,110	-	194	2,916	194	2,722
Other Postemployment Benefits	5,169	5,310	809	9,670	-	9,670
Total Other Liabilities	8,279	5,310	1,003	12,586	194	12,392
Total Noncurrent Liabilities	\$ 1,256,109	\$ 318,155	\$341,637	\$ 1,232,627	\$ 173,627	\$1,059,000

(1) Advanced rent from tenants due within one year is included with other current advanced rents from tenants on the balance sheet.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2009 and 2008

14. NONCURRENT LIABILITIES (continued)

A schedule of debt maturities is as follows (in thousands):

	Fiscal Year	Principal	Interest
Airport Facilities Revenue Bonds			
	2010	\$ 65,878	\$ 51,659
	2011	68,890	49,845
	2012	72,427	46,272
	2013	74,232	42,558
	2014	110,673	37,395
	2015-2019	337,610	135,344
	2020-2024	255,530	52,468
	2025-2029	154,075	17,449
	2030-2033	17,070	1,819
		<u>1,156,385</u>	<u>\$ 434,809</u>
Less unamortized premiums and discounts		(3,780)	
Less unamortized deferred amounts		(56,604)	
Total Airport Facilities Revenue Bonds		<u>\$ 1,096,001</u>	

A description of the bonds and notes payable is as follows:

Airport Facilities Revenue Bonds

The Authority has pledged future airport revenues, net of specified operating expenses, to repay \$1.2 billion in Airport Facilities Revenue Bonds issued from 1997 to 2009. Proceeds from the bonds provided financing for various airport capital projects. The bonds are payable solely from the airport system revenues and are payable through the year 2033. The Authority has agreed to maintain rates and charges each year to provide net revenues, as defined in the applicable bond agreements, equal to at least 1.25 times the sum of the aggregate debt service on senior lien bonds each fiscal year and at least 1.00 times on all other debt. Total principal and interest remaining on the bonds as of September 30, 2009 is \$1.6 billion with annual requirements ranging from \$117.5 million in 2010 to \$4.7 million in the final year, with the highest requirements of \$148.1 million in fiscal year 2014. For the twelve month period ended September 30, 2009, principal and interest paid was \$127.2 million and total airport net revenues pledged for the year was \$171.3 million.

Senior Lien Bonds:

\$26,080,000 Airport Facilities Revenue Bonds, Series 1997, dated November 15, 1997, of which a portion is due on October 1 of each year beginning 2009 through 2011. Interest at 5.75% due semi-annually on April 1 and October 1; unamortized discount of \$86,000 and \$168,000.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2009 and 2008

14. NONCURRENT LIABILITIES (continued)

\$46,640,000 Airport Facilities Refunding Revenue Bonds, Series 1998, dated August 15, 1998 of which a portion is due October 1 of each year beginning 1999 through 2013; and \$4,110,000 in Term Bonds due October 1, 2017. Interest at 5.25% to 5.50% due semi-annually on April 1 and October 1; unamortized premium of \$106,000 and \$142,000.

\$189,100,000 Airport Facilities Revenue Bonds Series 1999A, dated June 1, 1999, of which a portion is due October 1 of each year beginning in 2002 through 2008; \$26,085,000 in Term Bonds due October 1, 2018; and \$69,525,000 in Term Bonds due October 1, 2028. Interest at 5.13% to 5.25% due semi-annually on April 1 and October 1; unamortized discount of \$1,844,000 and \$2,060,000.

\$13,890,000 Airport Facilities Revenue Bonds Series 1999B, dated October 1, 1999, of which a portion is due October 1 of each year beginning in 2001 through 2009; \$3,030,000 in Term Bonds due October 1, 2024; and \$5,580,000 in Term Bonds due October 1, 2028. Interest at 4.40% to 5.25% due semi-annually on April 1 and October 1; unamortized discount of \$145,000 and \$156,000.

\$53,070,000 Airport Facilities Revenue Bonds, Series 2002A, dated May 9, 2002, of which a portion is due October 1 of each year beginning 2003 through 2022; \$1,850,000 in Term Bonds due October 1, 2021; \$11,085,000 in Term Bonds due October 1, 2027; and \$14,235,000 in Term Bonds due October 1, 2032. Interest at 3.80% to 5.25% due semi-annually on April 1 and October 1; unamortized discount of \$1,053,000 and \$1,128,000.

\$111,445,000 Airport Facilities Revenue Bonds, Series 2002B (AMT), dated May 9, 2002, of which a portion is due October 1 of each year beginning in 2003 through 2019; \$3,045,000 in Term Bonds due October 1, 2017; \$63,430,000 in Term Bonds due October 1, 2021; and \$12,560,000 in Term Bonds due October 1, 2032. Interest at 4.00% to 5.50% due semi-annually on April 1 and October 1; unamortized discount of \$2,357,000 and \$2,560,000.

\$79,630,000 Airport Facilities Refunding Revenue Bonds, Series 2003A, dated July 3, 2003, of which a portion is due October 1 of each year beginning 2004 through 2018. Interest at 2.50% to 5.00% due semi-annually on April 1 and October 1; unamortized premium of \$2,202,000 and \$2,559,000.

\$141,485,000 Airport Facilities Refunding Revenue Bonds, Series 2007A, dated August 9, 2007, of which a portion is due October 1 of each year beginning in 2012 through 2023. Interest at 4.50% to 5.00% due semi-annually on April 1 and October 1; unamortized premium of \$2,783,000 and \$3,104,000.

\$248,070,000 Airport Facilities Refunding Revenue Bonds, Series 2008A, dated March 31, 2008, of which a portion is due October 1 of each year beginning in 2009 through 2018. Interest at 5.00% to 5.25% due semi-annually on April 1 and October 1; unamortized premium of \$3,246,000 and \$3,918,000. These bonds, along with Authority funds, refunded \$282,325,000 of the Airport Facilities Variable Rate Subordinated Revenue Refunding Bonds, 1998 Series A, B, C and D. See additional disclosures in Note 17 regarding refunding of bonds.

\$26,110,000 Airport Facilities Refunding Revenue Bonds, Series 2008B, dated March 31, 2008, of which a portion is due October 1 of each year beginning in 2008 through 2009. Interest at 3.02% due October 1; unamortized discount of \$0 and \$223,000. These bonds were used to pay a swap termination amount of \$25,724,000 related to the Airport Facilities Variable Rate Subordinated Revenue Refunding Bonds, 1998 Series A, B, C and D.

\$75,000,000 Airport Facilities Revenue Bonds, Series 2008C, dated October 8, 2008, of which a portion is due the 1st of each month beginning November 2008 through 2013. Interest at 3.99% is also due the 1st of each month; unamortized discount of \$115,000. These bonds were used to pay down \$69,000,000 of Commercial Paper, Program B-Series B.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2009 and 2008

14. NONCURRENT LIABILITIES (continued)

\$98,550,000 Airport Facilities Refunding Revenue Bonds, Series 2009A, dated June 16, 2009, of which a portion is due October 1 of each year beginning in 2015 through 2023; \$14,420,000 in Term Bonds due October 1, 2022; and \$5,000,000 in Term Bonds due October 1, 2023. Interest at 5.38% to 6.25% due semi-annually on April 1 and October 1; unamortized discount of \$322,000. These bonds, along with Authority funds, refunded \$113,450,000 of the Airport Facilities Variable Rate Refunding Revenue Bonds, Series 2002E. See additional disclosures in Note 17 regarding refunding of bonds.

\$11,275,000 Airport Facilities Refunding Revenue Bonds, Series 2009B, dated June 16, 2009, of which a portion is due October 1 of each year beginning in 2014 through 2015. Interest at 4.78% to 5.13% due semi-annually on April 1 and October 1; unamortized discount of \$169,000. These bonds were used to pay a swap termination amount of \$11,096,000 related to the Airport Facilities Variable Rate Refunding Revenue Bonds, Series 2002E.

Subordinated Indebtedness:

\$19,290,000 Airport Facilities Subordinated Revenue Bonds, Series 1998C, dated June 1998, principal payable December 1 of each year beginning 2008 through 2015. Interest at 4.65% to 5.05% due semi-annually on June 1 and December 1; unamortized discount of \$33,000 and \$43,000. The proceeds of these loans, from the City of Gulf Breeze, Florida, Local Government Loan Program, were used to finance the costs of the Hotel.

\$30,015,000 Airport Facilities Taxable Subordinated Refunding Revenue Bonds, Series 2002A, dated June 28, 2002, of which a portion is due October 1 of each year beginning 2003 through 2012. Interest at 5.23% to 5.64% due semi-annually on April 1 and October 1; unamortized discount of \$60,000 and \$103,000.

Secondary Subordinated Indebtedness:

\$90,055,000 Airport Facilities Secondary Subordinated Revenue Bonds, Series 1997B, dated December 1997, principal payable October 1 of each year beginning 2023 through 2027. Variable interest rate, that was 0.44% at September 30, 2009, due quarterly on January 1, April 1, July 1 and October 1; unamortized discount of \$5,908,000 and \$6,057,000. At the time these bonds were issued, the Authority purchased a bond insurance policy from MBIA Insurance Corporation in lieu of executing a liquidity facility for this variable rate debt. The insurance policy is in effect for the full life of the bonds.

Notes Payable

The commercial paper notes are classified as short-term debt obligations. A Letter of Credit provided by a syndicate of banks currently supports payment of the principal amount and interest on the Commercial Paper Notes.

With respect to Program A, the Letter of Credit and Reimbursement Agreement, dated February 1, 2003 and amended February 3, 2005, establishes the Authority's obligation to reimburse the banks for draws made under the Letter of Credit. Interest is payable at maturity at a variable rate, not in excess of the maximum rate, and matures not more than 270 days after their respective dates, but in no event later than the Stated Termination Date of February 3, 2010.

With respect to Program B, the Letter of Credit and Reimbursement Agreement, dated November 1, 2006, establishes the Authority's obligation to reimburse the banks for draws made under the Letter of Credit. Interest is payable at maturity at a variable rate, not in excess of the maximum rate, and matures not more than 270 days after their respective dates, but in no event later than the Stated Termination Date of November 5, 2009. See additional disclosures in Note 24.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2009 and 2008

14. NONCURRENT LIABILITIES (continued)

A schedule of projected debt service requirements for the 1997B Secondary Subordinated variable rate bonds is as follows (in thousands):

Calendar Year	Principal	Interest	Interest Rate Swaps, Net
2010	\$ -	\$ 396	\$ 3,611
2011	-	396	3,611
2012	-	398	3,609
2013	-	396	3,611
2014	-	397	3,610
2015-2019	-	1,985	18,050
2020-2024	30,730	1,929	17,545
2025-2027	59,325	531	4,826
Total Projected Debt Service	<u>\$ 90,055</u>	<u>\$ 6,428</u>	<u>\$ 58,473</u>

15. DERIVATIVES AND HEDGING ACTIVITIES

Pay-Fixed, Receive Variable Interest Rate Swaps

Objective of the swaps: The Authority entered into pay-fixed, receive variable interest rate swaps in order to reduce the impact of fluctuations in interest rates on its variable rate debt. The Authority terminated the swap associated with the 2002E Revenue Bonds during the year ended September 30, 2009.

Terms, fair values, and risks: The notional amounts of the swaps match the principal amounts of the associated debt. The Authority's swap agreements contain scheduled reductions to outstanding notional amounts that approximate scheduled or anticipated reductions in the outstanding principal amounts from debt repayments. The terms, fair values and credit ratings of the outstanding swaps as of September 30, 2009 and 2008, were as follows:

Associated Bond Issue	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Sept. 30, 2009 Fair Values	Swap Termination Date	Counterparty Credit Rating
1997B	\$ 90,055,000	Jan. 1, 2003	4.45%	SIFMA*	\$(15,345,612)	Oct. 2027	AAA/AA+

Associated Bond Issue	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Sept. 30, 2008 Fair Values	Swap Termination Date	Counterparty Credit Rating
1997B	\$ 90,055,000	Jan. 1, 2003	4.45%	SIFMA*	\$ (7,328,000)	Oct. 2027	AAA/AA+
2002E	128,745,000	Oct. 1, 2002	4.31	SIFMA*	(6,182,000)	Oct. 2021	AAA/AA+

*The Securities Industry and Financial Market Association Municipal Swap Index

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2009 and 2008

15. DERIVATIVES AND HEDGING ACTIVITIES (continued)

Fair Value: Because interest rates have declined, the pay-fixed, receive-variable swap noted above had a negative fair value as of September 30, 2009. The fair value was obtained from the swap counterparty as of September 30, 2009.

Credit Risk: As of September 30, 2009, the Authority was not exposed to credit risk because the pay-fixed, receive-variable swap had a negative fair value. Should interest rates change and the fair value of the swap become positive, the Authority would be exposed to credit risk in the amount of the derivative's fair value.

Termination Risk: Goldman Sachs Mitsui Marine Derivative Products, L.P. (GSMMDP) has the right to terminate the 1997B Gulf Breeze Swap upon the occurrence of certain insolvency events with respect to MBIA Insurance Corporation ("MBIA"), the insurer of the payments due from the Authority under the 1997B Gulf Breeze Swap, or the occurrence of certain credit downgrades of MBIA provided that, among other things, MBIA does not provide sufficient credit support or collateral to GSMMDP. Such an early termination would result in a cash settlement, based upon market conditions at the time of termination. The 1997B Gulf Breeze Swap also contains early termination and cash settlement provisions at the election of the Authority.

Basis Risk: Under the 1997B Gulf Breeze Swap, GSMMDP has the right to convert the SIFMA Index based rate to a rate based upon percentage of London Interbank Offered Rate ("LIBOR") upon the occurrence of certain taxability events. Such a mismatch could result in the Authority having to pay the difference between the LIBOR-based rate and the tax-exempt variable rate.

Market-access Risk: The swap exposes the Authority to market-access risk for issues where access to the markets is limited or where that credit access will become more costly. Depending on the market conditions and the Authority's credit position, an interim placement may not offer the same level of economic benefit as originally intended. Market access also may become an issue if the Authority decides to terminate or modify the existing swap, either because it is no longer economically beneficial or because the related debt should be restructured. The Authority would evaluate the potential effects of this risk when considering any event where market access becomes an issue.

Pay-Variable, Receive Fixed Interest Rate Swap

Objective of the swap: The Authority entered into a separate pay-variable, receive fixed interest rate swap in order to affect interest cost savings. The Authority terminated the swap associated with the 2002A Revenue Bonds during the year ended September 30, 2009.

Terms, fair values, and risks: The terms, fair value and credit rating of the outstanding swap as of September 30, 2008, were as follows.

Associated Bond Issue	Notional Amount *	Effective Date	Variable Rate Paid	Fixed Rate Received	Fair Value Sept. 30, 2008	Swap Termination Date	Counterparty Credit
2002A Subordinated	\$16,989,000	Aug. 6, 1999	140% of SIFMA	6.505%	\$294,000	Oct. 2008	AAA/AA+

*The notional amount does not match the outstanding principal of the debt.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2009 and 2008

16. CONDUIT DEBT OBLIGATIONS

As of September 30, 2009 and 2008, the Authority has outstanding the following series of conduit debt obligations (in thousands):

	<u>2009</u>	<u>2008</u>
Special Purpose Facilities Revenue Bonds issued to provide for the acquisition, construction and equipping of a Fixed Base Operator Facility; payable solely from and secured by a pledge of loan payments to be received from a loan agreement and from proceeds of the letter of credit provided by the borrower.	\$ 4,100	\$ 4,100
Special Purpose Facilities Revenue Bonds issued to provide for the construction and installation of a service center for aircraft; payable solely from and secured by a pledge of rentals to be received from lease agreements and an Unconditional Guaranty Agreement.	-	30,000
Special Purpose Facilities Revenue Bonds issued to provide for the construction of a flight training facility and the acquisition of flight training equipment; payable solely from a pledge of loan payments to be received from a loan agreement and a pledge of lease payments to be received from a lease agreement and an Unconditional Guaranty Agreement.	20,000	20,000
Special Purpose Facilities Revenue Bonds issued to provide for the acquisition, construction and equipping of a corporate training facility and an aircraft maintenance hanger facility; payable solely from a pledge of lease payments to be received from the lease agreement and secured by the Leasehold Mortgage.	47,315	47,315

These bonds are special limited obligations of the Authority, payable as described above. The bonds do not constitute a debt, liability or obligation of the Authority, the City of Orlando, or the State of Florida or any political subdivisions thereof and accordingly have not been reported in the accompanying financial statements.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2009 and 2008

17. DEFERRED AMOUNT ON REFUNDING OF BONDS

On June 16, 2009, the Authority issued \$98,550,000 in 2009A Series Airport Facilities Refunding Revenue Bonds (2009A) with a true interest rate of 5.77% and \$11,275,000 in 2009B Series Airport Facilities Refunding Revenue Bonds (2009B) with a true interest rate of 5.19%. The majority of the 2009A proceeds, in the amount of \$98.2 million, along with \$16.4 million of Authority available funds were deposited into the Bank of New York escrow account to refund \$113,450,000 of outstanding Airport Facilities Variable Rate Refunding Revenue Bonds, Series 2002E (2002E), and pay estimated interest of \$190,000 on July 1. The remaining 2009A proceeds and net premium totaling \$1.5 million were used to pay related issuance costs. The 2009B proceeds of \$11,275,000 were used to pay a swap termination amount of \$11,096,000 related to the 2002E bonds and associated issuance costs, which will be charged to operations over the life of the refunded bonds using the effective-interest method.

The refunding resulted in a loss of \$4.7 million between the amount of the 2009A refunding bonds and the net carrying amount of the refunded bonds. This deferred loss is reported in the accompanying financial statements as a deduction from bonds payable and will be charged to operations over the life of the refunded bonds using the effective-interest method.

The Authority initiated the refunding to mitigate interest rate risk associated with the 2002E bonds and related swap, as a result of the bond insurer and liquidity facility provider rating downgrades, in addition to other related market events.

The 2002E bonds were considered defeased on June 16, 2009 upon deposit of the proceeds into the escrow account. Therefore, the liability was removed and is no longer reflected on the Authority's financial statements at September 30, 2009.

On March 31, 2008, the Authority issued \$248.0 million in 2008A Series Airport Facilities Refunding Bonds (2008A) with a true interest rate of 4.89% and \$26.1 million in 2008B Series Airport Facilities Refunding Bonds (2008B) with a true interest rate of 4.30%. The 2008A proceeds of \$257.1 million, along with \$30.0 million of Authority available funds were deposited into the 1998 Airport Facilities Variable Rate Refunding Revenue Bonds Series 1998 A, B, C and D (PARS) sinking fund account to refund \$282.3 million of outstanding PARS and to pay related issuance costs. The 2008B proceeds of \$26.1 million were used to pay a swap termination amount of \$25.7 million related to the PARS and related issuance costs.

The refunding resulted in a loss of \$27.2 million between the reacquisition price and the net carrying amount of the old debt and swap termination payment, and the loss is reported in the accompanying financial statements as a deduction from bonds payable. The deferred loss will be charged to operations over the life of the 2008A and 2008B bonds using the effective-interest method.

The Authority initiated the refunding to mitigate interest rate risk associated with the PARS and related swap, as a result of the bond insurer rating downgrade and other related market events. The PARS were defeased on April 1 and April 3, 2008. The liability was removed and is no longer reflected on Authority's financial statements at September 30, 2008.

18. BOND ISSUANCE

On October 8, 2008 the Authority issued \$75.0 million in 2008C Series Airport Facilities Revenue Bonds (2008C) with an interest rate of 3.99% to pay off \$69.0 million of existing Commercial Paper. The remaining proceeds of \$6.0 million were deposited with a Special Trustee of which \$5.8 million will be used for construction costs and \$200,000 for costs of issuance. The 2008C bonds are scheduled to mature on October 1, 2013.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2009 and 2008

19. CAPITAL CONTRIBUTIONS

Grants and other contributions used to acquire capital assets are classified as capital contributions in the Statements of Revenues, Expenses, and Changes in Net Assets. Capital contributions consisted of the following at September 30, 2009 and 2008 (in thousands):

	2009	2008
Federal Grants	\$ 25,355	\$ 47,572
State of Florida Grants	11,069	21,371
Other Grants	1,613	933
Total Capital Contributions	<u>\$ 38,037</u>	<u>\$ 69,876</u>

20. AIRLINE-AIRPORT LEASE AND USE AGREEMENT

On October 1, 2008, the Authority entered into Airline-Airport Lease and Use Agreements (ALUA) with certain airlines serving the Airport (the Signatory Airlines) which expire on September 30, 2013. The ALUA sets forth the terms and conditions governing use of the airfield and apron areas of the Airport and the use and occupancy of space in the Landside Terminal and Airside Buildings. The ALUA provides for a compensatory rate-making methodology for use of the terminal facilities, a cost center residual rate-making methodology to establish landing fees for the use of the airfield, revenue sharing between the Authority and Signatory Airlines, and an Extraordinary Coverage Protection provision.

The ALUA establishes the procedure for reviewing the fees and charges at least annually so that for each fiscal year, revenues less operation and maintenance expenses, amounts required to be deposited into the Operation and Maintenance Reserve Account, the Capital Expenditures Account, and the Renewal and Replacement Account established under the Bond Resolution shall be equal to or greater than 1.25 times the aggregate principal and interest (other than capitalized interest) to become due and payable in such fiscal year on the then outstanding bonds. In the event the annual analysis of revenue is less than the requirement, the Authority can recover additional rates and charges, pursuant to an Extraordinary Coverage Protection provision from each Signatory Airline to cover any shortfall of the Authority's Rate Covenant. The Signatory Airlines also approved an increased scope of capital expenditures not subject to Majority-In-Interest approval.

The ALUA provides for the sharing of net revenues after the payment of debt service and other fund deposit requirements with the Signatory Airlines. For fiscal years 2009 and 2010, the net remaining revenues are divided between the Authority and the Signatory Airlines using an allocation percentage of 70% and 30%, respectively. The net remaining revenues will be divided between the Authority and the Signatory Airlines using an allocation percentage of 75% and 25%, respectively, for fiscal years 2011 through 2013. The net remaining revenues are deposited into the Discretionary Account and a liability is established for the Signatory Airline share. Checks are issued to the Signatory Airlines in the subsequent fiscal year. For the year ended September 30, 2009 Signatory Airline net revenue sharing totaled \$11.1 million as it relates to the ALUA.

For year ended September 30, 2009, no Signatory Airline's revenues under the ALUA represented more than 5% of operating revenues.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2009 and 2008

21. OUTSTANDING CONTRACTS

As of September 30, 2009 and 2008, the Authority had entered into construction contracts totaling approximately \$809.1 million and \$1.1 billion, respectively, for construction, engineering services and equipment. Approximately \$76.4 million and \$197.5 million remained unincurred as of September 30, 2009 and 2008, respectively. Grants and passenger facility charges will be utilized to fund a portion of these projects.

22. COMMITMENTS AND CONTINGENCIES

Grants: The Authority receives grants from federal and state assistance programs. Amounts received or receivable under these programs are subject to audit and adjustment. The amount, if any, of disallowed claims, including amounts already collected, cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

City of Orlando: The Operation and Use Agreement with the City of Orlando (Note 4) provided for certain future payments by the Authority to the City of Orlando in the amount of \$2.0 million in total plus 6% interest. The Agreement provides that all principal payments will be deferred and interest payments will be abated during the full term of airport revenue bonds issued for the construction of major new terminal facilities, runways or appurtenances at Orlando International Airport. It is improbable that this liability and related interest will be paid since the term of the revenue bonds issued for such items and the outstanding revenue bonds balance will extend beyond the terms of the Agreement. As of September 30, 2009, this contingent liability of the Authority amounted to approximately \$1.7 million.

Rental Car Agencies: The Authority has agreed to reimburse several car rental agencies for the unamortized residual value of their leasehold improvements at Orlando International Airport, if their leases are terminated by the Authority prior to their expiration dates. As of September 30, 2009, this contingent liability of the Authority amounted to approximately \$3.8 million.

Wetland Mitigation: Pursuant to environmental permits issued by the U. S. Army Corps of Engineers, the FDEP and the South Florida Water Management District (collectively, the Environmental Agencies), the Authority has been required to provide mitigation for impacts which Authority projects had on existing wetlands. Wetland mitigation includes the preservation of both upland and wetland land in their natural state, the enhancement of existing wetlands, and the creation of new wetland areas. Wetland mitigation may also include funding the acquisition of environmentally sensitive lands by third parties.

For Fiscal Year 2009, the Authority continued the monitoring and maintenance of both on-site and off-site wetland mitigation areas and preparation of applicable conservation easements. No new mitigation credits were acquired during this reporting period.

Construction Disputes: The Authority is not aware of any current dispute arising from the construction of improvements in which the contractors involved may seek additional compensation.

GREATER ORLANDO AVIATION AUTHORITY
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23. ENVIRONMENTAL LIABILITIES

The Authority has certain polluted sites primarily from chemical and fuel spills, asbestos, and former landfills whereas the Authority is named or will be named a responsible or potentially responsible party or where pollution remediation has already commenced with monitoring being completed as necessary. The Authority recorded a pollution remediation liability as of October 1, 2008, measured at \$4.1 million, using the expected cash flow technique. Under this technique, the Authority estimated a reasonable range of potential outlays and multiplied those outlays by their probability of occurring. This liability could change over time due to changes in costs of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation efforts. The possibility of recovery of some of these costs from outside governmental funding or other parties exists; however, the Authority only recognizes these recoveries in the financial statements as they become probable. A summary of the changes in liability for the year ended September 30, 2009, is as follows (in thousands):

	Balance October 1, 2008	Additions or adjustments	Payments Current Year	Balance September 30, 2009
Pollution remediation liability	\$ 4,143	\$ 57	\$ (214)	\$ 3,986
Unrealized recoveries	-	-	-	-
Net Pollution Remediation Liability	<u>4,143</u>	<u>57</u>	<u>(214)</u>	<u>3,986</u>
Reported as follows (shown in Current Accrued Liabilities and Other Long-Term Liabilities):				
Due within one year	161	224	(214)	171
Due after one year	3,982	(167)	-	3,815
Net Pollution Remediation Liability	<u>\$ 4,143</u>	<u>\$ 57</u>	<u>\$ (214)</u>	<u>\$ 3,986</u>
Realized Recoveries (shown in Cash and Cash Equivalents)	<u>\$ 1,545</u>	<u>\$ -</u>	<u>\$ (73)</u>	<u>\$ 1,472</u>

The Authority has certain land sites that are being evaluated for potential remediation, in accordance with GASB 49, or are in the post-remediation stage with monitoring being completed as necessary at Orlando International Airport. In addition, the Authority has a polluted site from chemical and fuel spills, whereas the Authority is involved in litigation at Orlando International Airport. The liabilities associated with these sites are not reasonably estimable and, as such are not recorded in the financial statements.

GREATER ORLANDO AVIATION AUTHORITY
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Years Ended September 30, 2009 and 2008

24. SUBSEQUENT EVENTS

Bond Issuance: On October 7, 2009, the Authority issued \$62.8 million Special Purpose Facilities Taxable Revenue Bonds, Series 2009 (the "Series 2009 Bonds") for the purpose of providing funds to pay costs and expenses associated with the design, construction and relocation of automobile rental facilities at the Orlando International Airport, fund the Debt Service Reserve Fund and Coverage Fund requirements, refund the Authority's taxable commercial paper debt used to provide interim financing and to pay certain costs of issuance. The Series 2009 Bonds are payable solely from and secured by a pledge of Pledged Revenues derived by the Authority from Customer Facility Charges or "CFCs". Upon issuance, \$25.0 million was deposited to the Project Fund; \$25.0 million repaid Commercial Paper; \$9.4 million was deposited to the Debt Service Reserve Fund; \$2.4 million was deposited to the Coverage Fund; and \$1.0 million of the proceeds were used to pay cost of issuance including underwriter's discount. In addition, \$5.0 million of existing CFCs on deposit with the Authority were transferred to establish the CFC Stabilization Fund. The average life of the bonds is 4.68 years and the True Interest Cost is 4.65%.

On December 17, 2009, the Authority issued \$87.1 million Airport Facilities Revenue Bonds, Series 2009C for the purpose of providing funds to pay costs and expenses related to improvements to Airside 1 and 3 (the "2009 PFC Project"), make a deposit to the Composite Reserve Subaccount of the Debt Service Reserve Account in an amount required to bring the balance equal to the Composite Reserve Requirement, repay a portion of the Authority's commercial paper debt that was used to provide an interim financing for certain costs of the 2009 PFC Project, and to pay certain costs of issuance of the Series 2009C Bonds. Upon issuance, \$39.6 million repaid commercial paper; \$45.2 million was used to reimburse PFC expenditures for projects and deposit to the Construction Fund; \$1.2 million was deposited to the Debt Service Reserve Fund; and \$1.1 million of the proceeds were used for cost of issuance including underwriter's discount. The average life of the bonds is 18.75 years and the True Interest Cost is 4.95%

Commercial Paper: There exists a Commercial Paper Program A, which is not to exceed \$250 million and Program B, which is not to exceed \$150 million. At any one time the aggregate principal amount of Commercial Paper Notes of all programs and all series may not exceed \$400 million. On November 5, 2009, the Letter of Credit for Program B expired and no Program B Commercial Paper Notes remained outstanding under Program B. In addition, the Agent for the Program B CP Banks gave notice to the Authority of the intent of the Program A CP Banks to terminate the Program A Letter of Credit on February 3, 2010. After the issuance of the 2009C Bonds, \$4,259,000 in Program A Commercial Paper Notes will remain outstanding which is expected to be repaid prior to the expiration of the Letter of Credit.

Line of Credit Indebtedness: On December 18, 2009, the Authority entered into an agreement with Wachovia Corporation to provide the Authority with a \$100 million line of credit. The line of credit is to be used as interim financing for capital projects in anticipation of the issuance of long term bonds and/or receipt of grants, PFCs, CFCs, Authority funds and other permanent funding sources. The term of the line of credit is three years. An upfront fee of \$150,000 plus attorney's fees was paid at closing from Authority funds. Fees for the unused portion of the line of credit are 25 basis points payable semi-annually. Draw fees are also payable semi-annually with taxable draws calculated based on LIBOR plus 200 basis points, adjusted monthly and fees for tax-exempt draws are calculated at 82% of LIBOR plus 131 basis points.

GREATER ORLANDO AVIATION AUTHORITY
REQUIRED SUPPLEMENT INFORMATION
SINGLE-EMPLOYER PENSION PLAN
SCHEDULE OF FUNDING PROGRESS
(in thousands)

Actuarial Valuation Date Oct. 1	Actuarial Value of Assets *	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2008	\$69,166	\$93,103	\$23,937	74%	\$15,205	157%
2007	63,465	85,767	22,302	74	15,018	148
2006	49,811	76,169	26,358	65	14,795	178

*The actuarial value of assets was set equal to market value for the October 1, 2008 actuarial valuation.

GREATER ORLANDO AVIATION AUTHORITY
SINGLE-EMPLOYER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS
(in thousands)

Actuarial Valuation Date Oct 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009 *	\$ -	\$ 70,869	\$ 70,869	-	\$ 33,755	209.95%
2008	-	47,780	47,780	-	38,008	125.71%
2007	-	44,082	44,082	-	36,536	120.65%

*During the year ended September 30, 2009 the assumption for the investment rate of return was changed from 6% for prior years to 4% for the current year.

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APPENDIX E

FORM OF CO-BOND COUNSEL OPINION

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APPENDIX E

FORM OF CO-BOND COUNSEL OPINION

Upon delivery of the Series 2010A Bonds and Series 2010B Bonds in definitive form, Nabors, Giblin & Nickerson, P.A., Tampa, Florida, and Ruye H. Hawkins, P.A., Orlando, Florida, Co-Bond Counsel, propose to render their opinions with respect to such Series 2010A Bonds and Series 2010B Bonds in substantially the following form:

April 15, 2010

Greater Orlando Aviation Authority
Orlando, Florida

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$79,705,000 Greater Orlando Aviation Authority Airport Facilities Revenue Bonds, Series 2010A (Non-AMT) of the City of Orlando, Florida (the "Series 2010A Bonds") and \$84,105,000 Greater Orlando Aviation Authority Airport Facilities Refunding Revenue Bonds, Series 2010B (AMT) of the City of Orlando, Florida (the "Series 2010B Bonds" and together with the 2010A Bonds, the "Series 2010 Bonds").

The Series 2010 Bonds are issued under and pursuant to the Greater Orlando Aviation Authority Act, Chapter 98-492, Laws of Florida, as amended (the "Act") and the Airport Facilities Revenue Bond Resolution Authorizing Airport Facilities Revenue Bonds of the City of Orlando, Florida adopted by the Greater Orlando Aviation Authority (the "Authority") on June 13, 1978, as codified on September 17, 2008, and as amended and supplemented, in particular as supplemented by separate resolutions of the Authority regarding the Series 2010A Bonds and the Series 2010B Bonds, each adopted on March 17, 2010 (collectively, the "Bond Resolution").

The Series 2010 Bonds are dated and shall bear interest from the date hereof, except as otherwise provided in the Bond Resolution. The Series 2010 Bonds will mature on the dates and in the principal amounts, and will bear interest at the respective rates per annum, as provided in the Bond Resolution. Interest on the Series 2010 Bonds shall be payable on October 1 and April 1 of each year, commencing on October 1, 2010. The Series 2010 Bonds are subject to redemption prior to maturity in accordance with the terms of the Bond Resolution.

The Series 2010A Bonds are being issued for the principal purposes of providing funds sufficient, together with other available funds of the Authority, to (i) finance all or a portion of the costs of the 2010 Projects, which includes certain PFC Projects (as such terms are defined in the Bond Resolution), (ii) make a deposit to the Composite Reserve Subaccount of the Debt Service Reserve Account, (iii) pay capitalized interest on the Series 2010A Bonds, and (iv) pay certain costs of issuance of the Series 2010A Bonds.

The Series 2010B Bonds are being issued for the principal purposes of (i) currently refunding a portion of the Greater Orlando Aviation Authority Airport Facilities Revenue Bonds, Series 1999A (AMT) of the City of Orlando, Florida (the "Refunded Bonds"), and (ii) paying certain costs of issuance of the Series 2010B Bonds. Certain proceeds of the Series 2010B Bonds, together with other legally available moneys of the Authority, shall be deposited into an escrow deposit trust fund (the "Escrow Fund") established pursuant to the Escrow Deposit Agreement, dated as of the date hereof (the "Escrow Deposit Agreement"), between the Authority and The Bank of New York Mellon Trust Company, N.A., and, except for a cash deposit, invested in direct obligations of the United States of America (the "Escrow Securities"), such that the principal of and interest on said obligations, together with any cash on deposit in the Escrow Fund, shall be sufficient to pay the principal of and interest on the Refunded Bonds, as the same become due or are redeemed prior to maturity.

As to questions of fact material to our opinion, we have relied upon the representations of the Authority contained in the Bond Resolution, the Escrow Deposit Agreement and in the certified proceedings relating thereto and to the issuance of the Series 2010 Bonds and other certifications of public officials furnished to us in connection therewith without undertaking to verify the same by independent investigation. We have also relied upon the opinion of Broad and Cassel as to the due creation and valid existence of the Authority and the opinion of the Office of Legal Affairs of the City of Orlando, Florida (the "City") as to the due adoption by the City of its approving resolution.

Based on the foregoing, we are of the opinion that:

1. The Authority is a duly created and validly existing agency of the City under the provisions of the Act.
2. The Authority has the right and power under the Act and the Constitution and Laws of the State of Florida to adopt the Bond Resolution, and the Bond Resolution has been duly and lawfully adopted by the Authority and approved by the City, is in full force and effect in accordance with its terms and is valid and binding upon the Authority and enforceable in accordance with its terms, and no other authorization for the Bond Resolution is required. The Bond Resolution creates the valid pledge which it purports to create of the Revenues (as such term is defined in the Bond Resolution) and certain other

funds and moneys described in Section 401 of the Bond Resolution (collectively, the "Pledged Funds"), subject to the provisions of the Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Bond Resolution.

3. The Authority is duly authorized and entitled to issue the Series 2010 Bonds, and the Series 2010 Bonds have been duly and validly authorized and issued by the Authority in accordance with the Act and the Constitution and Laws of the State of Florida and the Bond Resolution. The Series 2010 Bonds constitute valid and binding obligations of the Authority as provided in the Bond Resolution, are enforceable in accordance with their terms and the terms of the Bond Resolution and are entitled to the benefits of the Bond Resolution and the laws pursuant to which they are issued. The Series 2010 Bonds are issued on parity with certain other obligations of the Authority pursuant to the terms of the Bond Resolution. The Series 2010 Bonds do not constitute a general indebtedness of the Authority, the City, the State of Florida or any agency, department or political subdivision thereof, or a pledge of the faith and credit of such entities, but are payable solely from the Pledged Funds in the manner and to the extent provided in the Bond Resolution. The Authority has no taxing power. The Series 2010 Bonds are not secured by a lien on the Airport System (as defined in the Bond Resolution), or any other real or tangible property.

4. Under existing statutes, regulations, rulings and court decisions, (i) the interest on the Series 2010A Bonds (a) is excluded from gross income for federal income tax purposes, except for any period during which a Series 2010A Bond is held by a "substantial user" of the facilities financed or refinanced with proceeds of the Series 2010A Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and (b) will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (ii) the interest on the Series 2010B Bonds (a) is excluded from gross income for federal income tax purposes, except for any period during which a 2010B Bond is held by a "substantial user" of the facilities financed or refinanced with proceeds of the Series 2010B Bonds or a "related person" within the meaning of Section 147(a) of the Code, and (b) is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The opinions set forth above are subject to the condition that the Authority comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2010 Bonds in order that interest thereon be (or continues to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Series 2010 Bonds to be so included in gross income retroactive to the date of issuance of the Series 2010 Bonds. The Authority has covenanted to comply with all such requirements. Ownership of the Series 2010 Bonds may result in collateral

federal tax consequences to certain taxpayers. We express no opinion regarding such federal tax consequences arising with respect to the Series 2010 Bonds.

In rendering the opinions set forth above, we are relying upon (a) the arithmetical accuracy of certain computations included in schedules provided by Morgan Stanley & Co. Incorporated relating to the computations of projected receipts of the Escrow Securities and any other amounts deposited in the Escrow Fund, and of the adequacy of such projected receipts and other sums to pay the principal of and interest on the Refunded Bonds, and (b) the verifications of the arithmetical accuracy of such computations by Causey Demgen & Moore, Inc.

It should be noted that (1) except as may expressly be set forth in an opinion delivered by us to the underwriters (on which opinion only it may rely) for the Series 2010 Bonds on the date hereof, we have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2010 Bonds and we express no opinion relating thereto, and (2) we have not been engaged or undertaken to review the compliance with any federal or state law with regard to the sale or distribution of the Series 2010 Bonds and we express no opinion relating thereto.

The opinions expressed in paragraphs 2 and 3 hereof are qualified to the extent that the enforceability of the Bond Resolution and the Series 2010 Bonds may be limited by any applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

We have examined the forms of the Series 2010 Bonds and, in our opinion, the forms of the Series 2010 Bonds are regular and proper.

Respectfully submitted,

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

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APPENDIX F

FORM OF

CONTINUING DISCLOSURE AGREEMENT

by and between

GREATER ORLANDO AVIATION AUTHORITY

and

DIGITAL ASSURANCE CERTIFICATION, L.L.C.

relating to:

Greater Orlando Aviation Authority's

**\$ _____
Airport Facilities Revenue Bonds,
Series 2010A (Non-AMT)
of the City of Orlando, Florida**

and

\$ _____

**Airport Facilities Refunding Revenue Bonds,
Series 2010B (AMT)
of the City of Orlando, Florida**

DATED AS OF APRIL , 2010

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CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT** (this “Disclosure Agreement”) is dated as of April _____, 2010 by and between the **GREATER ORLANDO AVIATION AUTHORITY** (the “Authority”) and **DIGITAL ASSURANCE CERTIFICATION, L.L.C.** and any successor disclosure dissemination agent serving hereunder pursuant to Certification Section 12 hereof (in such capacity, the “Dissemination Agent” or “DAC”).

RECITALS:

A. Contemporaneously with the execution and delivery of this Disclosure Agreement, the Authority will issue its \$_____ Greater Orlando Aviation Authority Airport Facilities Revenue Bonds, Series 2010A (Non-AMT) of the City of Orlando, Florida (the “2010A Bonds”), and the \$_____ Greater Orlando Aviation Authority Airport Facilities Refunding Revenue Bonds, Series 2010B (AMT) of the City of Orlando, Florida (the “2010B Bonds” and together with the 2010A Bonds, the “2010 Bonds”) pursuant to the Authority’s Airport Facilities Revenue Bond Resolution adopted by the Authority on June 13, 1978, as amended and supplemented from time to time, including but not limited to the codified version adopted by the Authority on September 17, 2008 and as particularly supplemented by the Supplemental Airport Facilities Revenue Bond Resolution adopted by the Authority on March 17, 2010 (collectively, the “Bond Resolution”).

B. The Series 2010A Bonds are being issued for the purpose of providing funds sufficient, together with other available funds of the Authority, to: (a) finance all or a portion of the costs of the 2010 Projects, which include certain PFC Projects, (b) make a deposit to the Composite Reserve Subaccount of the Debt Service Reserve Account, if required, to bring the balance therein equal to the Composite Reserve Requirement, (c) pay capitalized interest on the Series 2010A Bonds, and (d) pay certain costs of issuance of the Series 2010A Bonds. The Series 2010B Bonds are being issued for the purpose of providing funds sufficient, together with other available funds of the Authority, to: (a) currently refund and redeem all or a portion of the Greater Orlando Aviation Authority’s Airport Facilities Revenue Bonds, Series 1999A of the City of Orlando, Florida, (the “Refunded Bonds”), and (b) pay certain costs of issuance of the Series 2010B Bonds.

C. The Authority has authorized the preparation and distribution of the Preliminary Official Statement dated March_____, 2010 with respect to the Series 2010 Bonds (the “Preliminary Official Statement”) and, on or before the date of the Preliminary Official Statement, the Authority deemed that the Preliminary Official Statement was final within the meaning of Rule 15c2-12, as amended (the “Rule”), of the Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended.

D. Upon the initial sale of the Series 2010 Bonds to the underwriters named in the herein referenced Official Statement (collectively, the “Underwriter”), the Authority authorized the preparation and distribution of the Official Statement dated _____, 2010 with respect to the Series 2010 Bonds (the “Official Statement”).

E. As a condition precedent to the initial purchase of the Series 2010 Bonds by the Underwriter in accordance with the Bond Purchase Agreement dated _____, 2010 (the “Bond Purchase Agreement”) by and among the Underwriter and the Authority, and in compliance with the Underwriter’s obligations under the Rule, the Authority has agreed to provide for the public disclosure of annual reports of financial information on an ongoing basis for so long as the Series 2010 Bonds remain outstanding as set forth herein and the Authority has agreed to retain the Dissemination Agent to perform certain disclosure dissemination tasks as provided for herein on its behalf.

NOW THEREFORE, in consideration of the purchase of the Series 2010 Bonds by the Underwriter and all subsequent Beneficial Owners of the Series 2010 Bonds, and the mutual promises and agreements made herein, the receipt and sufficiency of which consideration is hereby mutually acknowledged, the Authority and the Dissemination Agent do hereby certify and agree as follows:

Section 1. Incorporation of Recitals. The above recitals are true and correct and are incorporated into and made a part hereof.

Section 2. Definitions.

(a) For the purposes of this Disclosure Agreement, all capitalized terms used, but not otherwise defined, herein shall have the meanings ascribed thereto in the Bond Resolution and the Official Statement, as applicable.

(b) In addition to the terms defined elsewhere herein, the following terms shall have the following meanings for the purposes of this Disclosure Agreement:

“Actual knowledge” as used herein, and for the purposes hereof, a party shall be deemed to have “actual knowledge” of the occurrence of any event only if and to the extent the individual or individuals employed by such party and directly responsible for the administration of this Disclosure Agreement on behalf of such party have actual knowledge of or receive written notice of the occurrence of such event.

“Annual Filing” means any annual report provided by the Authority, pursuant to and as described in Section 6 of this Disclosure Agreement.

“Annual Filing Date” means the date, set forth in Sections 4(a) and 4(f) herein, by which the Annual Filing is to be filed with the Repositories.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 6(a) of this Disclosure Agreement.

“Audited Financial Statements” means the financial statements (if any) of the Authority for the prior Fiscal Year, certified by an independent auditor as prepared in accordance with generally accepted accounting standards and Government Auditing Principles issued by the Comptroller General of the United States.

“Beneficial Owner” shall mean any individual beneficial owner of the Series 2010 Bonds. Beneficial ownership is to be determined consistent with the definition thereof contained in Rule 13d-3 of the Securities Exchange Act of 1934, as amended, or, in the event such provisions do not adequately address the situation at hand (in the opinion of nationally recognized bond counsel), beneficial ownership is to be determined based upon ownership for federal income tax purposes.

“Disclosure Representative” means the Chief Financial Officer of the Authority or his or her designee, or such other person as the Authority shall designate in writing to the Dissemination Agent from time to time as the person responsible for providing Information to the Dissemination Agent.

“Dissemination Agent” means Digital Assurance Certification, L.L.C., acting in its capacity as initial Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Authority pursuant to Section 12 hereof.

“EMMA” means the MSRB’s Electronic Municipal Market Access system authorized by the SEC in accordance with the Rule. Further information regarding EMMA can be retrieved by visiting the web site “<http://emma.msrb.org/>”.

“Filing” means, as applicable, any Annual Filing or Notice Event Filing or any other notice or report made public under this Disclosure Agreement.

“Fiscal Year” shall mean the fiscal year of the Authority, which currently is the twelve month period beginning October 1 and ending on September 30 of the following year or any such other twelve month period designated by the Authority to be its fiscal year.

“Information” means the Annual Financial Information, the Audited Financial Statements (if any), the Notice Event Filings, and the Voluntary Reports.

“MSRB” means the Municipal Securities Rulemaking Board, or any successor to its functions for the purpose of the Rule; the address, phone number and fax number of the MSRB for the purposes of the Rule as of the date hereof are set forth on Exhibit A hereto.

“Notice Event Filing” shall have the meaning specified in Section 5(a) hereof.

“Notice Event” shall have the meaning specified in Section 5(a) hereof.

“State Depository” or **“SID”** means the information depository, if any, designated by the State of Florida for the purposes of the Rule or for similar municipal securities information depository purposes.

“Voluntary Report” means the information provided to the Dissemination Agent by the Authority pursuant to Section 8 hereof.

Section 3. Scope of this Disclosure Agreement.

(a) The Authority has agreed to enter into this Disclosure Agreement, undertake the disclosure obligations hereunder and retain the Dissemination Agent to perform the disclosure dissemination tasks set forth herein on its behalf, all at the request of the Underwriter and as a condition precedent to the Underwriter's purchase of the Series 2010 Bonds in order to assist the Underwriter with compliance with the Rule. The disclosure obligations of the Authority under this Disclosure Agreement relate solely to the Series 2010 Bonds. Such disclosure obligations are not applicable to any other securities issued or to be issued by the Authority, whether issued for the benefit of the Authority or otherwise, nor to any other securities issued by or on behalf of the Authority.

(b) Neither this Disclosure Agreement, nor the performance by the Authority or the Dissemination Agent of their respective obligations hereunder, shall create any third-party beneficiary rights, shall be directly enforceable by any third-party, or shall constitute a basis for a claim by any person except as expressly provided herein and except as required by law, including, without limitation, the Rule; provided, however, the Underwriter and each Beneficial Owner of the Series 2010 Bonds are hereby made third-party beneficiaries hereof (collectively and each respectively, a "Third-Party Beneficiary") and shall have the right to enforce the obligations of the parties hereunder pursuant to Section 9 hereof.

(c) This Disclosure Agreement shall terminate upon the defeasance, redemption or payment in full of all Series 2010 Bonds, subject to the Dissemination Agent's removal, or right to resign under Sections 11 and 12 hereof.

Section 4. Annual Filings. (a) The Authority shall provide, annually, an electronic copy of the Annual Filing to the Dissemination Agent not later than 15 days prior to the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Filing, the Dissemination Agent shall provide the Annual Filing to MSRB, through EMMA, and the State Depository (if any) not later than 210 days after the end of each Fiscal Year, commencing with the Fiscal Year ending September 30, 2010. Such dates and each anniversary thereof is the Annual Filing Date. The Annual Filing 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 hereof.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Dissemination Agent has not received a copy of the Annual Filing, the Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Authority of its undertaking to provide the Annual Filing pursuant to Section 4(a) hereof. Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Filing no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Dissemination Agent in writing that the Authority will not be able to file the Annual Filing within the time required under this Disclosure Agreement, state the date by which the Annual Filing for such year will be provided and instruct the Dissemination Agent that a Notice Event as described in Section 5(a)(10) hereof has occurred and to immediately send a notice to the MSRB, through EMMA, and the State Depository (if any) .

(c) If the Dissemination Agent has not received an Annual Filing by 12:00 noon on the first business day following the Annual Filing Date for the Annual Filing, a Notice Event described in Section 5(a)(10) hereof shall have occurred and the Authority irrevocably directs the Dissemination Agent to immediately send a notice to the MSRB, through EMMA, and the State Depository (if any).

(d) If Audited Financial Statements of the Authority are prepared but not available prior to the Annual Filing Date, the Authority shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Dissemination Agent, accompanied by a Certificate for filing with the MSRB, through EMMA, and the State Depository (if any).

(e) The Dissemination Agent shall:

- (i) upon receipt, promptly file each Annual Filing received under Section 4(a) hereof with the MSRB, through EMMA, and the State Depository, (if any);
- (ii) upon receipt, promptly file each Audited Financial Statement received under Section 4(d) hereof with the MSRB, through EMMA, and the State Depository (if any);
- (iii) upon receipt, promptly file the text of each disclosure to be made with the MSRB, through EMMA, and the State Depository (if any) together with a completed copy of the MSRB Material Event Notice Cover Sheet in the form attached as Exhibit C, describing the event by checking the box indicated below when filing pursuant to the Section of this Disclosure Agreement indicated:
 - 1. “Principal and interest payment delinquencies,” pursuant to Sections 5(c) and 5(a)(1) hereof;
 - 2. “Non-payment related defaults,” pursuant to Sections 5(c) and 5(a)(2) hereof;
 - 3. “Unscheduled draws on debt service reserves reflecting financial difficulties,” pursuant to Sections 5(c) and 5(a)(3) hereof;
 - 4. “Adverse tax opinions,” pursuant to Sections 5(c) and 5(a)(4) hereof;
 - 5. “Modifications to rights of Owners,” pursuant to Sections 5(c) and 5(a)(5) hereof;
 - 6. “Unscheduled Bond calls,” pursuant to Sections 5(c) and 5(a)(6) hereof;
 - 7. “Defeasances,” pursuant to Sections 5(c) and 5(a)(7) hereof;

8. “Release, substitution, or sale of property securing repayment of the Series 2010 Bonds,” pursuant to Sections 5(c) and 5(a)(8) hereof;
9. “Ratings changes,” pursuant to Sections 5(c) and 5(a)(9) hereof;
10. “Failure to provide annual financial information as required,” pursuant to Section 4(b)(ii) or Section 4(d) hereof;
11. “Other material event notice (specify),” pursuant to Section 8 hereof, together with the summary description provided by the Disclosure Representative.

- (iv) provide the Authority evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Dissemination Agent under this Disclosure Agreement.

(f) The Authority may adjust the Annual Filing Date upon change of its Fiscal Year by providing written notice of such change and the new Annual Filing Date to the Dissemination Agent and the MSRB, through EMMA, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

- (g) Each Annual Filing shall contain the information set forth in Section 6 hereof.

Section 5. Reporting of Notice Events.

(a) The occurrence of any of the following events, if material, with respect to the Series 2010 Bonds constitutes a Notice Event:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Adverse tax opinions or events affecting the tax-exempt status of the Series 2010 Bonds;
- (5) Modifications to rights of Owners;
- (6) Unscheduled Bond calls;
- (7) Defeasances;
- (8) Release, substitution or sale of property securing repayment of the Series 2010 Bonds;
- (9) Rating changes;

- (10) Failure of the Authority to provide an Annual Filing as required hereunder; or
- (11) other material event notice (specify), pursuant to Section 8 hereof, together with the summary description provided by the Disclosure Representative.

The Authority shall promptly notify the Dissemination Agent in writing upon having actual knowledge of the occurrence of a Notice Event. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (c) of this Section 5. Such notice shall be accompanied with the text of the disclosure that the Authority desires to make (each a “Notice Event Filing”), the written authorization of the Authority for the Dissemination Agent to disseminate such information, and the date the Authority desires for the Dissemination Agent to disseminate the information.

(b) The Dissemination Agent is under no obligation to notify the Authority or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within five business days of receipt of such notice, instruct the Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 5, together with the text of the disclosure that the Authority desires to make, the written authorization of the Authority for the Dissemination Agent to disseminate such information, and the date the Authority desires for the Dissemination Agent to disseminate the information.

(c) If the Dissemination Agent has been instructed by the Authority as prescribed in subsection (a) or (b)(ii) of this Section 5 to report the occurrence of a Notice Event, the Dissemination Agent shall promptly file a notice of such occurrence with the MSRB, through EMMA, and the State Depository (if any).

Section 6. Content of Annual Filings.

(a) Each Annual Filing of the Authority shall contain Annual Financial Information with respect to the Authority, including, to the extent not set forth in the CAFR (as hereinafter defined):

(1) Annual, updated historical financial and operating data for the Authority of the type included in those sections of the Official Statement captioned “AUTHORITY FINANCIAL INFORMATION” and “THE GREATER ORLANDO AVIATION AUTHORITY AIRPORT SYSTEM,” consisting of information provided in the tables titled, “Historical Debt Service Coverage Per Bond Resolution,” “Statement of Revenues and Expenses,” “Historical Enplaned Passengers,” “Airlines Serving Orlando International Airport,” “Historical Airline Market Shares,” “International Enplaned Passengers” and “Passenger Facility Charges”; and

(2) A description of any material litigation which would have been disclosed in the Official Statement if such litigation were pending at the time the Official Statement was prepared.

(b) If available at the time of such filing, the Audited Financial Statements of the Authority for the prior Fiscal Year. If the Authority's Audited Financial Statements are not available by the time the Annual Filing is required to be filed pursuant to Section 4(a) hereof, the Annual Filing shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the Audited Financial Statements shall be filed in the same manner as the Annual Filing when they become available. Audited Financial Statements (if any) will be provided pursuant to Section 3(d) hereof.

(c) The Authority's Comprehensive Annual Financial Report ("CAFR") for the immediately preceding Fiscal Year.

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Authority is an "obligated person" (as defined by the Rule), which have been previously filed with each of the National Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Authority will clearly identify each such document so incorporated by reference.

Section 7. Responsibility for Content of Reports and Notices.

(a) The Authority shall be solely responsible for the content of each Filing (or any portion thereof) provided to the Dissemination Agent pursuant to this Disclosure Agreement. The Dissemination Agent shall not be responsible for reviewing or verifying the accuracy or completeness of any such Filings.

(b) Each Filing distributed by the Dissemination Agent pursuant to Section 4 or 5 hereof shall be in a form suitable for distributing publicly and shall contain the CUSIP numbers of the Series 2010 Bonds and shall be in substantially the form set forth in Exhibit B hereto. If an item of information contained in any Filing pursuant to this Disclosure Agreement would be misleading without additional information, the Authority shall additionally include such additional information as a part of such Filing as may be necessary in order that the Filing will not be misleading in light of the circumstances in which made.

(c) Nothing in this Disclosure Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Filing or Notice Event Filing, in addition to that which is required by this Disclosure Agreement. If the Authority chooses to include any information in any Annual Filing or Notice Event Filing in addition to the information specifically required by this Disclosure Agreement, then and in such cases, the Authority shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Filing or Notice Event Filing.

(d) Any report, notice or other filing to be made public pursuant to this Disclosure Agreement may consist of a single document or separate documents comprising a package and may incorporate by reference other clearly identified documents or specified portions thereof previously filed with the MSRB or the SEC, provided that any final official statement incorporated by reference must be available from the MSRB.

(e) Notwithstanding any provision herein to the contrary, nothing in this Disclosure Agreement shall be construed to require the Authority or the Dissemination Agent to interpret or provide an opinion concerning information made public pursuant to this Disclosure Agreement.

(f) Notwithstanding any provision herein to the contrary, the Authority shall not make public, or direct the Dissemination Agent to make public, information which is not permitted to be publicly disclosed under any applicable data confidentiality or privacy law or other legal requirement.

Section 8. Voluntary Reports.

(a) The Authority may instruct the Dissemination Agent to file information with the MSRB, through EMMA, and the State Depository (if any), from time to time pursuant to a Certification of the Disclosure Representative accompanying such information (a “Voluntary Report”).

(b) Nothing in this Disclosure Agreement shall be deemed to prevent the Authority from disseminating any other information through the Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Annual Financial Statement, Voluntary Report or Notice Event Filing, in addition to that required by this Disclosure Agreement. If the Authority chooses to include any information in any Annual Report, Annual Financial Statement, Voluntary Report or Notice Event Filing in addition to that which is specifically required by this Disclosure Agreement, the Authority shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Annual Financial Statement, Voluntary Report or Notice Event Filing.

(c) Notwithstanding the foregoing provisions of this Section 8, the Authority is under no obligation to provide any Voluntary Report.

Section 9. Defaults; Remedies.

(a) A party shall be in default of its obligations hereunder if it fails and refuses to carry out or perform its obligations hereunder for a period of five business days following notice of default given in writing to such party by any other party hereto or by any Third Party Beneficiary hereof, unless such default is cured within such five business day notice period. An extension of such five business day cure period may be granted for good cause (in the reasonable judgment of the party granting the extension) by written notice from the party who gave the default notice.

(b) If a default occurs and continues beyond the cure period specified above, any nondefaulting party or any Third-Party Beneficiary may seek specific performance of the

defaulting party's obligations hereunder as the sole and exclusive remedy available upon any such default, excepting, however, that the party seeking such specific performance may recover from the defaulting party any reasonable attorneys' fees and expenses incurred in the course of enforcing this Disclosure Agreement as a consequence of such default. Each of the parties hereby acknowledges that monetary damages will not be an adequate remedy at law for any default hereunder, and therefore agrees that the exclusive remedy of specific performance shall be available in proceedings to enforce this Disclosure Agreement.

(c) Notwithstanding any provision of this Disclosure Agreement or the Bond Resolution to the contrary, no default under this Disclosure Agreement shall constitute a default or event of default under the Bond Resolution.

Section 10. Amendment or Modification.

(a) This Disclosure Agreement shall not be amended or modified except as provided in this Section and, except as provided in subsection (b) hereof, may not be amended or modified except in writing executed by the Dissemination Agent and the Authority. No modification, amendment, alteration or termination of all or any part of this Disclosure Agreement shall be construed to be, or operate as, altering or amending in any way the provisions of the Bond Resolution.

(b) The address, telephone numbers, et cetera, of the MSRB or any State Depository subsequently designated by the State of Florida shall be automatically amended from time to time as necessary.

(c) This Disclosure Agreement shall be amended or modified from time to time as may be necessary or desirable to conform the terms hereof to the Rule or any official release of the SEC with respect to the Rule, to the extent applicable to the subject matter hereof, provided, however, that (i) this Disclosure Agreement as so amended would have complied with the Rule at the time of initial issuance and sale of the Series 2010 Bonds, after taking into account any amendments or interpretative releases of the SEC with respect to the Rule and any change in circumstances occurring since such time of initial issuance and sale and (ii) the amendment does not materially impair the interests of the Beneficial Owners of the Series 2010 Bonds, as determined by either (1) an opinion of nationally recognized bond counsel firm or (2) approving vote of the owners of the Series 2010 Bonds in accordance with the procedures and requirements substantially similar to those applicable to amendments to the Bond Resolution (including, without limitation, the percentage of Bondholders whose approval is required).

(d) The Authority shall prepare or cause to be prepared a notice of any such amendment or modification and shall direct the Dissemination Agent to make such notice public in accordance with Section 5(a)(11) hereof.

Section 11. Reimbursement of Dissemination Agent's Expenses. The Dissemination Agent shall be reimbursed by the Authority for all out-of-pocket expenses incurred by it in performance of its duties under this Disclosure Agreement, payable promptly upon written request. The Dissemination Agent shall have the right to resign and terminate its

agency relationship and all of its obligations under this Disclosure Agreement upon non-payment of its expenses by written notice to the Authority.

Section 12. Agency Relationship.

(a) The Dissemination Agent agrees to perform such duties, but only such duties, as are specifically set forth in this Disclosure Agreement, and no implied duties or obligations of any kind shall be read into this Disclosure Agreement with respect to the Dissemination Agent. The Dissemination Agent may conclusively rely, as to the truth, accuracy and completeness of the statements set forth therein, upon all notices, reports, certificates or other materials furnished to the Dissemination Agent pursuant to this Disclosure Agreement, and in the case of notices and reports required to be furnished to the Dissemination Agent pursuant to this Disclosure Agreement, the Dissemination Agent shall have no duty whatsoever to examine the same to determine whether they conform to the requirements of this Disclosure Agreement.

(b) The Dissemination Agent shall not be liable for any error of judgment made in good faith by a responsible officer or officers of the Dissemination Agent unless it shall be proved that the Dissemination Agent engaged in negligent or willful misconduct in ascertaining the pertinent facts related thereto.

(c) The Dissemination Agent shall perform its rights and duties under this Disclosure Agreement using the same standard of care as a prudent person would exercise under the circumstances, and the Dissemination Agent shall not be liable for any action taken or failure to act in good faith under this Disclosure Agreement unless it shall be proven that the Dissemination Agent was negligent or engaged in willful misconduct.

(d) The Dissemination Agent may perform any of its duties hereunder by or through attorneys or agents selected by it with reasonable care, and shall be entitled to the advice of counsel concerning all matters arising hereunder, and may in all cases pay such reasonable compensation as it may deem proper to all such attorneys and agents, and the Dissemination Agent shall not be responsible for the acts or negligence of such attorneys, agents or counsel if selected with reasonable care.

(e) None of the provisions of this Disclosure Agreement or any notice or other document delivered in connection herewith shall require the Dissemination Agent to advance, expend or risk its own funds or otherwise incur financial liability in the performance of any of the Dissemination Agent's duties or rights under this Disclosure Agreement.

(f) The Dissemination Agent shall not be required to monitor the compliance of the Authority with the provisions of this Disclosure Agreement or to exercise any remedy, institute a suit or take any action of any kind without indemnification satisfactory to the Dissemination Agent.

(g) The Dissemination Agent may include in any dissemination correspondence enclosing or furnishing any Notice Event Filings made public by it under this Disclosure Agreement the following disclaimer with respect to the source of the information contained in, and the identity of the party responsible for compiling or preparing, such reports or notices: "The information set forth in the attached notice has been provided by the Greater Orlando

Aviation Authority (the “Authority”) to Digital Assurance Certification, L.L.C. in its capacity as disclosure dissemination agent (the “Dissemination Agent”) for the Authority, together with written dissemination directions to the Dissemination Agent. The Dissemination Agent has not prepared or verified, and is not responsible in any way for, the content of this notice or the accuracy, timeliness or completeness thereof. Under no circumstances shall the Dissemination Agent and the Authority have any obligation or liability to any person or entity for (a) any loss, damage, cost, liability or expense in whole or in part caused by, resulting from, or relating to any error (negligent or otherwise) or other circumstances involved in processing, collecting, compiling or interpreting the data included in this notice or (b) for any direct, indirect, special, consequential, incidental or punitive damages whatsoever arising from any investment decision or otherwise. This notice has not been reviewed or approved by any state or federal regulatory body.”

(h) The Dissemination Agent may resign at any time by giving at least ninety (90) days prior written notice thereof to the Authority. The Dissemination Agent may be removed for good cause at any time by written notice to the Dissemination Agent from the Authority, provided that such removal shall not become effective until a successor dissemination agent has been appointed by the Authority under this Disclosure Agreement.

(i) In the event the Dissemination Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Dissemination Agent for any reason, the Authority shall promptly appoint a successor. Notwithstanding any provision to the contrary in this Disclosure Agreement or elsewhere, the Authority may appoint themselves to serve as Dissemination Agent hereunder.

(j) Any company or other legal entity into which the Dissemination Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which the Dissemination Agent may be a party or any company to whom the Dissemination Agent may sell or transfer all or substantially all of its agency business shall be the successor dissemination agent hereunder without the execution or filing of any paper or the performance of any further act and shall be authorized to perform all rights and duties imposed upon the Dissemination Agent by this Disclosure Agreement, anything herein to the contrary notwithstanding.

Section 13. Miscellaneous.

(a) Each of the parties hereto represents and warrants to each other party that it has (i) duly authorized the execution and delivery of this Disclosure Agreement by the officers of such party whose signatures appear on the execution pages hereto, (ii) that it has all requisite power and authority to execute, deliver and perform under this Disclosure Agreement under applicable law and any resolutions, ordinances or other actions of such party now in effect, (iii) that the execution and delivery of this Disclosure Agreement, and performance of the terms hereof, does not and will not violate any law, regulation, ruling, decision, order, indenture, decree, agreement or instrument by which such party or its property or assets is bound, and (iv) such party is not aware of any litigation or proceeding pending, or, to the best of such party’s knowledge, threatened, contesting or questioning its existence, or its power and authority to enter into this Disclosure Agreement, or its due authorization, execution and delivery of this

Disclosure Agreement, or otherwise contesting or questioning the issuance of the Series 2010 Bonds.

(b) This Disclosure Agreement shall be governed by and interpreted in accordance with the laws of the State of Florida and applicable federal law.

(c) If any provision hereof shall be held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions hereof shall survive and continue in full force and effect.

(d) This Disclosure Agreement may be executed in one or more counterparts, each and all of which shall constitute one and the same instrument.

Section 14. CUSIP Numbers. Whenever providing information to the Dissemination Agent, including but not limited to Annual Filing, documents incorporated by reference to the Annual Filing, Audited Financial Statements, Notice Event Filings, and Voluntary Reports filed pursuant to Section 8(a) hereof, the Authority shall indicate the full name of the Series 2010 Bonds and the 9-digit CUSIP numbers for the Series 2010 Bonds as to which the provided information relates.

Section 15. Submission of Information to the MSRB. Subject to future changes in submission rules and regulations, Information disclosed hereunder shall be provided to the MSRB, through EMMA, in portable document format (“PDF”) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. As of January 1, 2010, such PDF files shall be word-searchable (allowing the user to search for specific terms used within the document through a search or find function available in a software package).

Subject to future changes in submission rules and regulations, at the time that such information is submitted to the MSRB, through EMMA, the Dissemination Agent shall also provide to the MSRB information necessary to accurately identify:

- (a) the category of information being provided;
- (b) the period covered by the CAFR, any annual financial information, financial statements or other financial information or operating data;
- (c) the issues or specific securities to which such submission is related or otherwise material (including CUSIP number, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate);
- (d) the name of any obligated person other than the Authority;
- (e) the name and date of the document being submitted; and
- (f) contact information for the submitter.

**SIGNATURE PAGE TO
CONTINUING DISCLOSURE AGREEMENT**

IN WITNESS WHEREOF, the Authority and the Dissemination Agent have each caused their duly authorized officers to execute this Continuing Disclosure Agreement to be effective as of the day and year so specified hereinabove.

**GREATER ORLANDO AVIATION
AUTHORITY**

By: _____
Jeffry B. Fuqua, Chairman

**SIGNATURE PAGE TO
CONTINUING DISCLOSURE AGREEMENT**

IN WITNESS WHEREOF, the Authority and the Dissemination Agent have each caused their duly authorized officers to execute this Continuing Disclosure Agreement to be effective as of the day and year so specified hereinabove.

**DIGITAL ASSURANCE
CERTIFICATION, L.L.C.,**
as Dissemination Agent

By: _____
Name: _____
Title: _____

EXHIBIT A

Municipal Securities Rulemaking Board

Municipal Securities Rulemaking Board
1640 King Street
Suite 300
Alexandria, Virginia 22314-2719
Phone: (202) 223-9503
Fax: (202) 872-0347/(703) 683-1930

EXHIBIT B

**NOTICE TO MSRB
[AND STATE DEPOSITORY] OF THE OCCURRENCE OF
[INSERT THE NOTICE EVENT]**

Relating to

\$ _____
**Airport Facilities Revenue Bonds,
Series 2010A (Non-AMT)
of the City of Orlando, Florida**

\$ _____
**Airport Facilities Refunding Revenue Bonds,
Series 2010B (AMT)
of the City of Orlando, Florida**

**Originally Issued on [_____, 2010]
[**CUSIP NUMBERS**]**

Notice is hereby given by the Greater Orlando Aviation Authority (the “Authority”), as obligated person with respect to the above-referenced Bonds issued by the Authority, under the Securities and Exchange Commission’s Rule 15c2-12, that **[**INSERT THE NOTICE EVENT**]** has occurred. **[**DESCRIBE NOTICE EVENT AND MATERIAL CIRCUMSTANCES RELATED THERETO**]**.

This Notice is based on the best information available to the Authority at the time of dissemination hereof and is not guaranteed by the Authority as to the accuracy or completeness of such information. The Authority will disseminate additional information concerning **[**NOTICE EVENT**]**, if material, as and when such information becomes available to the Authority. **[**Any questions regarding this notice should be directed in writing only to the Authority. However, the Authority will not provide additional information or answer questions concerning [**NOTICE EVENT**] except in future written notices, if any, disseminated by the Authority in the same manner and to the same recipients as this Notice**]**.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

DISCLAIMER: All information contained in this Notice has been obtained by the Authority from sources believed to be reliable as of the date hereof. Due to the possibility of human or mechanical error as well as other factors, however, such information is not guaranteed as to the accuracy, timeliness or completeness. Under no circumstances shall the Authority have any liability to any person or entity for (a) any loss, damage, cost, liability or expense in whole or in part caused by, resulting from or relating to this Notice, including, without limitation, any error (negligent or otherwise) or other circumstances involved in procuring, collecting, compiling, interpreting, analyzing, editing, transcribing, transmitting, communicating or delivering any information contained in this Notice or (b) any direct, indirect, special, consequential or incidental damages whatsoever related thereto.

Dated: _____

**GREATER ORLANDO AVIATION
AUTHORITY**

By: _____
Name: _____
Title: _____

EXHIBIT C

MATERIAL EVENT NOTICE COVER SHEET

This cover sheet and material event notice should be sent to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access system, and the State Information Depository, if applicable, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Authority's and/or Other Obligated Person's Name: _____

Authority's Six-Digit CUSIP Number: _____ or Nine-Digit CUSIP Number(s) of the certificates to which this material event notice relates:

Number of pages of attached material event notice: _____

Description of Material Events Notice (Check One):

1. ☐ Principal and interest payment delinquencies
2. ☐ Non-payment related defaults
3. ☐ Unscheduled draws on debt service reserves reflecting financial difficulties
4. ☐ Unscheduled draws on credit enhancements reflecting financial difficulties
5. ☐ Substitution of credit or liquidity providers, or their failure to perform
6. ☐ Adverse tax opinions or events affecting the tax-exempt status of the Series 2010 Bonds
7. ☐ Modifications to rights of Bondholders
8. ☐ Unscheduled Bond calls
9. ☐ Defeasances
10. ☐ Release, substitution, or sale of property securing repayment of the Series 2010 Bonds
11. ☐ Rating changes
12. ☐ Failure to provide annual financial information as required
13. ☐ Other material event notice (specify) _____

I hereby represent that I am authorized by the Authority or its agent to distribute this information publicly:

Signature: _____

Name: _____ Title: _____

Employer: Digital Assurance Certification, L.L.C.

Address: _____

City, State, Zip Code: _____

Voice Telephone Number: _____

Please print the material event notice attached to this cover sheet in 10-point type or larger, The cover sheet and notice may be submitted electronically to the MSRB through its Electronic Municipal Market Access system, which can be accessed by visiting the website <http://emma.msrb.org/>. Contact the MSRB at (703) 797-6600 with questions regarding this form or the dissemination of this notice

**GREATER ORLANDO AVIATION AUTHORITY • AIRPORT FACILITIES REVENUE BONDS, SERIES 2010A (Non-AMT) OF THE CITY OF ORLANDO, FLORIDA
AND AIRPORT FACILITIES REFUNDING REVENUE BONDS, SERIES 2010B (AMT) OF THE CITY OF ORLANDO, FLORIDA**



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