NEW ISSUE
FULL BOOK-ENTRY

Ratings:
Moody's: A3
S&P: A
Fitch: A
(See "RATINGS" herein)

In the opinion of Bond Counsel, under existing law, (1) interest on the 2011 Bonds will be taxable as ordinary income for federal income tax purposes and (2) interest on the 2011 Bonds is exempt from State of North Carolina income taxation. See "TAX TREATMENT" herein.

$60,295,000
CITY OF CHARLOTTE, NORTH CAROLINA
Taxable Airport Special Facilities Revenue Bonds
(Consolidated Car Rental Facilities Project), Series 2011

Dated: Date of Issuance **Due:** As shown on inside cover

This Official Statement has been prepared by the City of Charlotte, North Carolina (the "*City*") to provide information on the Bonds offered hereby (the "*2011 Bonds*"). Selected information is presented on this cover page for the convenience of the user. Investors must read the entire Official Statement, including the Appendices attached hereto, to obtain information essential to the making of an informed investment decision.

Security:	**The 2011 Bonds and all other Bonds Outstanding, if any, under the General Indenture (as defined herein), are special obligations of the City, secured solely by the pledge of Revenues consisting primarily of CFCs and Contingent Rent (as defined herein), except to the extent payable from proceeds of the 2011 Bonds, certain investment earnings and certain net insurance and other proceeds. Neither the credit nor the taxing power of the City or the State of North Carolina (the "*State*") or any of the State's political subdivisions is pledged for the payment of the principal of, premium if any, or interest on the 2011 Bonds. No Owner of the 2011 Bonds has the right to compel the exercise of the taxing power of the State, the City or any of the State's political subdivisions or the forfeiture of any of their respective properties in connection with any default on the 2011 Bonds. The principal of and premium, if any, and interest on the 2011 Bonds are payable solely from the Revenues pledged by the City and neither the State, the City nor any of the State's political subdivisions is obligated to pay the principal of, premium, if any, or interest on the 2011 Bonds except from such Revenues.** See **"SECURITY AND SOURCES OF PAYMENT"** herein.
Redemption:	The 2011 Bonds will be subject to optional redemption, extraordinary redemption and mandatory redemption pursuant to sinking fund provisions, as described herein.
Issued Pursuant to:	The 2011 Bonds will be issued pursuant to The State and Local Government Revenue Bond Act, specifically, Article 5, Chapter 159 of the General Statutes of North Carolina, as amended; a General Trust Indenture dated as of November 1, 2011 (the "*General Indenture*"), between the City and U.S. Bank National Association, as trustee (the "*Trustee*"); and Series Indenture, Number 1, dated as of November 1, 2011, between the City and the Trustee ("*Series Indenture*, *Number 1*").
Purpose:	The City is issuing the 2011 Bonds to obtain funds to (1) finance the design, equipping, development, construction and furnishing of a new consolidated rental car facility at the Airport (the "*CONRAC*") and related facilities and improvements thereto, (2) fund a deposit to the Debt Service Reserve Fund and (3) pay related financing costs.
Interest Payment Dates:	January 1 and July 1 of each year, commencing July 1, 2012.
Denomination:	$5,000 or integral multiples thereof.
Closing/Delivery Date:	On or about November 9, 2011.
Registration:	Full book-entry only; The Depository Trust Company. See **APPENDIX F** hereto.
Trustee:	U.S. Bank National Association, Charlotte, North Carolina.
Financial Advisor:	DEC Associates, Inc., Charlotte, North Carolina.
Bond Counsel:	Parker Poe Adams & Bernstein LLP, Charlotte, North Carolina.
City Counsel:	DeWitt F. McCarley, Esq., Charlotte, North Carolina.
Underwriters' Counsel:	McGuireWoods LLP, Charlotte, North Carolina.

BofA Merrill Lynch **Wells Fargo Securities**

October 19, 2011

MATURITY SCHEDULE

\$60,295,000 2011 Bonds
\$3,185,000 Serial 2011 Bonds

Maturity (July 1)	Amount	Interest Rate	Yield
2014	$ 1,035,000	2.476%	2.476%
2015	1,060,000	2.576	2.576
2016	1,090,000	3.201	3.201

\$6,150,000 4.557% Term 2011 Bonds due July 1, 2021 Yield 4.557%

\$18,330,000 5.813% Term 2011 Bonds due July 1, 2031 Yield 5.813%

\$32,630,000 6.063% Term 2011 Bonds due July 1, 2041 Yield 6.063%

Principal is payable on July 1. Interest is payable on January 1 and July 1, beginning July 1, 2012.

IN CONNECTION WITH THIS OFFERING, MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED AND WELLS FARGO BANK, N.A (THE "*UNDERWRITERS*") MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2011 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon. This Official Statement and its electronic distribution does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any offer or sale of the 2011 Bonds by any person in any jurisdiction in which it is not lawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City and other sources that are deemed to be reliable, but is not guaranteed as to accuracy or completeness by the Underwriters and is not to be construed as a representation by the Underwriters.

NEITHER THE 2011 BONDS NOR THE INDENTURES (AS DEFINED HEREIN) HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTION 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED AND SECTION 304(a)(4) OF THE TRUST INDENTURE ACT OF 1939, AS AMENDED. THE REGISTRATION OR QUALIFICATION OF THE 2011 BONDS AND THE INDENTURES IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE 2011 BONDS AND THE INDENTURES HAVE BEEN REGISTERED OR QUALIFIED, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF.

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

All quotations from and summaries and explanations of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2011 Bonds shall under any circumstances create any implication that there has been no change in the affairs of the City or the Airport since the date hereof.

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

[THIS PAGE INTENTIONALLY LEFT BLANK]

TABLE OF CONTENTS

TABLE OF CONTENTS

State of North Carolina
Department of State Treasurer

JANET COWELL
Treasurer

State and Local Government Finance Division
and the Local Government Commission

T. VANCE HOLLOMAN
Deputy Treasurer

OFFICIAL STATEMENT

relating to

$60,295,000
CITY OF CHARLOTTE, NORTH CAROLINA
Taxable Airport Special Facilities Revenue Bonds
(Consolidated Car Rental Facilities Project), Series 2011

INTRODUCTION

This Official Statement, which includes the cover page and the appendices, provides certain information concerning the City of Charlotte, North Carolina (the *"City"*), the Charlotte Douglas International Airport (the *"Airport"*), the Project and certain other information in connection with the issuance by the City of $60,295,000 Taxable Airport Special Facilities Revenue Bonds (Consolidated Car Rental Facilities Project), Series 2011 (the "*2011 Bonds*").

The 2011 Bonds are being issued pursuant to The State and Local Government Revenue Bond Act, as amended; a bond order and a resolution adopted by the City Council of the City; and pursuant to (1) a General Trust Indenture (the *"General Indenture"*) dated as of November 1, 2011, between the City and U.S. Bank National Association, as trustee (the *"Trustee"*), and (2) Series Indenture, Number 1 (*"Series Indenture, Number 1"* and collectively with the General Indenture, the *"Indentures"*), dated as of November 1, 2011, between the City and the Trustee. The proceeds of the 2011 Bonds will be used, with other available funds, to (1) finance the design, equipping, development, construction and furnishing of a new consolidated rental car facility at the Airport (the "*CONRAC*") and facilities and improvements related thereto (collectively, the *"Project"*), (2) fund a deposit to the Debt Service Reserve Fund and (3) pay related financing costs. The sale of the 2011 Bonds will be made by and with the approval of the Local Government Commission of North Carolina (the *"Local Government Commission"*). See **APPENDIX E - "LOCAL GOVERNMENT COMMISSION OF NORTH CAROLINA**."

The 2011 Bonds are special obligations of the City, solely secured by and payable from the Revenues (as defined in the General Indenture) consisting primarily of CFCs and Contingent Rent on a parity with any Additional Bonds hereafter issued and Outstanding from time to time under the General Indenture, except to the extent payable from proceeds of the 2011 Bonds, certain investment earnings and certain net insurance and other proceeds. See "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – REVENUES**" and **"ADDITIONAL BONDS"** and "**CFC COLLECTIONS AND RENTAL CAR OPERATIONS**" herein. The 2011 Bonds and any Additional Bonds hereafter issued under the General Indenture are collectively referred to as the "*Bonds*."

THE 2011 BONDS ARE NOT PAYABLE FROM THE CITY'S GENERAL FUNDS AND DO NOT CONSTITUTE A LEGAL OR EQUITABLE PLEDGE, CHARGE, LIEN OR ENCUMBRANCE ON ANY OF THE CITY'S PROPERTY OR ANY OF ITS INCOME, RECEIPTS OR REVENUES, EXCEPT THE REVENUES AND OTHER FUNDS PLEDGED TO THEIR PAYMENT. NEITHER THE CITY'S CREDIT NOR ITS TAXING POWER IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE 2011 BONDS, AND NO OWNER HAS THE RIGHT TO COMPEL THE EXERCISE OF THE CITY'S TAXING POWER OR THE FORFEITURE OF ANY CITY PROPERTY IN CONNECTION WITH ANY DEFAULT ON THE 2011 BONDS. See **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."**

Unless otherwise indicated, capitalized terms used in this Official Statement have the meanings established in the Indentures. See **APPENDIX B – "SUMMARY OF INDENTURE--DEFINITIONS OF CERTAIN TERMS."**

THE CONRAC

EXISTING RENTAL CAR FACILITIES

There are currently seven rental car companies (Avis, Budget, Dollar, Enterprise, Hertz, National/Alamo and Thrifty) operating at the Airport (each a "*RAC*" and collectively, the *"RACs*"). These RACs currently have rental car booths located on the lower level of the Airport's passenger terminal building near the baggage claim area. All RACs maintain separate offices and light maintenance facilities that include washing, cleaning, and fueling. Each RAC currently owns, operates, and maintains its own individual bus fleet that shuttles customers to and from the Airport's passenger terminal building.

THE CONRAC

The CONRAC consists of: (1) the first three levels of a new seven level parking deck to be erected in the place of the existing hourly parking deck directly across from the Airport's existing passenger terminal (the "*Parking Deck*"); (2) the ready return spaces for rental cars on levels 2 and 3 of the Parking Deck (the "*Ready/Return Area*"); (3) a facility for the washing, refueling and cleaning of rental cars returned to the Airport by RACs' customers on level 1 of the Parking Deck, (the "*Quick Turn Around Facility*" or "*QTA*"); (4) an approximately 22,500 square feet customer service building (the "*CSB*") attached to the Parking Deck to accommodate rental car counters and offices for each RAC; and (5) a facility on approximately 15 acres of land owned by the City located on Wilkinson Boulevard for the long term storage and servicing of rental cars with appurtenant support facilities for each RAC ("*Remote Service Facility*").

The Parking Deck will be approximately 1,391,000 square feet. Levels 1 through 3 of the Parking Deck will house the Ready/Return Area and the QTA. Levels 4 through 7 will provide approximately 4,400 public parking spaces.

The CSB will be located adjacent to the QTA-Ready/Return Area. The CSB is designed to provide each RACs currently serving the Airport with customer service counters, waiting areas, back-office and storage space. The CSB will also have space reserved for use by the City. Rental car customers will enter and exit on Level 1 of the Parking Deck. Customer access to the CSB will occur via enclosed pedestrian passages.

The QTA, totaling approximately 470,000 square feet in building area and approximately 900 surface parking spaces, will occupy the ground level of the Parking Deck. The QTA will serve as a limited service area for RACs to perform fueling, cleaning and light service activities as well as vehicle storage.

In order to provide access to the Parking Deck, improvements will be made to the existing Airport roadway system. The Project also includes signal system and pedestrian improvements, lighting, signage and landscaping.

Construction of the Parking Deck, the QTA, the Ready/Return Area and the CSB is anticipated to begin in November 2011, with completion and opening of these portions of the Project anticipated to be in early 2015. The design of the Remote Service Facility will begin in the fall of 2011 and construction will be coordinated with the construction of the other components of the CONRAC so that all components will be completed at approximately the same time.

OPERATION OF THE CONRAC

The operation and maintenance of the CONRAC will be paid from CFCs to the extent such collections exceed debt service requirements on Bonds and otherwise from Contingent Rent payable by the RACs pursuant to the Concession Agreements. See **APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE CONCESSION AGREEMENTS**."

THE 2011 BONDS

GENERAL

The 2011 Bonds will be dated their date of issuance and will bear interest from their date payable on July 1, 2012, and semiannually thereafter on each January 1 and July 1, at the rates shown on the inside cover page. Principal of the 2011 Bonds will be payable, subject to redemption as described herein, on July 1 in the years and amounts shown on the inside cover page. The 2011 Bonds will be issued in fully registered form in denominations of $5,000 and integral multiples thereof. U.S. Bank National Association is the initial Trustee for the 2011 Bonds.

BOOK-ENTRY-ONLY FORM

The 2011 Bonds will be delivered as fully registered certificates in book-entry-only form without physical delivery of certificates to the beneficial owners of the 2011 Bonds. The Trustee will make payments of principal and interest on the 2011 Bonds to DTC, which will in turn remit such payments to its direct participants for subsequent distribution to the beneficial owners of the 2011 Bonds. See **APPENDIX F** hereto.

REDEMPTION

Optional Redemption of 2011 Bonds. The 2011 Bonds maturing on or after July 1, 2022 may be redeemed prior to their maturities, at the option of the City, from any funds that may be available for such purpose, either in whole or in part on any date on or after July 1, 2021. The 2011 Bonds called for optional redemption will be redeemed at a redemption price equal to the par amount of the 2011 Bonds plus accrued interest thereon to the date of redemption.

The 2011 Bonds are subject to redemption on any date before July 1, 2021, at the option of the City, from any funds that may be available for such purpose, in whole or in part at a Redemption Price that is equal to the greater of (1) 100% of the principal amount of the 2011 Bonds to be redeemed and (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the 2011 Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the Redemption Date, discounted to the Redemption Date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as defined in Series Indenture, Number 1) plus 45 basis points plus accrued and unpaid interest on the 2011 Bonds to be redeemed on the Redemption Date.

The Redemption Price of 2011 Bonds to be redeemed pursuant to the paragraph above will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the City at the City's expense to calculate such Redemption Price. The Trustee and the City may conclusively rely on such determination of Redemption Price by such independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance.

Sinking Fund Redemption. The 2011 Bonds maturing on July 1, 2021 (the "*2021 Term Bonds*") are subject to mandatory sinking fund redemption in part on July 1 in each year by lot, from moneys required to be deposited in the 2011 Subaccount of the Debt Service Fund, at a redemption price equal to the principal amount of the 2011 Bonds being redeemed, without premium, plus accrued interest to the date of redemption in the years and in the amounts set forth below:

Year	Principal Amount
2017	$1,125,000
2018	1,175,000
2019	1,225,000
2020	1,285,000
2021*	1,340,000

*Maturity

The 2011 Bonds maturing on July 1, 2031 (the "*2031 Term Bonds*") are subject to mandatory sinking fund redemption in part on July 1 in each year by lot, from moneys required to be deposited in the 2011 Subaccount of the Debt Service Fund, at a redemption price equal to the principal amount of the 2011 Bonds being redeemed, without premium, plus accrued interest to the date of redemption in the years and in the amounts set forth below:

Year	Principal Amount
2022	$1,405,000
2023	1,485,000
2024	1,570,000
2025	1,660,000
2026	1,760,000
2027	1,860,000
2028	1,970,000
2029	2,085,000
2030	2,205,000
2031*	2,330,000

*Maturity

The 2011 Bonds maturing on July 1, 2041 (the "*2041 Term Bonds*" and collectively with the 2021 Term Bonds and the 2031 Terms Bonds, the "*Term Bonds*") are subject to mandatory sinking fund redemption in part on July 1 in each year by lot, from moneys required to be deposited in the 2011 Subaccount of the Debt Service Fund, at a redemption price equal to the principal amount of the 2011 Bonds being redeemed, without premium, plus accrued interest to the date of redemption in the years and in the amounts set forth below:

Year	Principal Amount
2032	$2,470,000
2033	2,620,000
2034	2,775,000
2035	2,945,000
2036	3,125,000
2037	3,315,000
2038	3,515,000
2039	3,725,000
2040	3,950,000
2041*	4,190,000

*Maturity

At its option, to be exercised on or before the 45th day preceding any mandatory redemption date, the City may (a) deliver to the Trustee, for cancellation, Term Bonds or portions thereof (in Authorized Denominations) in any aggregate principal amount desired, or (b) receive a credit in respect of its mandatory redemption obligation for any Term Bonds (in Authorized Denominations) which prior to said date have been purchased or redeemed (otherwise than through mandatory redemption pursuant to Series Indenture, Number 1) and canceled by the Trustee and not theretofore applied as a credit against any mandatory redemption obligation. Each such Term Bond or portion thereof so delivered or previously purchased or redeemed and canceled by the Trustee shall be credited by the Trustee at 100% of the principal amount thereof against the obligation of the City to redeem Term Bonds on such mandatory redemption date, and any excess over such amount shall be credited against future mandatory redemption obligations as the City directs in writing, and the principal amount of Term Bonds so to be redeemed shall be accordingly reduced.

Extraordinary Optional Redemption. The 2011 Bonds are subject to optional redemption by the City, in whole or in part on any date at a redemption price equal to the principal amount thereof, without premium, plus accrued interest to the date of redemption, on instructions from the City, from the Net Proceeds of insurance or eminent domain which are deposited in the Debt Service Fund as provided in the Series Indenture, Number 1.

Notice of Redemption. Notice of redemption will be given by the Trustee not less than 30 days nor more than 60 days before the Redemption Date (1) to the LGC by Mail or facsimile transmission, (2)(a) to DTC or its nominee by registered or certified mail at the address provided to the Trustee by DTC or as otherwise permitted by DTC's rules and procedures or (b) if DTC or its nominee is no longer the Owner of the 2011 Bonds, by Mail to the then-registered Owners of 2011 Bonds to be redeemed at the last address shown on the registration books kept by the Registrar, (3) to each of the then-existing securities depositories, by Mail or facsimile transmission and (4) to the Municipal Securities Rulemaking Board (the *"MSRB"*) in an electronic format as prescribed by the MSRB.

Selection of 2011 Bonds for Redemption. In the case of any partial redemption of 2011 Bonds, the City will select the maturity or maturities of the 2011 Bonds to be redeemed and DTC will select the 2011 Bonds within the same maturity on a *pro rata* pass through distribution of principal basis pursuant to its rules and procedures or, if the book-entry system with DTC or any other securities depository has been discontinued, the Trustee will select the 2011 Bonds to be redeemed on a *pro rata* basis in such manner as the Trustee in its discretion may deem proper. For this purpose, each Authorized Denomination of principal amount represented by any 2011 Bond will be considered a separate 2011 Bond for purposes of selecting the 2011 Bonds to be redeemed. Immediately on selection of the 2011 Bonds to be redeemed the Trustee shall notify the Registrar of the specific 2011 Bonds to be redeemed.

Effect of Redemption. If moneys are on deposit in the Debt Service Fund to pay the Redemption Price of the 2011 Bonds called for redemption and premium, if any, thereon on a Redemption Date, 2011 Bonds or portions thereof so called for redemption will not bear interest after such Redemption Date and will not be considered to be Outstanding or to have any other rights under the Indentures other than the right to receive payment.

OWNERSHIP OF BONDS

The person in whose name any 2011 Bond is registered will be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of and premium, if any, and interest on, any such 2011 Bonds will be made only to or upon the order of the Owner thereof as its name and address appear on the registration books kept by the Bond Registrar at the close of business on the Record Date. All such payments will be valid and effectual to satisfy and discharge the liability upon such 2011 Bond to the extent of the sum or sums so paid. So long as the 2011 Bonds are issued in book-entry-only form, Cede & Co., as nominee for DTC, will be deemed and regarded as the absolute owner thereof for all purposes. See "**THE 2011 BONDS - BOOK-ENTRY-ONLY FORM**."

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

GENERAL

The 2011 Bonds will be issued under the Indentures. Under the General Indenture, the City may issue additional bonds on a parity with the 2011 Bonds (collectively referred to herein as "*Additional Bonds*") upon the satisfaction of certain conditions. See "**ADDITIONAL BONDS**" below. All 2011 Bonds and Additional Bonds issued and Outstanding under the General Indenture are referred to collectively herein as "*Bonds*." For a table showing the debt service on the 2011 Bonds, see "**DEBT SERVICE REQUIREMENTS**" herein.

The General Indenture also permits the issuance of Subordinate Bonds that will be paid as described under "**FLOW OF FUNDS**" herein. The current Plan of Finance does not contemplate the issuance of Subordinate Bonds.

The summary of the security and sources of payment for the 2011 Bonds set forth herein is qualified in its entirety by and reference is hereby made to **APPENDIX B** hereto and to the Indentures, which set forth in further detail provisions relating to the security for the 2011 Bonds. For definitions of certain capitalized terms used but not defined herein, see **APPENDIX B** – "**SUMMARY OF INDENTURE**."

SPECIAL OBLIGATIONS

The 2011 Bonds are special obligations of the City, solely secured by and payable from the Revenues (as defined in the General Indenture) consisting primarily of CFCs and Contingent Rent on a parity with any Bonds hereafter issued and Outstanding from time to time under the General Indenture, except to the extent payable from proceeds of the 2011 Bonds, certain investment earnings and certain net insurance and other proceeds.

THE 2011 BONDS ARE NOT PAYABLE FROM THE CITY'S GENERAL FUNDS AND DO NOT CONSTITUTE A LEGAL OR EQUITABLE PLEDGE, CHARGE, LIEN OR ENCUMBRANCE ON ANY OF THE CITY'S PROPERTY OR ANY OF ITS INCOME, RECEIPTS OR REVENUES, EXCEPT THE REVENUES AND OTHER FUNDS

PLEDGED TO THEIR PAYMENT. NEITHER THE CITY'S CREDIT NOR ITS TAXING POWER IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE 2011 BONDS, AND NO OWNER HAS THE RIGHT TO COMPEL THE EXERCISE OF THE CITY'S TAXING POWER OR THE FORFEITURE OF ANY CITY PROPERTY IN CONNECTION WITH ANY DEFAULT ON THE 2011 BONDS.

REVENUES

Pursuant to the General Indenture, the 2011 Bonds, any Additional Bonds, and the interest and the premium, if any, thereon, will be payable from and secured by a pledge of, and first lien on, all rights, title and interest of the City in and to the Revenues, all moneys and securities held in any and all of the funds and accounts established under the General Indenture, except the Rebate Fund, the Repair and Replacement Fund, the Operations and Maintenance Fund and the CFC Stabilization Fund and other rights assigned by the City to the Trustee under the Indentures (collectively, the "*Trust Estate*").

Under the General Indenture, the term "*Revenues*" means the aggregate of (i) CFCs, (ii) Contingent Rent and (iii) any other sums paid to the Trustee for deposit in the Revenue Fund. See "**FLOW OF FUNDS**" below.

CONTRACT FACILITY CHARGES

Since July 1, 2007, the rental car companies operating at the Airport have been required by a City ordinance to collect a daily contract facility charge ("*CFC*") from all customers who contract for or receive delivery of a rental vehicle at the Airport (the "*Airport RAC Customers*"). The current amount of the CFC is $4.00 per vehicle per calendar day or part thereof that the vehicle is rented to a customer. However, the City Manager and/or the Aviation Director have the discretionary authority to change the CFC amount from time to time as necessary to finance the Project and pay certain other costs and expenses set forth in the City ordinance. Airport RAC Customers pay the CFC directly to the RACs. The RACs are currently required to collect CFCs and remit them to the City pursuant to the Automobile Rental Concession Agreement, dated as of November 1, 2000 (the "*Original Concession Agreement*") between the City and each RAC, each as amended by the Amendment to Automobile Rental Concession Agreement, dated as of November 1, 2011 between the City and each RAC (the "*Concession Agreement Amendment*", and collectively with the Original Concession Agreement, the "*Concession Agreements*"). Upon the issuance of the 2011 Bonds, the City will direct each RAC to remit all CFCs collected from and after the date of issuance of the 2011 Bonds to the Trustee monthly for the benefit of the City. On the date of beneficial occupancy of the CONRAC, the terms of the Concession Agreement Amendment will automatically commence. See **APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE CONCESSION AGREEMENTS**."

The 2011 Bonds are not an indebtedness or other liability of the RACs, and the RACs are not liable for any payments relating to the 2011 Bonds, other than timely remittance of the CFC proceeds collected by such operators from their respective Airport RAC Customers to the Trustee for the benefit of the City and, under certain circumstances, the payment of Contingent Rent (as defined below).

In each of the Concession Agreement Amendments, the RACs have acknowledged that the CFCs collected by the RACs prior to remittance to the Trustee shall be subject at all times to a first lien for the repayment of the Bonds, and that the RACs shall not grant to any third party any liens or encumbrances on CFCs, and that any lien or encumbrance on CFCs granted by a RAC to a third party or otherwise purported to be obtained by a third party shall be void and of no force or effect. In each of the Concession Agreement Amendments, the RACs have agreed that all CFCs collected by the RACs are not income, revenue or any other asset of the RACs, that the RACs have no legal or equitable ownership or property interest in the CFCs, and the RACs have waived any claim to a possessory or legal or equitable ownership interest in the CFCs. Prior to remittance to the Trustee, CFCs shall be held by the RACs as funds in trust for the benefit of the City, and the Trustee on the City's behalf shall have complete possessory and legal and equitable ownership rights to the CFCs.

The $4.00 CFC per twenty-four hour period (or fraction thereof) (each a "*Transaction Day*") is currently charged to Airport RAC Customers for the total time period that a car is rented by an Airport RAC Customer. From July 1, 2007 through September 30, 2011, the CFC was $3.50 per Transaction Day. The number of rental car Transaction Days at the Airport is the basis for CFC collections at the Airport and is related to passenger levels and rental car demand at the Airport. See "**CFC COLLECTIONS AND RENTAL CAR OPERATIONS**." The number of Transaction Days and the amount of the CFC together form the basis for the payments paid by the RACs to the Trustee for the benefit of the City, as described below and in **APPENDIX A** – "**REPORT OF THE AIRPORT CONSULTANT**." The Original Concession Agreements provide that the RACs are to make monthly remittances of CFCs and other amounts due thereunder, as further described below.

The City has sole authority to require the collection of the CFC, to establish the amount of the CFC and to change the amount of the CFC from time to time. Other than the rate covenant set forth in the Indentures, there are no legal constraints on the City's ability to set, charge and collect CFCs or to change the amount of the CFC from time to time. See "**RATE COVENANT**" below. Pursuant to the Concession Agreement Amendment, under no circumstances will the RAC's obligation to collect and remit the CFCs be subject to abatement, offset, or any deduction whatsoever, including, but not limited to, any event of any damage or destruction of the CONRAC or any termination of the Concession Agreement Amendment, and in the event of such termination, if the RAC continues to occupy, possess and use any portion of the CONRAC, each RAC has agreed that it will not, directly or indirectly, divert Airport rental car customers away from the CONRAC or assist any Airport rental car customer in avoiding payment of the CFC.

Pursuant to the Indentures, the City has covenanted that so long as any Bonds remain Outstanding, it will require all RACs operating at the Airport to collect and remit CFCs and to pay Contingent Rent (as defined below), and to take all actions legally permitted to enforce compliance by the RACs with the Concession Agreements and of their obligations thereunder, including specifically seeking specific performance by each of the RACs, to charge, collect and remit CFCs and to pay Contingent Rent (as applicable) to the Trustee for the benefit of the City. The City has also covenanted that so long as any of the Bonds remain Outstanding it will not consent to an amendment to the Concession Agreements that materially adversely affects the rights of the Bondowners without consent of a majority in principal amount of the Owners of the Bonds then Outstanding.

CONTINGENT RENT

Under the Concession Agreements, each RAC has agreed to pay to the Trustee for the benefit of the City an allocable share of "Contingent Rent" from their available funds if total CFCs are insufficient (or are projected to be insufficient) to meet the City's payment obligations under the Indentures. "*Contingent Rent*" is defined to be a rental imposed by the City pursuant to the Concession Agreements payable by the RACs in order to supplement CFCs if CFCs collected in any Fiscal Year are (or are projected to be) insufficient to pay the amounts required by the Indentures.

The amount of Contingent Rent shall be determined by the City and shall be an amount projected to be sufficient, together with CFCs projected to be collected in such Fiscal Year or portion thereof, to enable the City to meet the requirements set forth in the Indentures. Contingent Rent may be levied by the City only for the period necessary to generate sufficient revenues to respond to the projected decrease in Transaction Days.

The City shall impose Contingent Rent only after 60 days prior written notice to the RACs. Contingent Rent charged under the Concession Agreements shall be payable in 12 equal, consecutive monthly installments on the first day of each month. See **APPENDIX C** – "**SUMMARY OF CERTAIN PROVISIONS OF THE CONCESSION AGREEMENTS**."

Contingent Rent shall be used only for the specified purposes for which it is collected and shall not be used for general Airport purposes.

FLOW OF FUNDS

The General Indenture provides that all CFCs, Contingent Rent and other sums paid to the Trustee for deposit in the CFC Revenue Fund (collectively, "*CFC Revenues*") shall be deposited by the Trustee in the CFC Revenue Fund upon receipt. The funds on deposit in the CFC Revenue Fund shall be transferred by the Trustee on the 15th day of each month (the "*Draw Down Date*"), or if such day is not a Business Day, the next succeeding Business Day, to the following funds and accounts in the following order:

> *First*, to each Account within the Debt Service Fund established for a Series of Bonds, (1) amounts sufficient to pay one-sixth of the Interest due on Bonds of such Series on the next succeeding Interest Payment Date, or an amount specified in the applicable Supplemental Indenture if such Series of Bonds has Interest Payment Dates other than every six months, as applicable, net of interest earnings on deposit in such Account, provided that payments prior to the first Interest Payment Date after the issuance of a Series of Bonds shall be adjusted to the extent necessary so that the total amount of Interest due on such Bonds on that Interest Payment Date will have been paid into the applicable Debt Service Account in substantially equal installments prior to that Interest Payment Date, and (2) amounts sufficient to pay one-twelfth of the principal amount of the Bonds of such Series coming due on the next succeeding Principal Payment Date (including Sinking Fund Payments), or an amount specified in the applicable Supplemental Indenture if such Series of Bonds has Principal Payment Dates other than every twelve months, net of interest earnings on deposit in such Account, provided that payments prior to the first Principal Payment Date after the issuance of a Series of Bonds shall be adjusted to the extent necessary so that the total amount of principal due on such Bonds on that Principal Payment Date will have been paid into the applicable Debt Service Account in substantially equal installments prior to that Principal Payment Date;
>
> *Second*, in substantially equal monthly installments over a period determined by the City of up to 24 months to the Rolling Coverage Fund amounts necessary to cause the amount on deposit therein to equal the Rolling Coverage Fund Requirement;
>
> *Third*, in substantially equal monthly installments over a period determined by the City of up to 24 months to the Supplemental Reserve Fund amounts necessary to cause the amount on deposit therein to equal the Supplemental Reserve Fund Requirement;
>
> *Fourth*, at any time as may be required, to the provider of any Qualified Reserve Fund Substitute in satisfaction of the then current obligations of the City incurred in connection therewith;
>
> *Fifth*, in substantially equal monthly installments over a period determined by the City of up to 24 months to the Debt Service Reserve Fund amounts necessary to cause the amount on deposit therein to equal the DSRF Requirement;
>
> *Sixth*, at any time as may be required in the applicable document under which the Subordinate Indebtedness is issued, to the Persons entitled to payment of any principal, premium, if any, or interest on any Subordinate Indebtedness, an amount equal to the principal, premium or interest then due and owing, provided, however, if principal and interest are payable other than monthly, payment shall only be made in an amount sufficient: (1) to pay one-sixth of the interest due on Subordinate Indebtedness on the next succeeding semiannual interest payment date, and (2) to pay one-twelfth of the principal amount due on Subordinate Indebtedness coming due on the next succeeding annual principal payment date (including any mandatory sinking fund payments);
>
> *Seventh*, if and to the extent required in the applicable document under which the Subordinate Indebtedness is issued, to the debt service reserve fund established for Subordinate Indebtedness; provided, however, payments to such debt service reserve fund shall be made in amounts no more than is necessary to make substantially equal monthly installments over a period of at least 24

months to cause the amount on deposit therein to equal the requirement for such debt service reserve fund;

Eighth, with respect to any Series of Tax-Exempt Bonds, to the Rebate Fund for such Series of Tax-Exempt Bonds the amounts calculated to be due to the Internal Revenue Service as arbitrage rebate for such Series of Tax-Exempt Bonds in accordance with any arbitrage rebate calculation provided to the Trustee with respect to a Series of Tax-Exempt Bonds, to the extent that funds are not already on deposit therein;

Ninth, in substantially equal monthly installments over a period determined by the City of up to 24 months, to the CFC Stabilization Fund amounts necessary to cause the amount on deposit therein to equal the CFC Stabilization Fund Minimum Requirement;

Tenth, to the City for deposit in the Operations and Maintenance Fund, the amount as requested by the City and shown in the Annual Budget for operating and maintenance expenses of the CONRAC for the following calendar month;

Eleventh, to the City to pay principal of and interest on any outstanding City Loan then due and payable;

Twelfth, in substantially equal monthly installments over a period determined by the City of up to 60 months, to the Repair and Replacement Fund amounts necessary to cause the amount on deposit therein to equal the Repair and Replacement Fund Minimum Requirement; and

Thirteenth, on or before the 15th day of each Fiscal Year, to the CFC Stabilization Fund, the balance remaining in the Revenue Fund as of the last day of the preceding Fiscal Year.

Reserve Funds. The Indentures create the following funds (collectively, the "*Reserve Funds*") to be held by the Trustee:

(1) Rolling Coverage Fund. The General Indenture requires that the City maintain in the Rolling Coverage Fund an amount equal to 25% of the maximum Principal and Interest Requirements on the Bonds then Outstanding (the "*Rolling Coverage Fund Requirement*"). The Rolling Coverage Fund Requirement upon issuance of the 2011 Bonds is $1,112,283.83 and will be funded with CFCs currently held by the City.

(2) Supplemental Reserve Fund. The General Indenture requires that the City maintain in the Supplemental Reserve Fund an amount equal to 50% of the maximum Principal and Interest Requirements on the Bonds then Outstanding (the "*Supplemental Reserve Fund Requirement*"). The Supplemental Reserve Fund Requirement upon issuance of the 2011 Bonds is $2,224,567.65 and will be funded with CFCs currently held by the City.

(3) Debt Service Reserve Fund. The General Indenture requires that the City maintain in the Debt Service Reserve Fund an amount equal to 100% of the maximum Principal and Interest Requirements on the Bonds then Outstanding (the "*DSRF Requirement*," and together with the Rolling Coverage Fund Requirement and the Supplemental Reserve Fund Requirement, the "*Reserve Requirements*"). The DSRF Requirement upon issuance of the 2011 Bonds is $4,449,135.30 and will be funded with proceeds of the 2011 Bonds.

Pursuant to the Indentures, the Trustee shall transfer amounts on deposit in the Reserve Funds to the Debt Service Fund, to the extent required to make up any deficiency in such Fund, to pay principal and/or interest on the Bonds as the same become due and payable; provided, however, the Trustee must make transfers to the Debt Service Fund in the following order: first, from the CFC Stabilization Fund described below; second, from the Rolling Coverage Fund; third, from the Supplemental Reserve Fund; fourth, from the Debt Service Reserve Fund; fifth, from the Repair and Replacement Fund; sixth, from the

Project Fund and <u>seventh</u>, from the Operating and Maintenance Fund, all in accordance with the Indentures.

CFC Stabilization Fund. The Indentures create the CFC Stabilization Fund to be held by the City and require that the City satisfy the CFC Stabilization Fund Minimum Requirement at the time of the issuance of the 2011 Bonds. The Indentures define the "*CFC Stabilization Fund Minimum Requirement*" as $2,000,000; provided, however, that pursuant to a Supplemental Indenture, the City may increase (but not decrease) the minimum requirement to an amount in excess of $2,000,000. Upon issuance of the 2011 Bonds, the CFC Stabilization Fund Minimum Requirement will be funded with CFCs currently held by the City. If two Business Days before any Interest Payment Date or Principal Payment Date, there is a deficiency in the Debt Service Fund, the amount of such deficiency will be made up first from the CFC Stabilization Fund (notwithstanding the CFC Stabilization Fund Minimum Requirement). See "***Reserve Funds***" above.

The General Indenture provides that any Revenues remaining after satisfaction of the deposits required under paragraphs "*First*" through "*Fifth*" under "**FLOW OF FUNDS**" herein will then be applied to pay a portion of the principal and interest due on Subordinated Indebtedness and then to any deficiency in Debt Service Reserve Funds established for Subordinated Indebtedness. See paragraphs "*Sixth*" through "*Seventh*" under "**FLOW OF FUNDS**" herein. After satisfying these requirements with regard to Subordinated Indebtedness, the remaining Revenues, if any, will be deposited in (1) the CFC Stabilization Fund to cause the amount on deposit to equal the CFC Stabilization Fund Minimum Requirement, (2) the Operations and Maintenance Fund, (3) to repay the principal and interest on any outstanding City Loan then due and payable, (4) the Repair and Replacement Fund Minimum Requirement necessary to cause the amount on deposit therein to equal the Repair and Replacement Fund Minimum Requirement and (5) the CFC Stabilization Fund. See "**FLOW OF FUNDS**" herein.

Amounts on deposit in the CFC Stabilization Fund in excess of the CFC Stabilization Fund Minimum Requirement shall be applied in the following order of priority: (1) to any other Fund or Account established under the Indentures to make-up for a deficiency therein; (2) to pay the Person entitled thereto a termination payment under a Derivative Agreement, if any; (3) to the Persons entitled to payment of any principal, premium, if any, or interest on any Subordinate Indebtedness, an amount equal to the principal, premium or interest then due and owing; (4) to pay Costs of the Project or Costs of Issuance, including transferring money to the Project Fund to be used for such purposes; (5) to pay capital replacement costs of the CONRAC and the costs of relocating RACs and to add funds to the Repair and Replacement Fund in excess of the Repair and Replacement Fund Minimum Requirement and (6) to pay the Principal of or Redemption Price on Bonds in advance of such their regularly scheduled payment dates.

RATE COVENANT

The City has covenanted in the Indentures to determine the amount of the CFC at least once each Fiscal Year. Under the Indentures, the City has covenanted that, so long as any of the Bonds remain Outstanding, it will fix, establish or maintain or cause to be fixed, established and maintained CFCs and Contingent Rent as will provide sufficient funds (the "*Rate Covenant*"):

(1) to (i) pay 100% of (1.00 times) the Principal and Interest Requirements on the Bonds to become due during that Fiscal Year plus (ii) fund 100% of deposits required under the General Indenture as described under "**FLOW OF FUNDS**" in paragraphs "*Second*" through "*Twelfth*", inclusive; and

(2) together with amounts on deposit in the Rolling Coverage Fund not to exceed 25% of the Principal and Interest Requirement on the Bonds in that Fiscal Year, to (i) pay 125% of (1.25 times) the Principal and Interest Requirements on the Bonds to become due during that Fiscal

Year plus (ii) fund 100% of deposits required under the General Indenture as described under "**FLOW OF FUNDS**" in paragraphs "*Second*" through "*Twelfth*", inclusive.

"Principal and Interest Requirements on the Bonds" means, for any particular Fiscal Year, an amount equal to the sum of (i) all Interest payable on the Outstanding Bonds during such Fiscal Year excluding any capitalized Interest payable from the proceeds of a Series of the Bonds, plus (ii) any Principal of the Outstanding Bonds during such Fiscal Year. See **APPENDIX B – "SUMMARY OF INDENTURE - DEFINITIONS OF CERTAIN TERMS**."

The City shall require each RAC to pay Contingent Rent as provided in each Concession Agreement in an amount, in the aggregate, that the City projects to be sufficient, together with CFCs projected to be collected in such Fiscal Year or portion thereof, to provide sufficient funds to meet the Rate Covenant set forth above for each Fiscal Year.

Notwithstanding anything in the Indentures to the contrary, as long as there is no Default in the payment of the Principal and Interest on the Bonds, the failure to comply with the provisions of the Rate Covenant will not constitute an Event of Default under the Indentures if the City promptly (1) causes a Consultant to make a study for the purpose of making recommendations with respect to the CFC and Contingent Rents in order to provide funds for the payments as specified in the Rate Covenant set forth above, (2) considers the recommendations of the Consultant and (3) takes such action as the City, in its discretion, may deem necessary to comply with the Rate Covenant set forth above. If CFCs and Contingent Rent are insufficient, together with amounts on deposit in the Rolling Coverage Fund, to make the payments on the Principal and Interest on the Bonds, the City will implement the recommendations of the Consultant; provided that, in preparing its study and making recommendations, the Consultant will not make any recommendations that would require the City to violate or otherwise be in contravention of any local, state or federal law, regulation or mandate or any other agreement to which the City is a party.

For forecasts of compliance with the rate covenant, see **APPENDIX A** – "**REPORT OF THE AIRPORT CONSULTANT**." The Report of the Airport Consultant should be read in its entirety for an understanding of all of the assumptions used to prepare the forecasts included therein.

ADDITIONAL BONDS

The General Indenture permits the City to issue one or more series of Additional Bonds payable from, and secured by a first lien on and pledge of, the Trust Estate, on a parity with the 2011 Bonds and any other Bonds from time to time hereafter issued, to (1) finance the Project (or any other facility intended to facilitate the rental, storage, delivery and return of rental cars at the Airport approved by the City); (2) finance repairs, including without limitation repairs due to casualty or condemnation to the extent insurance proceeds or condemnation awards are insufficient to effect such repairs, or extraordinary maintenance with respect to the CONRAC; (3) to refund all or any Outstanding Bonds; and (4) in each case, to pay capitalized interest, costs of issuance of such Additional Bonds or termination payments on Derivative Agreements related to any Bonds and to provide for any contribution to the Reserve Funds required with respect thereto.

No Additional Bonds, other than the Additional Bonds described below, may be issued unless no Event of Default under the Indentures has occurred and is continuing and either:

(1) the CFCs received by the Trustee for any 12 consecutive months of the 18 months, together with investment earnings on the Funds held under the Indentures and amounts on deposit in the Rolling Coverage Fund (not to exceed the Rolling Coverage Fund Requirement) at the beginning of the last full Fiscal Year during such period, as certified by the Finance Officer, were at least equal to (i) 125% of (1.25 times) the maximum Principal and Interest Requirements on the Bonds, including the Series of Bonds to be issued and (ii) the amount required to fund 100% of

deposits required under the General Indenture as described under "**FLOW OF FUNDS**" in paragraphs "*Second*" through "*Twelfth"*, inclusive, or

(2) a report of a Consultant is received by the Trustee to the effect that the CFCs projected, together with investment earnings on the Funds held under the Indentures and amounts on deposit in the Rolling Coverage Fund (not to exceed the Rolling Coverage Fund Requirement) at the beginning of such Fiscal Year, for each of the three Fiscal Years following the date of issuance of such Additional Bonds or the date of final expenditure of capitalized interest funded from such Additional Bonds, whichever is later, are expected, as of the end of each such Fiscal Year, to be at least equal to (i) 125% of (1.25 times) the maximum Principal and Interest Requirements on the Bonds, including the Series of Bonds to be issued, and (ii) the amount required to fund 100% of deposits required under the General Indenture as described under "**FLOW OF FUNDS**" in paragraphs "*Second*" through "*Twelfth"*, inclusive, in each such Fiscal Year.

The City may issue Additional Bonds (other than Subordinate Bonds) without complying with the foregoing:

(1) to refund all or any Principal amount of the Bonds; if, however, the debt service in any Fiscal Year on the Outstanding Bonds remaining Outstanding after the issuance of the refunding Bonds will increase as a result of such refunding or if the maximum annual Principal and Interest Requirements on the Bonds after the issuance of the refunding Bonds exceeds the maximum annual Principal and Interest Requirements on the Bonds before the issuance of the refunding Bonds, then the City must satisfy the requirements in paragraphs (1) or (2) above; and

(2) if the City has issued Bonds, the proceeds of which were used to acquire or construct any portion of the Project and such proceeds are insufficient to pay the Costs of the Project for which such Bonds were issued, the City may issue a Series of Bonds in an amount equal to (i) the insufficiency, (ii) any required deposit to the Reserve Fund with respect to such Series and (iii) the Costs of Issuance related thereto; provided, however the par amount of the Bonds to be issued may not exceed 10% of the original par amount of the Bonds for which the proceeds were used to complete the portion of the Project to be completed.

For additional information regarding these requirements, see **APPENDIX B** - "**SUMMARY OF INDENTURE – COVENANTS OF THE CITY – *Issuance of Additional Bonds***."

CITY LOANS

If funds are required to pay Costs of the Project in addition to proceeds of Bonds and amounts on deposit in the CFC Stabilization Fund from time to time in excess of the CFC Stabilization Fund Minimum Requirement or to meet any other requirements under the General Indenture, the City may, ***in its sole discretion***, provide additional funds for such purposes from any legally available source, other than CFCs or Contingent Rent, designated on its books and records as a City Loan as the City determines to be in its best interest.

If the City Loan is being provided to pay Costs of the Project, the proceeds of such City Loan shall be deposited to a separate, segregated Account within the Project Fund. The Completion Certificate for the Project on which funds from a City Loan is applied shall include a statement by the City of the aggregate principal amount of the balance of the City Loan advanced to pay Costs of the Project. Upon delivery of the Completion Certificate, any funds on deposit in the Project Fund representing proceeds of the City Loan shall be repaid to the City, and the Trustee, in reliance on the amount set forth in the Completion Certificate, shall notify the City and each RAC of the principal amount of the City Loan then outstanding following such repayment.

The City is not obligated to make a City Loan and if the City does make a City Loan, such City Loan will not be legally or contractually pledged as Revenues. The current Plan of Finance does not contemplate the use of a City Loan.

THE PLAN OF FINANCE

THE PROJECT

The Project consists of the CONRAC. See "**THE CONRAC**" herein.

CONSTRUCTION OF THE PROJECT

The City has finalized the design for the Parking Deck, the Ready/Return Area, the QTA and the CSB. The City received firm bids from 12 contractors on September 1, 2011 with prices to be held for 90 days for the construction of these portions of the Project. The City intends to enter into a construction contract with a guaranteed maximum price (the "*Construction Contract*"), if the Construction Contract is approved by the City Council, for the construction of these portions of the Project. The City currently intends for the Construction Contract to contain requirements for (1) performance bonds, (2) labor and material bonds and (3) a guarantee on workmanship. The City has not finalized the design for the Remote Service Facility, but anticipates awarding a contract for this portion of the Project in Spring 2012. See "**THE CONRAC**" herein.

The total cost of the Project, including funds spent to date, is estimated at approximately $85 million.

ESTIMATED SOURCES AND USES OF FUNDS

The following table presents estimated information as to the sources and uses of funds that will be used to finance the Project.

SOURCES OF FUNDS	**TOTAL**
Par Amount of 2011 Bonds	$60,295,000
CFCs Collected by the City	33,336,852
Total	$93,631,852
USE OF FUNDS:	
Deposit to Project Fund	$85,003,721
Deposit to Supplemental Reserve Fund	2,224,568
Deposit to Debt Service Reserve Fund	4,449,135
Deposit to Rolling Coverage Fund	1,112,284
Costs of Issuance of 2011 Bonds[1]	842,144
Total	$93,631,852

[1] Includes various professional fees and other financing costs, including underwriters' discount.

CFC COLLECTIONS AND RENTAL CAR OPERATIONS

CFC COLLECTIONS

Since the City commenced imposition of the CFC on July 1, 2007, the City has collected approximately $8.1 million in CFCs in Fiscal Year 2008, approximately $7.0 million in Fiscal Year 2009, approximately $7.0 million in Fiscal Year 2010 and approximately $7.6 million in Fiscal Year 2011.

RENTAL CAR OPERATIONS AT THE AIRPORT

The following seven RACs currently provide rental car services at the Airport: Avis, Budget, Dollar, Enterprise, Hertz, National/Alamo and Thrifty. The following table sets forth the historical airport rental car activity:

	Charlotte Douglas International Airport On Airport Rental Car companies			
Fiscal Year	Gross Revenues	Transactions	Transaction Days	Average Daily Rental Periods
2002	$ 56,474,599	335,049	1,075,535	3.21
2003	60,980,271	306,973	1,084,378	3.53
2004	62,240,516	336,984	1,231,128	3.65
2005	68,386,331	441,421	1,646,967	3.73
2006	89,188,014	504,558	1,907,721	3.78
2007	108,941,351	578,753	2,103,312	3.63
2008	109,543,491	579,259	2,326,952	4.02
2009	96,825,045	555,181	1,997,139	3.60
2010	96,047,469	585,347	1,987,052	3.39
2011	101,361,670	576,459	2,171,919	3.77
Average Annual Growth Rates:				
FY 02 - FY 11	6.7%	6.2%	8.1%	1.8%
FY 07 - FY 11	-1.8%	-0.1%	0.8%	0.9%

Source: Gross Revenues as reported by rental car companies to the City as of September 2011.
FY 2002 – FY 2011 Transactions as reported to the Airport Consultant by RACs.
FY 2002 – FY 2007 Transaction Days as reported to the Airport Consultant by RACs.
FY2008 – FY 2011 Transaction Days as reported to City Aviation by RACs.

See Table V-3 in the Report of the Airport Consultant attached hereto as **Appendix A**. For a further description of each RAC, as well as a discussion of the rental car industry and market, both nationally and at the Airport, see Section V of **APPENDIX A – "REPORT OF THE AIRPORT CONSULTANT**."

Because visiting passengers are the predominant Airport RAC Customers (rather than passengers originating trips at the Airport or connecting to other flights), it is important to understand the passenger traffic forecast for this segment. As shown in the following table, visiting passengers constitute approximately 46.1% of all deplaned passengers at the Airport.

DOMESTIC O&D DEPLANEMENTS, BY TYPE OF PASSENGER
Charlotte Douglas International Airport
For Fiscal Years ended June 30

	Residents		Visitors		
Fiscal Year	Deplanements	Percent of Total	Deplanements	Percent of Total	Total
2007	2,302,933	53.4%	2,012,527	46.6%	4,315,460
2008	2,371,778	53.8	2,036,752	46.2	4,408,530
2009	2,158,856	53.9	1,847,194	46.1	4,006,050
2010	2,254,160	54.1	1,914,410	45.9	4,168,570
2011[1]	2,385,530	53.9	2,037,762	46.1	4,423,293

[1]Second quarter 2011 estimated based on historical correlation.
Source: US DOT Origin & Destination Survey of Airline Passenger, August 2011.

See Table IV-9 in the Report of the Airport Consultant attached hereto as **Appendix A**. For additional information relating to historical and forecast rental car demand at the Airport, see Section IV in **APPENDIX A** – "**REPORT OF THE AIRPORT CONSULTANT**." The Report of the Airport Consultant should be read in its entirety for an understanding of all of the assumptions used to prepare the forecasts included therein.

CONCESSION AGREEMENTS

Each of the seven RACs currently operates at the Airport pursuant to a separate Original Concession Agreement, the terms of which expired on May 2, 2007, but which has been extended and modified by mutual consent of the City and each RAC as memorialized in a letter agreement dated May 3, 2007. Each RAC has also executed and delivered to the City the Concession Agreement Amendment, which will automatically amend certain provisions of the Original Concession Agreement on the date of beneficial occupancy of the CONRAC. RACs may not operate at the Airport unless they are a party to an effective Concession Agreement with the City.

The Concession Agreement Amendments are currently effective and will have a term that will commence on the date of beneficial occupancy of the CONRAC, which will be the same date for each of the RACs and last for an initial 10-year term.

Under the Concession Agreements, the RACs are required to charge and collect CFCs from Airport RAC Customers and to pay Contingent Rent (if and when applicable) and remit the same to the Trustee, each as more particularly described below. See "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - FLOW OF FUNDS**" herein.

The Concession Agreements require the RACs to collect from Airport RAC Customers a CFC for each Transaction Day and to remit such CFCs to the Trustee on or before the 10th day of each calendar month following the month of collection. Each RAC is required to collect and remit the full amount of the CFC to the Trustee regardless of whether or not the full amount of such CFC is actually collected by the RAC from the person who rented the motor vehicle.

In each of the Concession Agreements, the RACs have acknowledged that the CFCs collected by the RACs prior to remittance to the Trustee shall be subject at all times to a first lien for the repayment of the Bonds, and that the RACs shall not grant to any third party any liens or encumbrances on CFCs, and that any lien or encumbrance on CFCs granted by a RAC to a third party or otherwise purported to be obtained by a third party shall be void and of no force or effect. In each of the Concession Agreements, the RACs have agreed that all CFCs collected by the RACs are not income, revenue or any other asset of the RACs, that the RACs have no legal or equitable ownership or property interest in the CFCs, and the

RACs have waived any claim to a possessory or legal or equitable ownership interest in the CFCs. Prior to remittance to the Trustee, CFCs shall be held by the RACs as funds in trust for the benefit of the City, and the Trustee on the City's behalf shall have complete possessory and legal and equitable ownership rights to the CFCs.

The Concession Agreements further provide for the assessment of Contingent Rent to the RACs in the event that the CFCs collected in any Fiscal Year are (or are projected to be) insufficient to pay amounts required under the Concession Agreements. The amount of Contingent Rent shall be determined by the City and shall be an amount projected to be sufficient, together with CFCs projected to be collected in such Fiscal Year or portion thereof, to provide sufficient funds (i) to pay principal of and interest on the 2011 Bonds due in such Fiscal Year, (ii) to reimburse Reserve Funds for any drawings upon such funds over a period not to exceed 24 months, as determined by the City, (iii) to pay principal of and interest on any subordinate indebtedness and any related reserve requirement issued to finance improvements to the CONRAC (iv) to provide funds necessary to pay any "yield reduction payments" or rebate amounts due to the United States under the Indentures for which funds in the Rebate Fund or the CFC Stabilization Fund are not otherwise available, (v) to maintain the balance of the CFC Stabilization Fund in an amount of no less than the Minimum Balance and to reimburse any drawings below the minimum balance over a period not to exceed 24 months, as determined by the City, (vi) to reimburse the City for any and all expenses incurred by the City during the Fiscal Year in operating and maintenance of the CONRAC, including the City’s costs, if any, of employing the services of an independent contractor(s) to provide for the operation and maintenance of the CSB, the Ready Return Spaces, the QTA, the Fuel Facility and the Remote Service Facilities, (vii) to pay principal installments and interest on the City Loan, if any, due in that Fiscal Year, and (viii) to make the deposit to the Repair and Replacement Fund, if any, required in that Fiscal Year (collectively, the sum of the amounts required by (i) through (viii) are defined in the Concession Agreement Amendment as the "*Minimum Annual Requirement*") for such Fiscal Year and provide additional funds equal to the difference between the CFCs and Contingent Rent (if any) received in the prior Fiscal Year and the Minimum Annual Requirement for such Fiscal Year. Contingent Rent may be levied by the City upon no less than sixty days written notice to the RACs and only after (i) the City determines that the projected collections of CFCs will be insufficient to provide the Minimum Annual Requirement in any Fiscal Year or (ii) a withdrawal from any of the Reserve Funds. Contingent Rent, if required, shall be paid in twelve equal, consecutive monthly installments on the first day of each month. See "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - CONTINGENT RENT**."

REPORT OF THE AIRPORT CONSULTANT

Newton & Associates, Inc. prepared the Report of the Airport Consultant which is included as **APPENDIX A**. The Report of the Airport Consultant provides certain information with respect to the Airport and the Project, discusses the rental car market, describes the economic base supporting the rental car market at the Airport, forecasts the level of visiting passengers at the Airport, describes various factors that could have an impact on the rental car demand at the Airport and discusses the financial framework for the 2011 Bonds, including preliminary forecasts of annual debt service requirements with respect to the 2011 Bonds, CFC calculations, forecasts of CFCs pursuant to the Indentures, cash flow forecasts and rate covenant calculations. The Report of the Airport Consultant should be read in its entirety for an understanding of all of the assumptions used to prepare the forecasts included therein. No assurances can be given that these or any of the other assumptions contained in the Report of the Airport Consultant will materialize.

The financial forecasts are based on 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.

As stated in the Report of the Airport Consultant, forecasted Revenues are sufficient to meet debt service requirements on the 2011 Bonds and the other fund deposit requirements of the Indentures in each year of the forecast period (Fiscal Year 2012 through Fiscal Year 2017). The forecast indicates compliance with the rate covenant for each Fiscal Year of the forecast period. The following table, which has been extracted from the Report of the Airport Consultant, shows forecasts of Revenues and debt service coverage on the 2011 Bonds based on the financing assumptions described in the footnote below:

DEBT SERVICE COVERAGE*

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
With Coverage Fund	3.82	2.54	2.13	2.15	2.17	2.18
Without Coverage Fund	3.34	2.23	1.87	1.89	1.91	1.92

*Note: Forecast as documented in the Report of the Airport Consultant Report attached as **Appendix A** hereto, which was based on preliminary debt service estimates.

See Table VI-3 in the Report of the Airport Consultant attached hereto as **Appendix A**. **As noted in the Report of the Airport Consultant, any forecast is subject to uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. See "CERTAIN INVESTMENT CONSIDERATIONS" herein.**

[Remainder of page intentionally left blank]

DEBT SERVICE REQUIREMENTS

The following table presents information on the City's debt service obligations on the 2011 Bonds. This table does not include debt service on obligation of the City not secured on a parity with the 2011 Bonds, such as the City's general airport revenue bonds. All amounts have been rounded to the nearest whole dollar.

FISCAL YEAR ENDING JUNE 30	2011 BONDS PRINCIPAL	INTEREST	TOTAL
2012	--	$ 2,198,817.64	$ 2,198,817.64
2013	--	3,411,958.40	3,411,958.40
2014	$ 1,035,000	3,411,958.40	4,446,958.40
2015	1,060,000	3,386,331.80	4,446,331.80
2016	1,090,000	3,359,026.20	4,449,026.20
2017	1,125,000	3,324,135.30	4,449,135.30
2018	1,175,000	3,272,869.06	4,447,869.06
2019	1,225,000	3,219,324.30	4,444,324.30
2020	1,285,000	3,163,501.06	4,448,501.06
2021	1,340,000	3,104,943.60	4,444,943.60
2022	1,405,000	3,043,879.80	4,448,879.80
2023	1,485,000	2,962,207.16	4,447,207.16
2024	1,570,000	2,875,884.10	4,445,884.10
2025	1,660,000	2,784,620.00	4,444,620.00
2026	1,760,000	2,688,124.20	4,448,124.20
2027	1,860,000	2,585,815.40	4,445,815.40
2028	1,970,000	2,477,693.60	4,447,693.60
2029	2,085,000	2,363,177.50	4,448,177.50
2030	2,205,000	2,241,976.46	4,446,976.46
2031	2,330,000	2,113,799.80	4,443,799.80
2032	2,470,000	1,978,356.90	4,448,356.90
2033	2,620,000	1,828,600.80	4,448,600.80
2034	2,775,000	1,669,750.20	4,444,750.20
2035	2,945,000	1,501,501.96	4,446,501.96
2036	3,125,000	1,322,946.60	4,447,946.60
2037	3,315,000	1,133,477.86	4,448,477.86
2038	3,515,000	932,489.40	4,447,489.40
2039	3,725,000	719,374.96	4,444,374.96
2040	3,950,000	493,528.20	4,443,528.20
2041	4,190,000	254,039.70	4,444,039.70
TOTALS	$60,295,000	$69,824,110.36	$130,119,110.36

CERTAIN INVESTMENT CONSIDERATIONS

GENERAL

In considering the matters set forth in this Official Statement, prospective investors should carefully review all investment considerations set forth throughout this Official Statement, and should specifically consider certain investment considerations associated with the 2011 Bonds. The City's ability to derive Revenues from CFCs and, when applicable, Contingent Rent, sufficient to pay debt service on the Bonds depends on various factors, most of which are not subject to the control of the City.

There follows in this section a discussion in no particular order of importance or priority of some, but not necessarily all, of the possible investment considerations that should be carefully evaluated by prospective purchasers of the 2011 Bonds prior to purchasing any 2011 Bonds. The 2011 Bonds may not be suitable investments for all persons, and prospective purchasers should be able to evaluate the investment considerations and merits of an investment in the 2011 Bonds, and confer with their own legal and financial advisors before considering a purchase of the 2011 Bonds.

2011 BONDS ARE SPECIAL OBLIGATIONS

The 2011 Bonds are special obligations of the City, solely secured by and payable from the Revenues (as defined in the General Indenture) consisting primarily of CFCs and Contingent Rent (as defined herein.) on a parity with any Bonds hereafter issued and Outstanding from time to time under the General Indenture, except to the extent payable from proceeds of the 2011 Bonds, certain investment earnings and certain net insurance and other proceeds.

The 2011 Bonds are not payable from the City's general funds and do not constitute a legal or equitable pledge, charge, lien or encumbrance on any of the City's property or any of its income, receipts or revenues, except the Revenues and other funds pledged to their payment. Neither the City's credit nor its taxing power is pledged for the payment of the principal of or interest on the 2011 bonds, and no Owner has the right to compel the exercise of the City's taxing power or the forfeiture of any City property in connection with any default on the 2011 Bonds. See "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**" herein.

LIMITATIONS OF REMEDIES

Under the terms of the Indentures, payments of debt service on 2011 Bonds are secured only by the pledge of Revenues under the Indentures; and no mortgage or security interest has been granted or lien created in the CONRAC or any properties of the RACs or the City to secure the remittance of CFCs, Contingent Rent or payment of the 2011 Bonds. No revenues of the City other than the CFCs and Contingent Rent are pledged to the payment of the 2011 Bonds.

Various state laws, constitutional provisions, and federal laws and regulations apply to the obligations created by the issuance of the 2011 Bonds. There can be no assurance that there will not be any change in, interpretation of or addition to the applicable laws, nor that provisions will not be changed, interpreted, or supplemented in a manner that would have a material adverse effect, directly or indirectly, on the affairs of the City or the RACs.

In the event of a default in the payment of principal of or interest on the 2011 Bonds, the remedies available to the owners of the 2011 Bonds are in many respects dependent upon judicial actions, which are often subject to discretion and delay under existing constitutional law, statutory law, and judicial decisions, including the federal Bankruptcy Code. Bond Counsel's opinion as to enforceability to be delivered simultaneously with the delivery of the 2011 Bonds will be qualified by certain limitations, including limitations imposed by bankruptcy, reorganization, insolvency, and equity principles. See **APPENDIX D – "FORM OF OPINION OF BOND COUNSEL.**"

SECONDARY MARKET

No assurance can be given concerning the existence of any secondary market in the 2011 Bonds or its creation or maintenance by the Underwriters. Thus, purchasers of 2011 Bonds should be prepared, if necessary, to hold their 2011 Bonds until their respective maturity dates.

RENTAL CAR INDUSTRY INVESTMENT CONSIDERATIONS

Achievement of Forecasts. The forecast of CFCs in this Official Statement is based upon numerous assumptions related to future passenger levels and rental car activity at the Airport. Factors affecting aviation activity and the rental of motor vehicles at the Airport include the airlines' service and route networks; the financial health and viability of the airline and rental car industries; levels of disposable income; national and international economic and political conditions, including disruptions caused by airline incidents, acts of war and terrorism; the availability and price of aviation fuel and gasoline; levels of air fares and car rental rates at the Airport; the capacity of the national air traffic control system; and the capacity at the Airport and the CONRAC. See Section V of **APPENDIX A – "REPORT OF THE AIRPORT CONSULTANT**." The Report of the Airport Consultant should be read in its entirety for an understanding of all of the assumptions used to prepare the forecasts included therein. Although in the event that the CFCs are not sufficient to cover the costs of the CONRAC, the RACs are required to pay Contingent Rent to the City pursuant to the Concession Agreements, it is possible that some or all of such Contingent Rent will not be paid, due to bankruptcy of a RAC or otherwise.

Rental Car Activity. As described in the Report of the Airport Consultant, rental car demand at the Airport and therefore the number of Transaction Days to which the CFC applies are highly correlated to passenger demand. The Airport Consultant also concludes, based on historical rental car data and based on the assumptions set forth in the Report of the Airport Consultant, that the number of Transaction Days at the Airport is primarily a function of the number of visiting passengers. Other factors found by the Airport Consultant to affect rental car demand at the Airport include: the price of renting a car, as measured by the average daily rental rate; market segmentation (business/leisure) and convenience. For a full discussion of these and other factors affecting rental car activity, see Section V of **APPENDIX A – "REPORT OF THE AIRPORT CONSULTANT**." The Report of the Airport Consultant should be read in its entirety for an understanding of all of the assumptions used to prepare the forecasts included therein.

Construction of the CONRAC. The City's ability to complete the construction of the CONRAC within budget and on schedule may be adversely affected by various factors, including design and engineering errors, unforeseen site conditions, labor cost increases or other difficulties, adverse weather conditions, unavailability or increased costs of building materials, contractor defaults and litigation. Furthermore, although in the event that the CFCs are not sufficient to cover the costs of the CONRAC, the RACs are required to pay Contingent Rent to the City pursuant to the Concession Agreements, it is possible that some or all of such Contingent Rent will not be paid, due to bankruptcy of a RAC or otherwise.

Damage and Destruction. The City will maintain insurance in the amount and against such risks as are customarily insured against on Airport property. However, there can be no assurance that the CONRAC will not suffer extraordinary and unanticipated losses, for which insurance cannot be or has not been obtained, or that the amount of any such loss for the period during which the CONRAC is not available for use will not exceed the coverage of such insurance policies.

Events of Force Majeure. Construction and operation of the CONRAC are at risk from events of force majeure, such as earthquakes, tornados, hurricanes or other natural disasters, epidemics, blockades, rebellions, war, riots, acts of sabotage, terrorism or civil commotion, and spills of hazardous materials, among other events. Construction or operations may also be stopped or delayed from non-casualty events such as changes in law, delays in obtaining or renewing required permits, revocation of such permits and approvals and litigation, among other things.

Ability to Meet Rate Covenant. The City has covenanted pursuant to the Indentures to establish the CFC at rates that will meet the Rate Covenant. The CFC was originally imposed at the rate of $3.50 per Transaction Day commencing July 1, 2007 and was increased to $4.00 effective October 1, 2011. In the event that conditions require future increases in the CFC rate, there can be no assurance that such increases will not affect rental car demand, thereby resulting in less CFC Revenues.

Competition and Alternative Modes of Ground Transportation. There are alternative forms of ground transportation available at and near the Airport, which could reduce the demand for renting motor vehicles at the CONRAC. These alternate forms that compete with on-Airport rental cars include taxis, buses, shuttle services, public transportation and limousines.

The CFC is collected by RACs leasing space at the Airport only. It is not anticipated that any off-Airport service that may be provided will be significant. In the Indentures, the City covenants to require each rental car company serving the Airport to enter into a Concession Agreement and lease space in the CONRAC for the conduct of its business.

Geopolitical Risks. The war in Afghanistan, the political turmoil in Northern Africa and concern about potential disruption in oil shipments from the Persian Gulf, as well as the high demand for oil and other geopolitical factors, have caused oil prices to fluctuate unpredictably. These factors have had, and may continue to have, significant adverse affects on the cost of air travel, on airline industry profitability and service patterns. The full impact of these possibilities cannot be predicted.

Effect of RAC Bankruptcy. In the event a bankruptcy case is filed with respect to a RAC, a bankruptcy trustee or the RAC as debtor-in-possession could reject its Concession Agreement, in which event such agreement would be terminated and such RAC would be required to vacate the CONRAC. In such circumstances, while rental car demand would not be affected, CFC collections could be affected until other RACs are able to increase their capacity to accommodate additional customers. Additionally, notwithstanding the fact that CFCs collected by a RAC are not income, revenue or any other asset of the RAC but rather are subject at all times to a first lien for the repayment of the Bonds and are being held in trust by the RACs for the benefit of the City, CFCs collected by a RAC but not yet remitted to the Trustee prior to the filing of the bankruptcy petition may be included in the bankruptcy estate, resulting in the City having a general creditor claim for payment of such amounts or otherwise render them uncollectible by the City. Regardless of any specific adverse determinations in a RAC bankruptcy proceeding, the occurrence of a RAC bankruptcy proceeding could have an adverse effect on the liquidity and value of the 2011 Bonds.

In the event of a default in the payment of principal of or interest on the 2011 Bonds, the remedies available to the owners of the 2011 Bonds upon a default are in many respects dependent upon judicial action, which are often subject to discretion and delay under existing constitutional law, statutory law, and judicial decisions, including the federal Bankruptcy Code. The opinions of counsel rendered in connection with the 2011 Bonds will be qualified as to enforceability of the various legal instruments by certain limitations, including limitations imposed by bankruptcy, reorganization, insolvency and equity principles.

AVIATION INDUSTRY INVESTMENT CONSIDERATIONS

Recent Developments Affecting Airlines. Pursuant to the General Indenture, the principal of and interest on all Bonds outstanding under the General Indenture, including the 2011 Bonds, are payable solely from Revenues. The ability to pay debt service on the 2011 Bonds will depend on the receipt of sufficient Revenues.

The City's ability to generate Revenues depends upon many factors which affect the airlines' operations at the Airport, many of which are not subject to the control of the City, including the economy, domestic and international affairs, sufficient levels of aviation activity and passenger traffic at the Airport, cost structure of the airlines and labor issues. The City cannot assess the impact that these factors will have on the airline industry and, in turn, on the Revenues.

The financial difficulties that have characterized most domestic airlines especially over the past decade, including the bankruptcy of several airlines, the general economic downturn of the U.S. economy, the significant recent increases and overall fluctuations in fuel prices, the threat of future terrorist attacks, international conflicts, the earthquake, tsunami and nuclear breaches in Japan and the increased security requirements in air transportation adversely affected or may adversely affect the North American aviation system, including operations of the Airport and the financial condition of the airlines. Potential investors are urged to review the airlines' financial information on file with the SEC. The Airport has experienced increased operating costs due to compliance with federally mandated and other security and operating changes. As air travel demand recovered following the 2008-2009 economic recession, the U.S. airlines returned to profitability, earning an estimated $3.6 billion in 2010. The City cannot predict the likelihood of future terrorist incidents or air transportation disruptions or the impact on the Airport or the airlines from such incidents or disruptions.

National Economic Conditions. Air travel and related services have historically correlated closely with the state of the United States economy and levels of real disposable income. Sustained future growth in domestic air carrier passenger traffic will depend largely on the ability of the nation to sustain economic growth. Economic expansion increases income, boosts consumer confidence, stimulates business activity and increases consumer demand. In contrast, an economic recession reduces income, diminishes consumer confidence, dampens business activity, and weakens consumer demand.

International Economic and Political Conditions. As international trade and air travel have increased, international economics, currency exchange rates, trade balances, political relationships, and conflicts within and between foreign countries have become important influences on passenger traffic at major United States airports. Aviation security precautions and safety concerns arising from international political conflicts can also affect air carrier travel demand.

Air Carrier Service and Routes. While passenger demand at an airport depends on the population and the economy of the region served, air carrier service and the number of passengers enplaned also depend on the route networks of the air carriers serving that airport. Domestic air carriers are free to enter or leave individual air traffic markets, and to increase or decrease service, at will.

Fuel Costs. Airline earnings are significantly affected by changes in the price of aviation fuel. According to the Air Transport Association (the "*ATA*"), fuel, along with labor costs, is one of the largest cost components of airline operations, and continues to be an important and uncertain determinate of an air carrier's operating economics. There has been no shortage of aviation fuel since the "fuel crisis" of 1974, but there have been significant fluctuations in the price of fuel.

Any unhedged increase in fuel prices causes an increase in airline operating costs. According to the ATA, a one-dollar per barrel increase in the price of crude oil equates to approximately $445 million in annual additional expense for U.S. airlines. Fuel prices continue to be susceptible to, among other factors, political unrest, Organization of Petroleum Exporting Countries policy, increased demand for fuel caused by rapid growth of economies such as China and India, fuel inventory maintained by certain industries, reserves maintained by governments, currency fluctuations, disruptions to production and refining facilities and weather. In recent years, the cost of aviation fuel has risen sharply in response both to political instability abroad as well as increased demand for petroleum products around the world. From 2000 to 2008, the price of aviation fuel more than tripled. Oil prices reached an all-time record high of approximately $145 per barrel in July 2008, then declined to an average of $59 per barrel in 2009, and then increased to an average of $79 per barrel in 2010. Largely as a result of the political uncertainty in

Egypt and elsewhere in Northern Africa and the Middle East, oil prices have further increased in 2011. According to the ATA, fuel expenses, which historically ranged from 10 to 15 percent of U.S. passenger airline operating costs, are now estimated to be 30 percent or more of such costs. Significant fluctuations and prolonged increases in the cost of aviation fuel have adversely affected air transportation industry profitability, causing airlines to reduce capacity, fleet and personnel and to increase airfares and institute fuel, checked baggage, and other extra surcharges, all of which may reduce demand for air travel.

Many airlines engage in or have engaged in fuel hedging — purchasing fuel in advance at a fixed price through derivative contracts — to help manage the risk of future increases in fuel costs. However, there can be no assurance that any fuel hedging contract can provide any particular level of protection from volatile fuel prices. Significant and prolonged increases in the cost of aviation fuel are likely to have an adverse impact on air transportation industry profitability and hamper the recovery plans and cost-cutting efforts of certain airlines.

Airline Bankruptcies, Consolidations and Mergers. The airlines serving the Airport have all been impacted by the events described in this section and have experienced an increase in costs and a resulting decline in financial condition to varying degrees. Since 2001, several airlines with operations at the Airport have filed for and have subsequently emerged from bankruptcy protection. Additional bankruptcies, liquidations or major restructurings of other airlines could occur. It is not possible to predict the impact on the Airport of any future bankruptcies, liquidations or major restructurings of other airlines.

Geopolitical Risks. The war in Afghanistan, international political turmoil and concern about potential disruption in oil shipments from the Persian Gulf, as well as the high demand for oil and other geopolitical factors, have caused oil prices to fluctuate unpredictably. These factors have had, and may continue to have, significant adverse effects on the cost of air travel, on airline industry profitability and service patterns. The full impact of these possibilities cannot be predicted.

Air Travel Security and Health Concerns. Public health and safety concerns have also affected air travel demand from time to time. In 2003, concerns about the spread of severe acute respiratory syndrome (SARS) led public health agencies to issue advisories against nonessential travel to certain regions of the world. In 2009, concerns about the spread of influenza caused by the H1N1 virus reduced international air travel, particularly to and from Mexico and Asia. The United States Centers for Disease Control and Prevention ("*CDC*") and the World Health Organization ("*WHO*") did not recommend that people avoid domestic or international travel. Nevertheless, in the event that another outbreak occurs and the CDC or WHO recommends travel restrictions, prospective investors should take into consideration the impact that such developments may have on activity levels at the Airport and the potential financial impact on the airlines that serve the Airport.

In April 2010, airspace and airports in much of Europe were closed for six days because of the threat to flight safety of the ash cloud from the eruption of a volcano in Iceland.

Aviation Security Concerns. Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of potential international hostilities and terrorist attacks, may influence passenger travel behavior and air 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.

Since September 11, 2001, intensified security precautions have been instituted by government agencies, airlines and airport operators. These precautions include the strengthening of aircraft cockpit doors, changes to prescribed flight crew responses to attempted hijackings, increased presence of armed sky marshals, federalization of airport security functions under the Transportation Safety Administration (the "*TSA*") and revised procedures and techniques for the screening of passengers and baggage for weapons and explosives. No assurance can be given that these precautions will be successful. Also, the possibility of intensified international hostilities and further terrorist attacks involving or affecting commercial aviation are a continuing concern that may affect future travel behavior and airline passenger demand.

Federal Legislation Affecting the Air Transportation Industry. Since September 11, 2001 and as a result of the financial distress and bankruptcy filings in the airline industry, the Federal government enacted several pieces of legislation that have directly affected the airline industry. Such legislation includes the Federal Aviation and Transportation Security Act enacted on November 19, 2001 to provide, among other things, for the federalization of airport security through the Transportation Security Administration (*"TSA"*). The Homeland Security Act (*"HSA"*) created the Department of Homeland Security ("*DHS*") to accomplish several primary goals, identified by the statute as: preventing terrorist attacks within the United States; reducing the nation's vulnerability to terrorism; minimizing the damage of, and assisting in the recovery from, terrorist attacks that do occur; and monitoring connections between illegal drug trafficking and terrorism and coordinating efforts to seek such connections. The TSA is part of DHS.

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

Certain Risks Related to Market Dominance by US Airways. Certain information concerning US Airways Group and US Airways set forth under this caption has been obtained from information publicly released by US Airways Group and US Airways. US Airways is a corporation organized under the laws of the State of Delaware and is a certificated air carrier engaged primarily in the business of transporting passengers, property and mail. US Airways is a wholly-owned subsidiary of US Airways Group ("*US Airways Group*"). US Airways is the principal operating subsidiary of the US Airways Group.

US Airways had the largest market share of enplanements at the Airport during the Fiscal Year ended June 30, 2011, enplaning approximately 58.5% of all enplaned passengers during such period. When combined with various regional airlines doing business at the Airport under the name US Airways Express, the percentage of total enplanements by US Airways and its regional affiliates at the Airport during the fiscal year ended June 30, 2011 increased to approximately 89.8%. US Airways also had the largest market share of international enplanements at the Airport during the Fiscal Year ended June 30, 2011, enplaning approximately 93.0% of all international enplanements at the Airport during such period. See Tables IV-5 and IV-6 and the corresponding discussion in the Report of the Airport Consultant attached hereto as **Appendix A**.

According to information obtained from its filings with the SEC, US Airways reported a net profit of $36 million for the first two quarters of 2011, compared to a net profit of $272 million for the first two quarters of 2010. Reference is made to US Airways' report on Form 10-Q for the second quarter ended June 30, 2011 filed with the SEC.

Capacity of National Air Traffic Control and Airport Systems. Demands on the national air traffic control system continue to cause aircraft delays and restrictions, both on the number of aircraft movements in certain air traffic routes and on the number of landings and takeoffs at certain airports. These restrictions affect airline schedules and passenger traffic nationwide. The FAA is gradually automating and enhancing the computer, radar, and communications equipment of the air traffic control system and assisting in the development of additional airfield capacity through the construction of new runways and the more effective use of existing runways. However, increasing demands on the national air traffic control and airport systems could cause increased delays and restrictions in the future.

Travel Substitutes. Air carrier fares have an important effect on passenger demand, particularly for relatively short trips where automobile or other travel modes are alternatives and for price-sensitive "discretionary" travel, such as vacation travel. The recent economic downturn has increased this trend. Airfares are influenced by air carrier operating costs and debt burden, passenger demand, capacity and yield management, market presence and competition. Additionally, teleconference, video-conference and web-based meetings continue to improve in quality and price and are often considered a satisfactory alternative to face-to-face business meetings.

Report of the Airport Consultant. The Report of the Airport Consultant included as Appendix A to this Official Statement contains certain assumptions and forecasts. Actual results are likely to differ, perhaps materially, from those forecasts. Accordingly, the forecasts contained in the Report of the Airport Consultant are not necessarily indicative of future performance, and neither the Airport Consultant nor the City assumes any responsibility for the failure to meet such forecasts. In addition, certain assumptions with respect to future business and financing decisions of the City are subject to change. If actual results are less favorable than the results forecast or if the assumptions used in preparing such forecasts prove to be incorrect (and, so long as the current Concession Agreements remain in effect, the Concessionaires fail to meet their obligations), the amount of Revenues may be materially less than expected and consequently, the ability to make timely payments of the principal of and interest on the 2011 Bonds from Revenues may be materially adversely affected. See "**REPORT OF THE AIRPORT CONSULTANT**."

This Official Statement, including particularly the Report of the Airport Consultant, contains statements relating to future results that are "forward-looking statements." When used in this Official Statement, the words "estimate," "anticipate," "intend," "expect" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. See "**FORWARD-LOOKING STATEMENTS**."

FINANCIAL STATEMENTS

The City has no separate audited financial statements regarding the collection of CFCs.

UNDERWRITING

The Underwriters are offering the 2011 Bonds pursuant to a firm underwriting contract. The Underwriters have agreed to purchase the 2011 Bonds at a price equal to $59,835,355.97 representing the par amount of the 2011 Bonds, less an underwriting discount of $459,644.03. The Underwriters' contract is subject to certain terms and conditions, including the approval of certain legal matters by counsel. The Underwriters may offer and sell the 2011 Bonds to certain dealers (including dealers depositing the 2011 Bonds into investment trusts) and others at prices different from the public offering prices shown on the cover. The Underwriters may change the public offering prices from time to time at their discretion.

Wells Fargo Securities is the trade name for certain capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association ("*WFBNA*"). WFBNA, one of the underwriters of the Bonds, has entered into an agreement (the "*Distribution Agreement*") with Wells Fargo Advisors, LLC ("*WFA*") for the retail distribution of certain municipal securities offerings, including the Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting compensation with respect to the Bonds with WFA. WFA is also a subsidiary of Wells Fargo & Company.

LEGAL MATTERS

LITIGATION

No litigation is now pending or, to the best of the City's knowledge, threatened, against or affecting the City which seeks to restrain or enjoin the authorization, issuance or delivery of the 2011 Bonds, the General Indenture or Series Indenture, Number 1, or which contests the validity or the authority or proceedings for the adoption, authorization, execution or delivery of the 2011 Bonds, or the City's creation, organization or corporate existence, or the title of any of the present officers thereof to their respective offices or the authority or proceedings for the City's authorization, execution and delivery of the General Indenture, Series Indenture, Number 1 or the 2011 Bonds, or the City's authority to carry out its obligations thereunder, or which would have a material adverse impact on the City's condition, financial or otherwise.

OPINIONS OF COUNSEL

All legal matters related to the authorization, execution, sale and delivery of the 2011 Bonds are subject to Bond Counsel's approval. The proposed form of Bond Counsel's opinion is included as **APPENDIX D**.

RELATED PARTIES

Parker Poe Adams & Bernstein LLP serves as bond counsel for the City and, from time to time it and McGuireWoods LLP, counsel to the Underwriters, have represented the Underwriters as counsel in other financing transactions. Neither the City nor the Underwriters have conditioned the future employment of either of these firms in connection with any proposed financing issues for the City or for the Underwriters on the successful issuance of the 2011 Bonds.

TAX TREATMENT

GENERAL

On the date of issuance of the 2011 Bonds, Bond Counsel will render an opinion that, under existing law, the interest on the 2011 Bonds will be taxable as ordinary income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other federal income tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the interest on the 2011 Bonds.

Set forth below is a general summary of the anticipated material federal income tax consequences of the purchase, ownership and disposition of the 2011 Bonds. Such summary does not address every aspect of the federal income tax laws that may be relevant to prospective purchasers of 2011 Bonds in light of their personal investment circumstances or to certain types of owners subject to special treatment under the federal income tax laws (for example, banks and life insurance companies) and is generally limited to investors who will hold 2011 Bonds as capital assets within the meaning of Section 1221 of the Code. In addition, this summary does not address alternative minimum tax issues or the indirect consequences to a holder of an equity interest in a prospective purchaser. Accordingly, prospective purchasers of the 2011 Bonds should consult their own tax advisors regarding federal, state, local, foreign and any other tax consequences with respect to the purchase, ownership and disposition of the 2011 Bonds in their own particular circumstances. Such summary is based on the provisions of the Code, as amended, the Treasury Regulations thereunder, and published rulings and court decisions in effect as of the date hereof, all of which are subject to change, possibly retroactively. No ruling on any of the issues summarized below has been or will be sought from the Internal Revenue Service ("*IRS*"), and no assurance can be given that the IRS will not take contrary positions and will not prevail with such positions.

Prospective purchasers of the 2011 Bonds should be aware that the acquisition, ownership or disposition of, and the accrual or receipt of interest on, the 2011 Bonds may result in collateral federal income tax liability consequences to certain taxpayers as well as any tax consequences that may arise under the laws of any state, local or foreign jurisdiction. The extent of such other collateral tax consequences will depend upon the owner's particular tax status or other items of income or deduction and prospective purchasers of the 2011 Bonds, particularly prospective purchasers that are dealers in securities or currencies, traders in securities, persons holding 2011 Bonds as a hedge, straddle, conversion or other integrated transaction for federal income tax purposes, insurance companies, financial institutions, tax-exempt organizations and United States holders whose functional currency is not United States dollars, should consult their own tax advisors as to the collateral tax consequences of acquiring, owning or disposing of, and the accrual or receipt of interest on, the 2011 Bonds. Bond Counsel expresses no opinion regarding any such collateral tax consequences.

The Internal Revenue Code of 1986, as amended (the "*Code*"), requires debt obligations, such as the 2011 Bonds, to be issued in registered form and denies certain benefits to the issuer and the holders of debt obligations failing such registration requirement. Such registration requirement with respect to the 2011 Bonds is expected to be satisfied.

Subject to certain exceptions, interest payments to the owners of 2011 Bonds will be reported to the IRS. Such information will be filed each year with the IRS on Form 1099 (or such other applicable form), which reflects the name, address and taxpayer identification number of each registered owner of the 2011 Bonds. A copy of Form 1099 (or such other applicable form) will be sent to each registered owner of the 2011 Bonds for federal income tax reporting purposes.

TAX CLASSIFICATION OF 2011 BONDS

Bond Counsel is of the opinion that, under existing law, the 2011 Bonds will be treated for federal income tax purposes as indebtedness, and interest paid on the 2011 Bonds will be included in the income of the owner as it is paid (or, if the owner is an accrual method taxpayer, as it is accrued) as interest.

ORIGINAL ISSUE DISCOUNT

It is anticipated that the 2011 Bonds will be initially delivered and remarketed at par value (or at an insubstantial discount from par value) and that stated interest on the 2011 Bonds will be taxable as ordinary income for federal income tax purposes when received or accrued by an owner of such 2011 Bonds in accordance with their respective method of tax accounting. It is not expected that any original issue discount ("*OID*") will arise with respect to the 2011 Bonds. Application of the OID rules to the 2011 Bonds could result in some acceleration of the recognition of income by cash basis owners. Prospective purchasers of the 2011 Bonds are advised to consult their own tax advisors regarding the treatment of OID, if any, on the 2011 Bonds.

MARKET DISCOUNT

The resale of any 2011 Bond by any owner of such 2011 Bond may be affected by the "market discount" provisions of the Code. For such purpose, the market discount on any 2011 Bond will generally be equal to the amount, if any, by which the stated redemption price at maturity of such 2011 Bond immediately after its acquisition by such owner exceeds such owner's adjusted tax basis in such 2011 Bond. Subject to a de minimis exception, such market discount provisions generally require an owner of a 2011 Bond which is acquired by such owner at a market discount to treat any payment on, or any gain recognized on the sale, exchange, redemption or other disposition of, such 2011 Bond as ordinary income to the extent of any *"accrued market discount"* on such 2011 Bond which has not previously been included in income at the time of sale or other disposition by such owner. In general, any market discount on 2011 Bond will be treated as accruing on a straight-line basis over the term of such 2011 Bond, or, at the election of the owner of such 2011 Bond, under a constant yield method. Prospective purchasers of

2011 Bonds should consult their own tax advisors as to the tax consequences of acquiring, owning or disposing of, and the accrual or receipt of interest on, 2011 Bonds acquired at a market discount.

PREMIUM

If a 2011 Bond is purchased by an owner at a premium, the owner may be entitled to amortize such premium as an offset to interest income (with a corresponding reduction in the owner's basis) under a constant yield method over the term of the 2011 Bond if an election under Section 171 of the Code is made or is previously in effect.

SALE OF 2011 BONDS

If a 2011 Bond is sold or redeemed, the seller will recognize gain or loss equal to the difference between the amount realized on the sale or redemption and the seller's adjusted basis in the 2011 Bond. Such adjusted basis generally will equal the cost of the 2011 Bond to the seller, increased by any market discount included in the seller's gross income and decreased by any payments on the 2011 Bond. Except with respect to market discount, gain or loss recognized on a sale, exchange or redemption of a 2011 Bond will generally give rise to capital gain or loss if the 2011 Bond is held as a capital asset and will be long-term if the holding period is more than one year. The holding period analysis may be affected by the determination of whether the 2011 Bonds are treated as a single debt instrument or a series of debt instruments and prospective purchasers are especially encouraged to consult with their own tax advisers on this subject.

FOREIGN INVESTORS

Generally, payments of interest with respect to the 2011 Bonds to an owner of 2011 Bonds that is a nonresident alien individual, foreign corporation or other non-United States person (a "foreign person") not engaged in a trade or business within the United States will not be subject to federal income or withholding tax if such foreign person complies with certain identification requirements (including the delivery of a statement, signed by such owner under penalty of perjury, certifying that such owner is a foreign person and providing the name and address of such owner). Foreign investors should consult their own tax advisors regarding the potential imposition of withholding taxes. The summary herein assumes that the owners of the 2011 Bonds are not foreign persons. Special rules may apply to foreign persons with respect to the information reporting requirements and withholding taxes and foreign persons should consult their tax advisors with respect to the application of such reporting requirements and withholding taxes.

BACKUP WITHHOLDING

Payments made to an owner with respect to the 2011 Bonds and proceeds from the sale of the 2011 Bonds will ordinarily not be subject to withholding of federal income tax if such owner is a United States person. However, even a United States person will be subject to withholding of such tax at a rate of 28% under certain circumstances. Except in the case of certain "exempt payees" as defined in the Code, such backup withholding will generally be applicable if an owner (1) fails to furnish to the Trustee such owner's social security number or other taxpayer identification number (collectively, "*TIN*"), (2) furnishes the Trustee an incorrect TIN, (3) fails to report properly interest, dividends or other "reportable payments" as defined in the Code, or (4) under certain circumstances, fails to provide the Trustee with a certified statement, signed under penalty of perjury, that the TIN provided to the Trustee is correct and that such owner is not subject to backup withholding.

STATE TAXATION OF 2011 BONDS

Bond Counsel is further of the opinion that, under existing law, interest on the 2011 Bonds is exempt from State of North Carolina income taxation.

CIRCULAR 230

UNDER 31 C.F.R. PART 10, THE REGULATIONS GOVERNING PRACTICE BEFORE THE IRS (CIRCULAR 230), BOND COUNSEL IS REQUIRED TO INFORM YOU THAT THIS DISCUSSION OF TAX TREATMENT OF THE 2011 BONDS:

(1) IS NOT INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED, BY ANY PROSPECTIVE PURCHASER OF THE 2011 BONDS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED UNDER THE CODE, AND

(2) IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE 2011 BONDS AND THE TRANSACTIONS DESCRIBED HEREIN.

EACH PROSPECTIVE PURCHASER OF THE 2011 BONDS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES WITH RESPECT TO THE 2011 BONDS.

CONTINUING DISCLOSURE OBLIGATION

In accordance with the requirements of Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (*"Rule 15c2-12"*), the City has undertaken in Series Indenture, Number 1 to provide:

(1) by not later than seven months after the end of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2011, to the Municipal Securities Rulemaking Board (the *"MSRB"*), the audited financial statements of the City for the preceding Fiscal Year, if available, prepared in accordance with Section 159-34 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, or if such audited financial statements are not then available, unaudited financial statements of the City for such Fiscal Year to be replaced subsequently by audited financial statements of the City to be delivered within 15 days after such audited financial statements become available for distribution;

(2) by not later than seven months from the end of each Fiscal Year of the City, beginning with the Fiscal Year ended June 30, 2011, to the MSRB (a) the financial and statistical data as of the date not earlier than the end of the preceding Fiscal Year for the type of information included under the captions "**CFC COLLECTIONS AND RENTAL CAR OPERATIONS**" (including the tables thereunder) and "**REPORT OF THE AIRPORT CONSULTANT – DEBT SERVICE COVERAGE**" herein (excluding any information on overlapping units) and (b) the combined budget of the City for the current Fiscal Year, to the extent such items are not included in the audited financial statements referred to in paragraph (1) above;

(3) in a timely manner not in excess of 10 Business Days after the occurrence of the event, to the MSRB notice of any of the following events with respect to the 2011 Bonds:

(a) principal and interest payment delinquencies;

(b) non-payment related defaults, if material;

(c) unscheduled draws on the debt service reserves reflecting financial difficulties;

(d) unscheduled draws on any credit enhancements reflecting financial difficulties;

(e) substitution of any credit or liquidity providers, or their failure to perform;

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material events affecting the tax status of the 2011 Bonds;

(g) modification of the rights of the Beneficial Owners of the 2011 Bonds, if material;

(h) call of any of the 2011 Bonds, if material, and tender offers;

(i) defeasance of any of the 2011 Bonds;

(j) release, substitution or sale of any property securing repayment of the 2011 Bonds, if material;

(k) rating changes;

(l) bankruptcy, insolvency, receivership or similar event of the City;

(m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material; and

(n) the appointment of a successor or additional trustee, or the change in the name of a trustee, if material;

(4) in a timely manner, to the MSRB, notice of a failure of the City to provide the required annual financial information described in (1) and (2) above on or before the date specified.

At present, Section 159-34 of the General Statutes of North Carolina requires that the City's financial statements be prepared in accordance with generally accepted accounting principles and that they be audited in accordance with generally accepted auditing standards.

The City has acknowledged in the 2011 Resolution that its undertaking pursuant to Rule 15c2-12 is intended to be for the benefit of the Owners and the beneficial owners of the 2011 Bonds and is enforceable by the Trustee or by any Owner or beneficial owner of the 2011 Bonds. THE RIGHT TO ENFORCE THE PROVISIONS OF THE CITY'S RULE 15c2-12 UNDERTAKINGS IS LIMITED TO A RIGHT TO OBTAIN SPECIFIC PERFORMANCE OF THE CITY'S OBLIGATIONS AND A FAILURE BY THE CITY TO COMPLY WITH ITS RULE 15c2-12 UNDERTAKINGS WILL NOT BE AN EVENT OF DEFAULT UNDER THE BOND ORDER OR THE 2011 RESOLUTION AND WILL NOT RESULT IN ACCELERATION OF THE 2011 BONDS. ALL ACTIONS SHALL BE INSTITUTED, HAD AND MAINTAINED IN THE MANNER PROVIDED IN THE 2011 RESOLUTION FOR THE BENEFIT OF ALL OWNERS AND BENEFICIAL OWNERS OF THE 2011 BONDS.

The City may modify from time to time, consistent with Rule 15c2-12, the information provided to the extent necessary or appropriate in the judgment of the City, but: (1) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the City; (2) the information to be provided, as modified, would have complied with the requirements of the Rule 15c2-12 as of the date of this Official Statement, after taking into account any amendments or interpretations of the Rule 15c2-

12 as well as any changes in circumstances; and (3) any such modification does not materially impair the interest of the Owners or the beneficial owners, as determined by the Trustee or nationally recognized bond counsel or by the approving vote of the Owners of a majority in principal amount of the 2011 Bonds. Any annual financial information containing modified operating data or financial information will explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided. The City's Rule 15c2-12 undertakings will terminate on payment, or provision having been made for payment in a manner consistent with the Rule 15c2-12, in full of the principal of and interest on the 2011 Bonds.

During the past five years, the City has complied in all material respects with all continuing disclosure agreements to which it is a party in accordance with Rule 15c2-12.

All documents provided to the MSRB as described above will be provided in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB. The City may discharge its undertaking described above by providing such information in a manner that the SEC subsequently authorizes in lieu of the manner described above.

FORWARD-LOOKING STATEMENTS

The statements contained in the Official Statement, and in any other information provided by the City or the Airport, that are not purely historical, are forward-looking statements, including statements regarding the City or the Airport's expectations, hopes, intentions or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in the Official Statement are based on information available to the City and the Airport on the date hereof, and the City and the Airport assume no obligation to update any such forward-looking statements. It is important to note that the Airport's actual results could differ materially from those in such forward-looking statements.

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 City and the Airport. 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

RATINGS

The 2011 Bonds have been rated "A3" by Moody's Investors Service ("*Moody's*"), "A" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("*S&P*"), and "A" by Fitch Ratings ("*Fitch*"). Further explanation of the significance of such ratings may be obtained from Moody's, S&P and Fitch. The ratings are not a recommendation to buy, sell or hold the 2011 Bonds and should be evaluated independently. There is no assurance that such ratings will not be withdrawn or revised downward by Moody's, S&P or Fitch. Any such action may have an adverse effect on the market price of the 2011 Bonds. Neither the City nor the Underwriters have undertaken any responsibility after the execution and delivery of the 2011 Bonds to assure maintenance of the ratings or to oppose any such revision or withdrawal.

FINANCIAL ADVISOR

DEC Associates, Inc., Charlotte, North Carolina, is serving as financial advisor to the City.

APPROVAL

The Local Government Commission and the City have each duly authorized the execution and delivery of this Official Statement.

Members of the Local Government Commission staff have participated in the preparation of this Official Statement and other documents related to the issuance of the 2011 Bonds, but the Local Government Commission and its staff assume no responsibility for the accuracy or completeness of any representation or statement in this official statement, other than those in **APPENDIX E**.

APPENDIX A

REPORT OF THE AIRPORT CONSULTANT

[THIS PAGE INTENTIONALLY LEFT BLANK]

REPORT OF THE AIRPORT CONSULTANT

Prepared for

CITY OF CHARLOTTE

In Connection With The
Proposed Issuance of its
Taxable Airport Special Facilities Revenue Bonds, Series 2011

CHARLOTTE DOUGLAS INTERNATIONAL AIRPORT

October 12, 2011

Prepared by:

Newton & Associates, Inc.
AVIATION INDUSTRY CONSULTANTS

[THIS PAGE INTENTIONALLY LEFT BLANK]

Newton&Associates, Inc.
AVIATION INDUSTRY CONSULTANTS

October 12, 2011

Mr. T. J. Orr
Aviation Director
Charlotte Douglas International Airport
5501 Josh Birmingham Parkway
Charlotte, NC 28208

Re: Report of the Airport Consultant
Taxable Airport Special Facilities Revenue Bonds – Series 2011

Dear Mr. Orr:

Newton & Associates, Inc. ("NAI") is pleased to submit herewith its report of the airport consultant ("Report")[1] which has been prepared for the City of Charlotte, North Carolina ("City") by Newton & Associates, Inc. ("NAI") in connection with the City's issuance of its Taxable Airport Special Facilities Revenue Bonds, (the "2011 Bonds"), as hereinafter described, and which are to be secured solely by the pledge of Revenues derived by the City primarily from the imposition of a contract facility charge ("Contract Facility Charge" or "CFC") and Contingent Rent, if any, collected by the City under the agreements with the rental car companies ("Concessionaires") operating at the Charlotte Douglas International Airport ("Airport"). Terms not otherwise defined herein have the meanings ascribed to them in the City's General Trust Indenture and Series Indenture, Number 1 (collectively, the "Indentures"), and the Amended Concession Agreement, hereinafter defined.

The purpose of this Report is to examine and opine as to the financial feasibility of the City's issuance of the 2011 Bonds, the proceeds of which will be used to fund, in part, the design and construction of certain rental car facilities ("CONRAC") at the Airport (the "2011 Project", as described herein).

The test of financial feasibility is the Airport's forecast ability to generate CFCs and Contingent Rent, if any, (collectively "Revenues") in amounts sufficient to: (1) pay the debt service on the 2011 Bonds; (2) fund and replenish, as may be necessary, the funds established under the General Trust Indenture; (3) pay the expenses of operating and maintaining the 2011 Project, each during the Forecast Period (as defined below), and to otherwise satisfy the requirements of the General Trust Indenture.

---

[1] This letter and the attached report titled *BACKGROUND, ASSUMPTIONS AND RATIONALE FOR FINANCIAL FORECASTS* comprise the *REPORT OF THE AIRPORT CONSULTANT.*

1806 Rocky River Road • Charlotte, North Carolina 28213 • (704) 597-4384 •FAX (704) 597-4385

In applying the test of feasibility, NAI has considered, and this Report describes, the Airport, the demographic and economic characteristics of the primary geographic area served by the Airport Air Service Area (hereinafter defined), the demand for air service and the resulting demand for rental cars at the Airport and the collections of CFCs by the City, all for the period from July 1, 2006 to June 30, 2011, or, the most recent five-year period for which complete data were available ("Study Period"). This Report also examines, discusses and forecasts the future demand for air service and rental cars at the Airport, visiting passenger deplanements at the Airport, Revenues of the Airport available for debt service, debt service requirements, debt service coverage and the cost of operating and maintaining the CONRAC for the period July 1, 2011 to June 30, 2017 ("Forecast Period"). This Report concludes with NAI's findings regarding the feasibility of the City proceeding with financing a portion of the cost of the 2011 Project with proceeds of the 2011 Bonds.

Based upon these assumptions and NAI's analysis, NAI projects Revenues and debt service coverage for each year of the Forecast Period as set forth below:

Fiscal Year	Revenues	Debt Service Coverage
2012	$8,759,507	3.82
2013	$9,076,061	2.54
2014	$9,111,832	2.13
2015	$9,173,253	2.15
2016	$9,287,548	2.17
2017	$9,412,204	2.18

The 2011 Project

The 2011 Project is needed by the City to: (1) relocate the seven existing rental car ready/return parking and service facilities to make land available for potential future Terminal expansion; (2) reduce vehicle congestion, noise and exhaust emissions on the Terminal loop road and curb-fronts; and (3) provide state-of-the-art rental car facilities that will improve customer service to rental car customers at the Airport by eliminating the need for shuttle service and requiring only a short walking distance from the Terminal. Completion of the 2011 Project will also enhance operational efficiencies for the rental car companies which operate on-Airport.

The 2011 Project will consist of: (1) the first three levels of a new seven level parking deck to be erected in the place of the existing hourly parking deck directly across from the Airport's existing passenger terminal (the "Parking Deck"); (2) ready return spaces for rental cars on levels 2 and 3 of the Parking Deck; (3) a facility for the washing, refueling and cleaning of rental cars returned to the Airport by Concessionaires' customers on level 1 of the Parking Deck, (the "Quick Turn Around Facility" or "QTA"); (4) a customer service building (the "CSB") attached to the Parking Deck to accommodate rental car counters and offices for each Concessionaire; and (5) a facility on approximately fifteen (15) acres of land owned by the City located on Wilkinson Boulevard for the long term storage and servicing of rental cars with appurtenant support facilities for each Concessionaire ("Remote Service Facility"). Rental car customers will be able to walk approximately 200 feet to the Parking Deck from the Airport's passenger terminal building.

The Parking Deck will be approximately 1,391,000 square feet. The Parking Deck will consist of two main components: (1) approximately 2,000 rental car "ready/return" parking spaces for customer pick-up and return of rental cars (Levels 2-3, comprising of 920,000 square feet), and (2) the QTA. The QTA, comprising approximately 470,000 square feet, will occupy the ground level of the Parking Deck. The QTA will serve as limited service areas for Concessionaires to perform fueling, cleaning and light service activities as well as vehicle storage of approximately 900 parking spaces.

The CSB will be approximately 16,800 square feet which will be located adjacent to the Parking Deck. The CSB is designed to accommodate each of the Concessionaires. The CSB will contain customer service counters, waiting areas, back-office and storage space for each Concessionaire, as well as space reserved for use by the City.

When completed, the 2011 Project is expected to have a total cost of $85,000,000, of which $30,000,000 is to be funded with CFC proceeds on hand and $55,000,000 is to be funded with proceeds of the 2011 Bonds.

Feasibility Analysis

At your request, NAI has examined the feasibility of the issuance of the 2011 Bonds by the City to finance the 2011 Project. The test of feasibility is whether it is reasonable to expect the City to be able to satisfy the requirements of the Indentures after the issuance of the 2011 Bonds and the completion of the 2011 Project. In conducting its study, NAI has examined the historical, operational and financial performance of rental car operations at the Airport and the economic characteristics of the Air Service Area for the Study Period and has prepared a forecast of rental car transaction day activity and Revenues for the Forecast Period.

In the General Trust Indenture, the City has covenanted to require each Concessionaire to charge, collect and remit to the City, or to the Trustee on the City's behalf in accordance with the General Trust Indenture, a CFC each day that a vehicle is rented by a customer, and to pay Contingent Rent, and the City shall enforce the duty of the Concessionaires to segregate such CFCs as trust funds for the benefit of the City, and not as revenues of the Concessionaires, as provided in the Concession Agreements.

As set forth in the General Trust Indenture, before the commencement of each Fiscal Year, and as may be adjusted from time-to-time during each Fiscal Year as necessary, the City will fix, establish or maintain or cause to be fixed, established and maintained CFCs and Contingent Rent as will provide sufficient funds ("the Rate Covenant") to:

(1) (i) pay 100% of (1.00 times) the Principal and Interest Requirements on the Bonds to become due during that Fiscal Year, plus (ii) fund 100% of deposits required for each fund created under the General Trust Indenture; and

(2) together with amounts on deposit in the Rolling Coverage Fund not to exceed 25% of the Principal and Interest Requirement on the Bonds in that Fiscal Year, to (i) pay 125% of (1.25 times) the Principal and Interest Requirements on the Bonds to become due during that Fiscal Year plus (ii) fund 100% of deposits required for each fund created under the General Trust Indenture.

The Airport

The Airport is a large hub airport located in the western part of Charlotte, Mecklenburg County, North Carolina.[2] The Airport was built by the City of Charlotte in 1932. In 1940, the United States took over use of the Airport and expanded it into the Morris Field Army Air Corps Bomber Training Base. After World War II it was returned to the City and put into service as a commercial airport. It has experienced much growth since 1946 and today comprises more than 6,000 acres of land, on which is located an airfield which includes four runways, (including one of ten thousand feet in length), a passenger terminal building of more than 1.9 million square feet and including 97 aircraft gates, an air cargo center, an aircraft maintenance base, and public automobile parking facilities for more than 26,000 automobiles comprising a combination of structured and surface, self-parking and valet facilities.

Existing Rental Car Ready/Return Parking and Service Facilities

There are currently seven rental car service facility sites located on the Airport to the north of the Terminal and west of the loop road serving the Terminal, each of which has automobile service facilities, customer check-in facilities and ready/return parking facilities. There are approximately 2,700 rental car ready/return parking spaces located on the Airport which are allocated among the seven on-Airport rental car concession operators' service facility sites. These facilities will be replaced by the CONRAC. See Section I of the Report for a more detailed discussion of the Airport, its management and its facilities.

---

[2] An airport is classified by the FAA as a large hub if it is boarded annually at least 1% of the total passengers that boarded commercial passenger aircraft in the United States in the period under question. In Calendar Year 2010, 18,629,181 passengers boarded commercial passenger aircraft at the Airport, representing 2.6 % of the 711,264,076 passengers that boarded commercial passenger aircraft in the United States for the same period.

Financial Structure of the Airport

The Airport operates as a self-sustaining enterprise of the City. No general fund revenues of the City or general revenues of the Airport are obligated for the payment of principal or interest on the 2011 Bonds or operating and maintenance expenses related to the 2011 Project. The flow of funds under the General Trust Indenture is considered closed, meaning that no Revenues may exit the Flow of Funds and be used for purposes other than purposes identified in the Indentures.

The Automobile Rental Concession Agreement

Seven rental car companies (Avis, Budget, Dollar, Enterprise, Hertz, National/Alamo and Thrifty) serve the Airport as on-Airport operators (the, "Concessionaires"). Each Concessionaire currently operates at the Airport pursuant to a separate Charlotte Douglas International Airport Automobile Rental Concession Agreement (the "Basic Concession Agreement"), the terms of which expired on May 2, 2007, but which has been extended and modified by mutual consent of the City and each Concessionaire, as memorialized in a letter agreement dated May 3, 2007. Each Concessionaire has also executed and delivered to the City an Amendment to Basic Concession Agreement (the, "Amended Concession Agreement") which amended certain provisions of the Basic Concession Agreement. Concessionaires may not operate as on-Airport Concessionaires unless they are a party to an effective Amended Concession Agreement.

The Amended Concession Agreements are currently effective and will have a term that will commence on the date of beneficial occupancy of the CONRAC, which will be the same date for each of the Concessionaires and last for a 10-year term, unless earlier terminated under the provisions of the Amended Concession Agreement.

Under the Amended Concession Agreements, the Concessionaires are required to charge and collect CFCs from their customers and remit the same to the Trustee and, to pay Contingent Rent (if and when applicable). Failure by any Concessionaire to collect and remit the CFCs will result in termination of any such Concessionaire's Amended Concession Agreement.

The Amended Concession Agreements require the Concessionaires to collect from their customers a CFC for each Transaction Day and to remit such CFCs to the Trustee on or before the 10th day of each calendar month following the month of collection. Each Concessionaire is required to collect and remit the full amount of each CFC regardless of whether or not the full amount of each such CFC is actually collected by the Concessionaire.

In each of the Amended Concession Agreements, the Concessionaires have acknowledged that the CFCs collected by the Concessionaires prior to remittance to the Trustee shall be subject at all times to a first lien for the repayment of the 2011 Bonds, and that the Concessionaires shall not grant to any third party any liens or encumbrances on CFCs, and that any lien or encumbrance on CFCs granted by a Concessionaire to a third party or otherwise purported to be obtained by a third party shall be void and of no force or effect. In each of the Amended Concession Agreements, the Concessionaires have agreed that all CFCs collected by the

Concessionaires are not income, revenue or any other asset of the Concessionaires, that the Concessionaires have no legal or equitable ownership or property interest in the CFCs, and the Concessionaires have waived any claim to a possessory or legal or equitable ownership interest in the CFCs. Prior to remittance to the Trustee, CFCs shall be held by the Concessionaires as funds in trust for the benefit of the City.

The Amended Concession Agreements further provide for the assessment of Contingent Rent to the Concessionaires in the event of an unexpected actual or forecasted decrease in Transaction Days for any Fiscal Year. The amount of Contingent Rent shall be determined by the City and shall be an amount projected to be sufficient, together with CFCs projected to be collected in such Fiscal Year or portion thereof, to enable the City to meet the Minimum Annual Requirement for such Fiscal Year. Contingent Rent may be levied by the City upon no less than 60 days notice to the Concessionaires only for the period necessary to generate sufficient revenues to respond to the projected decrease in Transaction Days. Contingent Rent, if required, shall be paid in 12 equal, consecutive monthly installments on the first day of each month.

For each Contract Year during the Term of the Amended Concession Agreement, each Concessionaire shall be allocated Customer Service Building space, spaces in the Ready Return Area, queuing spaces in the Quick Turn Around Facility and an area at the Remote Service Facility based on its ranking compared to all other Concessionaires, taking into account one-third of each Concessionaire's Gross Revenues, one-third of each Concessionaire's number of rental transactions and one-third of each Concessionaire's number of rental transaction days, all for the twelve consecutive months immediately preceding the Commencement date.

Historical CFC Collections

Beginning July 1, 2007, the Concessionaires have been required by a City ordinance to collect a daily CFC from all customers who contract for or receive delivery of a rental vehicle at the Airport. Initially established at $3.50 per Transaction Day, the current amount of the CFC is $4.00 per Transaction Day.

NAI has compiled and reviewed CFC collections at the Airport since commencement of CFC collections through June 30, 2011. As depicted on Table VI-1 of the Report, the City has collected approximately $29.7 million in CFC revenues. The City has deposited the CFC revenues in an interest bearing account. Together with interest earnings, the City reported total CFC revenues from FY 2008 through FY 2011 to be approximately $30.7 million.

Forecast of Application of Revenues and Debt Service Coverage

NAI has prepared a forecast Application of Revenues and a demonstration of the City's ability to generate sufficient Revenues to meet the Rate Covenant, covering the Forecast Period and taking into account: (i) projected rental car transaction days; (ii) projected Revenues to be generated from the Concessionaires; (iii) estimated additional operating and maintenance expenses resulting from the 2011 Project; and (iv) the estimated 2011 Bonds debt service, all as set forth on Table VI-3 of the Report.

According to this forecast, the City is expected to meet all requirements of the Rate Covenant during each Fiscal Year of the Forecast Period. This forecast has been made on the basis of the Revenues the City should be able to generate from the collection of CFC revenues during the Forecast Period. Although the Concessionaires are obligated to pay Contingent Rent to the City in any year in which CFC revenues are insufficient to satisfy the Rate Covenant, no such payments are projected to be needed during the Forecast Period and none have been included in the Forecast Application of Revenues and the calculation of debt service coverage.

Airport Liquidity

Although not a component of the test of feasibility, the net remaining amount of CFC cash on hand after deposits required to the Project Fund and the Application of Revenues as set forth in the Indentures, can be an important cushion to allow the City to endure unforeseen and temporary periods of decline and/or business interruption. According to the City's unaudited financial records for FY 2011, total estimated CFC fund balance on the balance sheet was $24,825,496 as of June 30, 2011.

Certain of the funds created pursuant to the Indentures will be funded with a combination of (i) CFC cash on hand prior to the issuance of the 2011 Bonds; and (ii) CFC Revenues. Table VI-2 depicts the funding of these funds, including $30,000,000 of CFCs to be transferred to the Project fund, which together with certain proceeds from the issuance of the 2011 Bonds, are needed to complete the funding of the Project.

Sensitivity Analysis

To test the sensitivity of a decline in rental car transaction day activity during the Forecast Period, a sensitivity analysis ("Sensitivity Analysis") is provided in Section VI of the Report. The Sensitivity Analysis presents the impact of a reduction of rental car customer transaction days of 25% compared to those projected in connection with the demonstration of the Application of Revenues under the Indentures. The Sensitivity Analysis assumes rental car customer transactions are estimated to decrease from 2,260,108 in FY 2015 to 1,712,032 in FY 2016, which is the first full year following DBO of the CONRAC. The Sensitivity Analysis assumes that rental car customer transaction days will begin to recover at an average annual rate 1.0% per year beginning in FY 2017. The Sensitivity Analysis assumes the CFC Rate will remain unchanged during the Forecast Period. As described in Section VI, a 25% reduction in rental car customer transaction days will result in a debt service coverage factor of 1.69 in FY 2016 and 1.70 in FY 2017. Based on the Sensitivity Analysis, the imposition of Contingent Rent will be unnecessary and no draws or deposits are anticipated for the funds created pursuant to the General Trust Indenture.

Air Service Area Demand for Air Service and Rental Cars

Although under the Amended Concession Agreement, the Concessionaires are ultimately obligated to pay principal and interest on the 2011 Bonds, such obligation is not the basis of our analysis regarding the feasibility of the 2011 Project. Rather, NAI has analyzed the demand for air service and rental cars at the Airport. It is this demand for rental cars that generates Revenue necessary to satisfy the Application of Revenues and the Rate Covenant under the Indentures.

As described in Section IV of the Report, the demand for rental cars at an airport is related to the level of passenger activity at that airport. Passenger activity at the Airport is made up of connecting passenger activity and origin and destination ("O&D") passenger activity. Connecting passengers do not rent cars at the Airport and thus are excluded from the analysis of rental car demand. The O&D passenger activity segment can be broken down between the resident O&D passenger activity segment and the visitor O&D passenger activity segment. It is the visitor O&D passenger activity segment that generates the demand for rental cars at the Airport. Because of this relationship between O&D passenger activity and rental car demand, the Airport's future ability to generate CFCs sufficient to pay the debt service on the 2011 Bonds, and otherwise satisfy the requirements of the Indentures, will depend in large measure upon the future demand for passenger air service at the Airport. This, in turn will depend upon the continued growth of economic activity in the Air Service Area and the ability of the Airport to provide adequate facilities to meet the air transportation demands of the traveling public, among other considerations.

Section III of the Report examines the economic base of the Air Service Area. Section IV examines the current and expected future demand for air service at the Airport. Section V analyses the current and projected demand for rental car activity at the Airport. These Sections show that the demand for air service and rental car activity at the Airport has been stable over the Study Period. Total O&D enplanements grew at an average annual rate of 1.1% during the Study Period and grew by 6.4% from FY 2010 to FY 2011, accounting for approximately 5.0 million enplanements in Fiscal Year 2011. Transaction days followed a similar trend, growing at an average annual rate of 0.8% during the Study Period and an increase of 9.3% from FY 2010 to FY 2011. NAI believes this level of demand for local air service and rental car activity is a function of the stable economy in the Charlotte region during the Study Period, taking into account the national economic recession which began in December of 2007, and the increase in the level of O&D enplanements from FY 2010 to FY 2011 (6.4%).

Charlotte is the largest financial center in the southeastern United States and the second largest financial center in the United States in terms of assets held by banks (second to New York). Twenty-four banks are located in Charlotte and hold more than $2.3 trillion in assets. In addition to the 24 banks, a branch of the Federal Reserve is also located in Charlotte. Bank of America Corporation, the nation's largest bank in terms of assets ($2.261 trillion as of June 30, 2011 and as reported by Bank of America) is headquartered in Charlotte and employed approximately 15,000 persons in 2010.

In addition to banking, Charlotte and the region have long been a prosperous center of manufacturing and commerce and taking into consideration the negative impacts of the economic crisis, the local economic indicators suggest that the region will remain strong and continue to grow economically. NAI therefore believes that it is reasonable to expect that the Air Service Area's economy will remain stable and continue to generate demand for air service and rental car activity at the Airport during the Forecast Period.

The Report of the Airport Consultant

A detailed report on our examination of these issues is attached hereto in the document entitled *BACKGROUND, ASSUMPTIONS AND RATIONALE FOR FINANCIAL FORECASTS.* Said document along with this letter comprise the *REPORT OF THE AIRPORT CONSULTANT.*

In connection with this Report, NAI has studied and analyzed, among other things, the 2011 Project, the plan of finance, the issuance of the 2011 Bonds, air traffic, rental car activity and Revenue prospects of the Airport during the Forecast Period and has considered whether, in its opinion, the City will be able to satisfy the requirements of the Rate Covenant with respect to the 2011 Bonds during the Forecast Period. In conducting the study NAI has:

1) examined the historical CFC revenues generated at the Airport from Fiscal Year 2008 through Fiscal Year 2011;

2) determined the historical relationship between Airport O&D visitor enplanements and rental car activity;

3) performed an analysis of the Air Service Area of the Airport and estimated the demand for air service and rental car activity at the Airport in the future;

4) estimated future operating and maintenance expenses associated with the 2011 Project, and projected general price-level increases;

5) estimated Revenues to be generated at the Airport during the Forecast Period if the 2011 Project is completed and the assumptions are realized; and

6) prepared a Forecast Application of Revenues under provisions of the General Trust Indenture and projected debt service coverage for the Forecast Period to test the sufficiency of forecasted Revenues during the Forecast Period to make the annual deposit requirements on the 2011 Bonds and to otherwise satisfy the requirements of the Rate Covenant.

A discussion of our study and a report of our findings are set forth in the body of this Report.

ASSUMPTIONS UNDERLYING CASH FLOW PROJECTIONS

In preparing the Report and our analysis of the feasibility of the 2011 Project, NAI has estimated Revenues, operating and maintenance expenses, and Debt Service requirements based upon the following assumptions:

1) a total 2011 Project cost of $85,000,000 including payments to contractors, architects and engineers, owner's cost and consulting fees, escalation and phasing costs, general conditions and contingency;

2) a total 2011 Project funding requirement (uses of funds) of $95,033,139 including the 2011 Project cost, financing costs in connection with the 2011 Bonds, and the prefunding of the Rolling Coverage Fund, the Supplemental Reserve Fund, and the Debt Service Reserve Fund;

3) a 2011 Project sources of funds of $95,033,139, of which $33,773,139 will be provided by CFC collections and interest earnings thereon, and $61,260,000 will be provided by proceeds from the 2011Bonds; and

4) the continued growth of O&D visitor deplanements and rental car transaction days during the Forecast Period as set forth in Section V of the Report.

In NAI's opinion, the techniques employed for this analysis are consistent with industry practice for airport rental car facilities and in support of issuances of airport special facility revenue bonds.

In making these projections and formulating this Report, NAI has relied upon certain information and estimates provided by the City and its underwriters, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"). Historical Airport financial data and estimates of 2011 Project costs and construction schedules were provided by the City. Sizing of the bond issue, estimated interest rates and sources and uses of funds were provided by Merrill Lynch.

While NAI believes the information and assumptions relied upon in formulating its opinion are accurate and reasonable, actual variations from these assumptions, estimated costs, revenues and trends are inevitable, and such variations may be material.

Subject to the foregoing, however, NAI expects the Airport to generate Revenues, as defined in the General Trust Indenture, in amounts which will be sufficient for the City to make all payments required under the Indentures and to satisfy the Rate Covenant in each Fiscal Year of the Forecast Period.

Accordingly, NAI concludes it is feasible to proceed with issuance of the 2011 Bonds in the estimated principal amount of $61,260,000 and to use the proceeds thereof, along with other funds, to complete the 2011 Project.

Sincerely,

NEWTON & ASSOCIATES, INC.

Nancy Newton

Nancy Newton
President

Attachment

BACKGROUND, ASSUMPTIONS AND RATIONALE FOR FINANCIAL FORECAST

ATTACHMENT

TABLE OF CONTENTS

TABLES

FIGURES

EXHIBITS

I. INTRODUCTION

A. PURPOSE AND SCOPE OF THIS REPORT

This Report of the Airport Consultant ("Report") has been prepared for the City of Charlotte, North Carolina ("City") by Newton & Associates, Inc. ("NAI") in connection with the City's issuance of its Taxable Airport Special Facilities Revenue Bonds, Series 2011 ("2011 Bonds"), as hereinafter described, and which are to be secured solely by the pledge of Revenues derived by the City primarily from the imposition of a contract facility charge ("Contract Facility Charge" or "CFC") and Contingent Rent, if any, collected by the City under the agreements with the rental car companies ("Concessionaires") operating at the Charlotte Douglas International Airport ("Airport"). Terms not otherwise defined herein have the meanings ascribed to them in the City's General Trust Indenture and Series Indenture, Number 1 ("Indentures"), and the Amended Concession Agreement, hereinafter defined.

The purpose of this Report is to examine and opine as to the financial feasibility of the City's issuance of the 2011 Bonds, the proceeds of which will be used to fund, in part, the design and construction of certain rental car facilities ("CONRAC") at the Airport (the "2011 Project", as described herein).

The test of financial feasibility is the Airport's forecast ability to generate CFCs and Contingent Rent in amounts sufficient to: (1) pay the debt service on the 2011 Bonds; (2) fund and replenish, as may be necessary, the funds established under the General Trust Indenture; (3) pay the expenses of operating and maintaining the 2011 Project, each during the Forecast Period (as defined below), and to otherwise satisfy the requirements of the General Trust Indenture.

In applying the test of feasibility, NAI has considered, and this Report describes, the Airport, the demographic and economic characteristics of the primary geographic area served by the Airport Air Service Area (hereinafter defined), the demand for air service and the resulting demand for rental cars at the Airport and the collections of CFCs by the Airport, all for the period from July 1, 2006 to June 30, 2011, or, the most recent five-year period for which complete data were available ("Study Period"). This Report also examines, discusses and forecasts the future demand for air service and rental cars at the Airport, visiting passenger deplanements at the Airport, Revenues of the Airport available for debt service, debt service requirements, debt service coverage and the cost of operating and maintaining the CONRAC for the period July 1, 2011 to June 30, 2017 ("Forecast Period"). This Report concludes with NAI's findings regarding the feasibility of the City proceeding with financing a portion of the cost of the 2011 Project with proceeds of the 2011 Bonds.

B. THE AIRPORT

1. General Description/Location of the Airport

The Airport is a large hub commercial airport served primarily by commercial passenger and cargo airlines. It is the largest connecting hub for US Airways which as of the date of this Report, was the fifth largest airline in terms of revenue passenger miles. US Airways, together with its commuter affiliates, currently account for approximately 90% of the passenger activity at the Airport.

The Airport is located within the city limits of Charlotte, in Mecklenburg County and approximately seven miles west of the City's central business district. The Airport is bounded by I-85, U.S. 74 (Wilkinson Boulevard) and the Norfolk Southern Railroad to the north, Billy Graham Parkway to the east, West Boulevard to the south and I-485 to the west.

2. The City

The City is a municipal corporation of the State of North Carolina. It is governed by an elected council of 11 members and a non-voting Mayor (except for ties). Management of the City is vested by City Council in a professional City Manager.

3. Airport Ownership and Management

The Airport is owned and operated as a department ("Aviation Department") of the City and, for accounting purposes, is treated as a self-supporting enterprise fund. The Airport's financial accounting system is on a full accrual basis in accordance with generally accepted accounting principles for government entities.

Management of the Airport is vested by the City in the Aviation Director who reports directly to the City Manager. The Aviation Director is supported by such staff as is deemed necessary by the Aviation Director and the City Manager to properly operate, develop and maintain the Airport. The current Aviation Director is Mr. T. J. Orr. He is assisted by Mr. Willard G. Plentl, Jr., Deputy Director, Mr. Charles O. Simmons, C.P.A., Assistant Aviation Director - Administration and Finance, Mr. Eugene J. Carney, Assistant Aviation Director - Operations, Mr. Jack L. Christine, A.A.E., Assistant Aviation Director – Development, and, Mr. Mark D. Wiebke, Assistant Aviation Director - Maintenance.

4. The Land Comprising the Airport

The Airport is located on and includes approximately 6,000 acres of land located seven miles west of the City's central business district. (See **Exhibit "A"** attached hereto and made part hereof.)

5. Existing Facilities

The existing facilities of the Airport are described in general below and depicted on Exhibit "A".

a. Airfield (P.A.F.)

The largest portion of Airport land consists of the airfield (also referred to as Public Aircraft Facilities or "P.A.F.") which has four runways, associated taxiways, runway safety areas and runway protection zones. Runways 18L/36R, 18C/36C and 18R/36L are parallel runways. Runway 18L/36R and 18C/36C have a separation of 5,000 feet and are 10,000 feet long and 150 feet wide, and 8,646 feet long and 150 feet wide, respectively. Runway 18R/36L is separated by 4,300 feet from Runway 18C/36C and is 150 feet wide and 9,000 feet long. Simultaneous independent parallel departures are authorized on these parallel runways. Runway 5/23 is 7,500 feet long, 150 feet wide and intersects Runway 18L/36R.

b. Terminal Complex

The Terminal Complex consists of the passenger terminal building, aircraft parking apron, public automobile parking facilities, rental car parking lots and service facilities, employee parking lots, fuel farm facilities, an FAA air traffic control tower and public roadways.

i. Passenger Terminal Building

The existing passenger terminal building ("Terminal") was originally constructed in 1982, replacing the original passenger terminal building which was constructed in 1954. Since its initial construction of approximately 325,000 square feet, the Terminal has been renovated and expanded to the approximately 1,900,000 square foot facility that exists today.

ii. Automobile Parking Facilities

The existing public automobile parking facilities include both surface and multi-level parking facilities. Together, the parking facilities comprise 26,000 parking spaces made up of a combination of structured and surface, self-parking and valet parking.

iii. Rental Car Ready/Return Parking and Service Facilities

There are currently seven rental car service facility sites located on the Airport to the north of the Terminal and west of the loop road serving the Terminal, each of which has automobile service facilities, customer check-in facilities and ready/return parking facilities. There are approximately 2,700 rental car ready/return parking spaces located on the Airport which are allocated among seven on-Airport rental car concession operators' service facility sites. These facilities will be replaced by the CONRAC.

c. The CLT Center

The CLT Center is a multi-purpose complex located north of the passenger terminal building and adjacent to Wilkinson Boulevard where the Aviation Department's administrative, financial, planning, engineering and maintenance functions are directed and managed. The CLT Center also serves as the Airport's motor pool storage facility and maintenance warehouse for equipment and supplies.

d. General Aviation Facilities

The Airport's general aviation facilities are located east of Runway 18L/36R and include approximately 50 acres of land, 44,000 square feet of general aviation terminal facilities and 480,120 square feet of aircraft hangars and operations space. The general aviation facilities include a full service fixed base operator ("FBO") which is operated for the City by Wilson Air Center - North Carolina, LLC under a management contract with the City.

e. Aviation Leased Facilities

The Airport's aviation leased facilities consist of cargo facilities, airline maintenance facilities, an airline flight kitchen facility, National Guard facilities and fuel farm facilities.

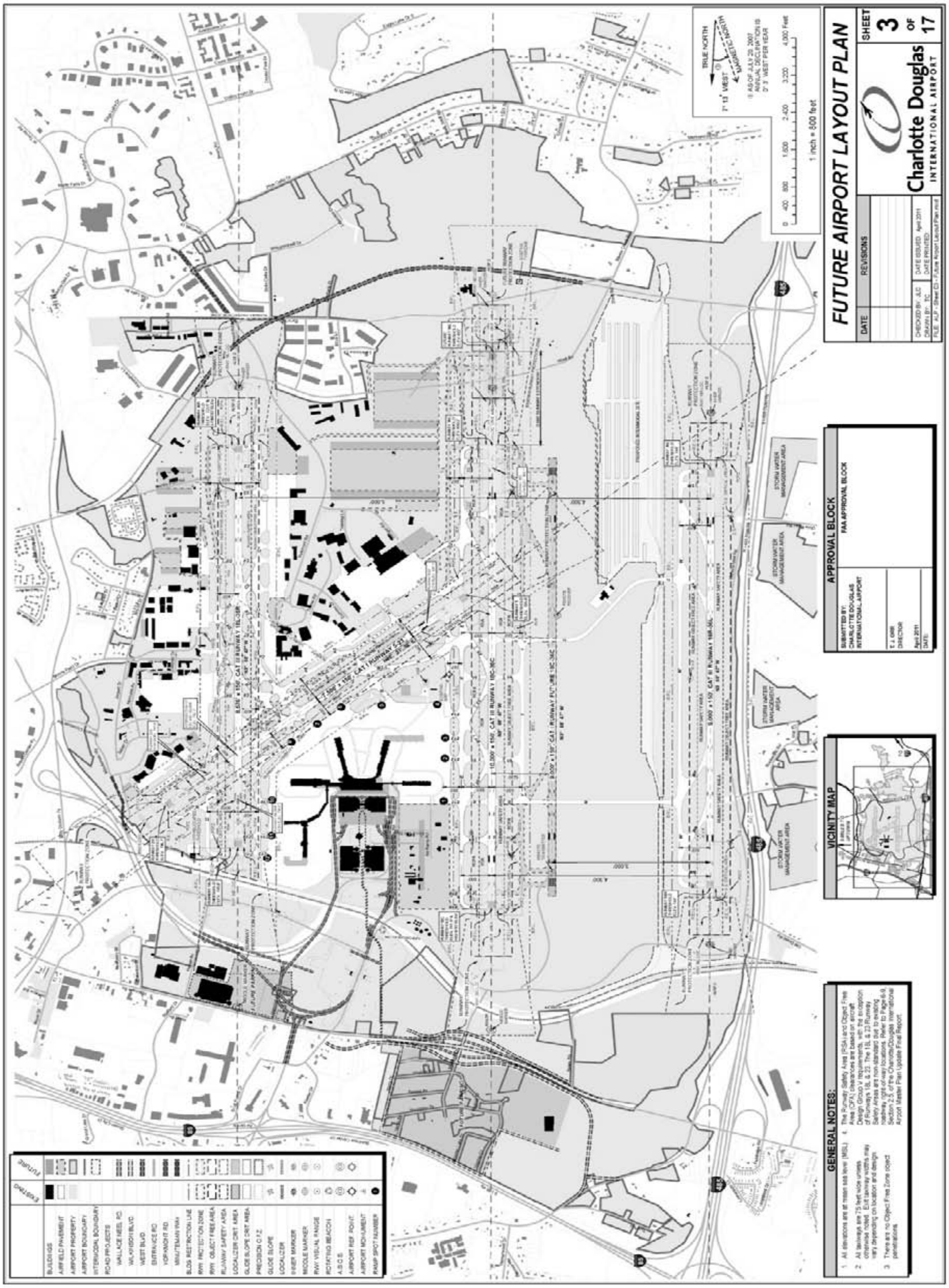
f. Aircraft Rescue and Fire Fighting Facilities

The Airport has two aircraft rescue and fire fighting facilities. One is located east of the intersection of Taxiway "D" and Taxiway "R", approximate to the general aviation facilities and the other is located between Runway 18C/36C and Runway 18R/36L and southwest of the intersection of Runway 5/23 and Runway 18C/36C.

g. Airline Fueling Facilities

Commercial airlines serving the Airport obtain their fuel from a consolidated airline fuel storage and distribution facility located on Airport property. This facility has 180,000 barrels of fuel storage capacity connected to both main fuel providers by underground transmission lines; pumping and filtration systems, and an in-pavement hydrant system that allows airlines to obtain the fuel directly into the wing at the Terminal gates without the need for fuel tankers on the Terminal apron.

Exhibit "A"
Airport Layout Plan



C. THE STATE AND LOCAL GOVERNMENT REVENUE BOND ACT

Under the provisions of the North Carolina State and Local Government Revenue Bond Act the City is empowered to undertake the obligations and commitments related to the issuance of the proposed 2011 Bonds. The sale of the 2011 Bonds is being made by and with the approval of the Local Government Commission of North Carolina.

D. THE GENERAL TRUST INDENTURE

The proposed 2011 Bonds are to be issued under the terms and conditions of the General Trust Indenture and Series Indenture, Number 1 describing the terms for the sale of the 2011 Bonds and to be approved by the City Council of the City on October 10, 2011.

The City has covenanted in the General Trust Indenture to determine the amount of the CFC at least once each Fiscal Year. Under the General Trust Indenture, the City has covenanted that, so long as any of the Bonds remain Outstanding, it will fix, establish or maintain or cause to be fixed, established and maintained CFCs and Contingent Rent as will provide sufficient funds:

(1) to (i) pay 100% of (1.00 times) the Principal and Interest Requirements on the Bonds to become due during that Fiscal Year plus (ii) fund 100% of deposits required for each fund created under the General Trust Indenture; and

(2) together with amounts on deposit in the Rolling Coverage Fund not to exceed 25% of the Principal and Interest Requirements on the Bonds in that fiscal year, to (i) pay 125% of (1.25 times) the Principal and Interest Requirements on the Bonds to become due during that Fiscal Year plus (ii) fund 100% of deposits required for each fund created under the General Trust Indenture.

The City shall require each Concessionaire (as hereinafter defined) to pay Contingent Rent as provided in each Amended Concession Agreement in an amount, in the aggregate, that the City projects to be sufficient, together with CFCs projected to be collected in such Fiscal Year or portion thereof, to provide sufficient funds to meet the Rate Covenant set forth above for each Fiscal Year.

E. THE AUTOMOBILE RENTAL CONCESSION AGREEMENT

Seven rental car companies (Avis, Budget, Dollar, Enterprise, Hertz, National/Alamo and Thrifty) serve the Airport as on-Airport operators (the, Concessionaires"). Each Concessionaire currently operates at the Airport pursuant to a separate Charlotte/Douglas International Airport Automobile Rental Concession Agreement (the "Basic Concession Agreement"), the terms of which expired on May 2, 2007, but which has been extended and modified by mutual consent of the City and each Concessionaire, as memorialized in a letter agreement dated May 3, 2007. Each Concessionaire has also executed and delivered to the City an Amendment to Basic Concession Agreement (the, "Amended Concession Agreement") which amended certain provisions of the Basic Concession Agreement. Concessionaires may not operate as on-Airport Concessionaires unless they are a party to an effective Amended Concession Agreement.

The Amended Concession Agreements are currently effective and will have a term that will commence on the date of beneficial occupancy of the CONRAC, which will be the same date for each of the Concessionaires and last for 10-year term, unless earlier terminated under the provisions of the Amended Concession Agreement.

Under the Amended Concession Agreements, the Concessionaires are required to charge and collect CFCs from their customers and remit the same to the Trustee and, to pay Contingent Rent (if and when applicable). Failure by any Concessionaire to collect and remit the CFCs will result in termination of any such Concessionaire's Amended Concession Agreement.

The Amended Concession Agreements require the Concessionaires to collect from their customers a CFC for each Transaction Day and to remit such CFCs to the Trustee on or before the 10th day of each calendar month following the month of collection. Each Concessionaire is required to collect and remit the full amount of each CFC regardless of whether or not the full amount of each such CFC is actually collected by the Concessionaire.

In each of the Amended Concession Agreements, the Concessionaires have acknowledged that the CFCs collected by the Concessionaires prior to remittance to the Trustee shall be subject at all times to a first lien for the repayment of the 2011 Bonds, and that the Concessionaires shall not grant to any third party any liens or encumbrances on CFCs, and that any lien or encumbrance on CFCs granted by a Concessionaire to a third party or otherwise purported to be obtained by a third party shall be void and of no force or effect. In each of the Amended Concession Agreements, the Concessionaires have agreed that all CFCs collected by the Concessionaires are not income, revenue or any other asset of the Concessionaires, that the Concessionaires have no legal or equitable ownership or property interest in the CFCs, and the Concessionaires have waived any claim to a possessory or legal or equitable ownership interest in the CFCs. Prior to remittance to the Trustee, CFCs shall be held by the Concessionaires as funds in trust for the benefit of the City.

The Amended Concession Agreements further provide for the assessment of Contingent Rent to the Concessionaires in the event of an unexpected actual or forecasted decrease in Transaction Days for any Fiscal Year. The amount of Contingent Rent shall be determined by the City and shall be an amount projected to be sufficient, together with CFCs projected to be collected in such Fiscal Year or portion thereof, to enable the City to meet the Minimum Annual Requirement for such Fiscal Year. Contingent Rent may be levied by the City upon no less than 60 days notice to the Concessionaires only for the period necessary to generate sufficient revenues to respond to the projected decrease in Transaction Days. Contingent Rent, if required, shall be paid in 12 equal, consecutive monthly installments on the first day of each month.

For each Contract Year during the Term of the Amended Concession Agreement, each Concessionaire shall be allocated Customer Service Building space, spaces in the Ready Return Area, queuing spaces in the Quick Turn Around Facility and an area at the Remote Service Facility based on its ranking compared to all other Concessionaires, taking into account one-third of each Concessionaire's Gross Revenues, one-third of each Concessionaire's number of rental transactions and one-third of each Concessionaire's number of rental transaction days, all for the twelve consecutive months immediately preceding the Commencement date ("Allocation Methodology").

II. THE 2011 PROJECT

A. NEED FOR THE 2011 PROJECT

The 2011 Project is needed by the City to relocate the seven existing rental car ready/return parking and service facilities described in Section I to make land available for potential future Terminal expansion, as called for in the 1997 Airport Master Plan.

The current rental car facilities are located to the west of the Terminal loop road and require rental car customers to utilize shuttle buses for transportation from the Terminal curb-front to their rental car companies' facilities, and from their rental car companies' facilities to the Terminal curb-front. Each rental car company operates its own shuttle service, which adds to the vehicle congestion on the Terminal loop road and curb-fronts, as well as to concentrated vehicle noise and exhaust emissions at the curb-fronts.

In addition to the benefits of recapturing Terminal area land needed for future Terminal expansion, the reduction of vehicle congestion and vehicle noise and emissions, completion of the 2011 Project will provide state-of-the-art rental car facilities that will improve customer service to rental car customers at the Airport by eliminating the need for shuttle service and requiring only a short walking distance from the Terminal. Completion of the 2011 Project will also enhance operational efficiencies for the rental car companies which operate on-Airport.

B. DESCRIPTION AND COSTS OF THE 2011 PROJECT

The 2011 Project will consist of: (1) the first three levels of a new seven level parking deck to be erected in the place of the existing hourly parking deck directly across from the Airport's existing passenger terminal (the "Parking Deck"); (2) ready return spaces for rental cars on levels 2 and 3 of the Parking Deck; (3) a facility for the washing, refueling and cleaning of rental cars returned to the Airport by Concessionaires' customers on level 1 of the Parking Deck, (the "Quick Turn Around Facility" or "QTA"); (4) a customer service building (the "CSB") attached to the Parking Deck to accommodate rental car counters and offices for each Concessionaire; and (5) a facility on approximately 15 acres of land owned by the City located on Wilkinson Boulevard for the long term storage and servicing of rental cars with appurtenant support facilities for each Concessionaire ("Remote Service Facility"). Rental car customers will be able to walk approximately 200 feet to the Parking Deck from the Airport's passenger terminal building.

The Parking Deck will be approximately 1,391,000 square feet. The Parking Deck will consist of two main components: (1) approximately 2,000 rental car "ready/return" parking spaces for customer pick-up and return of rental cars (Levels 2-3, comprising of 920,000 square feet), and (2) the QTA. The QTA, comprising approximately 470,000 square feet, will occupy the ground level of the Parking Deck. The QTAs will serve as limited service areas for Concessionaires to perform fueling, cleaning and light service activities as well as vehicle storage of approximately 900 parking spaces.

The CSB will be approximately 22,500 square feet which will be located adjacent to the Parking Deck. The CSB is designed to accommodate each of the Concessionaires. The CSB will contain customer service counters, waiting areas, back-office and storage space for each Concessionaire, as well as space reserved for use by the City.

C. 2011 PROJECT COST AND FUNDING

The estimated cost of the 2011 Project is $85,000,000, of which $30,000,000 is to be funded with CFC proceeds on hand and $55,000,000 is to be funded with proceeds of the 2011 Bonds, all as set forth in detail on **Table II-1**.

TABLE II-1
ESTIMATED PROJECT COST AND SOURCES AND USES OF FUNDS

I RENTAL CAR PROJECTS	Rental Car Ready/Return/OTA	Remote Service/ Storage Area	Total CONRAC
Estimated 2011 Project Cost	$70,000,000	$15,000,000	$85,000,000
II PROJECT FINANCING			
SOURCES OF FUNDS			
CFC Cash			
Design & Construction	25,125,631	4,874,369	30,000,000
Rolling Coverage Fund	1,026,165	231,548	1,257,713
Supplemental Reserve Fund	2,052,330	463,096	2,515,426
Total CFC Cash	$28,204,126	$5,569,013	$33,773,139
Bond Proceeds			
2011 Bonds - Par	$49,981,888	11,278,112	$61,260,000
Total Sources of Funds	**$78,186,015**	**$16,847,125**	**$95,033,139**
USES OF FUNDS			
Estimated 2011 Project Cost	$70,000,000	$15,000,000	$85,000,000
Rolling Coverage Fund (25% of MADS)	$1,026,165	$231,548	$1,257,713
Supplemental Reserve Fund (50% of MADS)	$2,052,330	$463,096	$2,515,426
Debt Service Reserve Fund	$4,104,661	$926,192	$5,030,853
Issuance Expense	$1,002,859	$226,289	$1,229,148
Total Uses of Funds	**$78,186,015**	**$16,847,125**	**$95,033,139**

Source: Merrill Lynch. Run dated September 15, 2011 — October 11, 2011
Compiled By Newton & Associates, Inc. — 2011 RAC Projects Funding 10112011 dnz

D. THE 2011 BONDS

The 2011 Bonds are to be issued as Taxable Airport Special Facilities Revenue Bonds in the estimated principal amount of $61,260,000, the proceeds of which will be used to: (1) complete funding for the 2011 Project; (2) fund a debt service reserve fund for the 2011 Bonds; and (3) pay other costs of issuing the 2011 Bonds.

E. BOND DEBT SERVICE

Table II-2 sets forth the estimated debt service schedule for the 2011 Bonds.

TABLE II-2
2011 BONDS DEBT SERVICE – PRELIMINARY

Ending Period	Principal	Interest	Debt Service
7/1/2012	$0	$2,624,514	$2,624,514
7/1/2013	0	4,072,522	4,072,522
7/1/2014	790,000	4,072,522	4,862,522
7/1/2015	800,000	4,046,215	4,846,215
7/1/2016	845,000	4,018,935	4,863,935
7/1/2017	910,000	3,985,895	4,895,895
7/1/2018	990,000	3,938,985	4,928,985
7/1/2019	1,070,000	3,887,950	4,957,950
7/1/2020	1,160,000	3,832,792	4,992,792
7/1/2021	1,255,000	3,772,994	5,027,994
7/1/2022	1,320,000	3,708,299	5,028,299
7/1/2023	1,410,000	3,618,011	5,028,011
7/1/2024	1,505,000	3,521,567	5,026,567
7/1/2025	1,610,000	3,418,625	5,028,625
7/1/2026	1,720,000	3,308,501	5,028,501
7/1/2027	1,840,000	3,190,853	5,030,853
7/1/2028	1,965,000	3,064,997	5,029,997
7/1/2029	2,100,000	2,930,591	5,030,591
7/1/2030	2,240,000	2,786,951	5,026,951
7/1/2031	2,395,000	2,633,735	5,028,735
7/1/2032	2,560,000	2,469,917	5,029,917
7/1/2033	2,735,000	2,290,973	5,025,973
7/1/2034	2,930,000	2,099,796	5,029,796
7/1/2035	3,135,000	1,894,989	5,029,989
7/1/2036	3,355,000	1,675,853	5,030,853
7/1/2037	3,585,000	1,441,338	5,026,338
7/1/2038	3,835,000	1,190,747	5,025,747
7/1/2039	4,105,000	922,680	5,027,680
7/1/2040	4,395,000	635,741	5,030,741
7/1/2041	4,700,000	328,530	5,028,530
	$61,260,000	$85,386,009	$146,646,009

Source: Merrill Lynch. Run dated September 15, 2011. October 11, 2011
Compiled By Newton & Associates, Inc. 2011 RAC Projects Funding 10112011 dnz

F. SOURCE OF PAYMENT FOR THE 2011 BONDS

Pursuant to the General Trust Indenture, the 2011 Bonds and any Additional Bonds, and the interest and the premium, if any, thereon, will be payable from and secured by a pledge of, and first lien on, all rights, title and interest of the City in and to the Revenues, all moneys and securities held in any and all of the funds and accounts established under the General Trust Indenture, except the Rebate Fund, the Repair and Replacement Fund, the Operations and Maintenance Fund and the CFC Stabilization Fund and other rights assigned by the City to the Trustee under the General Trust Indenture (collectively, the "Trust Estate"). Under the General Trust Indenture, the term "Revenues" means the aggregate of (1) CFCs, (2) Contingent Rent and (3) any other sums paid to the Trustee for deposit in the Revenue Fund.

G. THE CONTRACT FACILITY CHARGE

Since July 1, 2007, the Concessionaires have been required by a City ordinance to collect a daily contract facility charge ("CFC") from all customers who contract for or receive delivery of a rental vehicle from an on-Airport rental car company (the "CFC Customers").[3] Initially established at $3.50 per Transaction Day, the CFC is currently $4.00 per Transaction Day. For the purposes hereof, Transaction Day means a twenty-four hour period, or fraction thereof, (each, a "Transaction Day"), that a vehicle is rented by a CFC Customer. Upon the issuance of the 2011 Bonds, and upon a date provided to Concessionaire in writing by City, Concessionaire shall remit CFC collections to U.S. Bank National Association, as the Trustee under the General Trust Indenture. The amount remitted to the Trustee shall be the amount equal to the sum of all CFCs required to be so collected in each calendar month on or before the 10th day of the immediately succeeding calendar month. In the event Concessionaire’s vehicle rental contract contains a grace period for the vehicle's return at the end of the vehicle's rental period of no more than 59 minutes, during which grace period Concessionaires will not charge a customer a further vehicle rental fee or other form of late return fee, then the CFC shall not be imposed during such grace period and such grace period shall not be considered a further Transaction Day. The CFC charged to CFC Customer shall not be reduced if the vehicle is returned to a location other than the Airport.

Concessionaires shall collect the CFC at the time the first payment is made for a vehicle rental transaction, and shall remit the full amount of such CFC to the Trustee, for the benefit of the City, regardless of whether or not the full amount of such CFC is actually collected by Concessionaires from the customer who rented the vehicle. All such CFCs collected by Concessionaires shall be held in trust by Concessionaire for the City until remitted to Trustee as provided above.

Subject only to any covenants made in connection with the issuance of the 2011 Bonds, the City shall have the sole authority to determine the amount of the CFC. Prior to the commencement of each Fiscal Year during the Term of the Amended Concession Agreement, the City shall review and may adjust, effective on the first day of each Fiscal Year, the level of the CFC, based upon

[3] The CFC is not imposed on the customers of off-Airport rental car companies. Off-Airport rental car companies operate as such pursuant to an off- Airport rental car agreement. Currently, Advantage Rent A Car, which is owned by The Hertz Corporation, is the only off-Airport rental car company.

factors including the anticipated debt service on the CFC Bonds and any loan made to the CONRAC by the City (the "City Loan") for the coming Fiscal Year, amounts necessary to fund the other accounts, as provided for below, shortfalls in CFC revenue that may have occurred in the then-current Fiscal Year, projections of the level of demand for rental car services at the Airport in the next Fiscal Year, projected additional capital costs of the CONRAC or of capital maintenance of the CONRAC, and such other factors as the City may determine in its sole discretion.

Notwithstanding the foregoing, the City maintains the right to make an unscheduled adjustment to the level of the CFC in any Fiscal Year in the event that the City determines in its sole discretion that there has been a material change in any of the assumptions utilized in the City's calculation of the CFC, and that such change should not be addressed solely through withdrawals from the CFC Stabilization Fund established by the City or the imposition of Contingent Rent. The City shall provide no less than 60 days advance, written notice of the adjusted amount of the CFC for the coming Fiscal Year or of any unscheduled adjustment to the CFC to Concessionaires.

The City expects to set the amount of the Contract Facility Charge (when multiplied by the total number of projected Transaction Days) at an annual level sufficient to provide funds to pay: (i) principal of and interest on the CFC Bonds coming due during such Fiscal Year, plus (ii) any and all additional requirements set forth in the General Trust Indenture, including amounts sufficient to reimburse the Reserve Funds established by the General Trust Indenture for any prior drawings thereon over a period not to exceed 24 months (as determined by the City), plus (iii) debt service and reserve fund requirements for Subordinate Indebtedness, plus (iv) rebate requirements for Bonds, plus (v) amounts sufficient to maintain the balance in the CFC Stabilization Fund at no less than Two Million Dollars ($2,000,000) (the "Minimum Balance") over a period not to exceed 24 months (as determined by the City), plus (vi) operating and maintenance expenses expected to be incurred or incurred by the City in connection with the CONRAC, plus (vii) principal and interest requirements on City Loans (if any), plus (viii) amounts sufficient to maintain the balance in the Repair and Replacement Fund over a period not to exceed sixty (60) months (as determined by the City).

In setting the level of the CFC, the City specifically has the right to establish reserves that it reasonably believes to be prudent to either minimize significant year-over-year increases or decreases in the CFC or meet future capital needs associated with the CONRAC that are not funded on a current basis or through the Renewal and Replacement Fund.

[Remainder of page intentionally left blank]

III. ECONOMIC BASE OF THE AIR SERVICE AREA

The geographical area served by an airport is known as the air service area. The local demand for air service, and ultimately rental cars, at an airport is dependent upon the strengths of the economic base of that airport's air service area. These strengths can be measured in terms of the demographic and economic characteristics of the area. An analysis of the historical trends of this economic base is useful in assessing the probability of continued demand for air service, growth in demand for air service or a decline in demand for air service.

In this section of the Report, a description of the Airport's Air Service Area (defined below) is provided along with the historical trends of the characteristics of certain elements of the economic base of the Airport's Air Service Area.

The demographic and economic trends of the Airport's Air Service Area examined in this Report include population, employment, income, retail sales, visitors and tourism. Certain of these trends will also discuss the impacts of the recession which began in December of 2007. This section concludes with a summary of NAI's findings with respect to the historical and projected future strength of the economic base of the Airport's Air Service Area. These findings are considered along with other factors in the development of the origin and destination passenger enplanement forecast set forth in Section IV hereof.

A. AIR SERVICE AREA DESCRIPTION

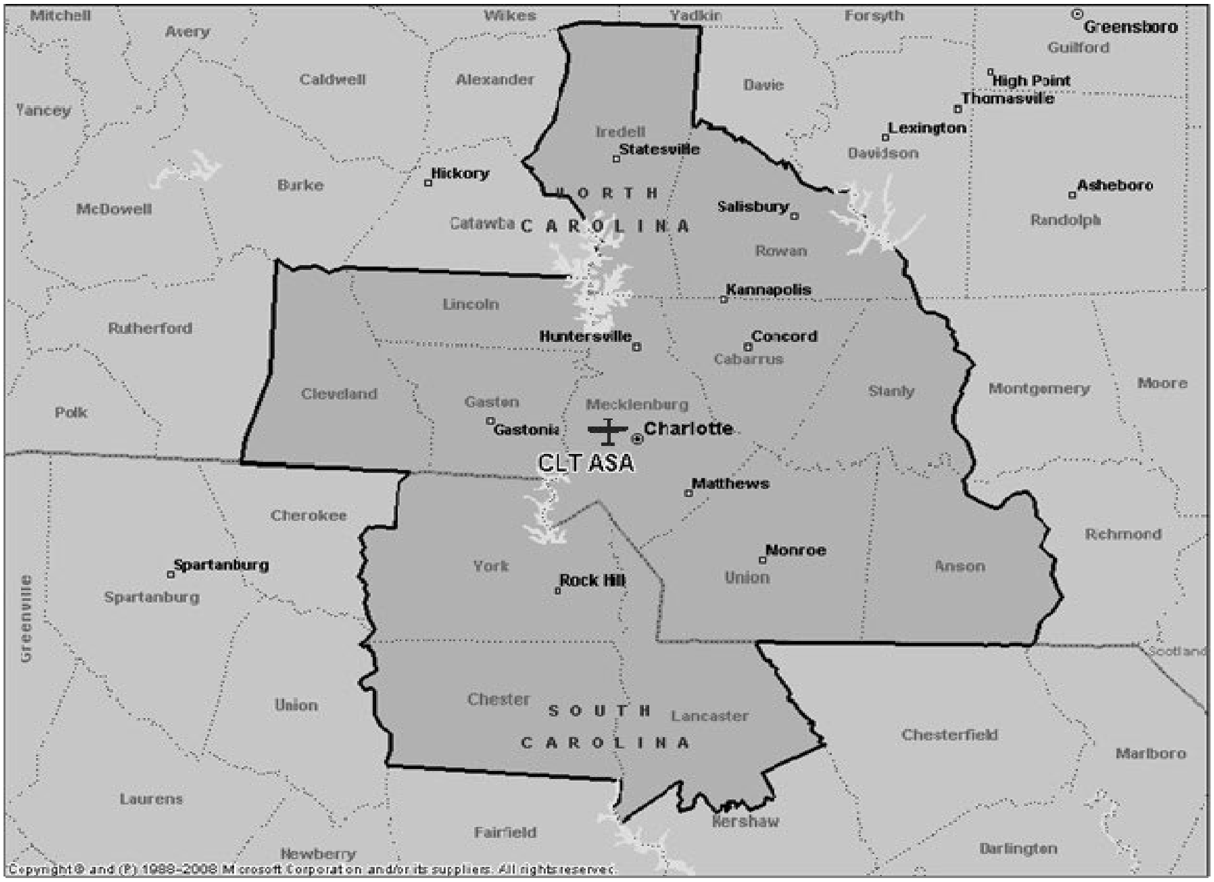
While there is considerable evidence that locally generated demand for air service at the Airport is created by air travelers from a larger geographic area than the thirteen counties which collectively comprise the Charlotte-Gastonia-Salisbury Combined Statistical Area[4] ("Charlotte CSA"), for the purposes of comparing and reporting on statistical data consistently compiled for the greater Charlotte area, NAI has defined the Charlotte CSA as the Airport's primary air service area.

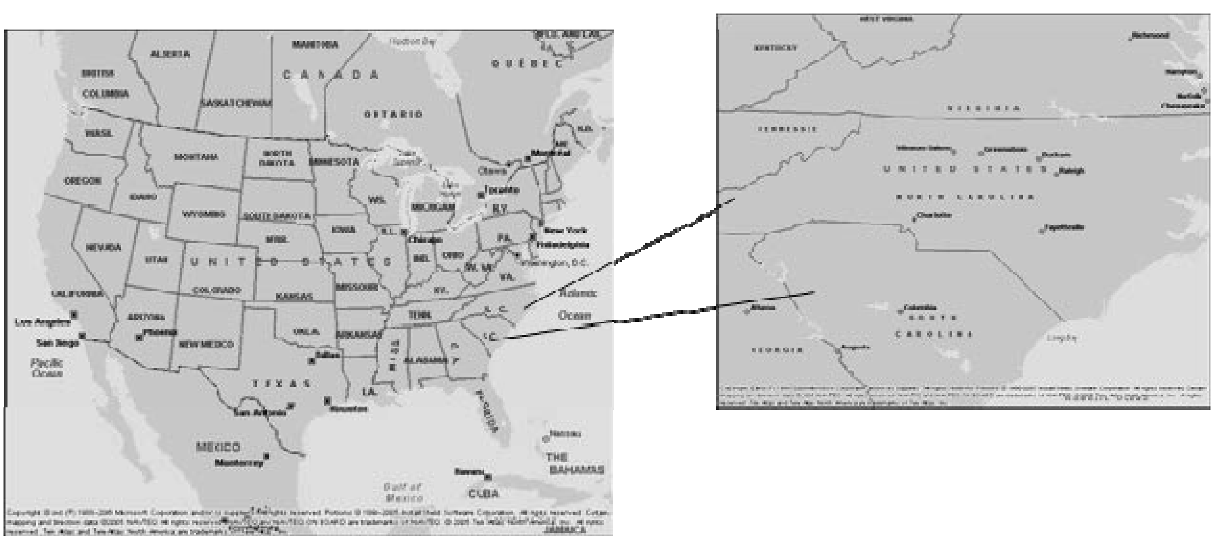
The OMB establishes and maintains the definitions of Metropolitan and Micropolitan Statistical Areas, Combined Statistical Areas, and New England City and Town Areas solely for statistical purposes. This classification is intended to provide nationally consistent definitions for collecting, tabulating, and publishing statistics for a set of geographic areas.

The counties included in the Charlotte CSA are: Anson County, NC; Cabarrus County, NC; Cleveland County, NC; Gaston County, NC; Iredell County, NC; Lincoln County, NC; Mecklenburg County, NC; Rowan County, NC; Stanly County, NC; Union County, NC; Chester County, SC; Lancaster County, SC; and, York County, SC (collectively referred to herein as the "Air Service Area" or "ASA"). **Figure III-1** depicts the counties which compose the Air Service Area and the location of each relative to the Airport, North Carolina and South Carolina, as well as the United States.

[4] Defined by the United States Office of Management and Budget ("OMB").

FIGURE III-1
Charlotte Douglas International Airport
Air Service Area





B. POPULATION

Population is defined as residential population on July 1 of each year and includes civilian population, military population except personnel stationed overseas, college residents, institutional populations (such as prison inmates and residents of mental institutional, nursing homes and hospitals) and estimates of undocumented aliens. Excluded are persons residing in Puerto Rico, U.S. territories and possessions, and U.S. citizens living abroad.

1. Historical Population

According to Woods & Poole Economics, estimated population in the Air Service Area, as depicted in **Table III-1** and **Figure III-2**, has increased from 2,276,224 in 2007 to 2,480,617 in 2011, representing an average annual growth rate in population of 2.17%. This growth in population is greater than the State of North Carolina (1.56%) and the United States (0.93%) over the same period of time.

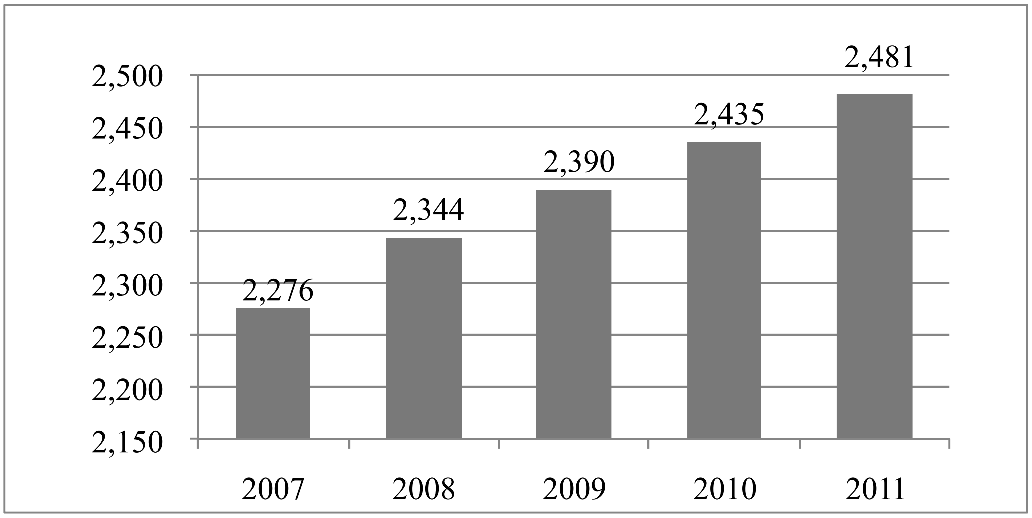
TABLE III-1
Population
(Thousands)

	Historical						Projected	
County	2007	2008	2009	2010	2011	Average Annual Growth Rate 2007-2011	2017	Average Annual Growth Rate 2011-2017
Mecklenburg	866	892	914	933	953	2.43%	1,052	1.66%
Air Service Area	2,276	2,344	2,390	2,435	2,481	2.17%	2,758	1.78%
North Carolina	9,064	9,247	9,381	9,512	9,643	1.56%	10,313	1.13%
United States	301,580	304,375	307,007	310,009	313,010	0.93%	328,488	0.81%

Source: Woods & Poole Economics
Compiled by: Newton & Associates, Inc.

September 19, 2011
c:\...\clt\Section III Tables v9 091911 dnz

FIGURE III-2
ASA Population
(Thousands)



2. Population Projection

According to the same source and also summarized on Table III-1, the population of the Air Service Area is projected to increase from the 2011 levels of 2,480,617 residents to 2,758,036 residents in 2017, representing an average annual increase of 1.78% over the period. The growth of population in the State of North Carolina is expected to slow slightly over the Forecast Period with an average annual growth rate of 1.13%. The United States population is forecast to grow by approximately 0.81% over the Forecast Period.

C. EMPLOYMENT

The Bureau of Labor Statistics ("BLS") defines employed persons as those persons 16 years and older in the civilian non-institutional population who, during the reference week, (a) did any work at all (at least one hour) as paid employees; worked in their own business, profession or on their own farm or worked 15 hours or more as unpaid workers in an enterprise operated by a member of the family; and (b) all those who were not working but who had jobs or businesses from which they were temporarily absent due to vacation, illness, bad weather or other unforeseen temporary absences. Each employed person is counted only once, even though the person may hold more than one job. Excluded from employed persons are those whose only activity consisted of work around their own home or volunteer work for religious, charitable and other organizations. The reference week is the calendar week (Sunday through Saturday) containing the 12th day of the month, as the time period for documenting employment and labor force.

As reported by the Employment Security Commission of North Carolina and the South Carolina Department of Employment and Workforce, total employment in the Air Service Area decreased at an average annual rate of 1.65% from the 2007 level of 1,103,804 to an estimated 1,032,618 employed persons in 2011. Employment from 2010 to 2011 in the Air Service Area increased from 1,028,693 to 1,032,618 a growth rate of 0.38%. Total employment in the State of North Carolina over the Study Period decreased at an average annual rate of 1.56%, from approximately 4,321,339 in 2007 to an estimated 4,058,744 in 2011, and increased 0.55% over the 2010 to 2011 period. The United States experienced an average annual rate of decline in employment of 1.03% over the Study Period and grew 0.70% over the 2010 to 2011 period. **Table III-2** summarizes the historical employment trends for the Air Service Area, North Carolina and the United States.

TABLE III-2
Employment

County	2007	2008	2009	2010	2011 [1]	Average Annual Growth Rate 2007-2011	Percent Change 2010-2011
Mecklenburg	437,864	439,759	414,165	411,376	410,213	-1.62%	-0.28%
Air Service Area	1,103,804	1,099,388	1,035,660	1,028,693	1,032,618	-1.65%	0.38%
North Carolina	4,321,339	4,291,565	4,064,521	4,036,343	4,058,744	-1.56%	0.55%
United States	146,047,000	145,362,000	137,953,000	139,159,000	140,129,000	-1.03%	0.70%

[1] Employment reported for June 2011.

Source: Employment Security Commission of North Carolina
South Carolina Department of Employment and Workforce
Compiled by: Newton & Associates, Inc.

September 19, 2011
c:\...\clt\Section III Tables v9 091911 dnz

1. Labor Force

The Labor Force is made up of all employed persons and all unemployed persons (defined in Section 2 below) willing and able to work.

According to the Employment Security Commission of North Carolina and the South Carolina Department of Employment and Workforce, the total labor force of the Air Service Area increased at an average annual rate of 0.04% from 2007 to 2011. This growth in the Air Service Area labor force is more than that of North Carolina (-0.05%) but less than the United States (0.23%) for the same period, as depicted on **Table III-3**. The labor force in the Air Service Area fell slightly over the 2010 to 2011 period by 0.46%. The State of North Carolina and the United States experienced increases in the labor force (0.34% and 0.90% respectively).

TABLE III-3
Labor Force

County	2007	2008	2009	2010	2011 [1]	Average Annual Growth Rate 2007-2011	Percent Change 2010-2011
Mecklenburg	458,616	468,005	464,147	461,879	461,393	0.15%	-0.11%
Air Service Area	1,162,911	1,178,229	1,180,030	1,170,173	1,164,784	0.04%	-0.46%
North Carolina	4,536,465	4,577,178	4,554,532	4,512,770	4,528,216	-0.05%	0.34%
United States	153,124,000	154,287,000	152,693,000	153,156,000	154,538,000	0.23%	0.90%

[1] Labor Force reported for June 2011.

Source: Employment Security Commission of North Carolina
South Carolina Department of Employment and Workforce
Compiled by: Newton & Associates, Inc.

September 19, 2011
c:\...\clt\Section III Tables v9 091911 dnz

2. Unemployment Rates

The unemployment rate represents the number of unemployed as a percent of the labor force. Unemployed persons are defined as those individuals aged 16 years and older who had no employment during the reference week, were available for work, except for temporary illness, and had made specific efforts to find employment sometime during the 4-week period ending with the reference week. Persons who were waiting to be recalled to a job from which they had been laid off need not have been looking for work to be classified as unemployed. **Table III-4** and **Figure III-3** depict the historical trend in the rate of unemployment in the Air Service Area, the State of North Carolina and the United States for the period 2007 to 2011. During this time, the rate of unemployment increased in the Air Service Area, the State of North Carolina and the United States as a whole. The unemployment rate for the Air Service Area increased from 5.08% in 2007 to 11.45% in 2011. North Carolina's unemployment rate increased to 10.37% over the same period and the United States unemployment rate increased to 9.32% in 2011.

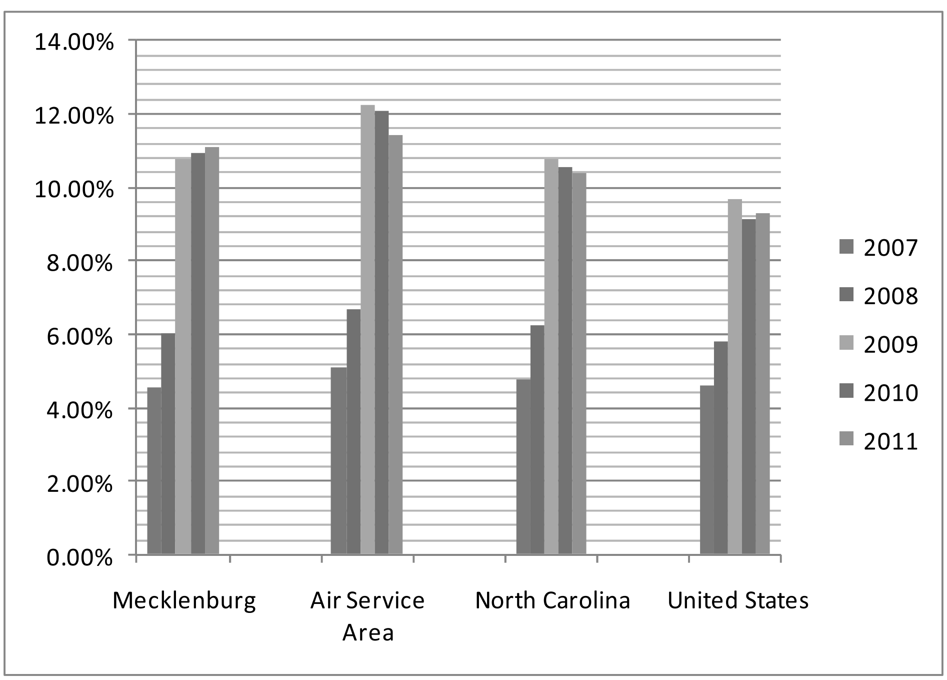
TABLE III-4
Unemployment

County	2007	2008	2009	2010	2011 [1]
Mecklenburg	4.52%	6.04%	10.77%	10.93%	11.09%
Air Service Area	5.08%	6.69%	12.23%	12.09%	11.45%
North Carolina	4.74%	6.24%	10.76%	10.56%	10.37%
United States	4.62%	5.78%	9.65%	9.14%	9.32%

[1] Unemployment Rate reported for June 2011.

Source: Employment Security Commission of North Carolina September 19, 2011
South Carolina Department of Employment & Workforce
Compiled by: Newton & Associates, Inc. c:\...\clt\Section III Tables v9 091911 dnz

FIGURE III-3
Unemployment Rates



3. Industry Group Employment

An examination of employment by industry group illustrates the diversity of employment in the Air Service Area. **Table III-5** and **Figure III-4** summarize the number of full and part-time non-agricultural employees by major industry sector (as defined by the U.S. Department of Labor) for the Air Service Area, the State of North Carolina and the United States. The percentage of employment by industry sector is also included in Table III-5.

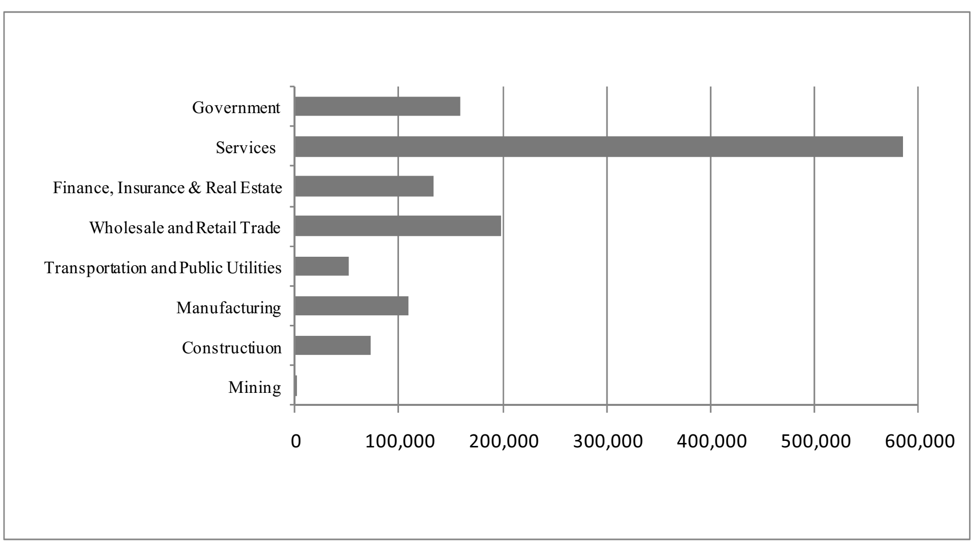
TABLE III-5
ASA Industry Employment

	Charlotte Air Service Area					North Carolina		United States	
Industry Sector	**2007**	**Percent of Total 2007**	**2011**	**Percent of Total 2011**	**Average Annual Growth Rate**	**2011**	**Percent of Total 2011**	**2011**	**Percent of Total 2011**
Mining	1,653	0.12%	1,823	0.14%	2.48%	7,696	0.15%	1,216,702	0.70%
Constructiuon	105,073	7.72%	72,905	5.56%	-8.73%	293,593	5.75%	8,760,279	5.06%
Manufacturing	131,854	9.69%	108,579	8.28%	-4.74%	472,859	9.27%	12,417,400	7.18%
Transportation and Public Utilities	54,863	4.03%	52,114	3.97%	-1.28%	156,495	3.07%	6,271,507	3.63%
Wholesale and Retail Trade	211,108	15.51%	197,865	15.08%	-1.61%	726,878	14.24%	24,432,459	14.12%
Finance, Insurance & Real Estate	145,794	10.71%	133,142	10.15%	-2.24%	434,436	8.51%	16,518,719	9.55%
Services	564,714	41.50%	586,238	44.69%	0.94%	2,283,328	44.75%	79,811,878	46.13%
Government[1]	145,678	10.71%	159,050	12.13%	2.22%	727,679	14.26%	23,573,423	13.63%
Total	1,360,737	100%	1,311,716	100%	-0.91%	5,102,964	100%	173,002,367	100%

[1] Does Not Include Military.

Source: Woods & Poole Economics — September 19, 2011
Compiled by: Newton & Associates, Inc. — c:\...\clt\Section III Tables v9 091911 dnz

FIGURE III-4
ASA Industry Employment



According to Woods & Poole Economics and as shown on Table III-5, in 2007 the services industry sector was the largest non-agricultural employment sector in the Air Service Area (41.50%). The services industry sector continued to be the largest sector of industry employment in 2011 accounting for 44.69% employed persons, an average annual growth rate of 0.94%. By comparison in 2011, the services industry sector accounted for 44.75% of employment in the State of North Carolina and 46.132% for the United States. The services industry sector in the Air Service Area in 2011 is followed by wholesale and retail trade, government, and finance, insurance and real estate sectors (15.08%, 12.13% and 10.15% respectively) in percentages of employed persons.

From 2007 to 2011, three industry sectors experienced positive growth in employment. The mining industry sector of employment experienced the greatest employment growth of any industry sector (2.48%), from 1,653 in 2007 to 1,823 in 2011. The mining sector growth was followed by the government industry sector which grew at an average annual rate of 2.22%. The services industry sector of employment in the Air Service Area experienced the third greatest growth in employment at 0.94%.

Following are discussions of the largest employment industry sectors as they relate to the Air Service Area and the City of Charlotte. The Charlotte Chamber of Commerce is the source of information provided below, unless otherwise noted.

a. Finance, Insurance and Real Estate

Charlotte is the largest financial center in the southeastern United States and the second largest financial center in the United States in terms of assets held by banks (second to New York). Twenty-four banks are located in Charlotte and hold more than $2.3 trillion in assets. In addition to the 24 banks, a branch of the Federal Reserve is also located in Charlotte. Bank of America Corporation, the nation's largest bank in terms of assets ($2.261 trillion as of June 30, 2011 and as reported by Bank of America) is headquartered in Charlotte and employed approximately 15,000 persons in 2010 (as reported in the Charlotte Business Journal's 2010 Book of Lists) in the Charlotte area.

There are 348 mortgage banking companies that operate in Charlotte. Bank of America Corporation, the nation's largest mortgage lender, services over $261 billion in mortgages. Furthermore, the banking industry in Charlotte currently holds approximately $186 billion in commercial and industrial loans and $31 billion in construction and land development loans. Finally, Charlotte ranks second in the nation in the total number of small business loans with over 206,000 outstanding business loans and 13,000 Small Business Administration Loans.

The financial services sector has experienced significant losses in loan portfolios primarily related to sub-prime residential mortgages resulting nationally in the collapse, sale or takeover of certain large investment banks and several other smaller institutions. Included with this restructuring was the purchase of Charlotte-headquartered Wachovia Corporation by San Francisco-based Wells Fargo & Company. Wells Fargo & Company named San Francisco as the combined bank's headquarters but has stated that it will maintain a significant presence on the east coast with Charlotte its center of east coast operations.

On September 6, 2011, Bank of America Chief Executive Officer Brian Moynihan announced a reorganization of the company's management to align the company's operating units with its three core customer groups: Individuals, companies, and institutional investors. Moynihan stated that the reorganization was effective immediately and that it was a significant step in the continued transformation of the company. On September 12, 2011, Bank of America announced the nearing of completion of Phase I of Project New BAC which began in April 2011. The company stated it intends to become more focused, leaner and efficient. The company expects that approximately 30,000 jobs will be eliminated as a result of the Phase I initiative. As of the date of the Report, the extent to which the anticipated job cuts will affect the Air Service Area and its demand for air service is uncertain.

Based on data from Woods & Poole Economics, the finance and insurance sub-sectors, which make up approximately 61% of the total Finance, Insurance and Real Estate industry sector, lost an estimated 3,935 jobs over the 2008 to 2009 period. According to the same source, this industry subsector has gained 1,627 jobs over the period 2009 to 2011.

b. Services

The Services sector, the broadest sector of employment, which includes health care institutions, research and development firms, personal services, business services and employment agencies among others, is the largest non-agricultural employment sector in the Air Service Area, the State of North Carolina and the United States. Within the Services industry sector, three sub-sectors experienced average annual growth rates in excess of 2.0%. These include Educational Services (4.07%), Management of Companies and Enterprises (3.43%), and Healthcare and Social Assistance (2.27%).

Although the Services industry sector is the largest industry sector, it had a slower positive growth rate than any other industry sector in the Air Service Area. Over the Study Period, the Services industry grew at an average annual rate of 0.94%. In 2011, the Services industry sector employed 586,238 persons in the Air Service Area, 2,283,328 persons in North Carolina and 79,811,878 persons in the United States.

The largest services sector employers in the Air Service Area include Carolinas Healthcare System which employs more than 30,000 people, Presbyterian Regional Healthcare Corporation (Novant) employs approximately 13,300, Adecco (5,000), Compass Group (3,117), CaroMont Health, Inc. (3,700), and Corestaff Services (2,900).

c. Wholesale and Retail Trade

Charlotte's strategic location and strength as a major transportation center have contributed to the Air Service Area's growth as one of the major wholesale distribution centers in the United States. The Charlotte-Greensboro-Greenville-Raleigh Major Trading Area is currently ranked as the sixth largest trading area and wholesale distribution center in the United States. Wholesale and Retail trade firms employed approximately 197,865 people in the Air Service Area in 2011. This industry sector gained 3,949 jobs from 2009 to 2011. The wholesale and retail trade service sector is the second largest employment sector in the Air Service Area and the United States, and the third largest for the State of North Carolina.

d. Manufacturing

According to the Charlotte Chamber of Commerce, Mecklenburg County is home to 1,150 manufacturers generating an annual payroll of over $1.7 billion and the Charlotte Metropolitan Statistical Area (as defined by the Office of Management and Budget) has 1,926 manufacturers that employ 75,520 employees and generates $33 billion in payroll. In addition to the traditional furniture and textile industries, the electronics, printing, plastics, industrial machinery and metal working, and bio-medical industries have significant presence in the area. As shown on Table III-5, the manufacturing industry sector employment within the Air Service Area has decreased by an average annual rate of 4.74% from 2007 to 2011 and by 0.65% over the 2009 to 2011 period.

Manufacturing firms employing at least 1,000 employees within the Air Service Area include IBM, Parkdale Mills, Inc., Hickory Springs Manufacturing Company, Pharr Yarns and Century Furniture Industries, according to the Charlotte Chamber of Commerce. **Table III-7** depicts employers that employ more than 2,400 persons including those in the manufacturing sector (Damlier Trucks North America).

Manufacturing in the Charlotte area has diversified over the years. Once considered a textiles area, manufacturers today specialize in sophisticated intelligent manufacturing. The University of North Carolina at Charlotte created the Charlotte Research Institute which focuses on applied research in intelligent energy, manufacturing and precision metrology, e-Business technology, optoelectronics and optical communications, biosciences and biotechnology.

e. Transportation, Warehousing and Public Utilities

The number of persons employed in the transportation, warehousing and public utilities industry sector, expressed as a percentage of total nonagricultural employment, declined slightly during the period 2007-2011 for the Air Service Area (4.03% in 2007 to 3.07% in 2011). Charlotte is located within the center of one of the United States' major transportation hubs. Two major north/south Interstates, I-77 and I-85, intersect the City of Charlotte. In addition, I-40, an important east/west transportation corridor, is located within approximately 40 miles to the north of Charlotte via I-77 and also accessed by I-85. Major highway access is also provided by U.S. Highways 74, 29, 49 and 21.

Because of Charlotte's interstate and highway system, strong manufacturing base, wholesale trade, and intermodal networks, the Charlotte region is the center of the largest consolidated rail system in the United States. CSX Transportation and Norfolk Southern link approximately 43,200 miles of rail transportation to 23 eastern states. The rail system also provides passenger service to and from Charlotte via Amtrak.

According to Airports Council International, the Airport is the 7th largest airport in the world in terms of total operations (529,101) in calendar year 2010 representing a 3.9% increase over its

2009 operations (509,448) and 11th in terms of total passengers, having served more than 38 million passengers in calendar year 2010. A complete analysis and discussion regarding the Airport's passenger traffic and aircraft activity are provided in Section IV, herein.

These various transportation networks (trucking, rail and air transportation) situated within the Air Service Area provide the region with important intermodal transportation opportunities and contribute to the well being and growth of the economic base of the Air Service Area. The price of fuel, however, may affect demand for transportation services.

The price of crude oil has declined significantly from the July 2008 high of $135 per barrel in the United States. On July 15, 2011 crude oil was $105.28 per barrel and dropped further to $97.25 per barrel on August 19, 2011 as reported by the Department of Energy's Energy Information Administration.

Utilities in the Charlotte area are economical when compared to most U.S. locations. Duke Energy Corporation generates power for the area from a combination of nuclear, coal fired and hydro-electrical facilities with user rates 22% (in 2007) below the national average. In 2008, Charlotte ranked 13th in the top 40 Metro Markets (as defined by the Office of Management and Budget) with a Utility Index of 96.2 (taken from the 2011 ACCRA Cost of Living Index for the first quarter[5]). With respect to energy production, Duke Energy is working to expand coal fired, wind, solar and nuclear generating capacity. Part of Duke Energy's alternative fuel initiatives is the North Carolina Solar Photovoltaic Distributed Generation program, under which Duke Energy will invest $50 million to install solar panels on the roofs of select commercial and residential properties. Under this program, Duke Energy will produce 10 megawatts of solar energy capable of providing electricity to approximately 1,300 homes. Furthermore, Duke Energy has signed a contract with The University of North Carolina at Chapel Hill undergoing a pilot project which will place up to three demonstration wind turbines in Pamlico Sound. This project is intended to build upon a nine-month study completed in June 2009 by The University of North Carolina, as recommended by the North Carolina General Assembly.

f. Construction – Residential / Commercial

In 2011, employment in the Construction industry sector represented 5.56% (72,905) of the total non-agricultural employment within the Air Service Area, 5.75% (293,593) in the State of North Carolina and 5.06% (8,760,279) in the United States. Construction employment has decreased at an average annual rate of 8.73% from 2007 through 2011 for the Air Service Area.

Table III-6 details the annual construction activity estimates for Mecklenburg County (the county in which the Airport and the City are located) in terms of residential and non-residential units authorized for construction for the five-year period 2006 to 2010. There were a total of 18,089 housing unit permits authorized for construction within Mecklenburg County in 2006 totaling over $2.7 billion in construction costs (these figures do not include additions,

[5] The *ACCRA Cost of Living Index* measures relative price levels for consumer goods and services in participating areas. The average for all participating places in each quarter equals 100, and each participant's index is read as a percentage of the average for all participating places.

allocations, conversions or demolitions). Residential units authorized for construction in Mecklenburg County decreased to 4,523 in 2010, representing an average annual decrease of 29.29% between 2006 and 2010. Housing unit costs decreased from $2.709 billion in 2006 to $529.30 million in 2010 representing an average annual decline of 33.52%. The total construction cost of the non-residential units for Mecklenburg County decreased from nearly $1.5 billion in 2006 to $719.4 million in 2010, representing a decline of 17.61% over the period.

TABLE III-6
Mecklenburg County Annual Building Permit Activity

		Value (Millions*)		
Year	**Permits**	**Residential**	**Non-Residential**	**Total**
2006	24,250	$2,710	$1,561	$4,270
2007	21,462	$2,224	$1,823	$4,047
2008	16,243	$1,473	$2,240	$3,713
2009	11,549	$670	$716	$1,386
2010	12,968	$529	$719	$1,249
AAGR	-14.49%	-33.52%	-17.61%	-26.46%

	Residential Construction Type		
	Single Family	**Multi Family**	**Total**
2006	10,215	7,874	18,089
2007	7,494	6,303	13,797
2008	3,758	6,747	10,505
2009	2,224	2,302	4,526
2010	2,958	1,565	4,523
AAGR	-26.64%	-33.23%	-29.29%

* In 2005 Constant Dollars

Source: Charlotte Chamber of Commerce
Compiled by: Newton & Associates, Inc.

September 19, 2011
c:\...\clt\Section III Tables v9 091911 dnz

According to the Charlotte Business Journal's 2010 Book of Lists, the top 25 commercial construction projects[6] that were underway in 2010 accounted for more than 8.4 million square feet of new building space and were estimated to cost in excess of $1.9 billion.[7]. The largest project in terms of square footage is the Bank of America Center in uptown Charlotte having 750,000 square feet. The project having the highest construction cost was the Project Dolphin/Apple Inc. data center with an estimated cost of $1 billion. Total estimated commercial construction values for 2010 for Mecklenburg County were $234,351,773 according to the Mecklenburg County Department of Code Enforcement.

g. Major Non-Governmental Employers

The major non-governmental employers located in the Air Service Area include several Fortune 500 companies. According to the 2011 Fortune 500 ranking, Charlotte ranks seventh nationally, in the number (seven) of Fortune 500 companies headquartered within its boundaries. These seven companies (Bank of America Corporation, Nucor Corporation, Duke Energy, Goodrich Corporation, Sonic Automotive, SPX Corporation and Ruddick) along with Family Dollar Stores and Lowes, Inc., located outside the Charlotte City limits, exceed $187 billion in revenues. As of February 2011 the Charlotte area was home to more than 550 foreign-owned firms. Table III-7 sets forth the major non-governmental employers (employing at least 2,400) in the Air Service Area for 2010.

[6] These projects were not necessarily permitted in 2010 but were in some phase of construction in 2010.
[7] Estimated construction cost for ten of these projects were not available, the largest project being the Bank of America Center.

TABLE III-7
Top Twenty-Five Largest Non-Governmental Employers

Local FTE's	Employer	Type of Business
20,000	Wells Fargo & Company	Financial Services
16,100	Wal-Mart & Sams Clubs	Retail Trade
15,000	Bank of America Corporation*	Financial Services
13,323	Presbyterian Healthcare/Novant Health, Inc.	Healthcare/Services
8,658	Delhaize American Inc. (Food Lion LLC)*	Retail Trade
7,700	Duke Energy Corporation*	Utility
7,000	Ruddick Corporation*	Retail Trade
6,858	Lowes*	Retail Trade
5,955	US Airways, Inc.	Transportation
5,000	Adecco	Staffing/Services
3,700	Caromont Health	Healthcare/Services
3,655	Target Corporation	Retail Trade
3,400	Damlier Trucks North America	Manufacturer
3,117	Compass Group North America	Food & Support Services
2,900	Corestaff Services	Staffing/Services
2,800	AT&T, Inc.	Telecommunications
2,700	Belk, Inc.	Retail Trade
2,650	TIAA-CREF	Financial Services
2,545	Labor Ready, Inc.	Staffing/Services
2,538	Bi-Lo LLC	Retail Trade
2,500	CVS Caremark Corporation	Retail Trade
2,500	United Parcel Services, Inc.	Transportation
2,475	Marriott International	Lodging/Services
2,436	Family Dollar Stores, Inc.	Retail Trade

* Headquartered in the Charlotte Area.

Source: Charlotte Business Journal's 2010 Book of Lists — September 19, 2011
Compiled by: Newton & Associates, Inc. — c:\...\clt\Section III Tables v9 091911 dnz

D. INCOME/SALES

1. Personal Income

Personal income includes wages and salaries, other labor income, proprietor's income, dividends, interest and rent, and transfer payments to persons. As depicted on **Table III-8,** Personal Income for the Air Service Area declined from $80.4 billion in 2007 to an estimated $80.025 billion for 2011, an average annual decrease of 0.12%. This decline was less than the decline for the State of North Carolina (0.50%) and slightly greater than that of the United States (0.09%) according to Woods & Poole Economics.

2. Personal Income Projection

According to the same source, personal income in the Air Service Area is projected to grow at an average annual growth rate of 3.00%, a rate of growth greater than that of the State of North Carolina (2.58%) and the United States (2.18%) from 2011 through 2017.

TABLE III-8
Personal Income
(Millions)

	Historical						Projected	
County	2007	2008	2009	2010	2011	Average Annual Growth Rate 2007-2011	2017	Average Annual Growth Rate 2011-2017
Mecklenburg	$37,822	$37,040	$35,524	$35,462	$36,743	-0.72%	$44,843	3.38%
Air Service Area	$80,424	$79,631	$77,506	$77,561	$80,025	-0.12%	$95,546	3.00%
North Carolina	$299,367	$298,873	$295,802	$297,426	$305,420	0.50%	$355,884	2.58%
United States	$11,253,711	$11,209,889	$10,997,401	$10,954,585	$11,214,507	-0.09%	$12,761,425	2.18%

Source: Woods & Poole Economics — September 19, 2011
Compiled by: Newton & Associates, Inc. — c:\...\clt\Section III Tables v9 091911 dnz

3. Income Per Capita

As depicted on **Table III-9**, income per capita for the Air Service Area declined from $35,332 in 2007 to an estimated $32,260 in 2011, representing an average annual decline of 2.25%. During the same period, income per capita for North Carolina and the United States declined from $33,028 to $31,672 (1.04%) and $37,316 to $35,828 (1.01%) respectively.

4. Income Per Capita Projection

The income per capita in the Air Service Area is projected to grow from $32,260 in 2011 to $34,643 in 2017, an average annual growth rate of 1.19%. This rate is comparable with that of the State of North Carolina (1.22%) and the United States (1.20%) for the period 2011 through 2017.

TABLE III-9
Income Per Capita

	Historical						Projected	
County	2007	2008	2009	2010	2011	Average Annual Growth Rate 2007-2011	2017	Average Annual Growth Rate 2011-2017
Mecklenburg	$43,696	$41,504	$38,881	$38,001	$38,565	-3.07%	$41,833	1.36%
Air Service Area	$35,332	$33,974	$32,433	$31,850	$32,260	-2.25%	$34,643	1.19%
North Carolina	$33,028	$32,321	$31,532	$31,268	$31,672	-1.04%	$34,058	1.22%
United States	$37,316	$36,829	$35,821	$35,336	$35,828	-1.01%	$38,478	1.20%

Source: Woods & Poole Economics
Compiled by: Newton & Associates, Inc.
September 19, 2011
c:\...\clt\Section III Tables v9 091911 dnz

5. Retail Sales

According to Woods & Poole Economics, and as depicted on **Table III-10** and **Figure III-5**, retail sales in the Air Service Area increased slightly from over $32.2 billion in 2007 to an estimated $33.3 billion in 2011, an average annual increase of 0.89%. This increase in retail sales was greater than the State of North Carolina (0.30%) and the United States (-0.31%) during the same period. Table III-10 summarizes the historical trend in retail sales in the Air Service Area, the State of North Carolina and the United States for the Study Period.

6. Retail Sales Projection

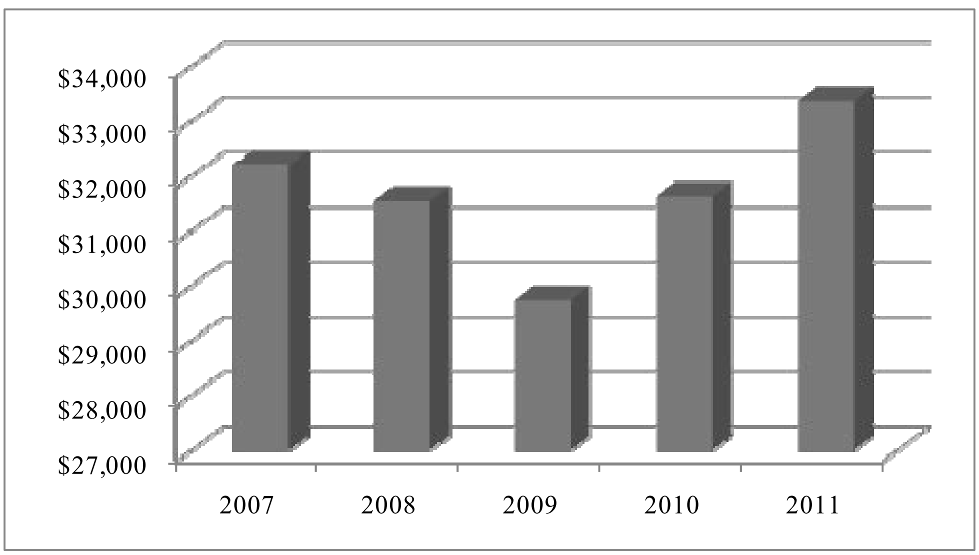
According to the same source, retail sales in the Air Service Area are projected to increase over the Forecast Period of 2011 to 2017 at a rate of 2.44%. This projected rate of growth in retail sales in the Air Service Area is greater than that projected for the State of North Carolina (1.98%) and the United States (1.61%).

TABLE III-10
Total Retail Sales
(Millions)

	Historical						Projected	
County	2007	2008	2009	2010	2011	Average Annual Growth Rate 2007-2011	2017	Average Annual Growth Rate 2011-2017
Mecklenburg	$15,972.36	$15,649.78	$14,794.56	$15,758.33	$16,644.28	1.04%	$19,349.90	2.54%
Air Service Area	$32,218.87	$31,551.41	$29,740.86	$31,639.27	$33,378.52	0.89%	$38,563.13	2.44%
North Carolina	$123,548.70	$119,968.00	$112,550.60	$119,117.40	$125,039.50	0.30%	$140,657.60	1.98%
United States	$4,109,239.00	$3,947,379.00	$3,682,032.00	$3,880,980.00	$4,057,731.00	-0.31%	$4,465,222.00	1.61%

Source: Woods & Poole Economics
Compiled by: Newton & Associates, Inc.
September 19, 2011
c:\...\clt\Section III Tables v9 091911 dnz

FIGURE III-5
ASA Retail Sales
(Millions)

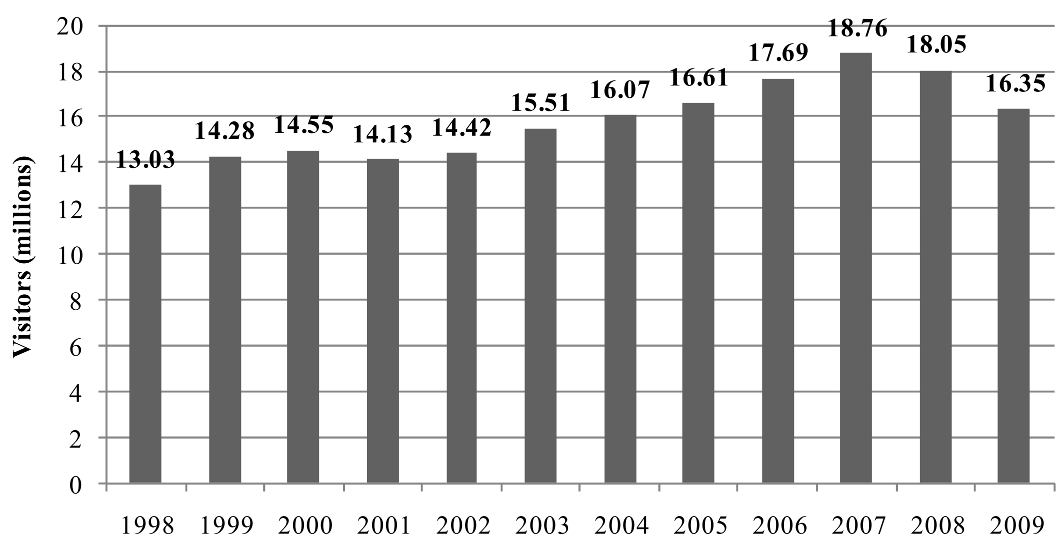


E. AIR SERVICE AREA VISITORS AND TOURISM

The demand for air service at the Airport is based on demand generated by persons who live, work, reside and visit the Air Service Area. The demand for rental cars at the Airport is primarily driven by visitors who arrive at the Airport to visit the Air Service Area for business and pleasure. As will be discussed in Section IV, visitors make up approximately 46% of all origin and destination deplanements at the Airport.

Visitor demand is dependent on the size and strengths of the economic base of the Air service Area, tourism, and convention activity, among other things. The Charlotte Regional Visitors Authority ("CRVA") publishes estimates[8] of total visitors and spending for the Charlotte Metropolitan Statistical Area ("MSA").[9] According to the CRVA, the MSA attracted 16.35 million visitors in 2009 which was greater than 13.03 million visitors in 1998, but down from a high of 18.76 million visitors in 2007. The estimated visitors to the Charlotte MSA are depicted on **Figure III-6**.

FIGURE III-6
Charlotte MSA Visitors



Source DK Shifflet & Associates, TNS, CRVA

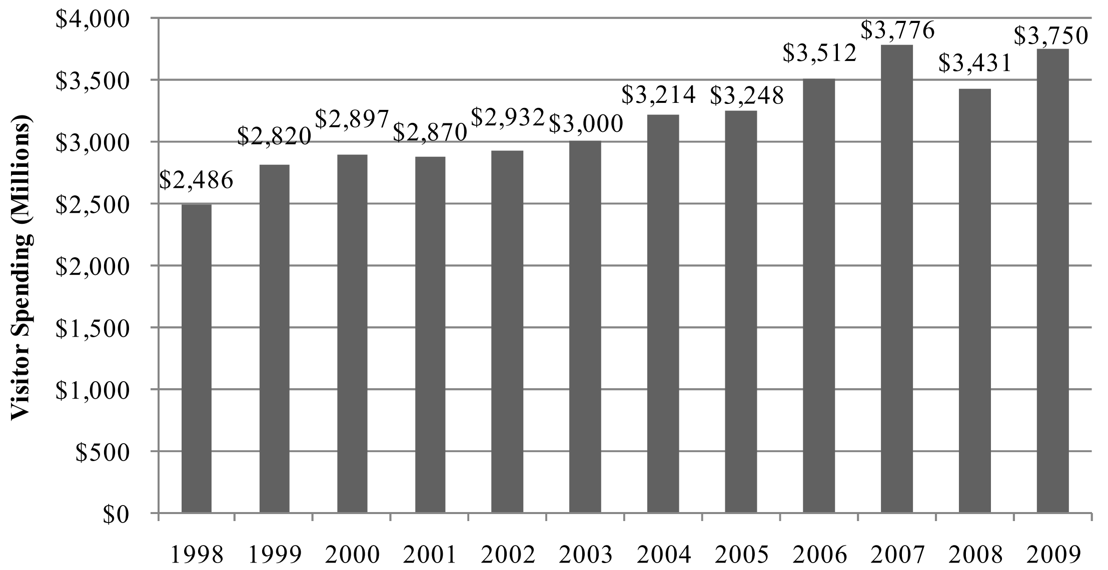
According to the CRVA, visitors to the Charlotte MSA spent approximately $3.75 billion in 2009, an increase of 9.3% over spending in 2008. Total visitor spending from 1998 through 2009 is provided on **Figure III-7**.

---

[8] Estimates compiled by DK Shifflet & Associates, TNS, CRVA

[9] The Charlotte MSA used by the CRVA for this purpose includes Anson, Cabarrus, Gaston, Mecklenburg, Union and York, SC. These counties represent approximately 74.6% of the entire Air Service Area as defined in the Report.

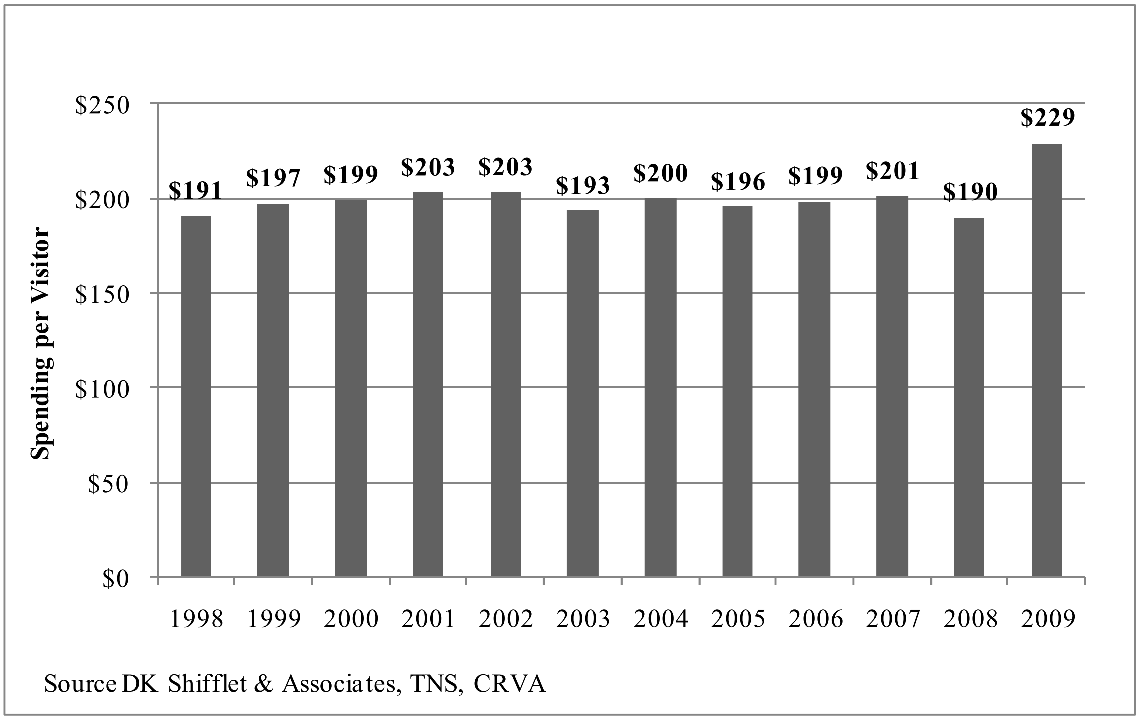
FIGURE III-7
Charlotte MSA Total Visitor Spending



Source DK Shifflet & Associates, TNS, CRVA

As depicted on **Figure III-8**, spending per visitor remained relatively flat from 1998 through 2008, varying from a low of $191 to a high of $203 over the period. Average spending per visitor increased to a high of $229 in 2009, which was 20.7% higher than per visitor spending in the prior year.

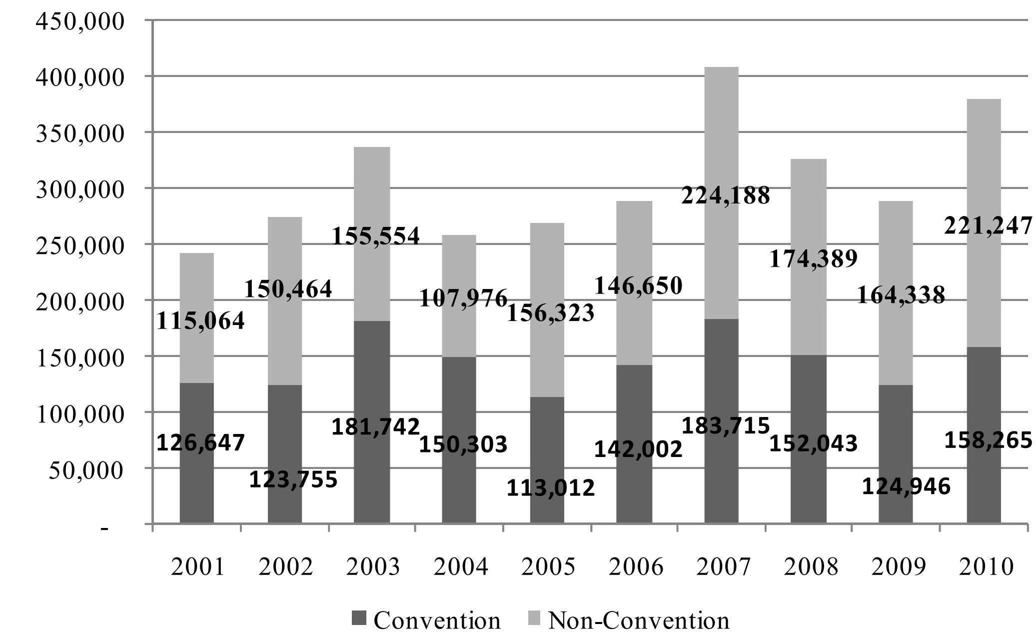
FIGURE III-8
Charlotte MSA Spending Per Visitor



Another indicator of visitor activity is local hotel room demand. As depicted on **Figure III-9**, total hotel rooms booked and consumed by the CRVA[10] have fluctuated from 2001 through 2010. Total CRVA booked and consumed hotel rooms decreased from a high of 407,903 in 2007 to 326,432 in 2008 and 289,284 in 2009. Hotel rooms booked by the CRVA increased by 31.2% in 2010 to 379,512 in 2010, which is the second highest level over the ten-year period.

[10] The Charlotte Regional Visitors Authority is responsible for the marketing and management of the City of Charlotte's public assembly facilities such as Bojangles' Coliseum, Charlotte Convention Center, NASCAR Hall of Fame, Ovens Auditorium and Time Warner Cable Arena.

FIGURE III-9
CRVA Booked Room Nights



Source DK Shifflet & Associates, TNS, CRVA

According to the CRVA, the Charlotte market occupancy was 66.8% in June 2011, up 9.8% from June 2010. Occupancy was up 5% in both North Carolina and the United States for the same period. The June 2011 occupancy rate increase marks 18 consecutive months of occupancy increases in the Charlotte market. Year-to-date hotel occupancy is 61.8%, up 7.3% from the same period last year. June's 66.8% is the highest monthly occupancy in the market since April of 2008 (70.2%).

Charlotte room demand totaled 649,945 for the month of June, up 11.5% from June 2010. Year to date, Charlotte room demand is up 9.2% from the same period of 2010. By comparison, year to date demand is up 5.8% in the US and up 6.2% in NC. June 2011 makes 20 straight months of improved demand in the Charlotte market. It also marks the 4th straight month of 600,000 plus rooms sold.

According to the CRVA, the economic impact of tourism in Mecklenburg County grew by 12.21% in 2010, with visitors spending over $3.7 billion. Of the 100 counties in North Carolina, only 3 counties experienced visitor spending in excess of $1 billion: Mecklenburg ($3.7 billion), Wake County ($1.5 billion) and Guilford County ($1.0 billion).

Over the calendar year period 2007 to 2011, the Charlotte Convention Center will have hosted approximately 125 tradeshows and conventions. As of August 3, 2011, the Charlotte Convention

Center has bookings for 52 future tradeshows and conventions for the calendar year period 2012 to 2014. Along with these upcoming events, the Democratic National Convention will convene in Charlotte in September 2012 (at the Time Warner Arena) and is expected to draw more than 30,000 media, delegate and special guests. It is estimated that this convention alone will have an estimated economic impact of $150 million to $200 million.

F. SUMMARY

Population

Population in the Air Service Area has experienced stronger growth during the Study Period compared to the State of North Carolina and the United States (2.17%, 1.56% and 0.93% respectively). Growth in Population is expected to continue in the Forecast Period at rates greater than that of North Carolina and the United States.

Employment

Employment in the Air Service Area decreased during the Study Period by 1.65% and Labor Force in the Air Service Area has increased during the Study Period at a rate greater than that of the State of North Carolina but less than the United States. The unemployment rate in the Air Service Area increased to 11.45%. The Air Service Area benefits from a diverse employment (as depicted on Table III-5) which safeguards the overall economic strength of the Air Service Area against an industry specific downturn. Three industry sectors experienced positive growth during the Study Period and all industry sectors are expected to have positive growth through the Forecast Period. Those industry sectors that experienced a decline in employment are expected to rebound over the Forecast Period.

Income

Personal Income in the Air Service Area has declined along with the United States over the Study Period (0.12% and 0.09% respectively) while the State of North Carolina saw a slight increase of 0.50%. While Income Per Capita declined in the Air Service Area greater than that of the State of North Carolina and the United States, it is expected to grow at rates comparable to the State of North Carolina and the United States during the Forecast Period.

Retail Sales

Retail Sales in the Air Service Area outpaced that of the State of North Carolina and the United States during the Study Period. Mecklenburg County Retail Sales reduced at a modest rate of 0.11%, a full percentage point better than that of the State of North Carolina and approximately 2.0% over the United States. Retail Sales for Mecklenburg County and the Air Service Area are projected to grow during the Forecast Period at rates that compare favorably with the State of North Carolina and the United States.

Visitors/Tourism

Visitors and tourism had an economic impact of $3.7 billion in local spending for 2011 representing a 12.21% increase over 2010. Room demand for June 2011was up 11.5% over June 2010 and the June 2011 occupancy rate was up 9.8% over June 2010. Spending per visitor increased to a high of $229 in 2009, which was 20.7% higher than the per visitor spending in the prior year.

Conclusion

Notwithstanding the current challenges in the local economy stemming from the recession that began in 2007, the data set forth in this Section indicates that the economic base of the Air Service Area is a stable component of the economy in North Carolina and the United States and NAI believes it is reasonable to expect that the Air Service Area's economy will remain stable and continue to generate demand for air service at the Airport during the Forecast Period.

(Remainder of Page Intentionally Left Blank)

IV. AIR TRAFFIC ANALYSIS

The Airport is defined as a large-hub airport under the FAA enplanement criteria,[11] serves as the largest jet hub in terms of total jet operations within the US Airways airport system and in calendar year ("CY") 2010 was ranked as the 11th largest airport in the United States in terms of enplaned passengers.[12] As shown in **Table IV-1**, the growth of enplanements at the Airport (6.9%) surpassed all other large-hub airports in the United States from CY 2004 to CY 2010. The Airport was ranked as the 19th and 16th largest large-hub airport based on CY 2004 and CY 2007 enplanement levels, respectively.

TABLE IV-1
Large Hub Enplanement Rankings – CY 2010

2010 Rank	City (Airport)	CY 2004 Enplanements	CY 2007 Enplanements	CY 2010 Enplanements	Average Annual Growth Rate 2004-2007	2007-2010	2004-2010
1	Atlanta Hartsfield International	41,123,857	43,236,665	43,130,585	1.7%	-0.1%	0.8%
2	Chicago O'Hare International	36,100,147	36,521,585	32,171,831	0.4%	-4.1%	-1.9%
3	Los Angeles International	28,925,341	30,113,985	28,824,234	1.4%	-1.4%	-0.1%
4	Dallas/Fort Worth	28,063,035	28,482,417	27,100,656	0.5%	-1.6%	-0.6%
5	Denver International	20,407,002	24,117,623	25,241,944	5.7%	1.5%	3.6%
6	New York - JFK International	18,586,863	23,401,351	22,927,237	8.0%	-0.7%	3.6%
7	Houston - George Bush Internatinoal	17,322,065	20,767,144	19,528,627	6.2%	-2.0%	2.0%
8	San Francisco International	15,605,822	17,280,328	19,359,003	3.5%	3.9%	3.7%
9	Las Vegas International	19,943,025	22,537,950	18,980,578	4.2%	-5.6%	-0.8%
10	Phoenix International	19,336,099	20,796,173	18,897,171	2.5%	-3.1%	-0.4%
11	**Chalotte Douglas International**	**12,499,476**	**16,584,780**	**18,629,181**	**9.9%**	**4.0%**	**6.9%**
12	Miami International	14,515,591	16,194,162	17,017,754	3.7%	1.7%	2.7%
13	Orlando International	15,270,347	17,614,679	17,017,491	4.9%	-1.1%	1.8%
14	Newark Liberty International	15,827,675	18,163,652	16,571,654	4.7%	-3.0%	0.8%
15	Detroit - Metropolitan Wayne County	17,046,176	17,495,135	15,643,890	0.9%	-3.7%	-1.4%
16	Minneapolis-St. Paul Intl	17,482,627	16,962,563	15,512,487	-1.0%	-2.9%	-2.0%
17	Seattle - Tacoma International	14,092,285	15,419,116	15,406,243	3.0%	0.0%	1.5%
18	Philadelphia International	13,824,332	15,656,653	14,951,254	4.2%	-1.5%	1.3%
19	General Edward Lawrence Logan Intl	12,758,020	13,783,297	13,561,806	2.6%	-0.5%	1.0%
20	New York - La Guardia	12,312,561	12,529,890	12,001,501	0.6%	-1.4%	-0.4%
21	Washington DC - Dulles International	10,961,614	11,789,441	11,276,476	2.5%	-1.5%	0.5%
22	Baltimore-Washington International	10,103,563	10,487,789	10,848,625	1.3%	1.1%	1.2%
23	Fort Lauderdale International	10,040,598	11,079,250	10,829,810	3.3%	-0.8%	1.3%
24	Salt Lake City International	8,884,880	10,560,906	9,910,492	5.9%	-2.1%	1.8%
25	Honolulu International	9,579,076	10,393,929	8,740,077	2.8%	-5.6%	-1.5%
26	Washington DC - Ronald Regan	7,661,532	9,038,174	8,736,804	5.7%	-1.1%	2.2%
27	Chicago - Midway International	9,238,592	9,132,836	8,518,957	-0.4%	-2.3%	-1.3%
28	San Diego International	8,135,832	9,138,116	8,429,844	3.9%	-2.7%	0.6%
29	Tampa International	8,436,025	9,306,036	8,137,222	3.3%	-4.4%	-0.6%
30	Cincinnati/Northern Kentucky Intl [1]	10,864,547	7,728,069	N/A	-10.7%	N/A	N/A
	Large Hubs	484,948,605	526,313,694	497,903,434	2.8%	-1.8%	0.4%

[1] Cincinnati/Northern Kentucky was no longer a large hub airport after CY 2007

Source: FAA ACAIS Database September 19, 2011
Compiled by: Newton & Associates, Inc. c:\...\2011 CONRAC Section IV V Tables ver 0.5

---

[11] A large hub airport is defined by the FAA as enplaning at least 1% of the total number of U.S. passenger enplanements
[12] FAA rankings, ACAIS Database calendar years ending December 31, 2004, 2007 and 2010.

This Section of the Report describes the importance of air traffic at the Airport, level of existing scheduled passenger airline service, existing and projected air traffic at the Airport and other factors that may affect the future demand for air service at the Airport.

A. IMPORTANCE OF AIR TRAFFIC

The demand for rental cars at an airport is related to the level of passenger activity at that Airport. Passenger activity at the Airport is made up of two primary segments: (i) connecting passenger activity; and (ii) origin and destination ("O&D") passenger activity. The O&D passenger activity segment can be broken down between the resident O&D passenger activity segment and the visitor O&D passenger activity segment. It is the visitor O&D passenger activity segment that generates the demand for rental cars at the Airport. Because of this relationship between O&D passenger activity and rental car demand, the Airport's future ability to generate CFCs sufficient pay the debt service on the 2011 Bonds, and otherwise satisfy the requirements of the Indentures, will depend in large measure upon the future demand for passenger air service at the Airport. This, in turn will depend upon the continued growth of economic activity in the Air Service Area and the ability of the Airport to provide adequate facilities to meet the air transportation demands of the traveling public, among other considerations.

B. LEVEL OF EXISTING SCHEDULED PASSENGER AIRLINE SERVICE

During FY 2011, the last year of the Study Period, the Airport had scheduled passenger service provided by 22 U.S. scheduled passenger air carriers, including seven mainline airlines, 15 regional airlines and various charter airlines provided passenger service at the Airport.[13] In addition, two foreign flag carriers provided scheduled passenger service to the Airport. The airlines providing scheduled passenger air service at the Airport as of July 2011 are presented in **Table IV-2.**[14]

---

[13] For the purposes of this Report, a mainline airline is one that operates its flights with its main operating unit rather than with its regional affiliated, subsidiary or code sharing airlines.

[14] Airline mergers and acquisitions are discussed later in this Section. For the purpose of the this report, historical information from airlines that have merged and are operating under one operating certificate issued by the FAA (US Airways/America West and Delta/Northwest) are combined and shown as the surviving entity's air traffic. Mergers that have occurred but have not consolidated their operations and continue to operate as separate entities as of the date of this Report (Southwest/AirTran and United/Continental mergers) are depicted as separate airlines.

TABLE IV-2
Airlines Serving the Airport

Airline	Doing/Business/As
MAINLINE (7)	
Airtran Airways	
American Airlines	
Continental Airlines	
Delta Air Lines	
JetBlue Airways	
US Airways	
United Airlines	
REGIONAL (15)	
Air Wisconsin	US Airways Express
American Eagle	American Connection
Atlantic Southeast Airlines	The Delta Connection
Chautauqua Airlines	Continental Expres, The Delta Connection, and US Airways Express
Comair	The Delta Connection
Compass Airlines	The Delta Connection
Express Jet	Continental Express and United Express
Mesa Airlines	US Airways Express and United Express
Mesaba Airlines	The Delta Connection
PSA Airlines	US Airways Express
Piedmont Airlines	US Airways Express
Pinnacle Airlines	The Delta Connection
Republic Airlines	US Airways Express
Shuttle America	The Delta Connection
Skywest Airways	United Express
FOREIGN FLAG	
Air Canada Jazz/Jazz Air Inc.	
Lufthansa German Airlines	

Source: Charlotte Douglass International Airport — September 19, 2011
Compiled by: Newton & Associates, Inc. — c:\...\2011 CONRAC Section IV V Tables ver 0.5

1. Domestic Air Service

As previously presented in Table IV-2, 22 U.S. airlines provided scheduled air service to the Airport in FY 2011. Generally, the mainline airlines provide service to their origin and destination passenger markets to and from their hub airports. This mainline service is supplemented by service from regional affiliate airlines to provide the Airport with service to markets that do not justify mainline jet service or to provide service to its hub airports during non-peak times at the Airport.

Each of the regional airlines serving the Airport has a code-sharing arrangement with a mainline carrier which may or may not be currently operating at the Airport.[15] As of July 2011, 15 regional airlines provided scheduled air service to the Airport. The following summarizes domestic service provided by mainline U.S. air carriers and the code sharing affiliates as of July 1, 2011.

- US Airways has been the dominant /mainline air carrier serving the Airport since its merger with Piedmont Airlines in 1989. US Airways provides approximately 256 daily non-stop jet departures from the Airport to 92 destinations across the continental United States. Six regional airlines are doing business as ("d/b/a") US Airways Express. Piedmont Airlines, Inc. and PSA Airlines, Inc. are wholly owned subsidiaries of the US Airways Group, Inc. (parent company of US Airways). Mesa Airlines, Inc., Republic Airlines and its subsidiaries Chautauqua Airlines and Air Wisconsin are independently-owned airlines that have operating arrangements with US Airways and operate under the US Airways Express brand and livery. As of July 2011, the airlines d/b/a US Airways Express collectively provide approximately 370 daily non-stop departures using a combination of regional jet and turboprop aircraft to approximately 80 destinations.

- AirTran Airways provides four non-stop jet departures to its hub at Atlanta Hartsfield International Airport, two departures to Baltimore Washington International Airport, and one departure to Boston Logan International Airport.

- American Airlines provides seven daily non-stop jet departures to its hub in Dallas/Ft. Worth. American Eagle provides five daily non-stop flights to the American Airlines' hub in Chicago (O'Hare International Airport) and four daily non-stop departures to Miami International Airport, both on regional jet aircraft.

- Continental Airlines provides one daily departure to its hub at New York Newark Liberty International Airport and one departure to its hub at Houston – George Bush International. ExpressJet, d/b/a Continental Express, provides the Airport with two daily non-stop departures to the Continental hub in Newark, four daily non-stop departures to Houston and two daily non-stop departures to its hub at Cleveland Hopkins International

[15] Regional code-sharing affiliated airlines include regional airlines wholly or partially owned by a major airline or independent regional airlines that have operating agreements with major airlines to feed passengers into major airline hub operations.

Airport, all on regional jet aircraft. Skywest Airlines also provides two daily departures to Cleveland for Continental Express.

- Delta Air Lines provides 10 daily non-stop jet departures to its hub in Atlanta, one non-stop jet departure to its hub in Detroit and two non-stop jet departures to its hub in Minneapolis/St. Paul. Compass Airlines provides two non-stop departures to Delta's hub at Minneapolis/St. Paul International Airport and one to Greater Cincinnati/Northern Kentucky International Airport. Comair and Pinnacle each provide one non-stop departure to Delta's hub in Cincinnati. Pinnacle Airlines and Chautauqua Airlines provide three daily departures and one daily departure, respectively, to John F. Kennedy International Airport. Atlantic Southeast Airlines provides two daily non-stop flights to Memphis and two to Detroit. Mesaba Airlines operates one departure per day to Delta's hub in Detroit.

- JetBlue Airways provides three daily departures to John F. Kennedy Airport in New York, and one daily departure to Boston Logan International.

- United Airlines provides the Airport with one daily non-stop jet departure to its hub in Chicago (O'Hare International Airport). Mesa Airlines d/b/a United Express provides three daily departures to O'Hare International Airport and one daily departure to Washington Dulles International Airport. ExpressJet Airlines d/b/a United Express provides one daily departure to O'Hare and three daily, non-stop departures to Washington Dulles. SkyWest Airlines d/b/a United Express provides one daily departure to George Bush Intercontinental Airport in Houston.

2. International Air Service

US Airways provides international air service at the Airport with non-stop jet service to London; Frankfurt; Dublin; Madrid; Ottawa; Paris; Rio de Janeiro; Rome; Toronto; Bermuda, Cancun, Cozumel; Mexico City; San Jose; Belize City; and other destinations in the Caribbean. US Airways will add Sao Paulo to its international destination cities in 2012. Lufthansa provides one daily non-stop departure to its hub in Munich. Air Canada provides two daily departures on regional jet aircraft to Toronto from the Airport.

C. HISTORICAL PASSENGER TRAFFIC

An analysis of the Airport's historical passenger activity is a useful guide in projecting future levels of passenger activity. NAI has studied historical passenger traffic at the Airport from CY 1992 through CY 2010. Airport enplanements are passengers who board aircraft at the Airport and deplanements are passengers who disembark aircraft at the Airport.

Table IV-3 depicts domestic and international passenger activity (enplanements and deplanements) at the Airport and enplanement activity for the United States from CY 1992 through CY 2010.

TABLE IV-3
Domestic and International Passenger Traffic

Calendar Year	DOMESTIC Airport Enplaned	Airport Deplaned	Airport Total	United States Revenue Enplaned [1]	INTERNATIONAL Airport Enplaned	Airport Deplaned	Airport Total	United States Revenue Enplaned [1]	Airport Total Passenger Traffic
1992	8,955,842	8,967,753	17,923,595	464,700,000	174,121	177,623	351,744	42,600,000	18,275,339
1993	8,534,806	8,516,470	17,051,276	470,400,000	156,313	154,688	311,001	45,200,000	17,362,277
1994	10,234,053	10,208,921	20,442,974	511,300,000	153,840	154,814	308,654	46,300,000	20,751,628
1995	10,236,361	10,258,498	20,494,859	531,100,000	221,976	224,713	446,689	48,600,000	20,941,548
1996	10,671,466	10,709,860	21,381,326	558,100,000	235,975	232,578	468,553	50,000,000	21,849,879
1997	11,098,625	11,144,767	22,243,392	578,300,000	274,682	280,416	555,098	52,300,000	22,798,490
1998	11,149,140	11,208,200	22,357,340	590,400,000	296,710	297,586	594,296	54,200,000	22,951,636
1999	10,343,286	10,402,549	20,745,835	610,900,000	340,975	354,982	695,957	54,900,000	21,441,792
2000	11,008,692	11,059,676	22,068,368	641,200,000	490,102	515,424	1,005,526	56,400,000	23,073,894
2001	11,053,718	11,094,793	22,148,511	625,800,000	503,340	525,704	1,029,044	56,700,000	23,177,555
2002	11,267,190	11,301,340	22,568,530	575,100,000	516,843	512,553	1,029,396	51,200,000	23,597,926
2003	10,837,932	10,879,865	21,717,797	587,800,000	673,533	671,240	1,344,773	53,300,000	23,062,570
2004	11,906,161	11,920,963	23,827,124	628,500,000	848,381	867,869	1,716,250	60,500,000	25,543,374
2005	13,141,596	13,172,032	26,313,628	669,500,000	942,425	949,999	1,892,424	67,400,000	28,206,052
2006	13,837,000	13,868,461	27,705,461	668,400,000	991,149	997,339	1,988,488	71,600,000	29,693,949
2007	15,548,937	15,579,845	31,128,782	690,100,000	1,019,652	1,017,254	2,036,906	75,300,000	33,165,688
2008	16,263,609	16,299,138	32,562,747	680,700,000	1,094,384	1,081,889	2,176,273	78,300,000	34,739,020
2009	16,156,630	16,201,951	32,358,581	630,800,000	1,089,964	1,088,121	2,178,085	73,600,000	34,536,666
2010	17,856,279	17,922,835	35,779,114	635,300,000 [2]	1,240,684	1,234,409	2,475,093	77,400,000	38,254,207
Average Annual Growth Rates:									
1992-2010	3.9%	3.9%	3.9%	1.8%	11.5%	11.4%	11.4%	3.4%	4.2%
1999-2010	5.1%	5.1%	5.1%	0.4%	12.5%	12.0%	12.2%	3.2%	5.4%
2002-2010	5.9%	5.9%	5.9%	1.3%	11.6%	11.6%	11.6%	5.3%	6.2%

[1] Federal Aviation Administration - Aerospace Forecasts, Federal Fiscal Year ending September 30 each year.

[2] Estimated based on FAA - Aerospace Forecasts, Fiscal Years 2011 - 2031, February 2, 2011.

Source: Charlotte Douglas International Airport — September 19, 2011

Compiled by Newton & Associates, Inc. — c:\...\2011 CONRAC Section IV and Section V Draft 4 Tables ver 0.1

As shown in Table IV-3, total domestic enplaned passengers at the Airport have grown from approximately 9.0 million in CY 1992 to 17.9 million in CY 2010, which represents an average annual growth rate of 3.9% and surpasses the growth in total U.S. domestic enplaned passengers of 1.8% during the same time period. From CY 1999 through CY 2010, the total number of domestic enplaned passengers at the Airport grew at an average annual growth rate of 5.1%, surpassing the growth of domestic enplanements in the United States of 0.4% during this same time period. Domestic enplanements at the Airport for the first six months of CY 2011 are 6.7% greater than the first six months of CY 2010.

Total international enplaned passengers at the Airport have grown from 174,121 in CY 1992 to 1.2 million in CY 2010, representing an average annual growth rate of 11.5%, which is greater than the 3.4% average annual growth in the total number of international enplaned passengers in the United States over the same time period. From CY 1999 through CY 2010, the total number of international enplaned passengers at the Airport grew at an average annual growth rate of 12.5%. International enplanements were 7.5% higher for the first six months of CY 2011 compared to the same time period at the Airport CY 2010.

Total Airport passengers (enplaned and deplaned) grew at an average annual growth rate of 4.2% from CY 1992 through CY 2010 and 6.2% from CY 2002 through CY 2010.

There are three general types of Airport passengers: origin and destination ("O&D"), connecting, and through. O&D enplaned passengers include those passengers whose trips begin or end at the Airport. It is these passengers who reflect the local demand for air service at the Airport. Local demand for air service translates into airline activity and Airport Revenue. These passengers spend money to park and rent automobiles and purchase food, beverages and merchandise from Airport concessionaires, generating additional Airport Revenues.

The demand for O&D passengers is based on the strength of the Air Service Area. As depicted on **Table IV-4**, the estimated number of total O&D passenger enplanements at the Airport grew from 3.0 million in FY 1999 to 5.0 million in FY 2011, representing an average annual growth rate of 4.4%. From FY 2002 through FY 2011, total O&D passenger enplanements at the Airport have increased at an average annual rate of 7.8%. O&D passenger enplanements represented 25.4% of total enplanements at the Airport in FY 2011. Total O&D enplanements in FY 2011 rebounded from a decrease in FY 2009 caused primarily as a result of the recession in the US economy and capacity cuts by airlines serving the Airport.[16] Total O&D enplanements during this time period have increased by 5.2%, representing in excess of 480,000 O&D enplanements.

[16] See Factors Affecting Future Air Traffic contained herein.

TABLE IV-4
Total Passenger Enplanement Traffic

Fiscal Year	Total Airport Enplanements: Originating [1]	Percent of Total	Connecting [2]	Percent of Total	Total [3]	Total United States Enplanements [4]	Total CLT Enplanements as Percentage of United States
1999	2,986,180	26.8%	8,149,929	73.2%	11,136,109	665,800,000	1.67%
2000	3,086,320	28.5%	7,737,822	71.5%	10,824,142	697,600,000	1.55%
2001	3,073,490	25.7%	8,886,245	74.3%	11,959,735	682,500,000	1.75%
2002	2,550,040	22.2%	8,912,708	77.8%	11,462,748	626,300,000	1.83%
2003	2,830,760	25.1%	8,457,933	74.9%	11,288,693	641,100,000	1.76%
2004	3,043,580	25.0%	9,122,873	75.0%	12,166,453	689,000,000	1.77%
2005	3,595,120	26.5%	9,950,937	73.5%	13,546,057	736,900,000	1.84%
2006	4,106,020	28.8%	10,143,073	71.2%	14,249,093	740,000,000	1.93%
2007	4,788,700	30.5%	10,923,295	69.5%	15,711,995	765,400,000	2.05%
2008	4,932,010	29.0%	12,091,050	71.0%	17,023,060	759,000,000	2.24%
2009	4,517,040	26.1%	12,787,971	73.9%	17,305,011	704,400,000	2.46%
2010	4,697,900	26.5%	13,026,990	73.5%	17,724,890	712,700,000	2.49%
2011	4,999,894	25.4%	14,710,872	74.6%	19,710,766	737,400,000	2.67%
Average Annual Growth Rates:							
1999-2011	4.4%		5.0%		4.9%	0.9%	
2002-2011	7.8%		5.7%		6.2%	1.8%	
2007-2011	1.1%		7.7%		5.8%	-0.9%	

[1] US DOT Origin & Destination Survey of Airline Passenger Traffic
[2] Estimated by NAI based on Airport Records
[3] Charlotte Douglas International Airport
[4] Estimated 2011 enplanements based on FAA - Aerospace Forecasts, Fiscal Years 2011 - 2031, February 2, 2011.

September 19, 2011
Compiled by Newton & Associates, Inc. c:\...\2011 CONRAC Section IV and Section V Draft 4 Tables ver 0.1

Through passengers are those passengers who neither begin nor end their trips at the Airport or connect on another aircraft at the Airport. Rather, through passengers remain on board an aircraft stopped at the Airport. Through passengers are not considered Airport enplanements or deplanements and are generally not relevant to the generation of Airport Revenues, and therefore, will not be included in this Air Traffic Analysis.

Connecting passengers are those passengers whose trips do not begin or end at the Airport, but use the Airport as a point to transfer from one aircraft to another. Connecting passenger enplanements at the Airport are indicative of US Airways hubbing activity. US Airways connecting passenger activity results in additional Airport Revenues, such as food, beverage and merchandise concession purchases. These passengers also pay Passenger Facility Charges at the Airport. They do not, however, contribute to parking or rental car activity at the Airport. US

Airways connecting passenger hub activity also results in additional aircraft operations, increasing the airlines' aircraft landed weight, thereby reducing airline landing fee rates.

As shown in Table IV-4, the estimated number of total connecting passenger enplanements at the Airport has increased from 8.1 million in FY 1999 to 14.7 million in FY 2011, an average annual growth rate of 5.0%. From FY 2002 through FY 2011, connecting passenger enplanements grew at an average annual growth rate of 5.7%. Connecting traffic increased by 6.7% from FY 2005 through FY 2011 and increased by nearly 2.0 million enplanements in FY 2011 over FY 2009, demonstrating the importance of the Airport to the US Airways system.

Also depicted on Table IV-4 is the total number of Airport enplaned passengers as a percentage of the United States total enplanements. As shown, the Airport's percentage of the United States enplanements has fluctuated between FY 1999 and FY 2011. The lowest percentage over the time period was 1.55% in FY 2000 and the highest is estimated as 2.67% in FY 2011.

1. Airline Market Share Enplanements

Table IV-5 depicts passenger enplanements and market share from FY 2007 to FY 2011 for mainline and regional airlines as well as airlines providing the Airport with scheduled international air service.

As shown in Table IV-5, enplanements for mainline airlines increased from 9.2 million in FY 2007 to 11.6 million in FY 2011, representing an average annual growth rate of 6.0%. Regional airline enplanements increased by 5.4% during this same time period, consistent with industry trends of mainline carriers increasing their use of regional airlines.

Enplanements of airlines providing international air service to the Airport increased from 1.0 million in FY 2007 to 1.3 million in FY 2011, representing an average annual growth rate of 6.8%. As shown in Table IV-5, total enplanements at the Airport increased at an average annual growth rate of 5.8% from FY 2007 to FY 2011.

TABLE IV-5
Historical Enplaned Passengers and Market Share

Airline	Actual FY 2007	Market Share	Actual FY 2008	Market Share	Actual FY 2009	Market Share	Actual FY 2010	Market Share	Actual FY 2011	Market Share	Average Annual Growth Rate
DOMESTIC											
MAINLINE											
American Airlines	197,786	1.3%	196,520	1.2%	181,429	1.1%	184,462	1.1%	217,114	1.2%	2.4%
AirTran Airways	273,483	1.9%	291,932	1.8%	222,476	1.4%	200,941	1.2%	166,910	0.9%	-11.6%
Continental Airlines	0	0.0%	5,548	0.0%	59,073	0.4%	112,619	0.7%	92,657	0.5%	NA
Delta Air Lines	528,562	3.6%	614,580	3.9%	522,986	3.2%	426,683	2.6%	530,778	2.9%	0.1%
JetBlue Airways	120,171	0.8%	143,472	0.9%	156,973	1.0%	171,349	1.0%	170,106	0.9%	9.1%
United Airlines	201,342	1.4%	201,039	1.3%	127,939	0.8%	92,137	0.6%	51,073	0.3%	-29.0%
US Airways	7,839,681	53.3%	8,716,023	54.7%	8,890,383	54.8%	9,124,486	55.0%	10,329,321	56.1%	7.1%
Subtotal Mainline	9,161,025	62.2%	10,169,114	63.8%	10,161,259	62.7%	10,312,677	62.1%	11,557,959	62.7%	6.0%
REGIONAL											
Air Midwest Airlines [3]	9,505	0.1%	6,730	0.0%	0	0.0%	0	0.0%		0.0%	-100.0%
Air Wisconsin [3]	371,933	2.5%	223,750	1.4%	230,790	1.4%	409,295	2.5%	814,264	4.4%	21.6%
American Eagle [4]	182,410	1.2%	182,420	1.1%	98,937	0.6%	116,397	0.7%	174,819	0.9%	-1.1%
Atlantic Southeast Airlines [2]	19,468	0.1%	11,974	0.1%	11,502	0.1%	22,950	0.1%	47,631	0.3%	25.1%
Chautauqua Airlines [2]	1,447	0.0%	1,116	0.0%	685	0.0%	2,100	0.0%	37,851	0.2%	126.2%
Chautauqua Airlines [3]	82,369	0.6%	26,616	0.2%	17,814	0.1%	18,362	0.1%	91,349	0.5%	2.6%
Chautauqua Airlines [3]	0	0.0%	724	0.0%	4,630	0.0%	1,648	0.0%	0	0.0%	NA
Chautauqua Airlines [6]	0	0.0%	41,514	0.3%	20,769	0.1%	17,053	0.1%	13,746	0.1%	NA
Comair [2]	91,732	0.6%	64,619	0.4%	34,402	0.2%	47,816	0.3%	26,352	0.1%	-26.8%
Compass Airlines [2]	0	0.0%	13,306	0.1%	17,743	0.1%	112,938	0.7%	50,728	0.3%	NA
Continental Express [5]	213,968	1.5%	36,069	0.2%	0	0.0%	0	0.0%	0	0.0%	-100.0%
Express Jet [1]	0	0.0%	0	0.0%	0	0.0%	0	0.0%	13,925	0.1%	NA
Express Jet [2]	0	0.0%	159,190	1.0%	213,171	1.3%	163,913	1.0%	140,709	0.8%	NA
Freedom Airlines [2]	18,093	0.1%	28,252	0.2%	62,285	0.4%	50,114	0.3%	2,957	0.0%	-36.4%
Mesa Airlines [3]	1,436,853	9.8%	1,384,894	8.7%	1,181,954	7.3%	1,174,340	7.1%	1,394,994	7.6%	-0.7%
Mesa Airlines [1]	121,576	0.8%	108,255	0.7%	98,900	0.6%	85,115	0.5%	97,237	0.5%	-5.4%
Mesaba Airlines [2]	0	0.0%	0	0.0%	23,872	0.1%	46,249	0.3%	17,026	0.1%	NA
Piedmont Airlines [3]	553,245	3.8%	610,114	3.8%	581,363	3.6%	488,733	2.9%	516,078	2.8%	-1.7%
Pinnacle Airlines [3]	47,482	0.3%	47,905	0.3%	29,192	0.2%	0	0.0%	0	0.0%	-100.0%
Pinnacle Airlines [2]	0	0.0%	747	0.0%	14,533	0.1%	26,448	0.2%	36,021	0.2%	NA
PSA Airlines [3]	2,270,525	15.4%	2,054,582	12.9%	2,019,375	12.5%	2,107,316	12.7%	2,086,283	11.3%	-2.1%
Republic Airlines [3]	84,023	0.6%	711,690	4.5%	1,330,563	8.2%	1,332,549	8.0%	1,267,438	6.9%	97.1%
Shuttle America [1]	10,251	0.1%	0	0.0%	14,721	0.1%	36,092	0.2%	18,103	0.1%	15.3%
Shuttle America [2]	7,310	0.0%	487	0.0%	10,238	0.1%	26,340	0.2%	63	0.0%	-69.5%
Shuttle America [3]	0	0.0%	0	0.0%	0	0.0%	0	0.0%	5,832	0.0%	NA
Skyway Airways/Midwest	0	0.0%	9,601	0.1%	0	0.0%	0	0.0%	0	0.0%	NA
SkyWest [1]	0	0.0%	0	0.0%	0	0.0%	0	0.0%	11,416	0.1%	NA
Trans State Airlines [4]	30,345	0.2%	41,124	0.3%	35,623	0.2%	0	0.0%	0	0.0%	-100.0%
Subtotal Regional	5,552,535	37.7%	5,765,679	36.2%	6,053,062	37.3%	6,285,768	37.9%	6,864,822	37.3%	5.4%
Domestic Charters	8,351	0.1%	3,136	0.0%	1,666	0.0%	3,059	0.0%	0	0.0%	-100.0%
Subtotal Domestic	14,721,911	100.0%	15,937,929	100.0%	16,215,987	100.0%	16,601,504	100.0%	18,422,781	100.0%	5.8%
INTERNATIONAL											
Air Canada Jazz/Jazz Air, Inc.	18,934	1.9%	18,382	1.7%	16,146	1.5%	15,753	1.4%	16,253	1.3%	-3.7%
Delta Airlines	0	0.0%	0	0.0%	0	0.0%	77	0.0%	0	0.0%	NA
Lufthansa German Airlines	54,981	5.6%	64,934	6.0%	75,761	7.0%	73,125	6.5%	74,292	5.8%	7.8%
US Airways	915,221	92.4%	1,000,441	92.2%	996,967	91.5%	1,034,431	92.1%	1,197,440	93.0%	7.0%
ASIG/Charter	948	0.1%	1,374	0.1%	150	0.0%	0	0.0%	0	0.0%	-100.0%
Subtotal International	990,084	100.0%	1,085,131	100.0%	1,089,024	100.0%	1,123,386	100.0%	1,287,985	100.0%	6.8%
AIRPORT TOTAL	15,711,995	100.0%	17,023,060	100.0%	17,305,011	100.0%	17,724,890	100.0%	19,710,766	100.0%	5.8%

[1] d/b/a United Express
[2] d/b/a The Delta Connection
[3] d/b/a US Airways Express
[4] d/b/a American Connection
[5] d/b/a Continental Express

Source: Charlotte Douglas International Airport
Compiled by Newton & Associates, Inc.

September 19, 2011
c:\...\2011 CONRAC Section IV V Tables ver 0.5

Table IV-6 depicts the same passenger enplanements and market share data during the same time period, segregated by the mainline carriers and their respective code sharing affiliate airlines.

TABLE IV-6
Historical Enplaned Passengers and Airline Market Share by Brand

Airline	Actual FY 2007	Market Share	Actual FY 2008	Market Share	Actual FY 2009	Market Share	Actual FY 2010	Market Share	Actual FY 2011	Market Share	Average Annual Growth Rate
US Airways & Affiliates											
US Airways	7,839,681	49.9%	8,716,023	51.2%	8,890,383	51.4%	9,124,486	51.5%	10,329,321	52.4%	7.1%
US Airways-Int'l	915,221	5.8%	1,000,441	5.9%	996,967	5.8%	1,034,431	5.8%	1,197,440	6.1%	7.0%
Air Midwest Airlines	9,505	0.1%	6,730	0.0%	0	0.0%	0	0.0%	0	0.0%	-100.0%
Air Wisconsin	371,933	2.4%	223,750	1.3%	230,790	1.3%	409,295	2.3%	814,264	4.1%	21.6%
Chautauqua Airlines	82,369	0.5%	26,616	0.2%	17,814	0.1%	18,362	0.1%	91,349	0.5%	2.6%
Mesa Airlines	1,436,853	9.1%	1,384,894	8.1%	1,181,954	6.8%	1,174,340	6.6%	1,394,994	7.1%	-0.7%
Piedmont Airlines	553,245	3.5%	610,114	3.6%	581,363	3.4%	488,733	2.8%	516,078	2.6%	-1.7%
PSA Airlines	2,270,525	14.5%	2,054,582	12.1%	2,019,375	11.7%	2,107,316	11.9%	2,086,283	10.6%	-2.1%
Republic Airlines	84,023	0.5%	711,690	4.2%	1,330,563	7.7%	1,332,549	7.5%	1,267,438	6.4%	97.1%
Subtotal US Airways	13,563,355	86.3%	14,734,840	86.6%	15,249,209	88.1%	15,689,512	88.5%	17,697,167	89.8%	6.9%
American Airlines											
American Airlines	197,786	1.3%	196,520	1.2%	181,429	1.0%	184,462	1.0%	217,114	1.1%	2.4%
American Eagle	182,410	1.2%	182,420	1.1%	98,937	0.6%	116,397	0.7%	174,819	0.9%	-1.1%
Chautauqua Airlines	0	0.0%	724	0.0%	4,630	0.0%	1,648	0.0%	0	0.0%	NA
Trans State Airlines	30,345	0.2%	41,124	0.2%	35,623	0.2%	0	0.0%	0	0.0%	-100.0%
Subtotal American	410,541	2.6%	420,788	2.5%	320,619	1.9%	302,507	1.7%	391,933	2.0%	-1.2%
Continental Airlines											
Continental Airlines	0	0.0%	5,548	0.0%	59,073	0.3%	112,619	0.6%	92,657	0.5%	NA
Chautauqua Airlines	0	0.0%	41,514	0.2%	20,769	0.1%	17,053	0.1%	13,746	0.1%	NA
Express Jet	213,968	1.4%	195,259	1.1%	213,171	1.2%	163,913	0.9%	140,709	0.7%	-9.9%
Shuttle America	0	0.0%	0	0.0%	0	0.0%	0	0.0%	5,832	0.0%	NA
Subtotal Continental	213,968	1.4%	242,321	1.4%	293,013	1.7%	293,585	1.7%	252,944	1.3%	4.3%
Delta Air Lines (Including former Northwest Airlines)											
Delta Air Lines	532,002	3.4%	614,580	3.6%	524,572	3.0%	426,683	2.4%	530,778	2.7%	-0.1%
Delta Air Lines Intl	0		0		0		77		0	0.0%	NA
Atlantic Southeast Airlines	19,468	0.1%	11,974	0.1%	11,502	0.1%	22,950	0.1%	47,631	0.2%	25.1%
Chautauqua Airlines	1,447	0.0%	1,116	0.0%	685	0.0%	2,100	0.0%	37,851	0.2%	126.2%
Comair	91,732	0.6%	64,619	0.4%	34,402	0.2%	47,816	0.3%	26,352	0.1%	-26.8%
Compass Airlines	0	0.0%	13,306	0.1%	17,743	0.1%	112,938	0.6%	50,728	0.3%	NA
Freedom Airlines	18,093	0.1%	28,252	0.2%	62,285	0.4%	50,114	0.3%	2,957	0.0%	-36.4%
Mesaba Airlines	47,482	0.3%	47,905	0.3%	53,064	0.3%	46,249	0.3%	17,026	0.1%	-22.6%
Pinnacle Airlines	0	0.0%	747	0.0%	14,533	0.1%	26,448	0.1%	36,021	0.2%	NA
Shuttle America	7,310	0.0%	487	0.0%	10,238	0.1%	26,340	0.1%	63	0.0%	-69.5%
Subtotal Delta	717,534	4.6%	782,986	4.6%	729,024	4.2%	761,715	4.3%	749,407	3.8%	1.1%
United Airlines											
United Airlines	201,342	1.3%	201,039	1.2%	127,939	0.7%	92,137	0.5%	51,073	0.3%	-29.0%
Express Jet	0	0.0%	0	0.0%	0		0	0.0%	13,925	0.1%	NA
Mesa Airlines	121,576	0.8%	108,255	0.6%	98,900	0.6%	85,115	0.5%	97,237	0.5%	-5.4%
Shuttle America	10,251	0.1%	0	0.0%	14,721	0.1%	36,092	0.2%	18,103	0.1%	15.3%
SkyWest	0	0.0%	0	0.0%	0	0.0%	0	0.0%	11,416	0.1%	NA
Subtotal United	333,169	2.1%	309,294	1.8%	241,560	1.4%	213,344	1.2%	191,754	1.0%	-12.9%
Other Domestic											
Airtran Airways	273,483	1.7%	291,932	1.7%	222,476	1.3%	200,941	1.1%	166,910	0.8%	-11.6%
ATA Airlines	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	NA
JetBlue Airways	120,171	0.8%	143,472	0.8%	156,973	0.9%	171,349	1.0%	170,106	0.9%	9.1%
Skyway Airways	0	0.0%	9,601	0.1%	0	0.0%	0	0.0%	0	0.0%	NA
Domestic Charters	4,911	0.0%	3,136	0.0%	112	0.0%	3,059	0.0%	0	0.0%	-100.0%
Subtotal Other Domestic	398,565	2.5%	448,141	2.6%	379,561	2.2%	375,349	2.1%	337,016	1.7%	-4.1%
Other International											
Air Canada/AC Jazz	18,934	0.1%	18,382	0.1%	16,146	0.1%	15,753	0.1%	16,253	0.1%	-3.7%
Lufthansa German Airlines	54,981	0.3%	64,934	0.4%	75,729	0.4%	73,125	0.4%	74,292	0.4%	7.8%
ASIG/Charter	948	0.0%	1,374	0.0%	150	0.0%	0	0.0%	0	0.0%	-100.0%
Subtotal Other Int'l	74,863	0.5%	84,690	0.5%	92,025	0.5%	88,878	0.5%	90,545	0.5%	4.9%
AIRPORT TOTAL	15,711,995	100.0%	17,023,060	100.0%	17,305,011	100.0%	17,724,890	100.0%	19,710,766	100.0%	5.8%

Source: Charlotte Douglas International Airport — September 19, 2011

Compiled by Newton & Associates, Inc. — c:\...\2011 CONRAC Section IV V Tables ver 0.2

Of the scheduled airlines serving the Airport during this period, US Airways, combined with its code-share regional airlines doing business as US Airways Express, enplaned 89.8% of the Airport's total enplanements in FY 2011. US Airways and its regional affiliates' total market share of enplaned passengers has increased from 86.3% in FY 2007.

Combined with its code-share regional airlines, Delta Air Lines is the second largest airline operating at the Airport in terms of total enplaned passengers, boarding nearly 750,000 passengers in FY 2011, representing a market share of 3.8% in FY 2009.

2. Airline Market Share – Available Seats

Table IV-7 depicts domestic and international airline seats provided by mainline carriers and their code sharing affiliate airlines during the Study Period.

As shown in Table IV-7, total seats increased from 21.1 million in FY 2007 to 24.2 million in FY 2011, representing an average annual growth rate of 3.5%. The growth in annual seats is less than the growth of enplanements (5.8%) during this same time period, indicating an increase in load factors for the airlines operating at the Airport consistent with the national trend of airlines increasing the number of enplanements on their aircraft with reduced capacity.

US Airways and its affiliate airlines provided the greatest number of seats at the Airport, increasing from 18.4 million in FY 2007 to 21.5 million in FY 2011. Although US Airways systemwide capacity has decreased over the Study Period, the number of departing seats at the Airport during this time period increased by 4.0%, indicating the importance of the Airport in US Airways strategic plan. Delta Air Lines provided the next highest number of seats at the Airport, representing a market share of 4.2% in FY 2011.

TABLE IV-7
Airline Market Share – Available Departing Seats

Airline	Actual FY 2007	Market Share	Actual FY 2008	Market Share	Actual FY 2009	Market Share	Actual FY 2010	Market Share	Actual FY 2011	Market Share	Average Annual Growth Rate
US Airways & Affiliates											
US Airways	11,649,653	55.3%	12,131,601	55.1%	12,111,208	54.7%	12,152,236	55.0%	13,505,190	55.8%	3.8%
Air Midwest Airlines	19,114	0.1%	17,347	0.1%	0	0.0%	0	0.0%	0	0.0%	-100.0%
Air Wisconsin	527,050	2.5%	303,850	1.4%	309,300	1.4%	528,650	2.4%	1,033,000	4.3%	18.3%
Chautauqua Airlines	118,274	0.6%	36,050	0.2%	23,450	0.1%	23,500	0.1%	116,950	0.5%	-0.3%
Mesa Airlines	1,749,154	8.3%	1,756,034	8.0%	1,483,070	6.7%	1,476,970	6.7%	1,731,094	7.2%	-0.3%
Piedmont Airlines	978,734	4.6%	1,043,809	4.7%	943,855	4.3%	749,988	3.4%	736,257	3.0%	-6.9%
PSA Airlines	3,207,020	15.2%	2,895,980	13.1%	2,872,020	13.0%	2,929,170	13.3%	2,754,110	11.4%	-3.7%
Republic Airlines	104,294	0.5%	929,604	4.2%	1,728,430	7.8%	1,662,940	7.5%	1,601,986	6.6%	98.0%
Subtotal US Airways	18,353,293	87.2%	19,114,275	86.8%	19,471,333	87.9%	19,523,454	88.4%	21,478,587	88.8%	4.0%
American Airlines											
American Airlines	240,100	1.1%	245,700	1.1%	247,510	1.1%	233,650	1.1%	283,770	1.2%	4.3%
American Eagle	239,820	1.1%	230,950	1.0%	134,690	0.6%	143,584	0.7%	241,094	1.0%	0.1%
Chautauqua Airlines	0	0.0%	2,243	0.0%	8,187	0.0%	2,420	0.0%	0	0.0%	NA
Trans State Airlines	43,425	0.2%	57,915	0.3%	48,735	0.2%	0	0.0%	0	0.0%	-100.0%
Subtotal American	523,345	2.5%	536,808	2.4%	439,122	2.0%	379,654	1.7%	524,864	2.2%	0.1%
Continental Airlines											
Continental Airlines	0	0.0%	8,161	0.0%	81,328	0.4%	168,699	0.8%	168,914	0.7%	NA
Chautauqua Airlines	0	0.0%	48,825	0.2%	25,763	0.1%	21,100	0.1%	19,150	0.1%	NA
ASA/Express Jet Airlines	257,150	1.2%	232,020	1.1%	258,175	1.2%	193,600	0.9%	173,350	0.7%	-9.4%
Shuttle America	0	0.0%	0	0.0%	0	0.0%	0	0.0%	14,212	0.1%	NA
Subtotal Continental	257,150	1.2%	289,006	1.3%	365,266	1.6%	383,399	1.7%	375,626	1.6%	9.9%
Delta Air Lines (Including former Northwest Airlines)											
Delta Air Lines	610,376	2.9%	756,929	3.4%	705,967	3.2%	537,657	2.4%	741,135	3.1%	5.0%
Atlantic Southeast Airlines	27,310	0.1%	14,660	0.1%	14,070	0.1%	26,720	0.1%	60,168	0.2%	21.8%
Chautauqua Airlines	1,550	0.0%	1,650	0.0%	1,100	0.0%	3,150	0.0%	49,850	0.2%	138.1%
Comair	118,350	0.6%	94,770	0.4%	44,216	0.2%	57,700	0.3%	31,538	0.1%	-28.2%
Compass Airlines	0	0.0%	19,076	0.1%	20,368	0.1%	136,572	0.6%	60,192	0.2%	NA
Freedom Airlines	23,000	0.1%	36,600	0.2%	82,800	0.4%	57,150	0.3%	3,400	0.0%	-38.0%
Mesaba	0	0.0%	0	0.0%	29,032	0.1%	53,806	0.2%	21,076	0.1%	NA
Pinnacle Airlines	53,300	0.3%	55,690	0.3%	56,214	0.3%	31,896	0.1%	46,482	0.2%	-3.4%
Shuttle America	11,830	0.1%	630	0.0%	12,616	0.1%	31,388	0.1%	76	0.0%	-71.7%
Subtotal Delta	845,716	4.0%	980,005	4.4%	966,383	4.4%	936,039	4.2%	1,013,917	4.2%	4.6%
United Airlines											
United Airlines	245,744	1.2%	243,856	1.1%	155,957	0.7%	124,464	0.6%	72,065	0.3%	-26.4%
Express Jet	0	0.0%	0	0.0%	0	0.0%	0	0.0%	22,836	0.1%	NA
Mesa Airlines	145,306	0.7%	138,374	0.6%	121,156	0.5%	105,710	0.5%	124,064	0.5%	-3.9%
Shuttle America	13,072	0.1%	0	0.0%	22,648	0.1%	51,148	0.2%	22,268	0.1%	14.2%
Skywest Airlines	0	0.0%	0	0.0%	0	0.0%	0	0.0%	17,360	0.1%	NA
Subtotal United	404,122	1.9%	382,230	1.7%	299,761	1.4%	281,322	1.3%	258,593	1.1%	-10.6%
Other Domestic											
Airtran Airways	413,163	2.0%	391,796	1.8%	270,972	1.2%	267,696	1.2%	221,832	0.9%	-14.4%
JetBlue Airways	158,950	0.8%	194,400	0.9%	203,100	0.9%	196,550	0.9%	205,250	0.8%	6.6%
Skyway Airways/Midwest	0	0.0%	24,150	0.1%	0	0.0%	0	0.0%	0	0.0%	NA
Subtotal Other Domestic	572,113	2.7%	610,346	2.8%	474,072	2.1%	464,246	2.1%	427,082	1.8%	-7.0%
Other International											
Air Canada/AC Jazz	30,050	0.1%	31,900	0.1%	31,300	0.1%	31,500	0.1%	30,900	0.1%	0.7%
Lufthansa German Airlines	67,480	0.3%	83,048	0.4%	93,301	0.4%	89,500	0.4%	90,131	0.4%	7.5%
Subtotal Other Int'l	97,530	0.5%	114,948	0.5%	124,601	0.6%	121,000	0.5%	121,031	0.5%	5.5%
AIRPORT TOTAL	21,053,269	100.0%	22,027,618	100.0%	22,140,538	100.0%	22,089,114	100.0%	24,199,700	100.0%	3.5%

Source: Charlotte Douglas International Airport — September 19, 2011

Compiled by Newton & Associates, Inc. — c:\...\2011 CONRAC Section IV V Tables ver 0.2

3. Origin & Destination Markets

Table IV-8 depicts the Airport's top 25 domestic markets for CY 2010. Of these markets, seven are long-haul markets (1,000 or more miles); 14 are medium-haul markets (500-999 miles); and the remaining four are short-haul markets (less than 500 miles). The top 25 markets represent approximately 68.3% of the total domestic O&D traffic at the Airport.

Also shown on Table IV-8 are the airlines that serve each market. All of the top 25 markets are served with non-stop service by at least one airline, and 10 of the top 25 markets are served by more than one airline in those particular markets which creates competition in those markets to lower air fares to these destinations.

TABLE IV-8
Top 25 Origin and Destination Markets

Rank	Market	Airlines Serving Market	CY 2010 O&D Enplanements	Percent of Total	Distance from Airport (Miles)
1	New York Area [1]	US, AA, B6, CO, DL	520,880	12.2%	544
2	Washington, DC Area [2]	US, FL, UA	249,730	5.9%	345
3	Boston	US, B6	206,330	4.8%	740
4	Chicago [3]	US, AA, UA	183,360	4.3%	711
5	South Florida [4]	US, AA	158,970	3.7%	659
6	Los Angeles [5]	US	153,920	3.6%	2,264
7	Dallas/Ft. Worth	US, AA	129,280	3.0%	951
8	Orlando	US	126,990	3.0%	484
9	Bay Area [6]	US	109,080	2.6%	2,416
10	Las Vegas	US	105,250	2.5%	1,978
11	Philadelphia	US	94,620	2.2%	530
12	Atlanta	US, DL, FL	82,000	1.9%	227
13	Minneapolis/St. Paul	US, DL	78,370	1.8%	955
14	Detroit	US, DL	74,810	1.8%	520
15	Phoenix	US	73,640	1.7%	1,884
16	Denver	US	70,440	1.7%	1,450
17	Houston [7]	US, CO, UA	69,540	1.6%	946
18	Tampa	US	66,650	1.6%	538
19	Pittsburgh	US	60,240	1.4%	456
20	Seattle	US	56,830	1.3%	2,420
21	St. Louis	US	52,760	1.2%	633
22	Hartford, CT	US	47,320	1.1%	684
23	San Diego	US	46,240	1.1%	2,193
24	Indianapolis	US	45,120	1.1%	501
25	Buffalo	US	43,810	1.0%	660
	Subtotal		2,906,180	68.3%	
	Airport Total - CY 2010		4,256,040	100.0%	

AIRLINE LEGEND

US - US Airways
AA - American Airlines
B6 - Jet Blue
CO - Continental Airlines
DL - Delta Air Lines
FL - AirTran Airlines
UA - United Airlines

[1] LaGuardia (LGA), John F Kennedy (JFK), Newark (EWR) Airports
[2] Ronald Reagan (DCA), Dulles (IAD) and Baltimore (BWI) Airports
[3] O'Hare (ORD) and Midway (MDW) Airports
[4] Fort Lauderdale (FLL) and Miami (MIA) Airports
[5] Los Angeles (LAX), John Wayne (SNA), Ontario (ONT), Long Beach (LGB), and Hollywood-Burbank (BUR) Airports
[6] San Francisco (SFO), San Jose (SJC), and Oakland (OAK) Airports
[7] George Bush Intercontinental (IAH) and Hobby (HOU) Airports

Source: US DOT Origin & Destination Survey of Airline Passenger Traffic — September 19, 2011
Compiled by Newton & Associates, Inc. — c:\...\2011 CONRAC Section IV V Tables ver 0.5

D. VISITING PASSENGER TRENDS

Airport enplanements have been the primary focus of historical aviation activity over the Study Period. As previously presented in Table IV-4, total Airport enplanements consist of O&D enplanements and connecting enplanements. O&D enplanements are passengers who begin or end their trip at the Airport and connecting enplanements are enplanements that use the Airport as a transfer point from an inbound flight and board another aircraft to arrive at their final destination. For the purpose of this Report, all connecting passengers are a result of US Airways utilizing the Airport as its largest hub airport. The same relationship exists for deplanements at the Airport. O&D deplanements are passengers who begin or end their trip at the Airport and the remaining connecting deplanements use the Airport as a connecting hub to reach their final destination.

As shown in **Table IV-9,** O&D deplanements at the Airport have remained relatively constant, increasing from 4.3 million in FY 2007 to 4.4 million in FY 2011, representing an average annual growth rate of 0.6% over this time period. O&D deplanements originating from the Airport increased by 0.9% during the Study period while the O&D deplanements resulting from visitors to the Greater Charlotte area increased by 0.3%.

The relationship between total O&D deplanements originating from the Airport and those originating their trips elsewhere are also presented in Table IV-9. As shown, O&D resident deplanements represented 53.8% of the total O&D deplanements over the Study Period and the remaining 46.2% resulted from visitor O&D deplanements. This relationship will be used, in conjunction with other factors, in projecting rental car demand at the Airport over the Forecast Period which is discussed in greater detail in Section V of this Report.

TABLE IV-9
Domestic O&D Deplanements By Type of Passenger

	DOMESTIC O&D DEPLANEMENTS				
	Residents		Visitors		
Fiscal Year	Deplanements	Percent of Total	Deplanements	Percent of Total	Total
2007	2,302,933	53.4%	2,012,527	46.6%	4,315,460
2008	2,371,778	53.8%	2,036,752	46.2%	4,408,530
2009	2,158,856	53.9%	1,847,194	46.1%	4,006,050
2010	2,254,160	54.1%	1,914,410	45.9%	4,168,570
2011 [1]	2,385,530	53.9%	2,037,762	46.1%	4,423,293
Total	11,473,258	53.8%	9,848,645	46.2%	21,321,903
Average Annual Growth Rates:					
2007-2011	0.9%		0.3%		0.6%

[1] Second quarter 2011 estimated based on historical correlation.

Source: US DOT Origin & Destination Survey of Airline Passenger — September 19, 2011
Compiled by Newton & Associates, Inc. — c:\...\2011 CONRAC Section IV V Tables ver 0.5

E. FACTORS AFFECTING FUTURE AIR TRAFFIC

The continued economic viability of the Airport depends principally upon the future demand for air service at the Airport. In addition to the demographic and socioeconomic conditions of the Air Service Area discussed in Section III of this Report, there are several factors that could influence future levels of passenger traffic at the Airport. These factors include:

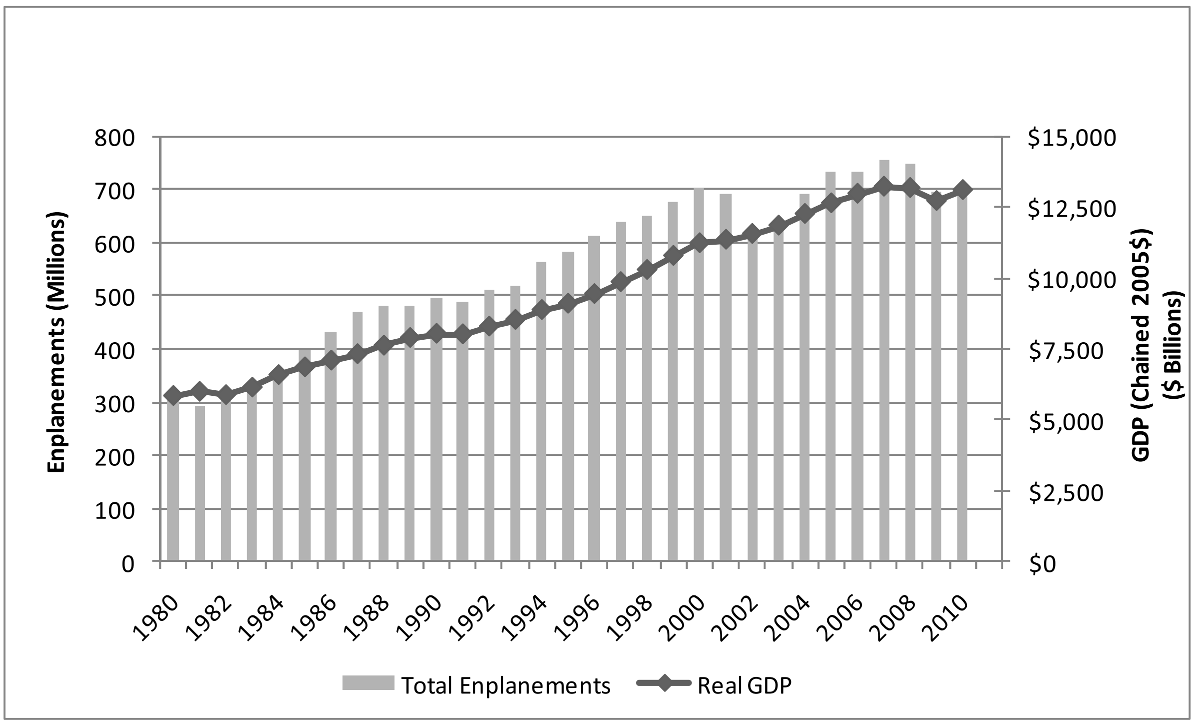
- National economic conditions;
- State of the airline industry;
- Airline consolidations and alliances;
- Capacity of the national air transportation system;
- Airport capacity;
- Air fares and airline competition;
- Role of regional carriers;

- Aviation taxes and security costs; and
- US Airways and the Airport as a connecting hub airport.

1. National Economic Conditions[17]

The growth in passenger demand for air service is dependent in part upon the stability and growth of the national economy. The strength of the national economy is commonly measured in terms of Gross Domestic Product[18] ("GDP") which is generally defined as the sum of final goods and services produced in one year by a country or other geographical area. An examination of historical and forecast GDP is germane because of its relationship with airline passenger traffic. As shown in **Figure IV-1**, domestic enplanements have generally followed the historical trend of GDP in the United States.

FIGURE IV-1
National Enplanements and Constant GDP



The United States has experienced a period of economic volatility over the last five years. According to the Bureau of Economic Analysis ("BEA"), an agency of the U.S. Department of Commerce, the rate of growth in the GDP in 2005 chained dollars was 2.7% in CY 2006 and the growth rate decreased to 1.9% in CY 2007. The U.S. economy entered a recession in December

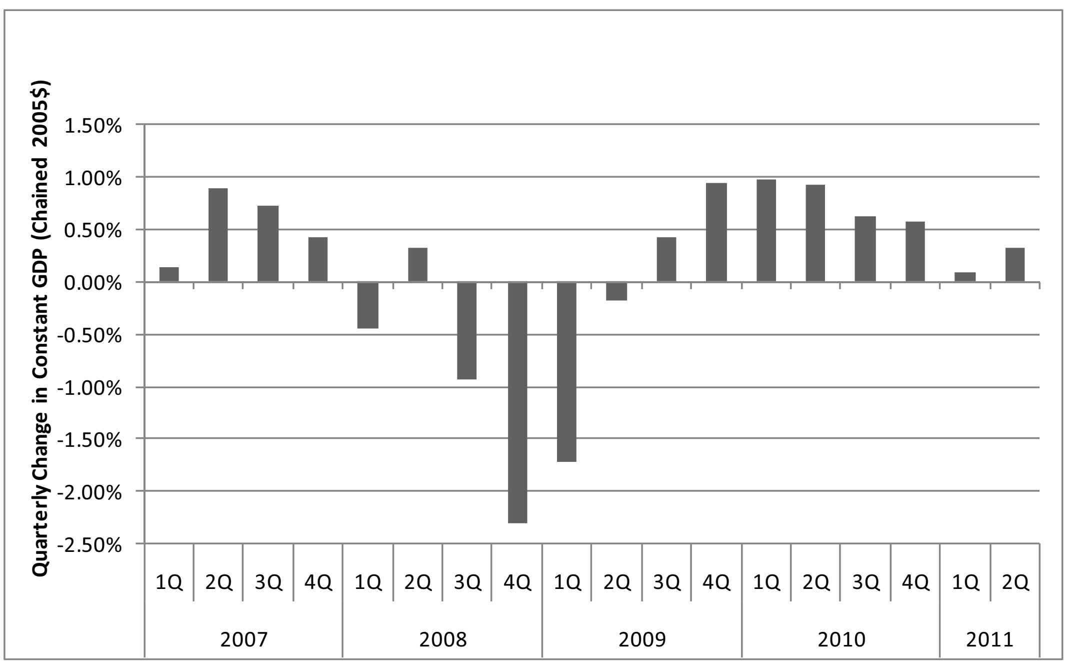
[17] Because offices and agencies of the U.S. Government are the source for economic data discussed in this Section of the Report, annual economic data is presented on a federal fiscal year basis (October-September) unless noted otherwise.
[18] All GDP data are chain-weighted estimates with a base year of 2000 unless described otherwise.

2007 according to the National Bureau of Economic Research. The growth rate in constant GDP decreased in CY 2008 and CY 2009, at a rate of 0.3% and 3.5%, respectively.

Congress enacted the American Recovery and Reinvestment Act ("ARRA") in February 2009 to help stimulate the US economy. The ARRA included a combination of individual tax cuts, investment incentives, aid to people affected by the recession, state fiscal relief, and direct government investment spending which was expected to have a total fiscal impact of $817 billion between 2009 and 2019 (with half of the stimulus projected to occur during 2010).[19]

The US economy entered a period of expansion as measured by the GDP in the third quarter of 2009. Constant US GDP grew by 3.0% from 2009 to 2010.[20] According to "advance" estimates from the BEA, real GDP in the United States increased at an annual rate of 0.4% in the first quarter of 2011 and 1.3% in the second quarter of 2011.[21] The BEA attributes this increase in real GDP in the second quarter 2011 primarily to reflect positive contributions from exports, nonresidential fixed investment, private inventory investment, and federal government spending that were partly offset by a negative contribution from state and local government spending and a deceleration in personal consumption expenditures. The quarterly change in the real GDP for CY 2007 to the estimated second quarter of CY 2011 is presented in **Figure IV-2**.

FIGURE IV-2
Quarter-to-Quarter Growth in Real GDP



19 FAA Aerospace Forecast Fiscal Years 2011-2031.
20 Real GDP grew 4.2% from 2009 to 2010 according to data from the BEA.
21 According to its release on July 29, 2011, the BEA emphasized that the second-quarter advance estimate is based on source data that are incomplete or subject to further revision by the source agency.

The Congressional Budget Office[22] ("CBO") regularly prepares economic and federal budget forecasts and projections. In its Long Term Budget Outlook, the CBO estimates that real GDP will increase at an average annual rate of 3.3% from CY 2011 to CY 2012 and 3.3% over the remainder of the Forecast Period.[23]

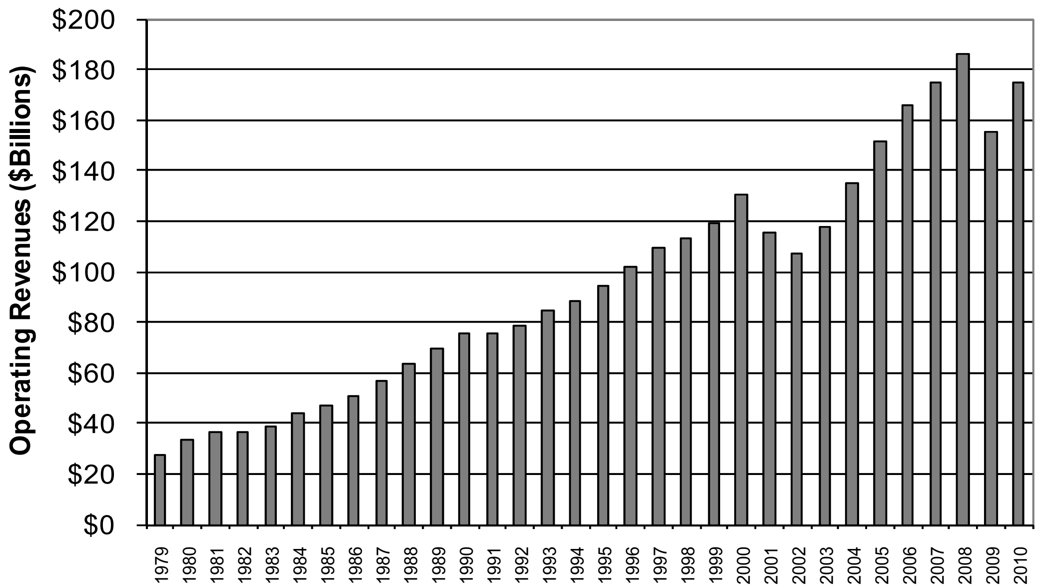
2. State of the Airline Industry

A stable and growing commercial air transportation system to accommodate the demand for air service in the United States and at the Airport is dependent, in part, on a financially healthy airline industry. The financial state of the airline industry is influenced by many factors, including but not limited to local, national and global economic conditions, the cost of aviation fuel, competition between carriers, as well as governmental regulation and taxation among other factors.

The U.S. airline industry has been in a general state of expansion since deregulation of the industry in 1978. As depicted on **Figure IV-3**, the U.S. airline industry has increased operating revenues from $27.2 billion in 1979 to $174.5 billion in 2010, representing an overall average annual increase of 6.2% over that time. This expansion is further evidenced by the increase in system wide available seat miles ("ASMs"), which increased 138%, from 416 billion in 1979 to 992 billion in 2010, an average annual growth rate of 2.8%. Notwithstanding this expansion, the industry has lost an estimated $40 billion from 1979 through 2010. **Figure IV-4** depicts the total net profit (loss) of the industry for certain time periods since deregulation of the industry.

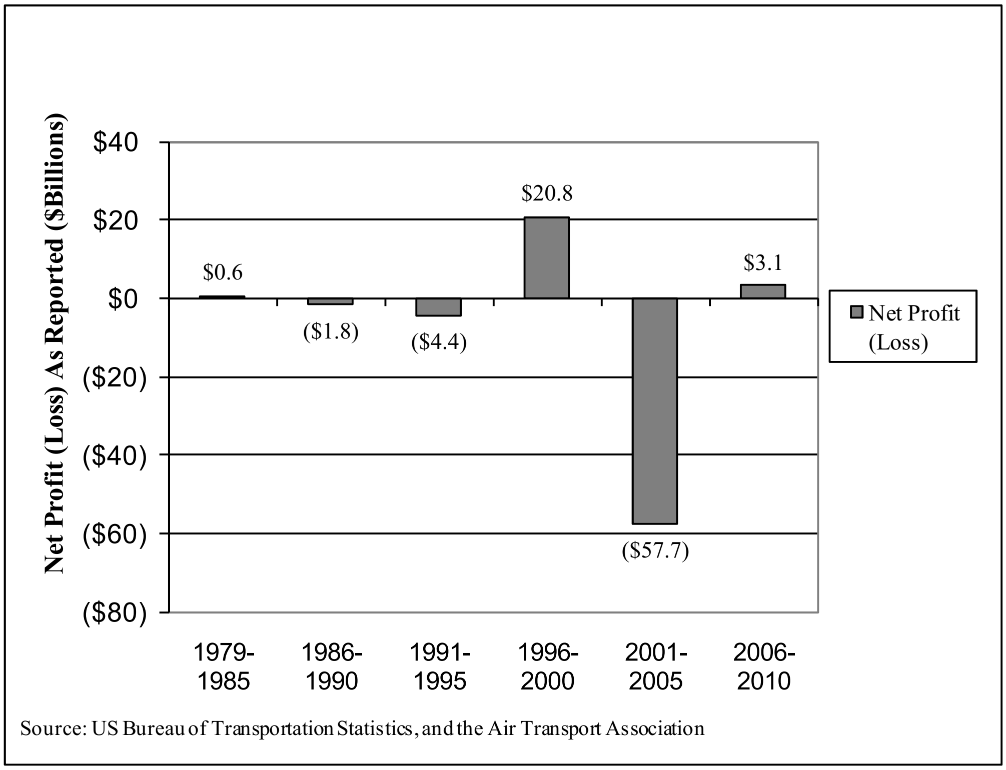
[22] The CBO was established by Congress in 1975 and is intended to provide Congress with objective, timely, non-partisan analyses needed for economic and budget decisions.
[23] CBO Economic Projections for Calendar Years 2009 – 2019.

FIGURE IV-3
Airline Industry Operating Revenues



Source: US Department of Transportation and the Air Transport Association

FIGURE IV-4
Airline Profitability – Post Deregulation



The industry enjoyed a sustained level of profitably during the 1996-2000 time period generating net profits of $20.8 billion. The U.S. economy began a general slowdown in late 2000 and subsequently entered a period of recession in March 2001. The state of the airline industry worsened after the events of 9/11. The net loss to the airline industry resulting from the decrease in demand for air service exceeded $8.3 billion in 2001 and $11.4 billion in 2002.

From 2001 through 2005, the U.S. aviation industry reported net deficits of over $57 billion, according to the Air Transport Association.[24] As a result of this downturn, several airlines filed for Chapter 11 bankruptcy protection, with US Airways being the first to file for Chapter 11 bankruptcy protection on August 11, 2002 and again on September 12, 2004. Subsequent to that, eight other airlines filed for Chapter 11 bankruptcy protection between 2003 and 2006 (Hawaiian, ATA, Aloha, Delta, Northwest, Mesaba, Independence Air, and United). The air carriers that emerged from bankruptcy have undergone significant restructuring including reduced operating costs from rejecting union labor agreements and renegotiating vendor contracts and pension, lease and debt obligations.

From 2005 to 2008, the economic fundamentals in the U.S. and worldwide caused an increase in aviation demand. Real GDP growth increased by 2.8% from 2005 to 2008, based on chained 2000 dollars. This economic expansion resulted in increased demand for air service and helped the airline industry return to profitability in 2006 and 2007 with profits of nearly $26 billion.

[24] Data reflects activity of U.S. passenger and cargo airlines as defined by the U.S. Department of Transportation.

The return to profitability ended as a result of the 2007 recession and a spike in oil prices to unprecedented levels in 2008. The airline industry has shown a recovery from 2008, reporting a net income of $3.6 billion in 2010, in part due to lower fuel prices.

Oil prices influence national and worldwide economic conditions, the demand for air travel and airline financial results. Aviation fuel prices are correlated to the price of oil and increased from $1.16 per gallon in 2004 to a peak of $3.84 per gallon through July 2008, representing an average annual growth rate of 34.9%.[25] The average price of jet fuel decreased to $1.90 per gallon in 2009 but increased again in 2010 to $2.15 per gallon. At the estimated level of jet fuel consumption in 2010, each penny paid for a gallon of jet fuel costs the U.S. airline industry approximately $200 million annually. Fuel prices have since increased to $2.92 per gallon in June 2011, 31.6% higher than in June 2010 and the US Energy Information Administration projects the average price of jet fuel will be $3.06 per gallon for 2011, an increase of 40.0% over 2010.

The cost of aviation fuel surpassed labor as the largest category of operating cost for commercial airlines, representing approximately 30.8% of total airline operating cost in 2008. Comparatively, fuel represented approximately 9.7% of total operating expense in 1998 and 11.4% in 2002. However, recent reductions in oil prices have resulted in aviation fuel representing 25.4% of airline operating costs in the third quarter of 2010.[26]

The airline industry has responded to the national and global economic slowdown and volatile changes in oil prices by attempting to enhance yields[27] by implementing a series of capacity cuts, reductions in labor, increasing revenues by charging for checked luggage, preferred coach seating assignment, etc., and fuel conservation through weight reduction and technological means.

Ancillary airline revenues consisting of checked baggage fees and reservation cancellation/change fees are presented in **Table IV-10.**[28] As shown, these revenues increased from $1.4 billion in 2007 to $5.4 billion in 2010, representing an average annual growth rate of 59.1% during this time period and a total increase in excess of 300%. These fees have been an important mechanism to allow the airline industry to return to profitability since their inception and are not anticipated to be removed by the airlines. The airline industry enjoyed a profitable year, in 2010 which would not have occurred without these ancillary revenues.

---

[25] Average price paid excluding taxes, into-plane fees, pipeline tariffs and hedging costs. Air Transport Association, Energy Information Administration, Department of Transportation.

[26] *ATA Quarterly Cost Index: US Passenger Airlines*

[27] Revenue an airline receives for every passenger mile traveled calculated by dividing passenger airline revenues by revenue passenger miles.

[28] Excludes other miscellaneous revenues imposed by the airlines such as in-flight food and beverage charges, premium seat assignments, etc.

TABLE IV-10
Historical Airline Ancillary Revenues (000's)

Rank	Airline	2007	2008	2009	2010	Average Annual Growth Rate
1	Delta [1]	$484,694	$746,610	$1,571,481	$1,650,861	50.5%
2	American	124,538	747,874	925,083	1,052,032	103.7%
3	United	384,195	487,465	578,843	634,746	18.2%
4	US Airways [2]	29,483	255,386	681,120	766,700	196.3%
5	Continental	42,844	97,524	482,356	579,031	138.2%
6	JetBlue	90,888	158,776	174,540	171,016	23.5%
7	AirTran	29,988	53,740	188,749	202,564	89.0%
8	Alaska	70,851	89,105	119,259	159,354	31.0%
9	Spirit	0	21,514	70,409	104,623	NA
10	Hawaiian	21,801	25,159	23,546	18,192	-5.9%
11	Other Airlines	61,598	61,599	61,600	61,601	0.0%
	Total	$1,340,880	$2,744,752	$4,876,986	$5,400,720	59.1%

[1] Includes revenues generated by Northwest Airlines in 2008 and 2009

[2] US Airways and America West figures are combined in 2007.

Source: Bureau of Transportation Statistics, Schedule P-12 September 19, 2011

Compiled by Newton & Associates, Inc. c:\...\2011 CONRAC Section IV V Tables ver 0.2

U.S. airlines reduced domestic and international capacity by 6.3% in 2009 compared to 2008. Total U.S. airline industry seat capacity increased in 2010 by 1.7% and has increased by 4.1% in the first five months of 2011.

The commercial airline industry has struggled to find sustained profitability over its long history and current conditions are severe. The airlines must find a way to deal with current economic conditions and the high cost of fuel to avoid negative financial implications. Nevertheless, NAI believes the benefits of the national air transportation system are of such importance to the United States economy that capital will continue to flow into the airline industry, the public and private sectors will continue to make substantial use of commercial passenger transportation, and airlines and passengers will continue to use the nation's airports, including the Airport, in substantial numbers.

3. Airline Consolidations and Alliances

Airline consolidation is a trend in the industry, where airlines seek to reduce competition and maximize aircraft fleets utilizing both in an effort to improve profitability. Airline mergers are difficult to accomplish because the obstacles of strong unions, operational cultures and anti-trust oversight can be difficult to overcome. Low cost carriers ("LCCs") are not considered to be likely merger candidates.

Mainline carriers are more likely to merge. The following mergers have occurred during the Study Period:

- On October 29, 2008, the US Department of Justice approved Delta's acquisition of Northwest, with Delta acquiring 100% ownership of Northwest. The full integration of Northwest and Delta was completed on December 31, 2009 when the FAA issued a Single Operating Certificate ("SOC") to Delta which remains as the surviving entity.

- The merger of United Airlines and Continental Airlines was closed on October 1, 2010. United Continental Holdings, Inc. was announced as the successor corporation. United Airlines and Continental Airlines will continue to operate separately until receipt of the SOC which is anticipated by the end of 2011.[29]

- Southwest Airlines announced the closing of the acquisition of AirTran Holdings, Inc., the former parent company of AirTran Airways, on May 2, 2011. The two airlines will operate as separate entities until the FAA grants a SOC which is anticipated in the first quarter of 2012.[30]

Many mainline U.S. airlines have formed alliances and code-sharing agreements to improve the number of total connections at their hub airport, expanding the number of available flights without significant investment requirements. For example, US Airways code-shares with United Airlines to more than 130 domestic and international destinations which increases the number of domestic flights arriving in time to connect to international departures at the respective hub airports.

Mainline airlines are increasing their alliance memberships in an effort to establish a network that covers all destinations worldwide. US Airways is a member of the Star Alliance, a 28 member global alliance that offers more than 21,000 daily flights to approximately 1,160 destinations in 181 countries. The alliance allows member airlines to sell seats on each other's planes, frequent flyer benefits, airport lounge access, convenient single-ticket pricing, one-stop check-in and coordinated baggage handling.

4. Capacity of the National Air Transportation System

Demands on the U.S. air traffic control system have in the past caused delays and operational restrictions that affected airline schedules and passenger traffic. Despite the lack of funding for the improvements required to continue to upgrade the national air transportation system, the FAA is gradually automating and enhancing computer, radar and communications equipment of the air traffic control transportation system. The FAA is gradually implementing its Next Generation Air Transport System ("NextGen") guidance and communications equipment of the air traffic control system and enhancing the use of airspace and runways through improved air

[29] Unitedcontinentalholdings.com
[30] *Southwest Airlines has Acquired AirTran*, southwest.com

navigation aids and procedures. NextGen procedures have been in progress for the last 15 years and may not affect the capacity of the national air transportation system during the Forecast Period.

5. Airport Capacity

The Airport's airfield capacity was enhanced with the opening of a third parallel runway (18R/36L) in February 2010. Runway 18R/36L allows the Airport to accommodate triple simultaneous aircraft approaches. According to an analysis commissioned by the City, the new runway will result in an estimated annual savings of more than $14 million in variable aircraft operating costs in the first year of operation.

The existing Terminal has approximately 1,900,000 square feet and the City is in the process of expanding certain areas of the Terminal to accommodate existing and anticipated demand for passenger Terminal facilities at the Airport.

The Airport's current airfield and Terminal are not anticipated to constrain the future demand for air service at the Airport during the Forecast Period.
.

6. Air Fares and Airline Competition

The demand for air service is considered to be price elastic or sensitive to changes in the level of air fares. The demand for commercial air transportation is particularly price elastic for leisure travelers who may decide to use auto, rail or other land based transportation for shorter trip distances resulting in reduced passenger levels.

Air fare levels are set by airlines based on a combination of revenue (yield) management, seat capacity, airline operating costs and airline competition between specific routes, among other factors. The airline industry has not set air fares at levels sufficient to cover its operating cost contributing to losses totaling $39.2 billion since 1978.

Excess airline capacity, the ability of consumers to compare air fares and book flights on the internet and other competitive factors have combined to pressure the industry to reduce air fares. The airlines continue to remain under extreme pressure to lower their unit costs to generate demand for commercial air transportation. The industry generated a profit of $3.6 billion in 2010 which was at least partially attributable to reduced capacity combined with returning passenger demand which ignited pricing power for the airlines during 2010, with yield increasing 3.2 percent.[31]

This increase in pricing power is evidenced by the general increase in average air fares at the Airport and in the United States since 2006. According to information from the US Bureau of Transportation Statistics ("BTS"), average US domestic roundtrip air fares increased from an average of $323 in the first quarter of 2006 to $356 in the first quarter of 2011. BTS average fares are based on the total ticket value which consists of the price charged by the airlines plus any additional taxes and fees levied by an outside entity at the time of purchase. These fares

[31] FAA Aerospace Forecast: 2011-2031.

include only the price paid at the time of the ticket purchase and do not include other fees, such as baggage fees, paid at the airport or onboard the aircraft. Averages do not include frequent-flyer or "zero fares" or a few abnormally high reported fares.

Figure IV-5 depicts a historical comparison of domestic air fares for travel to and from the Airport and the US. Consistent with average air fares in the US, average air fares at the Airport have fluctuated since 2006. Average air fares at the Airport increased slightly from $390 in the first calendar quarter of 2006 to $392 in the first calendar quarter of 2011.

The BTS compiles the average domestic round-trip air fares for the top 100 US airports based on originating domestic passengers. **Table IV-11** presents a ranking of the 15 airports which experienced the largest decrease in air fares from the first quarter 2001 to the first quarter 2011 and the 15 airports which experienced the highest increase in air fares over this same time period. As shown, the average domestic round-trip air fare at the Airport has decreased 28.1% from 1Q 2001 to 1Q 2011 as opposed to a 2.3% increase to the average air fare in the United States during this time period.

According to the 2011 FAA Aerospace Forecast, moderate capacity growth combined with moderate demand will lift fares higher in 2011, for an increase in yield of 3.1%. For the entire Forecast Period, yield is projected to increase at an average rate of 1.3% a year, while in real terms, the FAA projects yield to decline at an average rate of 0.6% a year. The decline in real yields over the forecast period (2011 – 2031) assumes technological improvements, competition between carriers, and convergence of cost structures between network carriers and LCC's.

FIGURE IV-5
Average Air Fares: CLT vs. US.

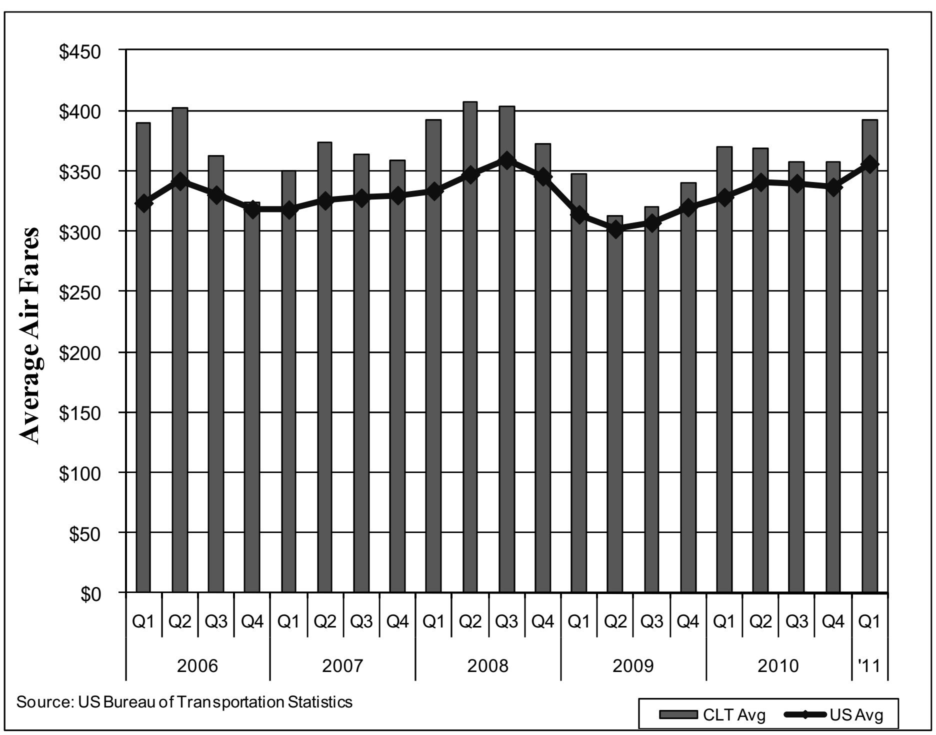


TABLE IV-11
Average Domestic Itinerary Air Fares

Ranking	Airport	Average Domestic Itinerary Fares - 1st Quarter 2001	2008	2009	2010	2011	Percentage Change 2001 - 2011	2010 - 2011
	U.S. Average Fare	**$347.69**	**$333.29**	**$313.82**	**$328.12**	**$355.72**	**2.3%**	**8.4%**
	LOWEST PERCENTAGE INCREASE 2001 - 2011							
1	White Plains, NY	605.69	295.40	273.89	291.07	323.25	-46.6%	11.1%
2	Long Beach, CA	320.90	246.52	207.01	208.33	216.22	-32.6%	3.8%
3	Denver, CO	452.44	324.67	292.02	290.52	315.92	-30.2%	8.7%
4	Bellingham, WA	351.77	289.81	230.59	215.23	245.81	-30.1%	14.2%
5	**Charlotte, NC**	**544.97**	**392.65**	**347.45**	**370.04**	**392.01**	**-28.1%**	**5.9%**
6	Milwaukee, WI	382.51	339.53	301.37	250.47	280.78	-26.6%	12.1%
7	Greenville/Spartanburg, SC	541.05	465.89	430.63	437.38	406.79	-24.8%	-7.0%
8	Richmond, VA	494.17	362.39	303.79	326.35	377.97	-23.5%	15.8%
9	Portland, ME	456.95	354.40	324.93	331.33	361.92	-20.8%	9.2%
10	Ft. Myers, FL	348.77	277.39	252.14	262.78	276.85	-20.6%	5.4%
11	Atlantic City, NJ	214.75	225.63	162.96	187.78	171.84	-20.0%	-8.5%
12	Pittsburgh, PA	401.44	303.24	271.17	300.52	323.13	-19.5%	7.5%
13	San Francisco, CA	465.68	395.51	332.34	338.85	386.31	-17.0%	14.0%
14	Philadelphia, PA	435.94	338.68	301.63	337.15	366.03	-16.0%	8.6%
15	Boston, MA	409.27	388.79	341.91	331.71	347.38	-15.1%	4.7%
	HIGHEST PERCENTAGE INCREASE 2001 - 2011							
1	Dallas Love, TX	188.72	210.48	231.16	248.49	273.19	44.8%	9.9%
2	Burbank/Glendale/Pasadena, CA	184.53	237.43	230.66	241.01	266.38	44.4%	10.5%
3	El Paso, TX	256.17	300.85	300.00	314.31	355.97	39.0%	13.3%
4	Reno, NV	222.77	270.02	280.65	287.66	306.68	37.7%	6.6%
5	Houston Hobby, TX	219.35	246.80	263.77	274.64	299.12	36.4%	8.9%
6	Spokane, WA	246.19	295.53	299.56	305.90	327.24	32.9%	7.0%
7	Chicago Midway, Il	225.38	252.87	247.74	267.12	298.07	32.3%	11.6%
8	Little Rock, AR	299.24	327.94	327.44	341.94	390.94	30.6%	14.3%
9	Tulsa, OK	303.59	326.02	320.21	345.96	393.07	29.5%	13.6%
10	Louisville, KY	289.43	319.15	312.17	341.23	371.58	28.4%	8.9%
11	Albany, NY	314.68	348.41	315.35	361.35	401.09	27.5%	11.0%
12	Oklahoma City, OK	307.87	327.63	340.62	351.67	389.54	26.5%	10.8%
13	Ontario/San Bernardino, CA	243.99	268.81	270.25	277.81	308.67	26.5%	11.1%
14	Boise, ID	270.04	302.64	288.57	316.02	339.13	25.6%	7.3%
15	Albuquerque, NM	267.92	298.33	293.65	305.92	336.38	25.6%	10.0%

Source: Bureau of Transportation Statistics, Origin and Destination Survey. September 19, 2011
Compiled by Newton & Associates, Inc. c:\...\2011 CONRAC Section IV V Tables ver 0.2

7. Role of Regional Airlines

Regional airlines typically operate smaller aircraft on routes that require less capacity than provided by the major airlines. According to the FAA, a regional airline flies a majority of its available seats using aircraft having 70 seats or less and provides regularly scheduled air service.

Regional airlines generally do not have independent route systems and commonly do not compete with the major airlines. Rather, regional airlines typically supplement major airline services by entering into contractual relationships with one or more major airlines to feed passengers into their respective connecting passenger hub airports and are paid a percentage of applicable ticket revenue or a fixed fee by the major airline in exchange for providing this service.

Four factors that have contributed to the expansion of the regional airline industry since deregulation of the airline industry in 1978 include:

1. Development of code-sharing agreements with major airlines;
2. The lower cost structure of the regional airlines;
3. The transfer of low to medium density, short haul jet routes from major airlines to regional code-sharing partners (aircraft rationalization); and
4. The introduction and expansion of aircraft commonly referred to as regional jets.

In an effort to increase efficiency and profitability, major airlines may be required to continue the rationalization of their respective aircraft fleets. Aircraft rationalization has resulted in an overall reduction of narrow-body jet service provided by major airlines to small and mid-size regions such as the Air Service Area and the corresponding expansion of the regional airline industry in the United States and at the Airport.

Consistent with the national economy and the aviation industry in general, the mid to late 1990s were marked by unprecedented levels of growth in the regional airline industry. This growth in the regional airline industry has continued through 2010. The demand for air service provided by regional airlines is demonstrated by the growth in regional airline system-wide revenue passengers, which grew at an average annual rate of 7.1% from 2000 through 2010 according to information collected by the U.S. Department of Transportation.

Regional airline system-wide RPMs increased at an average annual rate of 12.5% over the same time period, which indicates an increase in regional airline average trip length. During this period, supply struggled to accommodate demand which was demonstrated by an increase in system-wide load factors, which increased from 59.6% in 2000 to an estimated 76.1% in 2010 according to the U.S. Department of Transportation.

8. Aviation Taxes and Security Costs

The FAA and the Airport Improvement Program are supported by the imposition and collection of certain federal ticket taxes, the proceeds of which are deposited into the Aviation Trust Fund.

Airlines also pay a federal tax on aviation fuel, and cargo shippers are required to pay federal cargo way bill taxes, both as periodically authorized by Congress. Increases in these taxes generally result in higher overall ticket prices. Because the demand for air service is considered to be price elastic or sensitive to changes in the price level, higher taxes and thus higher ticket prices may result in reduced passenger levels and reduced airline yields and profitability.

Following 9/11, President George W. Bush signed into law the Aviation and Transportation Security Act ("ATSA") on November 19, 2001 which, among other things, established the TSA within the U.S. Department of Transportation. The ATSA established a series of milestones intended to achieve a secure air travel system. Following the passage of the ATSA, a passenger security tax of $2.50 per flight segment was created to provide funding for federally mandated security improvements required by the ATSA. The tax became effective on February 1, 2002, is known as the Aviation Security Service Fee and is presently capped at $10.00 per round trip flight. **Table IV-12** summarizes the taxes and fees paid by U.S. airlines and their passengers in 1972, 1992, 2004, 2006, 2008, 2009 and 2010 according to the ATA.

TABLE IV-12
Historical Trends in Aviation Taxes

Tax/Fee Type	1972	1992	2004	2006	2008	2009	2010	Unit of Tax
Pax Ticket Tax	7.50%	10.00%	7.50%	7.50%	7.50%	7.50%	7.50%	Domestic Airfare
Pax Flight Segment	$0.00	$0.00	$3.00	$3.40	$3.50	$3.50	$3.70	Per Domestic Enplanement
Pax Security	$0.00	$0.00	$2.50	$2.50	$2.50	$2.50	$2.50	Per Dom/Int'l Enplanement
Int'l Departure Tax	$3.00	$6.00	$13.40	$15.10	$15.40	$16.10	$16.30	Per Int'l Pax Departure
Int'l Arrival Tax	$0.00	$0.00	$13.40	$15.10	$15.40	$16.10	$16.10	Per Int'l Pax Arrival
INS User Fee	$0.00	$5.00	$7.00	$7.00	$7.00	$7.00	$7.00	Per Int'l Pax Arrival
USCS User Fee	$0.00	$5.00	$5.00	$5.00	$5.50	$5.50	$5.50	Per Int'l Pax Arrival
APHIS Pax Fee	$0.00	$2.00	$3.10	$5.00	$5.00	$5.00	$5.00	Per Int'l Pax Arrival
Cargo Waybill Tax	5.00%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	Waybill for Domestic Freight
Frequent Flyer Tax	0.00%	0.00%	7.50%	7.50%	7.50%	7.50%	7.50%	Sales of Frequent Flyer Miles
APHIS Aircraft Fee	$0.00	$76.75	$65.25	$70.50	$70.50	$70.50	$70.75	Int'l Aircraft Arrival
Jet Fuel Tax	$0.000	$0.000	$0.043	$0.043	$0.043	$0.043	$0.043	Per Gallon
LUST Fuel Tax	$0.000	$0.001	$0.001	$0.001	$0.001	$0.001	$0.001	Per Gallon
Air Carrier Security	$0.00	$0.00	Confidential	Confidential	Confidential	Confidential	Confidential	CY 2000 Screening Costs

Source: Air Transport Association — September 19, 2011
Compiled by Newton & Associates, Inc. — c:\...\2011 CONRAC Section IV V Tables ver 0.2

9. US Airways and the Airport as a Connecting Hub

With the Airline Deregulation Act of 1978, airlines began to develop "hub and spoke" systems in order to more efficiently use their aircraft. In a hub and spoke system, passengers from numerous cities throughout the airlines' networks are directed each day into a small number of “hub” airports, where they connect on flights to “spoke” airports in other cities, thereby creating economies-of-scale and allowing airlines to increase frequency, profitability and serve cities that would otherwise go un-served in a “point-to-point” system.

The Airport is the largest connecting passenger “hub” for US Airways and provides local Airport patrons with a level of direct, non-stop service not usually present in markets with populations comparable to the Air Service Area. The Airport is served by several classes of airlines which include mainline airlines, code-sharing regional airlines which closely coordinate their operations with their mainline partners and non-scheduled charter airlines.

Currently, US Airways has primary hubs in Charlotte, Philadelphia and Phoenix and a secondary hub/focus city in Washington, DC. It brands its new operations as a LCC offering scheduled passenger service on approximately 3,200 daily flights to 200 communities in the U.S., Canada, the Middle East, the Caribbean, Latin America and Europe, making it the only U.S. based LCC with a significant international route presence. In addition, it is the only LCC with an established east coast route network, including the US Airways Shuttle service, with substantial presence at capacity constrained airports including New York’s LaGuardia Airport and Washington’s Ronald Reagan National Airport. On May 23, 2011, Delta and US Airways announced an agreement to transfer take-off and landing rights at New York’s LaGuardia and Washington Regan National airports which was tentatively approved by the US Department of Justice on July 21, 2011. This will enable US Airways to expand service and increase competition at Washington Reagan’s slot restricted airport.

As shown on **Table IV-13**, the Airport is the largest airport in the US Airways system based on departing seats for CY 2010, representing 20.0% of US Airways total system wide departing seats. The other two primary hubs for US Airways, Philadelphia International Airport and Phoenix Sky Harbor, are ranked 2nd and 3rd in US Airways system wide traffic, representing 13.0% and 10.9%, respectively, in total US Airways system wide traffic in CY 2010. As shown in Table IV-13, the Airport is the only top-10 airport which has experienced growth in the number of departing seats for US Airways over the Study Period. US Airways total system wide departing seats decreased by 3.5% over the Study Period.

TABLE IV-13
Scheduled Departing Seats on US Airways Top-10 Airports - CY 2010

		Calendar Year Departing Seats										
Rank	Airport	2006	Percent of Total	2007	Percent of Total	2008	Percent of Total	2009	Percent Total	2010	Percent Total	Average Annual Growth Rate
1	**Charlotte Douglas International**	**18,038,862**	**14.7%**	**19,087,368**	**16.0%**	**19,722,770**	**17.5%**	**19,452,859**	**18.4%**	**21,233,842**	**20.0%**	**4.2%**
2	Philadelphia International	14,341,394	11.7%	13,793,585	11.6%	13,531,567	12.0%	13,295,458	12.6%	13,784,804	13.0%	-1.0%
3	Phoenix Sky Harbor International	12,949,758	10.6%	12,737,325	10.7%	11,925,583	10.6%	11,395,836	10.8%	11,544,004	10.9%	-2.8%
4	Washington, DC Washington National	6,126,096	5.0%	5,973,475	5.0%	5,771,017	5.1%	5,360,925	5.1%	5,560,006	5.2%	-2.4%
5	New York La Guardia	4,189,421	3.4%	4,089,945	3.4%	4,039,278	3.6%	3,903,650	3.7%	3,584,335	3.4%	-3.8%
6	Boston Logan International	3,496,668	2.9%	3,399,653	2.8%	3,273,466	2.9%	3,108,512	2.9%	2,776,948	2.6%	-5.6%
7	Las Vegas Mc Carran International	6,504,442	5.3%	5,908,838	5.0%	4,631,774	4.1%	3,175,722	3.0%	1,703,800	1.6%	-28.5%
8	Orlando, Orlando International	1,766,094	1.4%	1,651,802	1.4%	1,576,421	1.4%	1,434,139	1.4%	1,445,960	1.4%	-4.9%
9	Los Angeles International	1,648,516	1.3%	1,541,563	1.3%	1,337,154	1.2%	1,235,536	1.2%	1,086,282	1.0%	-9.9%
10	Fort Lauderdale International	1,607,589	1.3%	1,335,508	1.1%	1,159,225	1.0%	1,042,321	1.0%	1,000,432	0.9%	-11.2%
	All Other	51,954,803	42.4%	49,849,547	41.8%	45,611,569	40.5%	42,313,566	40.0%	42,639,514	40.1%	-4.8%
	Total - US System	122,623,643	100.0%	119,368,609	100.0%	112,579,824	100.0%	105,718,524	100.0%	106,359,927	100.0%	-3.5%

NOTE: Represents domestic and international seats and includes regional code sharing affiliates.

Source: UBM Aviation, OAG Data — September 19, 2011
Compiled by Newton & Associates, Inc. — c:\...\2011 CONRAC Section IV V Tables ver 0.2

As of December 31, 2010, US Airways operated 339 mainline jets supported by their regional airline subsidiaries and affiliates operating as US Airways Express, which operate approximately 231 regional jets and 50 turboprops.[32]

US Airways realigned its operations to focus on core network strengths, which include their hubs in Charlotte, Philadelphia and Phoenix and its focus city at Washington National. These four cities, as well as the hourly Shuttle service between LaGuardia, Boston and Washington National airports serve as the cornerstone of its network and represent 98% of its ASMs at December 31, 2010. US Airways total airline capacity measured by ASMs increased by 0.9% in 2010 compared to 2009. Mainline capacity for the same time period was up 1.2% from the prior year while express carrier capacity owned by US Airways was down 1.0% from 2009.

Table IV-14 presents, among other items, total enplanements, total enplanements for US Airways, Airport total O&D enplanements, O&D enplanements for US Airways, as well as connecting enplanements for US Airways at each of its three hub airports. As previously mentioned, the Airport ranks as the largest hub based on number of seats and has enjoyed a higher average annual growth rate in total enplanements, O&D enplanements and connecting enplanements than other hubs from CY 2006 through CY 2010.

Based on information contained in its Form 10-K, US Airways Group, Inc. stated an Operating Income of $781 million for the year ending December 31, 2010, as compared to an Operating Income of $118 million for the prior year.

[32] US Airways, Inc. Form 10k, February 23, 2011

TABLE IV-14
Comparison of US Airways Domestic Passenger Enplanement Indices

CHARLOTTE/DOUGLAS INTERNATIONAL AIRPORT

Calendar Year	Total Enplanements: CLT Enplanements	% Change	US Airways Enplanements	% Share	O&D Enplanements: CLT O&D	US Airways O&D	% Chg	% Share	US Airways Connecting Enplanements: CLT Connecting	% Change	% of Total
2006	13,720,310		11,802,919		4,069,640	2,244,980		55.2%	9,557,939		69.7%
2007	15,520,873	13.1%	13,327,227	85.9%	4,468,020	2,445,410	8.9%	54.7%	10,881,817	13.9%	70.1%
2008	16,119,675	3.9%	14,067,588	87.3%	4,242,270	2,307,090	-5.7%	54.4%	11,760,498	8.1%	73.0%
2009	15,996,428	-0.8%	14,132,107	88.3%	4,156,990	2,352,580	2.0%	56.6%	11,779,527	0.2%	73.6%
2010	17,291,596	8.1%	15,420,927	89.2%	4,350,590	2,565,180	9.0%	59.0%	12,855,747	9.1%	74.3%
AAGR	6.0%		6.9%		1.7%	3.4%		1.7%	7.7%		1.6%

PHILADELPHIA INTERNATIONAL AIRPORT

Calendar Year	Total Enplanements: PHL Enplanements	% Change	US Airways Enplanements	% Share	O&D Enplanements: PHL O&D	US Airways O&D	% Chg	% Share	US Airways Connecting Enplanements: PHL Connecting	% Change	% of Total
2006	13,639,958		8,380,605	61.4%	8,718,760	3,571,050		41.0%	4,809,555		35.3%
2007	13,856,988	1.6%	8,311,183	60.0%	8,753,160	3,478,000	-2.6%	39.7%	4,833,183	0.5%	34.9%
2008	13,745,620	-0.8%	8,420,742	61.3%	8,309,670	3,276,660	-5.8%	39.4%	5,144,082	6.4%	37.4%
2009	13,144,453	-4.4%	8,290,486	63.1%	7,811,050	3,171,480	-3.2%	40.6%	5,119,006	-0.5%	38.9%
2010	13,051,944	-0.7%	8,674,899	66.5%	7,654,130	3,278,980	3.4%	42.8%	5,395,919	5.4%	41.3%
AAGR	-1.1%		0.9%	2.0%	-3.2%	-2.1%		1.1%	2.9%		4.1%

PHOENIX SKY HARBOR INTERNATIONAL AIRPORT

Calendar Year	Total Enplanements: PHX Enplanements	% Change	US Airways Enplanements	% Share	O&D Enplanements: PHX O&D	US Airways O&D	% Chg	% Share	US Airways Connecting Enplanements: PHX Connecting	% Change	% of Total
2006	19,692,416		8,945,925	45.4%	11,952,300	3,527,100		29.5%	5,418,825		27.5%
2007	19,889,551	1.0%	8,936,080	44.9%	12,089,030	3,465,060	-1.8%	28.7%	5,471,020	1.0%	27.5%
2008	18,504,302	-7.0%	8,491,853	45.9%	10,973,820	3,008,950	-13.2%	27.4%	5,482,903	0.2%	29.6%
2009	17,617,557	-4.8%	8,206,546	46.6%	10,144,550	2,673,970	-11.1%	26.4%	5,532,576	0.9%	31.4%
2010	17,827,777	1.2%	8,263,045	46.3%	10,019,420	2,551,960	-4.6%	25.5%	5,711,085	3.2%	32.0%
AAGR	-2.5%		-2.0%	0.5%	-4.3%	-7.8%		-3.6%	1.3%		3.9%

Notes:
[1] Total Airport Enplanements per U.S. DOT Origin & Destination Survey of Airline Passenger Survey via Database Products, Inc.
[2] Total US Airways Enplanements by Airport per U.S. DOT T-100 Database.
[3] US Airways O&D Origin and Destination Survey of Airline Passengers via Database Products, via Database Products, Inc.
[4] Connecting Enplanements = Total Enplanements minus O&D Enplanements
[5] Includes non-revenue (zero fare) passengers and will not equal enplanement totals as reported by individual Airports.
[6] Data is for America West and US Airways (including their code sharing affiliates), combined.

Source: Database Products — September 19, 2011
Compiled by Newton & Associates, Inc. — c:\...\2011 CONRAC Section IV V Tables ver 0.2

F. FORECAST OF PASSENGER ENPLANEMENT ACTIVITY

As previously discussed in this Section IV, demand for air service results in Airport passengers who rent automobiles and generate CFC revenues. Because of this relationship between Airport passengers and CFC revenues, a forecast of passenger enplanement activity is necessary to reasonably forecast CFC revenues. The forecasting of aviation activity is an art rather than a science. Barring unforeseeable events, past aviation activity, anticipated future socioeconomic activity and various other factors likely to affect future air traffic are often useful guides in projecting future aviation activity. A historical analysis of certain socioeconomic trend characteristics, including population and income per capita among other things, is set forth in Section III of this Report. As depicted in Section III, the population of the Air Service Area grew at an average annual rate of 2.2% over the Study Period and income per capita decreased at an average annual rate of 2.3% over the Study Period.NAI has also examined the historical passenger enplanements at the Airport for the most recent five consecutive years, FY 2007 through FY 2011, as presented on **Table IV-15**, below. At the Airport, two mutually exclusive passenger markets exist: the O&D passenger market and the connecting passenger market.

TABLE IV-15
Forecast of Enplaned Passengers

Fiscal Year	Originating		Connecting		Total	
	Enplaned Passengers					
2007	4,788,700		10,923,295		15,711,995	
2008	4,932,010		12,091,050		17,023,060	
2009	4,517,040		12,787,971		17,305,011	
2010	4,697,900		13,026,990		17,724,890	
2011 [1]	4,999,894		14,710,872		19,710,766	
Average Annual Growth Rate						
2007 - 2011	1.1%		7.7%		5.8%	
2010 - 2011	6.4%		12.9%		11.2%	
Forecast:		Annual Rate		Annual Rate		Annual Rate
2012	5,049,893	1.00%	14,857,981	1.00%	19,907,874	1.00%
2013	5,100,392	1.00%	15,006,561	1.00%	20,106,952	1.00%
2014	5,151,396	1.00%	15,156,626	1.00%	20,308,022	1.00%
2015	5,202,910	1.00%	15,308,192	1.00%	20,511,102	1.00%
2016	5,254,939	1.00%	15,461,274	1.00%	20,716,213	1.00%
2017	5,307,488	1.00%	15,615,887	1.00%	20,923,375	1.00%
Average Annual Growth Rate						
2011 - 2017	1.0%		1.0%		1.0%	

[1] Total is actual; allocation between O&D and Connecting is estimated.

Source: Historical Data Based on Airport Records September 19, 2011
Forecast:Newton & Associates, Inc. c:\...\2011 CONRAC Section IV V Tables ver 0.2

According to Airport records, O&D enplanements increased from 4.8 million in FY 2007 to an estimated 5.0 million in FY 2011, increasing at an average annual growth rate of 1.1%. The number of O&D passengers in FY 2011 is estimated to be 6.4% higher than the O&D passengers in FY 2010.

With respect to historical connecting passenger enplanement levels at the Airport, passenger enplanements grew from 10.9 million in FY 2007 to an estimated 14.7 million in FY 2011, an increase of 3.8 million and representing an average annual growth rate of 7.7%. Connecting enplanements increased by 12.9% in FY 2011 compared to FY 2010.

Another segment of passenger enplanement activity is international enplanements (see Table IV-5) which comprise both O&D and connecting passengers at the Airport. During the period FY 2007 to FY 2011, international enplaned passengers at the Airport exhibited strong growth, rising from 0.9 million in FY 2007 to 1.3 million in FY 2011, representing an average annual increase of 6.8% over the period.

Based upon the historical trend in passenger activity, coupled with the exhibited strength of the economic base of the Air Service Area and projected annual growth in Air Service Area population, NAI expects locally generated enplanements to increase by 1.0% from FY 2011 to FY 2017 which represents approximately one-half of the growth in population of the ASA (2.2%) over the Forecast Period.

As previously mentioned, demand for connecting enplanements is dependent upon business decisions made by US Airways (or another airline in the future) to utilize the Airport as a connecting hub facility. US Airways has not publicly suggested any reductions in future air service at the Airport.[33] As a result, the forecasted growth of connecting enplanements was determined by examining industry trends in enplanement forecasts prepared by the FAA and the projected growth in the GDP.

Total system-wide enplanements are projected by the FAA to increase by 3.6% from 2011 to 2017.[34] As previously mentioned, the GDP is anticipated to increase by 3.3% over the Forecast Period. NAI expects connecting enplanements to increase by 1.0% from FY 2011 through FY 2017 representing approximately one-third of both the growth of enplanements and GDP.

Enplanement Forecast Assumptions

1. The demographic and socioeconomic characteristics of the Air Service Area and the United States will continue to grow and support the demand for passenger air transport.

2. The level of commercial air service activity and profitability in the United States will continue to recover at levels substantially similar to those presented in the FAA Aerospace Forecast.

3. No additional military conflicts or terrorist attacks which would directly or indirectly compromise the commercial air transportation system in the United States and at the Airport will occur.

---

[33] See discussion in Factors Affecting Future Air Traffic.
[34] Aerospace Forecasts, Fiscal Years 2011-2031, Federal Aviation Administration, March 15,2011.

4. Adequate Airport capacity will be available to accommodate projected traffic and there will be no additional governmental operational restrictions imposed at key airports which inhibit the airlines serving the Airport from continuing to serve or expanding existing service.

5. US Airways will continue to maintain a connecting passenger hub at the Airport at an operational level substantially equal to the level which exists at the date of this Report

6. The airlines other than US Airways currently serving the Airport will continue to maintain available capacity at a level substantially equal to the level which exists as of the date of this Report

7. There will be no material additional initiation of service by low cost, discount airlines at the Airport over the Forecast Period other than that which has been discussed in this Report.

With the preceding considerations and assumptions in mind, and for the purpose of this Report, NAI has adopted the aforementioned forecast rates of enplanements at the Airport to forecast levels of non-airline revenues during the Forecast Period. NAI believes, however, that traffic may grow at a slower rate in some years and at a faster rate in others, following changes in economic activity and airline operating decisions.

The base year used for the purpose of projecting passenger enplanements at the Airport is FY 2011. NAI's forecast of enplanements at the Airport is presented in Table IV-15. As depicted on Table IV-15, O&D enplaned passengers at the Airport are projected to grow from 5.0 million in FY 2011 to 5.3 million in FY 2017, connecting enplaned passengers are projected to increase by 1.0% over this same time period and total enplaned passengers are forecast to increase to 20.9 million in FY 2017, representing an average annual growth rate of 1.0%.

(Remainder of Page Intentionally Left Blank)

V. RENTAL CAR ANALYSIS

A. BACKGROUND AND OVERVIEW OF THE RENTAL CAR INDUSTRY

The car rental industry in the United States is a multi-billion dollar industry supplying auto rentals to satisfy demand generated by both business and leisure customers. Similar to other US industries, the car rental industry is affected by the state of economy, fees and taxes, among other factors.

During the past decade, the rental car industry has experienced a period of numerous acquisitions and mergers. Four holding companies currently comprise the vast majority of the US car rental industry. The following provides a brief overview of certain holding companies which collectively operate nine car rental companies[35], eight of which currently operate at the Airport and represent 94.1% of the total revenue in the US car rental industry in 2010.

1. Avis Budget Group, Inc

Cendant Corporation separated into four independent companies in 2006: Realogy; Wyndham Worldwide; Travelport and Avis Budget Group which is the parent company of Avis Rent A Car and Budget Rent A Car.

Avis Rent A Car was founded in 1946 by William Avis at Willow Run Airport in Detroit, Michigan and soon expanded to the Miami Airport and became the first car rental operation located at an airport.[36] As of December 2010 it operated at 1,249 locations in the United States of which 957 were corporate owned and the remaining 292 where controlled by licensees. A total of 344 of these locations were operated at airports (234 corporate and 110 licensees). Approximately 60% of its business is generated from business customers and 40% from leisure travelers.

Budget Rent A Car was founded in 1958 as a "budget minded" car rental company focused on the leisure traveler and currently operates at approximately 1,700 locations, 800 of which are operated in the United States. The majority of their business is generated from leisure travelers which account for 70% of its business as of December 2010. [37]

2. Dollar Thrifty Automotive Group

Dollar Thrifty Automotive Group ("DTAG") caters itself towards the leisure traveler and is the parent company of Dollar Rent A Car and Thrifty Car Rental.

Dollar Rent A Car was founded in 1965 in Los Angeles, California and relocated to Tulsa, Oklahoma in August 1994. Dollar was acquired by Chrysler Corporation in 1990, along with Thrifty, Snappy (located in Tulsa) and General Rent A Car. General was closed in 1993 and its

---

[35] As mentioned in Section II, there are seven concessionaires operating at the Airport. National and Alamo operate as a dual brand.
[36] *Avis Rent A Car: Historical Chronology*, avis.com website
[37] Company Fact Sheet,, budget.com website

car rental locations were merged into Dollar. Dollar operates 260 locations in the United States with locations at many airports in the United States.[38]

Thrifty Car Rental operates in 1,061 locations worldwide with 472 located in the US/Canada. Approximately 80% of its business is generated at airports and 20% from its local offices.[39]

3. Enterprise Holdings, Inc.

Enterprise Holdings, Inc. is a privately held company and has a controlling interest in Vanguard Car Rental USA, Inc (operator of National Car Rental and Alamo Rent-A-Car). Enterprise Holdings, Inc. is the largest car rental company in the world measured by revenues, employees and fleet.[40]

Enterprise Rent-A-Car was founded in 1957 by Jack Taylor in St. Louis, Missouri and has grown to more than 6,000 international neighborhood and airport locations. Enterprise states that it operates more than 5,000 locations within a 15 mile radius of 90 percent of the US population.[41] Enterprise has historically focused its business on the local, insurance replacement market and has expanded its business model to begin operating at airports over the last decade.

Alamo Rent-A-Car was founded with four locations in Florida and is credited for beginning the concept of unlimited mileage and launched the first real-time internet booking engine in 1995.[42] Alamo focused its business on the family/leisure travelers and became one of the largest vacation rental providers and constructed state-of-the-art rental plazas to accommodate its customers at family vacation destinations. Alamo has more than 1,000 worldwide locations.

National Car Rental was established in 1947 by 24 independent car rental companies with 800 vehicles and 60 locations. Today, National markets itself towards the frequent airport traveler and has more than 3,000 locations worldwide.[43]

National and Alamo operate as a "dual brand" at the Airport.

4. Hertz Global Holdings, Inc.

Hertz Global Holdings, Inc. is the parent company of The Hertz Corporation, Inc. which operates Advantage Rent a Car and Hertz Car Rental.

Hertz Car Rental is the number one airport car rental brand in the United States and the largest general use car rental brand in the world. Hertz operates in more than 8,100 locations in 147 countries worldwide.[44]

---

[38] *Corporate Background,* dollar.com
[39] *General Information,* thrifty.com
[40] *Enterprise Holdings Fact Sheet*, enterpriseholdings.com website
[41] *Enterprise Rent-A-Car Fact Sheet,* enterpriseholdings.com website
[42] *Alamo-Rent-A-Car Fact Sheet*, enterpriseholdings.com website
[43] *National Car Rental Fact Sheet*, enterpriseholdings.com website
[44] *Hertz History*, hertz.com website

Advantage Rent a Car filed for bankruptcy protection in December 2009 and Hertz outbid Enterprise Holdings, Inc. and purchased all its assets on March 31, 2009 for $33 million.[45] Advantage offers leisure rental car customers low rates in key vacation destinations.

The mergers and acquisitions discussed above provide each of the rental car corporations a balanced market share in the US rental car market, each with a combination of business and leisure brands. This improves fleet utilization for each corporation to meet the two leading market demands in the car rental industry.

Table V-1 depicts a summary of these companies and the total US car rental car industry market in 2010.

TABLE V-1
2010 US Rental Car Industry

Rental Car Company	US Cars in Service (Avg) 2010	# of US Locations	Est 2009 US Revenue ($ Millions)	Est 2010 US Revenue ($ Millions)	Annual Change	Percent Change
Enterprise Holdings (Includes Alamo, Enterprise & National)	850,689	6,187	9,500	9,800	300	3.2%
Hertz (Includes Hertz & Advantage)	290,000	2,300	3,950	4,158	208	5.3%
Avis Budget Group (Includes Avis & Budget)	270,000	2,100	4,000	3,850	(150)	-3.8%
Dollar Thrifty Automotive Group (Includes Dollar & Thrifty)	108,000	464	1,467	1,540	73	5.0%
Subtotal Other Rental Car Companies	110,872	6,203	1,128	1,203	75	6.6%
Industry Total	1,629,561	17,254	20,045	20,551	506	2.5%

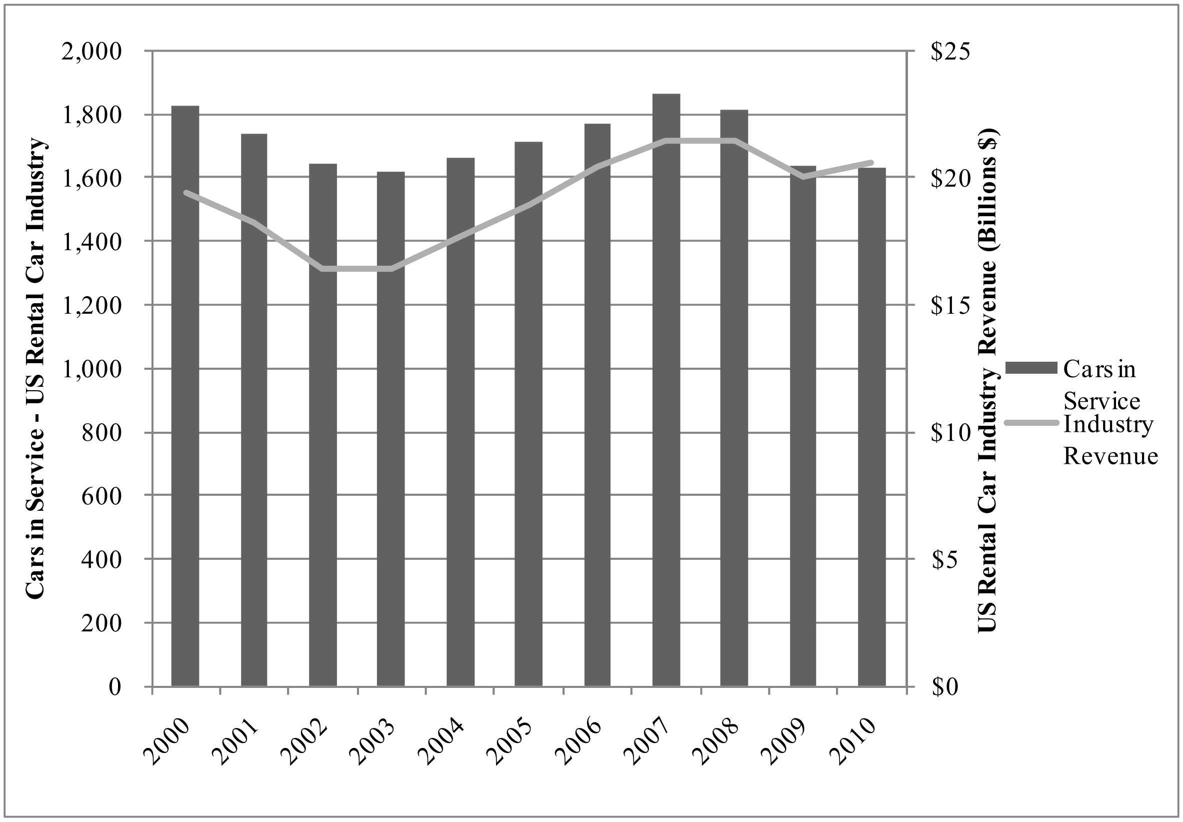
Notes:
[1] Statistics based on company-provided data, public documents, industry research and ARN estimates.
[2] Revenue comes from US car rental operations only. Fleet, location and revenue numbers represent entire US operations, including franchises.

Source: Auto Rental News, 2011 Factbook
Compiled by Newton & Associates, Inc.
September 19, 2011
c:\...\2011 CONRAC Section IV V Tables ver 0.2

US car rental industry revenue has fluctuated over the past decade. As depicted in **Figure V-1**, industry revenue grew from $19.4 billion in 2000 to $21.5 billion in 2007. Industry revenues declined to $20.1 billion following the recession in the US economy and increased to $20.6 billion in 2010. During that same time the US rental car industry provided a car rental fleet of over 1.6 million vehicles in 2010, which was down from a high of 1.9 million in 2007. A comparison of historical rental car industry revenues and fleet sizes from 2000 through 2010 is provided on Figure V-1.

45 *Enterprise Rent-A-Car outbid for Advantage Assets, St. Louis Business Journal, April 1, 2009.*

FIGURE V-1
US Rental Car Industry Trends



B. HISTORICAL RENTAL CAR ACTIVITY

Historical rental car activity at the Airport can be measured in several ways, including: (i) gross revenues; (ii) transaction days; and (iii) total transactions. The following sets forth an overview of these measures to provide an understanding of the magnitude and growth trends of the rental car market at the Airport.

1. Historical Rental Car Revenues

Historical rental car gross revenues generated at the Airport during the Study Period are set forth on **Table V-2**. Total rental car gross revenue decreased from approximately $109.0 million in FY 2007 to approximately $101.8 million in FY 2011, an average annual rate of 1.7%. Despite this decrease over the Study Period, rental car gross revenue rebounded in FY 2011 to approximately $101.8 million, representing a 6.0% increase from the level of approximately $96.1 million in FY 2010. These trends in gross revenues for rental car operators at the Airport (including off-Airport companies) appear to be consistent with the trends experienced for the entire US rental car industry previously presented in Figure V-1.

TABLE V-2
Historical Gross Rental Car Revenues

	FY 2007		FY 2008		FY 2009		FY 2010		FY 2011		
Company	Revenues	Market Share	FY 2008	Market Share	FY 2009	Market Share	FY 2010	Market Share	FY 2011	Market Share	Average Annual Growth Rate
Avis	$23,842,986	21.9%	$25,160,620	23.0%	$22,530,855	23.3%	$20,417,868	21.3%	$20,158,191	19.8%	-4.1%
Budget	10,460,199	9.6%	10,078,678	9.2%	9,643,396	10.0%	8,590,662	8.9%	9,403,079	9.2%	-2.6%
Dollar	5,106,885	4.7%	5,216,413	4.8%	4,262,751	4.4%	4,509,174	4.7%	4,505,768	4.4%	-3.1%
Enterprise	11,653,574	10.7%	12,114,902	11.1%	10,624,188	11.0%	11,007,521	11.5%	13,223,408	13.0%	3.2%
Hertz	33,131,300	30.4%	31,427,287	28.7%	26,574,799	27.4%	26,740,974	27.8%	27,881,601	27.4%	-4.2%
National/Alamo	19,469,905	17.9%	20,719,436	18.9%	18,564,422	19.2%	20,690,041	21.5%	22,319,282	21.9%	3.5%
Thrifty	5,276,502	4.8%	4,826,155	4.4%	4,624,634	4.8%	4,091,228	4.3%	3,870,341	3.8%	-7.5%
Advantage*	0	0.0%	0	0.0%	0	0.0%	0	0.0%	445,346	0.4%	100.0%
Triangle*	12,670	0.0%	23,378	0.0%	14,974	0.0%	20,233	0.0%	7,706	0.0%	-11.7%
Total	$108,954,021	100.0%	$109,566,869	100.0%	$96,840,019	100.0%	$96,067,702	100.0%	$101,814,722	100.0%	-1.7%

* Denotes Off-airport Rental Car Company

Source: City of Charlotte - Aviation
Compiled by Newton & Associates, Inc.

September 19, 2011
c:\...\2011 CONRAC Section IV V Tables ver 0.2

2. Historical On Airport Rental Car Activity

Historical rental car gross revenue, transactions, transaction days, and average rental period for the on-Airport rental car companies over the last ten years are presented in **Table V-3**. The following describes the data presented on Table V-3.

- **Gross Revenue:** On-Airport rental car gross revenue increased from $56.5 million in FY 2002 to $101.4 million in FY 2011, representing an average annual growth rate of 6.7% during this time period. Over the Study Period, however, gross revenues declined from $108.9 million in FY 2007 to $101.4 in FY 2011, representing an average annual decrease of 1.8 %, which is reflective of a weakened economy during this period. From FY 2010 to FY 2011, gross revenues signaled a recovery from the previous two years of decline, growing from $96.0 million in FY 2010 to $101.4 million in FY 2011, representing an increase of 5.5%.

- **Transactions:** Transactions represent the number of contracts each Concessionaire executed with its customers at the Airport. As shown on Table V-3, the number of transactions increased at an average annual growth rate of 6.2% from FY 2002 to FY 2011. Similar to gross revenues over the Study Period (FY 2007 through FY 2011), the number of transactions over the Study Period showed the affects of the weakened economy, having a 4.2% decrease from FY 2008 to FY 2009. Additionally, transactions remained flat over the entire Study Period.

- **Transaction Days:** Transaction days represent the total number of days vehicles were rented by the customers of the Concessionaires. Transaction days followed a similar trend as the prior two categories discussed above, experiencing growth from FY 2002 to FY 2011 (8.1%). Transaction days were static during the Study Period increasing at an average annual growth rate of 0.8% and showed a notable increase from FY 2010 to FY 2011 of 9.3%.

- **Average Rental Period:** The average rental period is the average number of transaction days per transaction that a vehicle was rented by the customers of the Concessionaires at the Airport. The average rental period at the Airport per transaction ranged from a low of 3.21 days in FY 2002 to a high of 4.02 days in FY 2008. As shown on Table V-3 the average rental period in FY 2011 was 3.8 days per transaction.

TABLE V-3
Historical On Airport Rental Car Activity

Charlotte Douglas International Airport
On Airport Rental Car Companies

Fiscal Year	Gross Revenues	Transactions	Transaction Days	Average Rental Period
2002	$56,474,599	335,049	1,075,535	3.21
2003	60,980,271	306,973	1,084,378	3.53
2004	62,240,516	336,984	1,231,128	3.65
2005	68,386,331	441,421	1,646,967	3.73
2006	89,188,014	504,558	1,907,721	3.78
2007	108,941,351	578,753	2,103,312	3.63
2008	109,543,491	579,259	2,326,952	4.02
2009	96,825,045	555,181	1,997,139	3.60
2010	96,047,469	585,347	1,987,052	3.39
2011	101,361,670	576,459	2,171,919	3.77
Average Annual Growth Rates:				
FY 02 - FY 11	6.7%	6.2%	8.1%	1.8%
FY 07 - FY 11	-1.8%	-0.1%	0.8%	0.9%

Source: Gross Revenues as reported by rental car companies to the City. September 19, 2011
FY 2002 - FY 2011 Transactions as reported to NAI by RACs.
FY 2002 - FY 2007 Transaction Days as reported to NAI by RACs.
FY 2008 - FY 2011 Transaction Days as reported to City Aviation by RACs.
Compiled by Newton & Associates, Inc. c:\...\RAC Data Tables v3.xlsx

C. FACTORS AFFECTING RENTAL CAR DEMAND AT THE AIRPORT

The primary factors influencing rental car customers include the rental rate, brand loyalty and convenience. Business travelers are more influenced by convenience and often rent from the same company to acquire awards and/or elite status to enjoy a free vehicle upgrade or other benefits offered by rental car companies. Leisure travelers are generally more concerned about the cost of the rental car. Other factors which could affect rental car demand at the Airport are the number of rental car operators at the Airport as well competition from off-airport rental car companies. This section of the report discusses different factors that could influence the demand for rental cars at the Airport.

1. Rental Car Consolidation

As previously mentioned, the US rental car industry underwent a number of mergers and acquisitions/change in ownership over the last decade, resulting in four holding companies operating nine different car rental brands. Over the last year, both Avis Budget Group, Inc. and Hertz Global Holdings, Inc. have tendered offers to acquire DTAG. Many analysts believe that Hertz is the most sensible suitor as it does not have a large, mid-priced brand as Avis does with Budget. DTAG sent a letter to both Avis and Hertz on August 21, 2011 advising them of its intention to solicit for submission of the "best and final definitive proposals regarding a potential business combination with Dollar/Thrifty" in early October.[46] Three rental car companies would control the US car rental market if this merger came to fruition which may reduce competition and increase costs to its customers.

2. Rental Car Rates

Rental car rates at the Airport were compared to other comparable airports to examine the Airport's rate competitiveness. Two subsets of 12 comparable airports were developed based on: regional airports; and airports serving similar sized Metropolitan Statistical Areas ("MSA").

Regional airports were determined to be commercial service airports in general geographic proximity to the Airport and include: Asheville Regional Airport ("AVL"); Atlanta-Hartsfield International Airport ("ATL"); Columbia Metropolitan Airport ("CAE"); Greenville Spartanburg International Airport ("GSP"); Greensboro International Airport ("GSO"); and Raleigh-Durham International Airport ("RDU").

The Charlotte MSA was ranked as the 34th largest MSA based on the 2000 census ranking. Commercial service airports serving similar sized MSA's were identified as: Austin Bergstrom International Airport ("AUS"); Nashville International Airport ("BNA"); Indianapolis International Airport ("IND"); Northern Kentucky/Greater Cincinnati International Airport ("CVG"); Port Columbus International Airport ("CMH"); and Pittsburgh International Airport ("PIT").

[46] *Hertz (Finally) Cruising to Dollar Thrifty Acquisition, Avis Looks to Europe*, Business Travel News, June 27, 2011.

A survey of the three-day weekday rental (business rental rate) and a two-day weekend rental (leisure rental rate) was acquired from rental car agencies operating at these comparable airports. The business rental rate was obtained from Hertz.com while the leisure rental rate was acquired from Alamo.com. A standard/full-size car was the basis for determining the rental rates at each airport. The business rate assumed vehicle pick-up at 10:00 am on Monday, September 12, 2011 and returned on Thursday, September 15, 2011 at the same time. The leisure rental rate pick-up was assumed to be Friday, September 16, 2011 at noon and returned on Sunday, September 18, 2011 at noon.

The three-day business rental rates and two-day leisure rental rates are presented in **Table V-4.** The airport data presented in Table V-4 for the business rental rate and the leisure rental rate are sorted from the lowest to the highest rental rate with the average rental rate presented in the last column.

As shown on Table V-4, the business rental rate at the Airport of approximately $291 was the sixth highest of the comparable airports. AVL had the lowest business rental rate of $202 and the highest business rental rate of approximately $518 was at PIT. The average business rental rate was approximately $297, or 2.0% higher than the Airport's.

The leisure rental rate at the Airport was approximately $73 which represented the second lowest of the comparable airports included in the survey. CMH reported the lowest leisure rental rate of approximately $48 and the highest was reported at AUS of approximately $120. The Airport's leisure rental rate was 24.0% lower than the average leisure rental rate of approximately $96.

The Airport's rental rates in each of the categories discussed above are competitive with the other comparable airports and should not decrease the demand for rental cars at the Airport.

TABLE V-4
Rental Car Rate Comparison

3-DAY WEEKDAY RENTAL [1]	AVL	CAE	GSO	RDU	GSP	CMH	ATL	**CLT**	CVG	BNA	AUS	IND	PIT	AVERAGE
Base Rental Rate	$151.47	$157.47	$169.47	$172.47	$187.47	$218.97	$217.47	**$214.47**	$250.47	$241.47	$259.47	$304.47	$409.47	$227.28
Concession Fee Recovery	17.07	15.75	19.09	17.49	18.76	24.33	24.76	**24.17**	25.01	22.44	29.42	33.83	45.60	24.44
Custormer Facility Charge	12.75	18.00	0.00	0.00	12.00	0.00	15.00	**10.50**	11.25	13.50	17.85	12.00	9.00	15.36
Rental Facility Fee	0.00	0.00	0.00	0.00	0.00	14.40	0.00	**0.00**	0.00	0.00	0.00	0.00	0.00	14.40
Vehicle Licensing Recovery Fee	1.08	0.00	1.20	1.22	0.00	0.00	4.41	**1.52**	1.59	0.00	0.00	0.00	0.00	1.38
Taxes	20.06	22.95	27.51	27.73	24.00	17.39	26.27	**40.11**	25.02	36.89	51.16	52.54	47.04	32.21
Energy Surcharge	0.00	0.00	0.00	0.00	0.00	0.00	1.03	**0.00**	1.03	1.03	1.03	0.00	1.03	1.03
State Rental Surcharge	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**	0.00	0.00	0.00	0.00	6.00	6.00
Total Rental Rate [2]	$202.43	$214.17	$217.27	$218.91	$242.23	$275.09	$288.94	**$290.77**	$314.37	$315.33	$358.93	$402.84	$518.14	$296.88

2-DAY WEEKEND RENTAL [3]	CMH	**CLT**	AVL	GSP	BNA	IND	GSO	ATL	CAE	RDU	PIT	CVG	AUS	AVERAGE
Base Rental Rate	$30.98	**$49.44**	$55.40	$62.34	$65.06	$70.88	$81.02	$75.96	$74.20	$82.92	$85.60	$91.30	$80.64	$69.67
Concession Fee Recovery	3.61	**5.56**	6.22	6.93	6.04	7.87	9.06	8.62	8.24	8.35	9.51	9.18	9.28	7.57
Custormer Facility Charge	10.00	**7.00**	8.50	8.00	9.00	8.00	0.00	10.00	12.00	0.00	6.00	7.50	11.90	8.90
Rental Facility Fee	0.00	**0.00**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Vehicle Licensing Recovery Fee	0.52	**0.56**	0.56	0.00	0.80	0.00	0.56	1.60	0.00	0.56	0.00	1.52	2.90	0.98
Taxes	3.04	**10.01**	7.77	7.62	10.06	13.01	13.14	8.62	9.89	13.32	16.56	8.22	15.71	10.54
Energy Surcharge	0.00	**0.00**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Rental Surcharge	0.00	**0.00**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Rental Rate [2]	$48.15	**$72.57**	$78.45	$84.89	$90.96	$99.76	$103.78	$104.80	$104.33	$105.15	$117.67	$117.72	$120.43	$96.05

Legend:

ATL - Atlanta, GA	CVG - Cincinnati, OH
AUS - Austin, TX	GSO - Greensboro, NC
AVL - Asheveille, NC	GSP - Greenville, SC
BNA - Nashville, TN	IND - Indianapolis, IN
CAE - Columbia, SC	PIT - Pittsburgh, PA
CLT - Charlotte, NC	RDU - Raleigh, NC
CMH - Columbus, OH	

[1] Based on standard/full-size car (Chevrolet Impala or similar vehicle), picked up at 10:00 am, Monday September 12, 2011 and returned on Thursday, September 15, 2011 at 10:00 am.
[2] Average total rental rate will not equal the sum of the individual components depicted in this table.
[3] Based on standard/full-size car (Chevrolet Impala or similar vehicle), picked up at 12:00 pm, Friday September 16, 2011 and returned on Sunday, September 18, 2011 at 12:00 pm.

Source: US DOT Origin & Destination Survey of Airline Passenger, August 2011.
Compiled by Newton & Associates, Inc.

September 19, 2011
c:\...\2011 CONRAC Section IV V Tables ver 0.2

3. Level of Contract Facility Charge

As previously discussed in Section II of this Report, Concessionaires are required by City ordinance to collect a CFC from all customers who contract for or receive delivery of a rental vehicle at the Airport. The CFC is similar in nature to a PFC, whereby the charge is paid directly by the user and collected at the time of purchase although there are no federal regulations covering the implementation of a CFC which is required for a PFC.

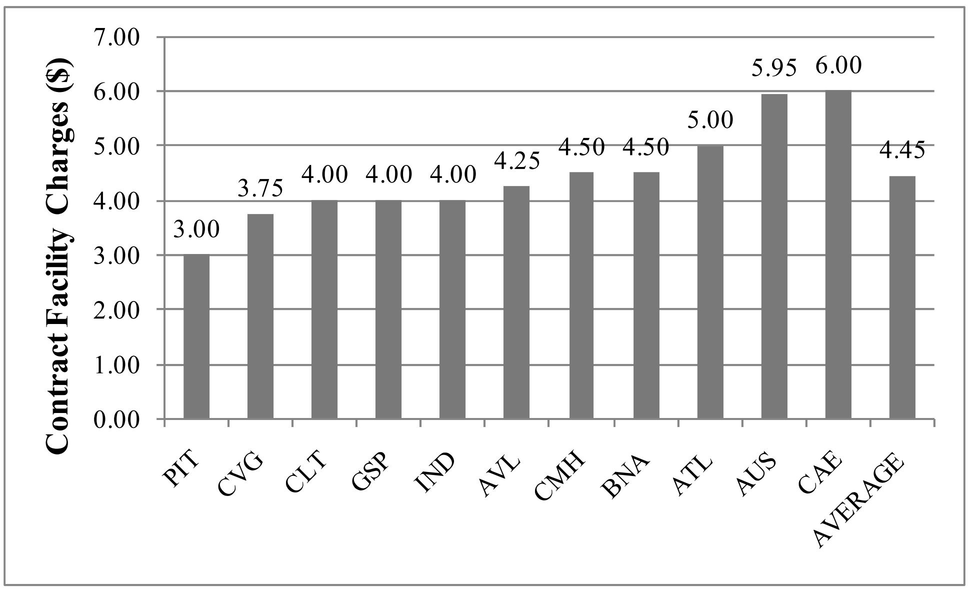
The rental car rates presented in the prior section are inclusive of all taxes and fees associated with renting a car at the respective airports. The base rental rate for the vehicle and certain other charges are generally determined and set by the rental car companies operating at the airports. Taxes are statutorily set by the appropriate state and local municipalities. However, the airport owner has a role in determining the amount and structure of the CFC and is the only portion of the rental car rate which can be influenced by airport policy.

CFCs are generally charged per transaction or per transaction day. If a CFC is charged on a per transaction basis, the number of days a vehicle is rented does not affect the total CFC charge to the rental car customer. Alternatively, if a CFC is charged per transaction day, the CFC amount will increase by the number of days the vehicle is rented subject to the maximum amount of days a CFC can be charged to a customer, if applicable. All of the comparable airports previously shown in Table V-4 charge a CFC on a per transaction day basis.

As previously discussed in Section II, the CFC at the Airport was initially set on July 1, 2007 at $3.50 per Transaction Day and was increased to $4.00 on October 1, 2011. **Figure V-2** depicts the CFC charged at each of the comparable airports during the survey period, sorted from lowest to highest. PIT charged the lowest CFC at $3.00 per rental car transaction day, the remaining CFCs ranged from a low of $3.75 per transaction day at CVG to a high of $6.00 per transaction day at CAE. The average CFC for all comparable airports included in the survey was $4.45 which is 11.3 % higher than the $4.00 CFC charged at the Airport.

Consistent with the rental car rates previously shown in Table V-4, the CFC imposed at the Airport should not have a negative impact on the rental car demand at the Airport.

FIGURE V-2
Comparison of Contract Facility Charges



4. Off-Airport Competition

The presence of off-airport competition may affect the number of transactions of rental car companies doing business on the Airport. Off-airport rental car companies do not pay a CFC, but are required to pay a 10% concession fee for the privilege of conducting commercial rental car activities at the Airport from a remote location. As of the date of this Report, Advantage Rent-a-Car is the only rental car company serving Airport patrons operating at a location off of the Airport's premises. As depicted on Table V-2, Advantage's share of the rental car market at the Airport represented 0.4% of gross revenues reported to the City in FY 2011.

5. Other Factors Affecting Rental Car Demand

The rental car demand at the Airport is also affected by the same factors that affect demand for future air service at the Airport previously discussed in Section IV of this Report. Other factors that affect the demand for rental cars at the Airport include the local and national income levels which were discussed in Section III of this Report as well as the convenience of the on-airport rental car facilities to the traveling public. A downturn in the local and/or national economy could result in a negative impact on the demand for future rental cars at the Airport.

D. FORECAST OF RENTAL CAR TRANSACTION ACTIVITY

The rental car transaction days resulting from the demand for rental cars are generated by the visitor O&D deplanements at the Airport. In order to forecast the number of rental car transactions, an examination of the historical relationship between O&D deplanements and rental car transaction days is necessary.

Total domestic O&D passengers during the Study Period at the Airport are presented in **Table V-5**. As shown in Table V-5, O&D enplanements and O&D deplanements combined to increase O&D passengers from 9.1 million in FY 2007 to 9.4 million in FY 2011. During this time period, the percentage of O&D deplanements to total O&D passengers remained relatively static from an estimated low of 46.9% in FY 2011 to a high of 47.4% in FY 2007.

Table V-6 presents the forecast of rental car transaction days during the Forecast Period. As shown in Table V-6, the historical number of transaction days per visitor O&D deplaned passenger ranged from a low of 1.04 in FY 2010 to a high of 1.14 in FY 2008, averaging 1.07 over this time period.

Rental car transaction days increased by 0.8% from FY 2007 to FY 2011. Transaction days peaked in FY 2008 and decreased in the following two fiscal years resulting from a downturn in the economy in FY 2009 and FY 2010. Rental car transactions days, however, rebounded in FY 2011 and increased by 9.3% from the number of transaction days in FY 2010.

Because of the historical relationship between O&D enplanements and O&D deplanements at the Airport, as demonstrated on Table V-5, O&D deplanements, O&D visitor deplanements and rental car transactions days were projected to increase based on forecast increase in O&D enplanements as set forth on Table IV-15. As shown in Table V-6, transaction days are projected to increase from 2.2 million in FY 2011 to 2.3 million in FY 2017, representing an average annual growth rate of 1.0% over this time period.

TABLE V-5
Domestic O&D Passengers by Type of Passenger

	O&D Enplanements		O&D Deplanements		
Fiscal Year	Enplanements	Percent of Total	Deplanements	Percent of Total	Total O&D Passengers
2007	4,788,700	52.6%	4,315,460	47.4%	9,104,160
2008	4,932,010	52.8%	4,408,530	47.2%	9,340,540
2009	4,517,040	53.0%	4,006,050	47.0%	8,523,090
2010	4,697,900	53.0%	4,168,570	47.0%	8,866,470
2011 [1]	4,999,894	53.1%	4,423,293	46.9%	9,423,187
Total	23,935,544	52.9%	21,321,903	47.1%	45,257,447
Average Annual Growth Rates:					
2007 - 2011	1.1%		0.6%		0.9%

[1] Second quarter 2011 estimated based on historical correlation.

Source: US DOT Origin & Destination Survey — September 19, 2011

Compiled by Newton & Associates, Inc. — c:\...\2011 CONRAC Section IV V Tables ver 0.2

TABLE V-6
Forecast of Transaction Days

Fiscal Year	O&D Deplanements: Total Deplanements	Visitor Deplanements	Annual Growth	Percent of Total	Transaction Days	Annual Growth	Contract Days/ Visitor O&D Deplanement
2007	4,315,460	2,012,527		46.6%	2,103,312		1.05
2008	4,408,530	2,036,752	1.2%	46.2%	2,326,952	10.6%	1.14
2009	4,006,050	1,847,194	-9.3%	46.1%	1,997,139	-14.2%	1.08
2010	4,168,570	1,914,410	3.6%	45.9%	1,987,052	-0.5%	1.04
2011 [1]	4,423,293	2,037,762	6.4%	46.1%	2,171,919	9.3%	1.07
Total	21,321,903	9,848,645			10,586,374		1.07
Average Annual Growth Rates: 2007-2011	0.6%	0.3%			0.8%		
FORECAST							
2012	4,467,526	2,058,140	1.0%	46.1%	2,193,638	1.0%	1.07
2013	4,512,201	2,078,721	1.0%	46.1%	2,215,575	1.0%	1.07
2014	4,557,323	2,099,509	1.0%	46.1%	2,237,730	1.0%	1.07
2015	4,602,896	2,120,504	1.0%	46.1%	2,260,108	1.0%	1.07
2016	4,648,925	2,141,709	1.0%	46.1%	2,282,709	1.0%	1.07
2017	4,695,414	2,163,126	1.0%	46.1%	2,305,536	1.0%	1.07
Average Annual Growth Rates: 2011 - 2017	1.0%	1.0%			1.0%		0.0%

[1] Second quarter 2011 estimated based on historical correlation.

Source: US DOT Origin & Destination Survey of Airline Passenger
FY 2007 Transaction Days as reported to NAI by RACs.
FY 2008 - FY 2011 Transaction Days as reported to City Aviation by RACs.
Newton & Associates, Inc. (Forecast)

September 19, 2011
c:\...\2011 CONRAC Section IV V Tables ver 0.3

(Remainder of Page Intentionally Left Blank)

VI. FINANCIAL ANALYSIS

A. GENERAL

The Airport is operated by the Aviation Department of the City as a self-supporting enterprise fund. The activities of the Airport are accounted for on a full accrual basis in accordance with generally accepted accounting principles for governmental entities.

The 2011 Bonds will be authorized and issued pursuant to a bond order and a resolution adopted by the City Council of the City and pursuant to the Indentures. A full discussion of the Indentures between the City and the Trustee is described in Section II of the Report.

All capitalized terms herein undefined shall have the definitions and meanings given in the Indentures.

B. FLOW OF FUND AND APPLICATION OF REVENUES UNDER PROVISIONS OF THE GENERAL TRUST INDENTURE

The General Trust Indenture establishes and creates the following special Funds which for administrative convenience may be subdivided by the City Representative or the Trustee into Accounts with appropriate identification:

(1) Project Fund;
(2) Revenue Fund;
(3) Debt Service Fund;
(4) Rolling Coverage Fund;
(5) Supplemental Reserve Fund;
(6) Debt Service Reserve Fund;
(7) Rebate Fund;
(8) Operations and Maintenance Fund;
(9) Repair and Replacement Fund; and
(10) CFC Stabilization Fund.

The Project Fund, the Revenue Fund, the Debt Service Fund, the Rolling Coverage Fund, the Supplemental Reserve Fund and the Debt Service Reserve Fund will be held by the Trustee. The Rebate Fund, the Operations and Maintenance Fund, the Repair and Replacement Fund and the CFC Stabilization Fund will be held by one or more financial institutions from time to time determined by the City.

The General Trust Indenture creates a special fund designated the Revenue Fund into which the City will cause all CFC's, Contingent Rent and any other sums paid to the Trustee for deposit into the Revenue Fund Revenues to be deposited. There will also be deposited in the Revenue Fund any other amounts required to be deposited therein pursuant to Indentures or any Supplemental Indenture and any other amounts available therefore and determined by the City to be deposited therein. The General Trust Indenture requires that moneys on deposit in the

Revenue Fund be applied solely at such times and in accordance with the priorities established by the General Trust Indenture.

The flow of funds under the General Trust Indenture is considered closed, meaning that no Revenues may exit the Flow of Funds and be used for purposes other than purposes identified in the Indentures.

Moneys in the Revenue Fund are required by the General Trust Indenture to be transferred and credited to the following funds and accounts at the following times and in the following order of priority:

> (1st): to each Account within the Debt Service Fund established for a Series of Bonds, (1) amounts sufficient to pay one-sixth of the Interest due on Bonds of such Series on the next succeeding Interest Payment Date, or an amount specified in the applicable Supplemental Indenture if such Series of Bonds has Interest Payment Dates other than every six months, as applicable, net of interest earnings on deposit in such Account, provided that payments prior to the first Interest Payment Date after the issuance of a Series of Bonds shall be adjusted to the extent necessary so that the total amount of Interest due on such Bonds on that Interest Payment Date will have been paid into the applicable Debt Service Account in equal installments prior to that Interest Payment Date, and (2) amounts sufficient to pay one-twelfth of the principal amount of the Bonds of such Series coming due on the next succeeding Principal Payment Date (including Sinking Fund Payments), or an amount specified in the applicable Supplemental Indenture if such Series of Bonds has Principal Payment Dates other than every twelve months, net of interest earnings on deposit in such Account, provided that payments prior to the first Principal Payment Date after the issuance of a Series of Bonds shall be adjusted to the extent necessary so that the total amount of principal due on such Bonds on that Principal Payment Date will have been paid into the applicable Debt Service Account in equal installments prior to that Principal Payment Date.
>
> (2nd): in substantially equal monthly installments over a period determined by the City of up to 24 months to the Rolling Coverage Fund amounts necessary to cause the amount on deposit therein to equal the Rolling Coverage Fund Requirement.
>
> (3rd): in substantially equal monthly installments over a period determined by the City of up to 24 months to the Supplemental Reserve Fund amounts necessary to cause the amount on deposit therein to equal the Supplemental Reserve Fund Requirement.
>
> (4th): At any time as may be required, to the provider of any Qualified Reserve Fund Substitute in satisfaction of the then current obligations of the City incurred in connection therewith;

(5th): in substantially equal monthly installments over a period determined by the City of up to 24 months to the Debt Service Reserve Fund amounts necessary to cause the amount on deposit therein to equal the DSRF Requirement.

(6th): At any time as may be required in the applicable document under which the Subordinate Indebtedness is issued, to the Persons entitled to payment of any principal, premium, if any, or interest on any Subordinate Indebtedness, an amount equal to the principal, premium or interest then due and owing; provided, however, if principal and interest are payable other than monthly, payment shall only be made in an amount sufficient: (1) to pay one-sixth of the interest due on Subordinate Indebtedness on the next succeeding semiannual interest payment date, and (2) to pay one-twelfth of the principal amount due on Subordinate Indebtedness coming due on the next succeeding annual principal payment date (including any mandatory sinking fund payments).

(7th): if and to the extent required in the applicable document under with the Subordinate Indebtedness is issued, to the debt service reserve fund established for Subordinate Indebtedness; provided, however, payments to such debt service reserve fund shall be made in amounts no more than is necessary to make substantially equal monthly installments over a period of at least 24 months to cause the amount on deposit therein to equal the requirement for such Debt Service Reserve Fund.

(8th): with respect to any Series of Tax-Exempt Bonds, to the Rebate Fund for such Series of Tax-Exempt Bonds the amounts calculated to be due to the Internal Revenue Service as arbitrage rebate for such Series of Tax-Exempt Bonds in accordance with any arbitrage rebate calculation provided to the Trustee with respect to a Series of Tax-Exempt Bonds, to the extent that funds are not already on deposit therein.

(9th): in substantially equal monthly installments over a period determined by the City of up to 24 months to the CFC Stabilization Fund amounts necessary to cause the amount on deposit therein to equal the CFC Stabilization Fund Minimum Requirement.[47]

(10th): to the City for deposit in the Operations and Maintenance Fund, the amount as requested by the City and shown in the Annual Budget for operating and maintenance expenses of the CONRAC for the following calendar month.

(11th): to the City to pay principal of and interest on any outstanding City Loan then due and payable.

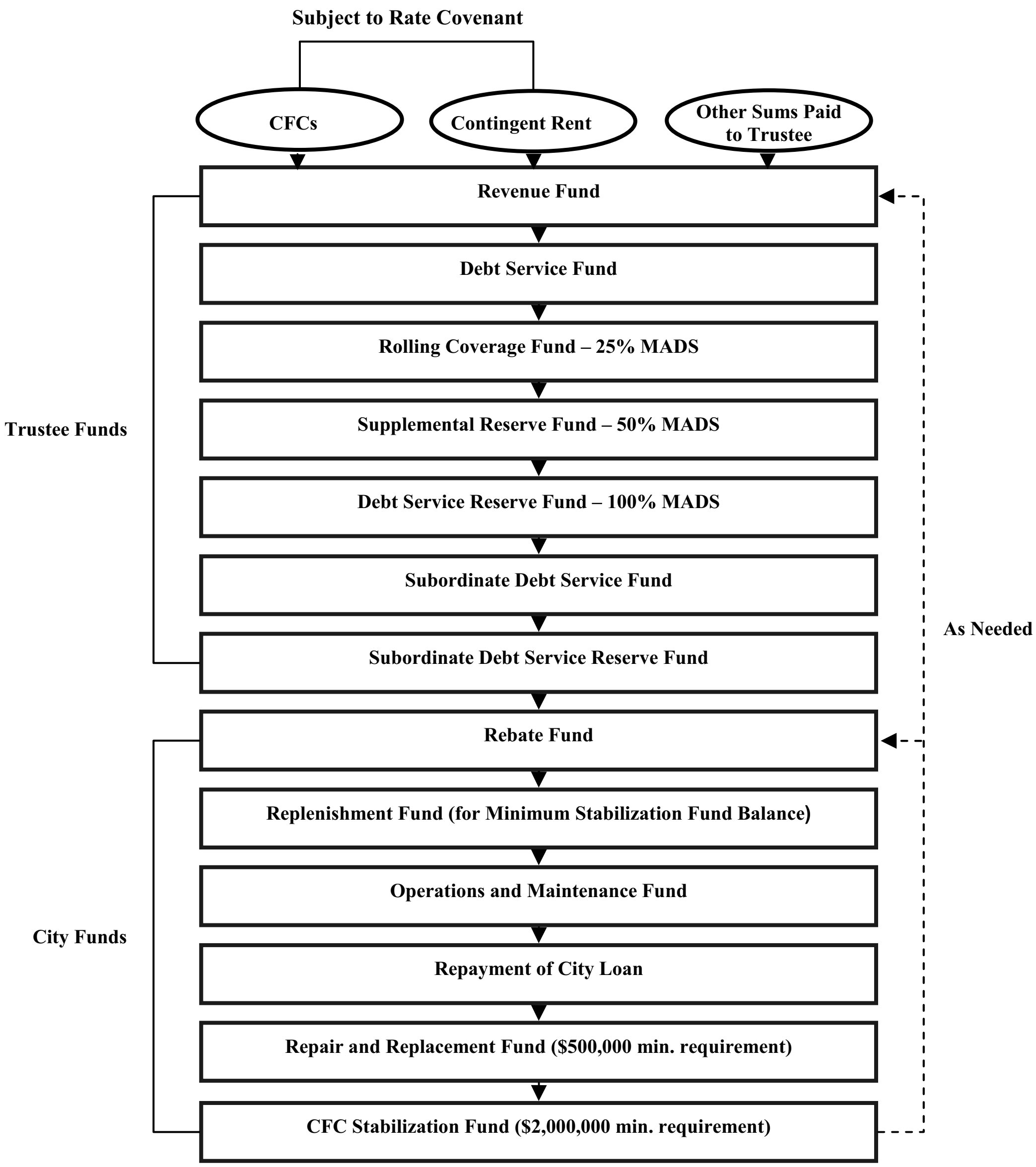
[47] The General Trust Indenture defines the" CFC Stabilization Fund Minimum Requirement" as initially $2,000,000 as such amount may be increased under the terms of a Supplemental Indenture or a Certificate of the Finance Officer.

(12th): in substantially equal monthly installments over a period determined by the City of up to 60 months to the Repair and Replacement Fund amounts necessary to cause the amount on deposit therein to equal the Repair and Replacement Fund Minimum Requirement.

(13th): On or before the 15th day of each Fiscal Year, to the CFC Stabilization Fund, the balance remaining in the Revenue Fund as of the last day of the preceding Fiscal Year.

See **Figure VI-1** for a depiction of the application of Revenues.

FIGURE VI-1
Flow of Funds in the Revenue Fund



C. RATE COVENANT

In the General Trust Indenture, the City has covenanted to require each Concessionaire to charge, collect and remit to the City, or to the Trustee on the City's behalf in accordance with the General Trust Indenture, a CFC each day that a vehicle is rented by a customer, and to pay Contingent Rent, and the City shall enforce the duty of the Concessionaires to segregate such CFCs as trust funds for the benefit of the City, and not as revenues of the Concessionaires, as provided in the Concession Agreements.

Before the commencement of each Fiscal Year, and as may be adjusted from time-to-time during each Fiscal Year as necessary, the City will fix, establish or maintain or cause to be fixed, established and maintained CFCs and Contingent Rent as will provide sufficient funds ("the Rate Covenant") to:

> (1) (i) pay 100% of (1.00 times) the Principal and Interest Requirements on the Bonds to become due during that Fiscal Year, plus (ii) fund 100% of deposits required in Section 5.4(b) SECOND through TWELFTH of the General Trust Indenture, inclusive; and
>
> (2) together with amounts on deposit in the Rolling Coverage Fund not to exceed 25% of the Principal and Interest Requirement on the Bonds in that Fiscal Year, to (i) pay 125% of (1.25 times) the Principal and Interest Requirements on the Bonds to become due during that Fiscal Year plus (ii) fund 100% of deposits required in Section 5.4(b) SECOND through TWELFTH of the General Trust Indenture, inclusive.

The City shall require each Concessionaire to pay Contingent Rent as provided in each Concession Agreement in an amount, in the aggregate, that the City projects to be sufficient, together with CFCs projected to be collected in such Fiscal Year or portion thereof, to provide sufficient funds to meet the Rate Covenant set forth in the General Trust Indenture for such Fiscal Year.

Notwithstanding anything in the General Trust Indenture to the contrary, as long as there is no Default in the payment of the Principal and Interest on the Bonds, the failure to comply with the above provisions of the General Trust Indenture will not constitute an Event of Default if the City promptly (1) causes a Consultant to make a study for the purpose of making recommendations with respect to the CFC and Contingent Rents in order to provide funds for the payments as specified in the Rate Covenant, (2) considers the recommendations of the Consultant and (3) takes such action as the City, in its discretion, may deem necessary to comply with the Rate Covenant. If CFCs and Contingent Rent are insufficient, together with amounts on deposit in the Rolling Coverage Fund, to make the payments on the Principal and Interest on the Bonds, the City will implement the recommendations of the Consultant; provided that, in preparing its study and making recommendations, the Consultant will not make any recommendations that would require the City to violate or otherwise be in contravention of any local, state or federal law, regulation or mandate or any other agreement to which the City is a party.

D. HISTORICAL REVENUES

As described in Section II, beginning July 1, 2007, the Concessionaires have been required by a City ordinance to collect a daily CFC from all customers who contract for or receive delivery of a rental vehicle at the Airport. Initially established at $3.50 per Transaction Day, the current amount of the CFC is $4.00 per Transaction Day.

Upon the issuance of the 2011 Bonds, and upon a date provided to Concessionaire in writing by City, Concessionaire shall remit CFC collections to the Trustee under the General Trust Indenture under which the 2011 Bonds are to be issued. Revenues as defined in the General Trust Indenture include CFCs, Contingent Rent and any other sums paid to the Trustee for deposit in the Revenue Fund.

The City has been accumulating CFCs into a separate CFC fund which is not comingled with other revenues of the Airport. As of June 30, 2011, the balance of the CFC Fund was estimated by City Finance to be $24,825,496. A summary of the Airport's historical CFC Revenues from FY 2007 to unaudited FY 2011 are presented on **Table VI-1**.

E. FORECAST OF REVENUES

The level of CFC receipts generated by the rental car companies are directly related to (i) the level of O&D passenger activity at the Airport; and (ii) the demand for rental car ground transportation by business and leisure visitors to the Air Service Area. As presented on Table V-6 in Section V, O&D deplanements and rental car transaction days are projected to increase by 1.0% per year over the Forecast Period.

Given the level of CFC Revenues is directly related to the number of transaction days, the amount of rental car CFC revenue projected to be received by the City during the Forecast Period has been estimated to increase at an average annual rate of 1.0% through the Forecast Period. Given the forecast of contract days and assuming a $4.00 CFC Rate over the Forecast Period, total CFC Revenues are projected to increase from $8,500,348 in FY 2012 to $9,222,143 in FY 2017, as depicted on Table VI-1. Together with interest earnings on all CFC fund balances, total Revenues are projected to increase from $8,759,507 in FY 2012 to $9,412,204 in FY 2017.

As will be hereinafter described, the need for Contingent Rent is not anticipated during the Forecast Period.

TABLE VI-1
Historical and Forecast Revenues (CFCs)

Fiscal Year	Visitor O&D Deplanements	Rental Car Transaction Days	CFC Rate	CFC Collections	CFC Interest Earnings	Total Revenues
Study Period:						
2008	2,036,752	2,326,952	$3.50	$8,143,891	$168,132	$8,312,023
2009	1,847,194	1,997,139	$3.50	6,989,647	398,008	7,387,655
2010	1,914,410	1,987,052	$3.50	6,955,939	252,622	7,208,560
2011	2,037,762	2,171,919	$3.50	7,606,610	207,509	7,814,118
Total	7,836,118	8,483,062		$29,696,086	$1,026,270	$30,722,357
Estimated CFC Fund Balance - 6/30/11[1]						$24,825,496
Forecast Period:						
2012[2]	2,058,140	2,193,638	$3.50-$4.00	$8,500,348	$259,159	$8,759,507
2013	2,078,721	2,215,575	$4.00	8,862,298	213,763	9,076,061
2014	2,099,509	2,237,730	$4.00	8,950,921	160,911	9,111,832
2015	2,120,504	2,260,108	$4.00	9,040,430	132,822	9,173,253
2016	2,141,709	2,282,709	$4.00	9,130,835	156,714	9,287,548
2017	2,163,126	2,305,536	$4.00	9,222,143	190,061	9,412,204
Average Annual Growth Rates:						
2012 - 2017	1.0%	1.0%				1.4%

[1] Estimated by City Finance. Includes total CFC Revenues less expenditures on CONRAC and existing RAC facility and land rentals.

[2] The City will increase the CFC Rate from $3.50 to $4.00 on October 1, 2011.

Source: September 19, 2011
Historical O&D Deplanement Data: US DOT O&D Survey of Airline Passenger, August 2011.
Historical Transaction Days and CFC Revenues - City Aviation
Projections by Newton & Associates, Inc.
c:\...\11 CFC Bonds Financial Analysis v8.xlsx

F. FORECAST APPLICATION OF REVENUES

This Section presents the projection of (i) Revenues and (ii) deposits to the following funds and accounts as required by the Indentures:

(1) Debt Service Fund;
(2) Rolling Coverage Fund;
(3) Supplemental Reserve Fund;
(4) Qualified Reserve Fund Substitute
(5) Debt Service Reserve Fund;
(6) Subordinate Debt Service Fund
(7) Subordinate Debt Service Reserve Fund
(8) Rebate Fund;
(9) Replenishment of the CFC Stabilization Fund
(10) Operations and Maintenance Fund;
(11) City Loan
(12) Repair and Replacement Fund; and
(13) CFC Stabilization Fund.

Certain of the funds created pursuant to the Indentures will be funded with a combination of (i) CFC cash on hand prior to the issuance of the 2011 Bonds; and (ii) CFC Revenues. **Table VI-2** depicts the funding of these funds, including $30.0 million of CFCs to be transferred to the Project fund, which together with certain proceeds from the issuance of the 2011 Bonds, are needed to complete the funding of the Project.

Table VI-3, depicts the estimated deposits into the Debt Service Fund, the Operations and Maintenance Fund and the CFC Stabilization Fund. No deposits are anticipated for the following funds created pursuant to the General Trust Indenture during the Forecast Period: (i) Rolling Coverage Fund; (ii) Supplemental Reserve Fund; (iii) Qualified Reserve Fund Substitute; (iv) Debt Service Reserve Fund; (v) Subordinate Debt Service Fund; (vi) Subordinate Debt Service Reserve Fund; (vii) Rebate Fund; (viii) replenishment of the CFC Stabilization Fund; (ix) City Loan; and (x) Repair and Replacement Fund.

The forecast provided on Table VI-3 does not anticipate the need for Contingent Rent during the Forecast Period.

Over the Forecast Period, the ratio of Revenues and the Rolling Coverage Fund to Debt Service Fund deposits is projected to be no less than 2.13 times Debt Service Fund deposits. The ratio of Revenues to Debt Service Fund deposits not including the Rolling Coverage Fund is projected to be no less than 1.87 times during the Forecast Period.

TABLE VI-2
CFC Cash Flow Analysis

	FY 2008 - FY 2011	FY 2012	FY 2013	FY 2014	DBO [1] FY 2015	FY 2016	FY 2017
		Forecast Period					
CFC Fund Balance - Beginning of Yr	$22,089,477	$24,941,404	$19,351,359	$15,862,279	$8,780,951	$10,244,572	$13,559,186
CFC's Collected During Yr							
@ $3.50	$7,606,610	$1,919,433	$0	$0	$0	$0	$0
@ $4.00	0	6,580,915	8,862,298	8,950,921	9,040,430	9,130,835	9,222,143
	$7,606,610	$8,500,348	$8,862,298	$8,950,921	$9,040,430	$9,130,835	$9,222,143
Interest Earnings - All Fund Balances (1.0%)	$207,509	$259,159	$213,763	$160,911	$132,822	$156,714	$190,061
Annual CFC Revenue	$7,814,118	$8,759,507	$9,076,061	$9,111,832	$9,173,253	$9,287,548	$9,412,204
Total CFC's Available During Year	$29,903,595	$33,700,911	$28,427,420	$24,974,112	$17,954,204	$19,532,120	$22,971,389
Reserve Funds Funded with CFC Cash:							
Project Fund	$3,523,600	$5,755,559	$7,992,619	$10,830,639	$1,897,584	$0	$0
Debt Service Fund	0	2,624,514	4,072,522	4,862,522	4,846,215	4,863,935	4,895,895
Rolling Coverage Fund	0	1,256,493	0	0	0	0	0
Supplemental Reserve Fund	0	2,512,986	0	0	0	0	0
Qualified Reserve Fund Substitute	0	0	0	0	0	0	0
Debt Service Reserve Fund	0	0	0	0	0	0	0
Subordinate Debt Service Fund	0	0	0	0	0	0	0
Subordinate Debt Service Reserve Fund	0	0	0	0	0	0	0
Rebate Fund	0	0	0	0	0	0	0
Replenishment of CFC Stabilization Fund	0	0	0	0	0	0	0
Operation and Maintenance Fund - Initial	0	1,200,000	0	0	0	0	0
Operation and Maintenance Fund - Annual[2]	1,438,591	500,000	500,000	500,000	965,833	1,109,000	1,161,500
City Loan[3]	0	0	0	0	0	0	0
Fund CONRAC R&R	0	500,000	0	0	0	0	0
CFC Stabilization Fund	0	0	0	0	0	0	0
Total Annual CFC Transfers	$4,962,191	$14,349,552	$12,565,140	$16,193,161	$7,709,632	$5,972,935	$6,057,395
Net Remaining CFC Fund Balance - End of Yr	$24,941,404 [4]	$19,351,359	$15,862,279	$8,780,951	$10,244,572	$13,559,186	$16,913,994

[1] DBO for CONRAC is estimated to be 9/1/14 (in FY 2015)

[2] O&M Expenses includes service facility expenses on existing facility prior to CONRAC DBO and land rent expenses after CONRAC DBO.

[3] The need for a City Loan is not anticipated during the Forecast Period.

[4] Estimated FY 2011 CFC Fund provided by NAI based on information revenues provided by City Finance and expenses incurred provided by City Aviation Department. According to City Finance, the actual balance in the CFC Fund as of 6/30/11 is $24,825,496.

Prepared by Newton & Associates, Inc. — October 10, 2011

Debt Service provided by Merrill Lynch, run dated 9/15/11 — c:\...\11 CFC Bonds Financial Analysis v9.xlsx

TABLE VI-3
Application of Revenues Under the General Trust Indenture

		Forecast Period					
					DBO [2]		
	FY 2011	FY 2012[1]	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Revenues:							
CFC Revenue:							
CFC Collections	$7,606,610	$8,500,348	$8,862,298	$8,950,921	$9,040,430	$9,130,835	$9,222,143
Interest Earnings - All Fund Balances (1.0%)	207,509	259,159	213,763	160,911	132,822	156,714	190,061
Annual CFC Revenue	$7,814,118	$8,759,507	$9,076,061	$9,111,832	$9,173,253	$9,287,548	$9,412,204
Contingent Rent	$0	$0	$0	$0	$0	$0	$0
Total Revenues	$7,814,118	$8,759,507	$9,076,061	$9,111,832	$9,173,253	$9,287,548	$9,412,204
Rolling Coverage Fund	$1,256,493	$1,256,493	$1,256,493	$1,256,493	$1,256,493	$1,256,493	$1,256,493
Total Revenues Available for DS Coverage	**$9,070,611**	**$10,016,000**	**$10,332,554**	**$10,368,325**	**$10,429,746**	**$10,544,041**	**$10,668,697**
Application of Revenues:							
1st Debt Service Fund	$0	$2,624,514	$4,072,522	$4,862,522	$4,846,215	$4,863,935	$4,895,895
2nd Rolling Coverage Fund	0	0	0	0	0	0	0
3rd Supplemental Reserve Fund	0	0	0	0	0	0	0
4th Qualified Reserve Fund Substitute	0	0	0	0	0	0	0
5th Debt Service Reserve Fund	0	0	0	0	0	0	0
6th Subordinate Debt Service Fund	0	0	0	0	0	0	0
7th Subordinate Debt Service Reserve Fund	0	0	0	0	0	0	0
8th Rebate Fund	0	0	0	0	0	0	0
9th Replenishment of CFC Stabilization Fund	0	0	0	0	0	0	0
10tl Operation and Maintenance Fund[3]	0	500,000	500,000	500,000	965,833	1,109,000	1,161,500
11tl City Loan	0	0	0	0	0	0	0
12tl Repair and Replacement Fund	0	0	0	0	0	0	0
13tl CFC Stabilization Fund	0	6,891,486	5,760,033	5,005,804	4,617,698	4,571,107	4,611,302
Total Application of Revenues	$0	$10,016,000	$10,332,554	$10,368,325	$10,429,746	$10,544,041	$10,668,697
Debt Service Coverage - With Coverage Fund	**N/A**	**3.82**	**2.54**	**2.13**	**2.15**	**2.17**	**2.18**
Debt Service Coverage Without Coverage Fund	**N/A**	**3.34**	**2.23**	**1.87**	**1.89**	**1.91**	**1.92**

[1] Funds to be established pursuant to the General Indenture of Trust are anticipated to be established in FY 2012.
[2] DBO for CONRAC is estimated to be 9/1/14 (in FY 2015)
[3] O&M Expenses includes service facility expenses on existing facility prior to CONRAC DBO and ground rent expenses after CONRAC DBO.

Prepared by Newton & Associates, Inc. — October 12, 2011
Debt Service provided by Merrill Lynch, run dated 09/15/11 — c:\...\11 CFC Bonds Financial Analysis v10.xlsx

G. ISSUANCE OF ADDITIONAL BONDS AND SUBORDINATE INDEBTEDNESS

1. Issuance of Additional Bonds

The City will not issue any obligations, except on the conditions and in the manner provided in the General Trust Indenture, payable from the Revenues, having priority to or being on a parity with the lien of the Bonds issued pursuant to the General Trust Indenture, nor voluntarily create or cause to be or suffer to be created any debt, lien, pledge, assignment, encumbrance or any other charge having priority to or being on a parity with the lien of the Bonds issued pursuant to the Indentures. The City may issue Additional Bonds to (1) finance the Project (or any other facility related to the Project approved by the City); (2) finance repairs, including without limitation repairs due to casualty or condemnation to the extent insurance proceeds or condemnation awards are insufficient to effect such repairs, or extraordinary maintenance with respect to the CONRAC; (3) to refund all or any Outstanding Bonds; and (4) in each case, to pay capitalized interest and costs of issuance of such Additional Bonds or termination payments on Derivative Agreements related to any Bonds and to provide for any contribution to the Reserve Funds required with respect thereto.

The City may issue Bonds to refund all or any Principal amount of the Bonds; if, however, the debt service in any Fiscal Year on the Outstanding Bonds remaining Outstanding after the issuance of the refunding Bonds will increase as a result of such refunding or if the maximum annual Principal and Interest Requirements on the Bonds after the issuance of the refunding Bonds exceeds the maximum annual Principal and Interest Requirements on the Bonds before the issuance of the refunding Bonds, then the City must satisfy the requirements of the Indentures.

If the City has issued Bonds, the proceeds of which were used to acquire or construct any portion of the Project and such proceeds are insufficient to pay the Costs of the Project for which such Bonds were issued, the City may issue a Series of Bonds in an amount equal to (i) the insufficiency, (ii) any required deposit to the Reserve Fund with respect to such Series and (iii) the Costs of Issuance related thereto; provided, however the par amount of the Bonds to be issued may not exceed 10% of the original par amount of the Bonds for which the proceeds were used to complete the portion of the Project to be completed.

No Series of Bonds, other than the 2011 Bonds and the Bonds described above, will be issued hereunder under the General Trust Indenture unless no Event of Default under the General Trust Indenture has occurred and is continuing and either:

(1) the CFCs received by the Trustee for any 12 consecutive months of the 18 months preceding the issuance of the Series of Bonds, together with investment earnings on the Funds held under this Indenture and amounts on deposit in the Rolling Coverage Fund (not to exceed the Rolling Coverage Fund Requirement) at the beginning of the last full Fiscal Year during such period, as certified by the Finance Officer, were at least equal to (i) 125% of (1.25 times) the maximum Principal and Interest Requirements on the Bonds,

including the Series of Bonds to be issued and (ii) the amount required to fund 100% of deposits required under the General Trust Indenture, inclusive; or

(2) a report of a Consultant is received by the Trustee to the effect that the CFCs projected, together with investment earnings on the Funds held under the General Trust Indenture and amounts on deposit in the Rolling Coverage Fund (not to exceed the Rolling Coverage Fund Requirement). at the beginning of such Fiscal Year, for each of the three Fiscal Years following the date of issuance of such Additional Bonds or the date of final expenditure of capitalized interest funded from such Additional Bonds, whichever is later, are expected, as of the end of each such Fiscal Year, to be at least equal to (i) 125% of (1.25 times) the maximum Principal and Interest Requirements on the Bonds, including the Series of Bonds to be issued, and (ii) the amount required to fund 100% of deposits required under the General Trust Indenture, inclusive, in each such Fiscal Year.

The City does not currently anticipate the need to issue Additional Bonds during the Forecast Period.

2. Issuance of Subordinate Indebtedness

The City may issue Subordinate Indebtedness secured by and payable from Revenues in accordance with the priority set forth in the General Trust Indenture to (1) finance the permitting, financing, design, development, construction, equipping, furnishing and acquisition of any improvement or expansion of the Project (or any other facility related to the Project approved by the City); (2) finance repairs, including without limitation repairs due to casualty or condemnation to the extent insurance proceeds or condemnation awards are insufficient to effect such repairs, or extraordinary maintenance with respect to the CONRAC; (3) to refund all or any Subordinate Indebtedness; and (4) in each case, to pay capitalized interest, costs of issuance of such Subordinate Indebtedness or termination payments on Derivative Agreements related to any Bonds or Subordinate Indebtedness and to provide for any contribution to a debt service reserve fund established for such Subordinate Indebtedness.

No Subordinate Indebtedness will be issued by the City unless no Event of Default under the General Trust Indenture has occurred and is continuing and the Trustee has received a Certificate of the Finance Officer or a Consultant stating that the additional bonds test, if any, set forth in the Supplemental Indenture entered into in connection with the issuance of such Subordinate Indebtedness has been satisfied.

The City does not currently anticipate the need to issue Subordinate Indebtedness during the Forecast Period.

H. SENSITIVITY ANALYSIS

The forecast of visitor deplanements and transaction days presented in Section V is based on an assumption of continued growth in passenger activity at the Airport. NAI has prepared a sensitivity analysis to test the sensitivity of a decline in rental car customer transaction days to the financial forecast.

The Sensitivity Analysis presents the impact of a reduction of rental car customer transaction days of 25% compared to those projected on Table VI-3. The results of the Sensitivity Analysis are presented on **Table VI-4**. As shown, this scenario assumes rental car customer transactions are estimated to decrease from 2,260,108 in FY 2015 to 1,712,032 in FY 2016, which is the first full year following DBO of the CONRAC. The Sensitivity Analysis assumes that rental car customer transaction days will begin to recover at an average annual rate 1.0% per year beginning in FY 2017. According to the Aviation Director, Airport management would evaluate the CFC Rate and recommend an increase in said CFC Rate to the level necessary to minimize Contingent Rent or use of reserve funds created pursuant to the General Trust Indenture. Notwithstanding these anticipated actions, the Sensitivity Analysis assumes the CFC Rate will remain unchanged during the Forecast Period.

As depicted on Table VI-4, a 25% reduction in rental car customer transaction days will result in a debt service coverage factor of 1.69 in FY 2016 and 1.70 in FY 2017. Based on the Sensitivity Analysis, the imposition of Contingent Rent will be unnecessary and no draws or deposits are anticipated for the funds created pursuant to the General Trust Indenture.

TABLE VI-4
Sensitivity Analysis – 25% Reduction in Transaction Days

		Forecast Period					
					DBO [2]	**Sensitivity Impact**	
	FY 2011	FY 2012[1]	FY 2013	FY 2014	FY 2015	**FY 2016**	**FY 2017**
Rental Car Transaction Days	2,171,919	2,193,638	2,215,575	2,237,730	2,260,108	**1,712,032**	**1,729,152**
Revenues:							
CFC Revenue:							
CFC Collections	$7,606,610	$8,500,348	$8,862,298	$8,950,921	$9,040,430	**$6,848,126**	**$6,916,607**
Interest Earnings - CFC Account (1.0%)	207,509	259,159	188,507	135,401	107,056	**119,217**	**129,131**
Annual CFC Revenue	$7,814,118	$8,759,507	$9,050,805	$9,086,322	$9,147,487	**$6,967,343**	**$7,045,738**
Contingent Rent	$0	$0	$0	$0	$0	**$0**	**$0**
Total Revenues	$7,814,118	$8,759,507	$9,050,805	$9,086,322	$9,147,487	**$6,967,343**	**$7,045,738**
Rolling Coverage Fund	$1,256,493	$1,256,493	$1,256,493	$1,256,493	$1,256,493	**$1,256,493**	**$1,256,493**
Total Revenues Available for DS Coverage	**$9,070,611**	**$10,016,000**	**$10,307,298**	**$10,342,815**	**$10,403,980**	**$8,223,837**	**$8,302,232**
Application of Revenues:							
1st Debt Service Fund	$0	$2,624,514	$4,072,522	$4,862,522	$4,846,215	**$4,863,935**	**$4,895,895**
2nd Rolling Coverage Fund	0	0	0	0	0	**0**	**0**
3rd Supplemental Reserve Fund	0	0	0	0	0	**0**	**0**
4th Qualified Reserve Fund Substitute	0	0	0	0	0	**0**	**0**
5th Debt Service Reserve Fund	0	0	0	0	0	**0**	**0**
6th Subordinate Debt Service Fund	0	0	0	0	0	**0**	**0**
7th Subordinate Debt Service Reserve Fund	0	0	0	0	0	**0**	**0**
8th Rebate Fund	0	0	0	0	0	**0**	**0**
9th Replenishment of CFC Stabilization Fund	0	0	0	0	0	**0**	**0**
10th Operation and Maintenance Fund[3]	$0	$500,000	$500,000	$500,000	$965,833	**$1,109,000**	**$1,161,500**
11th City Loan[4]	0	0	0	0	0	**0**	**0**
12th Repair and Replacement Fund	0	0	0	0	0	**0**	**0**
13th CFC Stabilization Fund	0	6,891,486	5,734,776	4,980,294	4,591,932	**2,250,902**	**2,244,836**
Total Application of Revenues	$0	$10,016,000	$10,307,298	$10,342,815	$10,403,980	**$8,223,837**	**$8,302,232**
Debt Service Coverage - With Coverage Fund	**N/A**	**3.82**	**2.53**	**2.13**	**2.15**	**1.69**	**1.70**
Debt Service Coverage Without Coverage Fund	**N/A**	**3.34**	**2.22**	**1.87**	**1.89**	**1.43**	**1.44**

[1] Funds to be established pursuant to the General Indenture of Trust are anticipated to be established in FY 2012.
[2] DBO for CONRAC is estimated to be 9/1/14 (in FY 2015)
[3] O&M Expenses includes service facility expenses on existing facility prior to CONRAC DBO and ground rent expenses after CONRAC DBO.
[4] The need for a City Loan is not anticipated during the Forecast Period.

Prepared by Newton & Associates, Inc. — October 12, 2011
Debt Service provided by Merrill Lynch, run dated 09/15/11 — c:\...\11 CFC Bonds Financial Analysis v10.xlsx

APPENDIX B

SUMMARY OF INDENTURE

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

SUMMARY OF INDENTURE

In addition to summaries of the provisions of the General Indenture and Series Indenture, Number 1 contained under the caption **"THE 2011 BONDS"** and elsewhere in this Official Statement, the following is a brief summary of certain provisions of the General Indenture and the Series Indenture, Number 1 applicable to the 2011 Bonds. This summary is not intended to be definitive and is qualified in its entirety by express reference to the General Indenture and Series Indenture, Number 1 for the complete terms thereof.

DEFINITIONS OF CERTAIN TERMS

"Account" or "Fund" means one of the special funds or accounts created and established pursuant to General Indenture.

"Accountant" means a firm of independent certified public accountants as may be selected by the City and not unacceptable to the Trustee.

"Accreted Value" means (i) on a Compounding Date with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Capital Appreciation Bond at the date of delivery to the original purchasers thereof plus the interest accrued on such Capital Appreciation Bond from such date to that Compounding Date as shown in the Supplemental Indenture under which it is issued, or (ii) as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Capital Appreciation Bond at the date of delivery to the original purchasers thereof plus the interest accrued on such Capital Appreciation Bond from such date to the date of computation, calculated based on the assumption that Accreted Value as shown in the Supplemental Indenture under which it is issued accrues during any period in equal daily amounts on the basis of a year of 360 days consisting of twelve months of thirty days each.

"Act" means The State and Local Government Revenue Bond Act, General Statutes of North Carolina Section 159-80 *et seq.*, and as the same may hereafter be amended.

"Additional Bonds" means one or more Series of Bonds issued pursuant to General Indenture.

"Airport" means the public airport known as Charlotte/Douglas International Airport, together with such additions thereto as may be made from time to time.

"Annual Budget" means the annual budget approved by the City concerning the operation of the CONRAC for each Fiscal Year.

"Authenticating Agent" means with respect to any given Series of Bonds, the Registrar or any other entity appointed in the related Supplemental Indenture to act as an authenticating agent for such Series of Bonds or a portion thereof.

"Authorized Denomination" means $5,000 or any integral multiple thereof.

"Bond" means one of the obligations delivered pursuant to the General Indenture, including all Series of Bonds issued pursuant to a Supplemental Indenture.

"Bond Counsel" means an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal, state and public agency financing, selected by the City and not unacceptable to the Trustee.

"Business Day" means any day other than (a) a day on which banking institutions in New York, New York, or in the State or in the cities in which the Trustee or the Paying Agent have their respective principal offices are authorized to close or (b) a day on which the New York Stock Exchange is closed.

"Capital Appreciation Bonds" means any Bonds, however denominated in the related Supplemental Indenture, as to which interest is compounded periodically on each Compounding Date and which are payable in an amount equal to the then-current Accreted Value only at maturity, earlier redemption or other payment date therefor.

"Certificate" means (i) a signed document either attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or setting forth matters to be determined pursuant to the General Indenture or (ii) the report of an Accountant as to audit or other procedures called for by the General Indenture.

"CFC" or *"Contract Facility Charge"* means the contract facility charge to be collected by the RACs and remitted to the Trustee for the benefit of the City, or, if no Bonds remain Outstanding, remitted directly to the City, as further defined and provided in each Concession Agreement.

"CFC Stabilization Fund" means the Fund so designated and established under the General Indenture.

"CFC Stabilization Fund Minimum Requirement" means initially $2,000,000 as such amount may be increased under the terms of a Supplemental Indenture or a Certificate of the Finance Officer.

"City" means the City of Charlotte, North Carolina.

"City Loan" means one or more loans from the City made in accordance with the General Indenture and to be repaid from CFCs or Contingent Rent as provided in the General Indenture and the Concession Agreements.

"City Representative" means the City Manager or the Finance Officer of the City and, in the case of any act to be performed or duty to be discharged, any other member, officer or employee of the City then authorized to perform such act or discharge such duty.

"Compounding Date" means, with respect to any Capital Appreciation Bond, the dates set forth in the Supplemental Indenture under which it is issued.

"Concession Agreements" means for any RAC, the Automobile Rental Concession Agreement between such RAC and the City that authorizes such RAC to carry out its rental car activities at the Airport and provides for the payment to the City of certain amounts related to such activities, including CFCs and Contingent Rent, as supplemented, amended or superseded from time to time.

"CONRAC" means the consolidated car rental facility at the Airport, including the associated structures, roadways, facilities, infrastructure improvements to utilities and other infrastructure to support the consolidated car rental facility and the real property on which they are located, and all other property, improvements, fixtures, equipment and facilities incorporated in and that support the consolidated car rental facility.

"Consultant" means any one or more consultants selected by the City with expertise in the administration, financing, planning, maintenance and operations of airports and facilities thereof and qualified to review and assess the anticipated CFCs and recommend to the City the amount of the CFC, and Contingent Rent, if required, and who, in the case of an individual, shall not be a member, officer or employee of the City.

"Contingent Rent" means a rental imposed by the City pursuant to the Concession Agreements payable by the RACs in order to supplement CFCs if CFCs collected in any Fiscal Year are (or are projected to be) insufficient to pay the amounts required by the General Indenture.

"Costs of Issuance" means all items of expense, directly or indirectly payable by or reimbursable to the City, related to the authorization, sale and issuance of Bonds.

"Costs of the Project" means the costs reasonably incurred in connection with the Project, including but not limited to the costs of (1) acquisition of all property, real or personal, tangible or intangible, and all interests in connection therewith including all rights-of-way and easements therefor, (2) physical construction, installation and testing, including the costs of labor, services, materials, supplies and utility services used in connection therewith, (3) architectural, engineering, legal, financial advisory and other professional services, (4) premiums for insurance policies taken out and maintained during construction, to the extent not paid for by a contractor for construction and installation, (5) any taxes, assessments or other charges which become due during construction, (6) expenses incurred by the City or on its behalf with its approval in seeking to enforce any remedy against any contractor or sub-contractor in respect of any default under a contract relating to construction, (7) Costs of Issuance being financed, (8) Interest on the Bonds during the construction of any portion of the Project, (9) miscellaneous expenses incidental thereto and (10) reimbursements of such Cost of the Project properly incurred prior to the issuance of the Bonds.

"Debt Service Fund" means the Fund so designated and established by the General Indenture.

"Debt Service Reserve Fund" means the Fund so designated and established by the General Indenture.

"Derivative Agreement" means an interest rate swap, cap, collar, floor, forward, option, put, call or other agreement however denominated, relating to the Bonds.

"Draw Down Date" means the 15th day of each month or, if such day is not a Business Day, the next suceeding Business Day.

"DSRF Requirement" means 100% of the maximum Principal and Interest Requirements on the Bonds then Outstanding.

"Event of Default" or *"Default"* means any of the events specified in the General Indenture, together with any other events specified as such in a Supplemental Indenture.

"Federal Securities" means (a) direct obligations of the United States of America for the payment of which the full faith and credit of the United States of America is pledged; (b) obligations issued by any agency controlled or supervised by and acting as an instrumentality of the United States of America, the payment of the principal of and interest on which is fully guaranteed as full faith and credit obligations of the United States of America (including any securities described in (a) or (b) issued or held in the name of the Trustee in book entry form on the books of the Department of Treasury of the United

States of America), which obligations, in either case, are held in the name of the Trustee and are not subject to redemption or purchase prior to maturity at the option of anyone other than the Owner; (c) any bonds or other obligations of the State or of any agency, instrumentality or local governmental unit of the State which are (i) not callable prior to maturity or (ii) as to which irrevocable instructions have been given to the trustee or escrow agent of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified, and which are rated by Moody's, if the Bonds are rated by Moody's and S&P, if the Bonds are rated by S&P, within the highest rating category and which are secured as to principal, redemption premium, if any, and interest by a fund consisting only of cash or bonds or other obligations of the character described in clause (a) or (b) hereof which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate; or (d) direct evidences of ownership of proportionate interests in future interest and principal payments on specified obligations described in (a) held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on the underlying obligations described in (a), and which underlying obligations are not available to satisfy any claim of the custodian or any person claiming through the custodian or to whom the custodian may be obligated.

"Finance Officer" means the Chief Financial Officer of the City or any successor to his functions.

"Fiscal Year" means a twelve-month period commencing on the first day of July of any year, or such other twelve-month period adopted as the Fiscal Year of the City.

"Fitch" means Fitch, Inc., its successors and their assigns, and, if such corporation for any reason no longer performs the functions of a securities rating agency, *"Fitch"* will be deemed to refer to any other nationally recognized rating agency approved by the LGC and designated by the Finance Officer of the City by notice to the Trustee.

"General Indenture" means the General Trust Indenture dated as of November 1, 2011 between the City and the Trustee, and any amendments and supplements thereto.

"Interest" means (i) the amount designated as interest on any Bonds and (ii) payments due from the City under a Derivative Agreement other than for the termination thereof.

"Interest Payment Date" means each January 1 and July 1, beginning July 1, 2012.

"Investment Securities" means any legal investments of the City, including legal investments under Sections 159-30 of the General Statutes of North Carolina, as amended, which at the time of investment are authorized investments under the investment policy of the City.

"LGC" means the North Carolina Local Government Commission or any successor to its functions under the laws of the State, or its authorized representative.

"Mail" means first-class United States mail, postage prepaid.

"Majority of the Bondholders" means the Owners of more than 50% of the aggregate principal amount of Outstanding Bonds.

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation for any reason no longer performs the functions of a securities rating agency, *"Moody's"* will be deemed to refer to any other nationally recognized rating agency approved by the LGC and designated by the Finance Officer of the City by notice to the Trustee.

"Net Proceeds" means the gross proceeds derived from insurance or as an award arising from eminent domain with respect to the CONRAC, less payment of any fees and expenses properly incurred by the City in the collection of such gross proceeds.

"Operating and Maintenance Fund" means the Fund so designated and established under the General Indenture.

"Outstanding" means all Bonds which have been authenticated and delivered by the Trustee under the General Indenture, except:

(a) Bonds canceled after purchase in the open market or because of payment (it being understood that a payment to an Owner of the purchase price of a Bond, as prescribed in the related Supplemental Indenture, is not payment of a Bond) at or redemption prior to maturity or on acceleration;

(b) Bonds deemed paid under Article X;

(c) Bonds for the payment of the Principal of, redemption premium, if any, and Interest on which Federal Securities have been irrevocably set aside; and

(d) Bonds in lieu of which other Bonds have been authenticated under Article III.

"Owner" means any person in whose name any Outstanding Bond is registered on the books of the Registrar.

"Paying Agent" means any entity appointed in a Supplemental Indenture to act as a paying agent for a Series of Bonds.

"Payment Date" means each Interest Payment Date and Principal Payment Date.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

"Principal" means the principal amount of an Outstanding Bond (including as to Capital Appreciation Bonds, the Accreted Value thereof except with respect to the order of priority of payment of Bonds after an event of default under Section 9.1, in which case, *"Principal"* means the principal amount of such Capital Appreciation Bonds on their date of delivery and the balance of the Accreted Value will be *"Interest"*) payable as a Sinking Fund Payment or at maturity.

"Principal and Interest Requirements on the Bonds" means, for any particular Fiscal Year, an amount equal to the sum of (i) all Interest payable on the Outstanding Bonds during such Fiscal Year excluding any capitalized Interest payable from the proceeds of a Series of the Bonds, plus (ii) any Principal of the Outstanding Bonds during such Fiscal Year.

(a) For purposes of computing *"Principal and Interest Requirements on the Bonds,"* the rate of interest used to determine (i) above will be a rate per annum equal to (1) with respect to Bonds which bear interest at a fixed rate, the rate of interest borne or to be borne by such Bonds, and (2) with respect to Bonds which bear interest at a variable or periodically determined rate of interest, the rate which is equal to the greater of (A) the average of all the interest rates in effect on the Bonds (or, as certified by a financial institution or investment banking firm acceptable to the Finance Officer, which would have been in effect on the Bonds had such Bonds been Outstanding) during the immediately preceding twelve-month period plus 50 basis points or (B) the average of all the interest rates in effect on the Bonds (or, as certified by a financial institution or investment banking firm acceptable to the Finance Officer, which would have been in effect on the Bonds had such Bonds been Outstanding) during the immediately preceding one-month period plus 50 basis points. If the City has entered into a Derivative Agreement under which it will receive payments calculated on a notional amount equal to all or a portion of the aggregate Principal amount of a Series of the Bonds and will make payments calculated on the same notional amount, the interest used to calculate (1) above will be the amount to be paid by the City, and the amount to be received will be deducted; payments on a variable or periodic basis under such an agreement will be calculated in accordance with clause (2) above.

(b) For purposes of computing *"Principal and Interest Requirements on the Bonds,"* the Principal Installments for each Series of Bonds used to determine (ii) above will be the actual planned Principal Installments, except as follows:

(1) for a Series of Bonds, the Principal Installments of which are payable in consecutive annual periods and the Principal Installment for one Fiscal Year of which is at least 10% but not more than 25% of the original principal amount of the Series of Bonds, the Principal Installment for any Fiscal Year in which no Principal is due will be assumed to be the largest required annual Principal Installment with respect to the Series of Bonds multiplied by a fraction whose numerator is the number of Fiscal Years the Series of Bonds has been Outstanding and whose denominator is the number of Fiscal Years after issuance of the Series of Bonds in which no Principal is due;

(2) for a Series of Bonds, 25% or more of the Principal Installments of which are payable in a single Fiscal Year, the Principal Installment in any Fiscal Year will be assumed to be the result derived by dividing (A) the outstanding aggregate Principal amount of such Series of Bonds by (B) the number of full years in the remaining term of such Series of Bonds, but if the date of calculation is within 12 months of the final maturity date of such Series of Bonds and a binding commitment by an institutional lender or municipal underwriting firm exists to provide moneys to refinance the aggregate Principal of such Series of Bonds then Outstanding, then the payment terms contained in the commitment are to be used for purposes of calculating Principal for such Series of Bonds; and

(3) for a Series of Bonds issued as notes or other obligations with a term of less than two years which are issued in anticipation of the issuance of a Series of Bonds (*"Take Out Obligations"*), result derived by dividing (A) the outstanding principal amount of such notes or other obligations by (B) the number of full years expected to be in the term of the Take Out Obligation as certified to the Trustee by the Finance Officer.

"Principal and Interest Requirements on Subordinate Indebtedness" means, with respect to Subordinate Indebtedness, for any particular Fiscal Year, an amount equal to the sum of (i) all interest payable on Subordinate Indebtedness during such Fiscal Year excluding any capitalized interest, plus

(ii) any principal of Subordinate Indebtedness during such Fiscal Year. Principal and interest for purposes of this definition will be computed in the manner in which the Principal of and Interest on the Bonds is calculated under the definition of *"Principal and Interest Requirements on the Bonds."*

"Principal Payment Date" means any date on which Principal is due and payable.

"Project" means the permitting, design, acquisition, equipping, development, construction and furnishing of the CONRAC.

"Project Fund" means the Fund so designated and established under the General Indenture.

"Qualified Reserve Fund Substitute" means (i) an irrevocable letter of credit, naming the Trustee as beneficiary, issued by any domestic or foreign bank, or any branch or agency thereof, whose long-term debt obligations are rated by Moody's and S&P in one of the two highest rating categories at such time of issuance without regard to gradation within category or (ii) a surety bond issued by a financial institution whose long-term rating is in one of the two highest rating categories of Moody's and S&P at such time of issuance without regard to gradation within category or (iii) a policy of reserve fund insurance issued by an insurance company whose claims-paying ability is rated by Moody's and S&P in one of the two highest rating categories at such time of issuance without regard to gradation within category.

"RAC" means a Person that operates a rental car business at the Airport under the terms of a Concession Agreement.

"Rate Covenant" means the City's covenant under Section 6.7.

"Rebate Fund" means the Fund so designated and established under the General Indenture.

"Record Date" means the 15th day of the month next preceding the Interest Payment Date.

"Redemption Date" means the date on which 2011 Bonds have been called for redemption or are to be redeemed pursuant to Series Indenture, Number 1.

"Redemption Price" means, with respect to any 2011 Bond, the principal amount thereof plus the applicable premium, if any, payable on redemption thereof plus accrued interest to the Redemption Date.

"Registrar" means any entity appointed in a Supplemental Indenture to act as the Registrar for a Series of Bonds or a portion thereof.

"Repair and Replacement Fund" means the Fund so designated and established under the General Indenture.

"Repair and Replacement Fund Minimum Requirement" means initially $500,000 as such amount may be increased under the terms of a Supplemental Indenture or a Certificate of the Finance Officer.

"Reserve Funds" mean, collectively, the Rolling Coverage Fund, the Supplemental Reserve Fund and the Debt Service Reserve Fund.

"Reserve Requirements" mean, respectively, the Rolling Coverage Fund Requirement, the Supplemental Reserve Fund Requirement and the DSRF Requirement for each Series of Bonds.

"Revenues" means CFCs, Contingent Rent and any other sums paid to the Trustee for deposit in the Revenue Fund.

"Revenue Fund" means the Fund so designated and established under the General Indenture.

"Rolling Coverage Fund" means the Fund so designated and established under the General Indenture.

"Rolling Coverage Fund Requirement" means 25% of the maximum Principal and Interest Requirements on the Bonds then Outstanding.

"S&P" means Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation for any reason no longer performs the functions of a securities rating agency, *"S&P"* will be deemed to refer to any other nationally recognized securities rating agency approved by the LGC and designated by the Finance Officer of the City by notice to the Trustee.

"Series Indenture, Number 1" means Series Indenture, Number 1 dated as of November 1, 2011 between the City and the Trustee and any amendments or supplements adopted in accordance with the terms thereof.

"Series of Bonds" or "Series" means any series of Bonds issued under the General Indenture and pursuant to a Supplemental Indenture.

"Sinking Fund Payment" means, as of any particular date of calculation, the amount required to be paid by the City on a certain future date for the retirement of Outstanding Bonds which mature after said future date, but does not include any amount payable by the City by reason of the maturity of a Bond or by call for redemption at the election of the City.

"State" means the State of North Carolina.

"Subordinate Indebtedness" means debt, the payment of the principal and interest on which is secured by Revenues in the order of priorities set forth in the General Indenture.

"Supplemental Indenture" means any indenture supplemental to the General Indenture delivered pursuant to the General Indenture amending or supplementing the General Indenture, including a series indenture under which Bonds are issued.

"Supplemental Reserve Fund" means the Fund so designated and established under the General Indenture.

"Supplemental Reserve Fund Requirement" means 50% of the maximum Principal and Interest Requirements on the Bonds then Outstanding.

"Tax-Exempt Bonds" mean any Series of Bonds the interest on which is excludable from the gross income of the recipient thereof for federal income tax purposes.

"Treasury Rate" means, as of any Redemption Date, the yield to maturity as of such Redemption Date of United State Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519)) that has become publicly available not more than 45 days and not less than four Business Days prior to the Redemption Date (excluding inflation-indexed

securities) (or, if such Statistical Release is not longer published, any publicly available source of similar market data) most nearly equal to the period from the Redemption Date to the maturity date of the 2011 Bonds to be redeemed; provided, however, that if the period from the Redemption Date to such maturity date is less than one year, the weekly average yield on actually traded United State Treasury securities adjusted to a constant maturity of one year will be used.

"Trustee" means the Trustee with respect to the Bonds and any other person at any time substituted in its place as provided in the General Indenture.

"Trust Estate" means all property and rights conveyed by the City under the Granting Clauses of the General Indenture.

"2011 Bonds" means the City of Charlotte, North Carolina Taxable Airport Special Facilities Revenue Bonds (Consolidated Car Rental Facilities Project), Series 2011 issued under Series Indenture, Number 1.

"2011 CFCs Project Account" means the account by that name in the Project Fund created pursuant to Section 5.2.

"2011 Bonds Project Account" means the account by that name in the Project Fund created pursuant to Series Indenture, Number 1.

PLEDGE UNDER THE GENERAL INDENTURE

The City has assigned and pledged to the Trustee, to the extent provided in the General Indenture (1) all Revenues, (2) all moneys and securities held by the Trustee, the City or any other depositaries in any and all of the funds and accounts held under the General Indenture, except the Rebate Fund, the Repair and Replacement Fund, the Operations and Maintenance Fund and the CFC Stabilization Fund and (3) any additional property that may, from time to time, by delivery or by writing of any kind, be subjected to the lien of the General Indenture, by the City or by anyone on its behalf. The General Indenture does not convey, mortgage, pledge or create any lien on any real estate or tangible personal property owned by the City or on any revenues of the City other than Revenues.

FUNDS AND ACCOUNTS

Under the General Indenture, the City has established the following special funds:

(1) Project Fund;
(2) Revenue Fund;
(3) Debt Service Fund;
(4) Rolling Coverage Fund;
(5) Supplemental Reserve Fund;
(6) Debt Service Reserve Fund;
(7) Rebate Fund;
(8) Operations and Maintenance Fund;
(9) Repair and Replacement Fund; and
(10) CFC Stabilization Fund.

The Trustee or the City may also create such other Funds or Accounts as it deems necessary or desirable in the administration of the General Indenture. The Project Fund, the Revenue Fund, the Debt Service Fund, the Rolling Coverage Fund, the Supplemental Reserve Fund and the Debt Service Reserve

Fund will be held by the Trustee. The Rebate Fund, the Operations and Maintenance Fund, the Repair and Replacement Fund and the CFC Stabilization Fund will be held by one or more financial institutions from time to time determined by the City.

Project Fund. The City has created the 2011 Bonds Project Account and the 2011 CFCs Project Account in the Construction Fund under Series Indenture, Number 1. A portion of the proceeds of the 2011 Bonds will be deposited into the 2011 Bonds Project Account of the Construction Fund. Before the completion of the construction of the Project, the City will transfer amounts collected as CFCs to the Trustee with written direction to the Trustee to deposit such amounts in the 2011 CFCs Project Account. Earnings on investments of funds held in the Project Fund will remain within the applicable account of the Project Fund.

The 2011 Bonds Project Account will be applied for any of the following purposes:

(1) the payment of all Costs of the Project and Costs of Issuance; and

(2) transfer to the Debt Service Fund to make up any deficiency therein in accordance with the priorities established in the General Indenture.

The 2011 CFCs Project Account will be applied for any of the following purposes:

(1) the payment of all Costs of the Project; and

(2) transfer to the Debt Service Fund to make up any deficiency therein in accordance with the priorities established in the General Indenture.

On the completion of the Project, the City will deliver a certificate to the Trustee stating the fact and date of such completion and stating that all of the Costs of the Project have been determined and paid (or that all of such Costs of the Project have been paid less specified claims which are subject to dispute and for which a retention in the Project Fund is to be maintained in the full amount of such claims until such dispute is resolved). On the receipt by the Trustee of such certificate, the Trustee will retain in the applicable account of the Project Fund a sum equal to the amount estimated by the City to be necessary for payment of the items of Cost of the Project that are not then due and payable. The balance remaining in the 2011 Bonds Project Account will be deposited in the Debt Service Fund and applied to the next payment due with respect to the 2011 Bonds. The balance remaining in the 2011 CFCs Project Account will be deposited in the CFC Stabilization Fund.

Revenue Fund. The City will cause all Revenues to be deposited in the Revenue Fund as received. There will also be deposited in the Revenue Fund any other amounts required to be deposited therein pursuant to the General Indenture or any Supplemental Indenture and any other amounts available therefor and determined by the City to be deposited therein.

On or before the Draw Down Date each month, the Trustee shall transfer moneys then on deposit in the Revenue Fund in the following order of priority:

FIRST: to each Account within the Debt Service Fund established for a Series of Bonds, (1) amounts sufficient to pay one-sixth of the Interest due on Bonds of such Series on the next succeeding Interest Payment Date, or an amount specified in the applicable Supplemental Indenture if such Series of Bonds has Interest Payment Dates other than every six months, as applicable, net of interest earnings on deposit in such Account, provided that payments prior to the first Interest Payment Date after the issuance of a Series of Bonds shall be adjusted to the extent necessary so that the total amount of Interest due on such Bonds on that Interest Payment Date will have been paid into the applicable Debt Service Account in substantially equal installments prior to that Interest Payment Date, and (2) amounts sufficient to pay one-twelfth of the principal amount of the Bonds of such Series coming due on the next succeeding Principal Payment Date (including Sinking Fund Payments), or an amount specified in the applicable Supplemental Indenture if such Series of Bonds has Principal Payment Dates other than every twelve months, net of interest earnings on deposit in such Account, provided that payments prior to the first Principal Payment Date after the issuance of a Series of Bonds shall be adjusted to the extent necessary so that the total amount of principal due on such Bonds on that Principal Payment Date will have been paid into the applicable Debt Service Account in substantially equal installments prior to that Principal Payment Date.

SECOND: in substantially equal monthly installments over a period determined by the City of up to 24 months, to the Rolling Coverage Fund amounts necessary to cause the amount on deposit therein to equal the Rolling Coverage Fund Requirement.

THIRD: in substantially equal monthly installments over a period determined by the City of up to 24 months, to the Supplemental Reserve Fund amounts necessary to cause the amount on deposit therein to equal the Supplemental Reserve Fund Requirement.

FOURTH: at any time as may be required, to the provider of any Qualified Reserve Fund Substitute in satisfaction of the then current obligations of the City incurred in connection therewith;

FIFTH: in substantially equal monthly installments over a period determined by the City of up to 24 months, to the Debt Service Reserve Fund amounts necessary to cause the amount on deposit therein to equal the DSRF Requirement.

SIXTH: at any time as may be required in the applicable document under which the Subordinate Indebtedness is issued, to the Persons entitled to payment of any principal, premium, if any, or interest on any Subordinate Indebtedness, an amount equal to the principal, premium or interest then due and owing; provided, however, if principal and interest are payable other than monthly, payment shall only be made in an amount sufficient: (1) to pay one-sixth of the interest due on Subordinate Indebtedness on the next succeeding semiannual interest payment date, and (2) to pay one-twelfth of the principal amount due on Subordinate Indebtedness coming due on the next succeeding annual principal payment date (including any mandatory sinking fund payments).

SEVENTH: if and to the extent required in the applicable document under with the Subordinate Indebtedness is issued, to the debt service reserve fund established for Subordinate Indebtedness; provided, however, payments to such debt service reserve fund shall be made in amounts no more than is necessary to make substantially equal monthly installments over a period of at least 24 months to cause the amount on deposit therein to equal the requirement for such debt service reserve fund.

EIGHTH: with respect to any Series of Tax-Exempt Bonds, to the Rebate Fund for such Series of Tax-Exempt Bonds the amounts calculated to be due to the Internal Revenue Service as arbitrage rebate for such Series of Tax-Exempt Bonds in accordance with any arbitrage rebate calculation provided to the Trustee with respect to a Series of Tax-Exempt Bonds, to the extent that funds are not already on deposit therein.

NINTH: in substantially equal monthly installments over a period determined by the City of up to 24 months, to the CFC Stabilization Fund amounts necessary to cause the amount on deposit therein to equal the CFC Stabilization Fund Minimum Requirement.

TENTH: to the City for deposit in the Operations and Maintenance Fund, the amount as requested by the City and shown in the Annual Budget for operating and maintenance expenses of the CONRAC for the following calendar month.

ELEVENTH: to the City to pay principal of and interest on any outstanding City Loan then due and payable.

TWELFTH: in substantially equal monthly installments over a period determined by the City of up to 60 months, to the Repair and Replacement Fund amounts necessary to cause the amount on deposit therein to equal the Repair and Replacement Fund Minimum Requirement.

THIRTEENTH: On or before the 15th day of each Fiscal Year, to the CFC Stabilization Fund, the balance remaining in the Revenue Fund as of the last day of the preceding Fiscal Year.

Debt Service Fund. The Trustee will disburse amounts deposited in the Debt Service Fund as follows:

(1) On each Interest Payment Date, to the Persons entitled thereto, Interest due on such date.

(2) Subject to the provisions of the General Indenture requiring the application thereof to the payment or redemption of any particular Bond, on each Principal Payment Date, to the Owners, the amounts required for the payment of the Principal due on such date.

(3) On each Redemption Date, to the Owners, the amount required for redemption of Bonds called for redemption.

If on an Interest Payment Date or a Principal Payment Date, the amounts in the Debt Service Fund, following transfers described below, are insufficient to pay in full the Interest or Principal, the amounts in the Debt Service Fund will be applied *pro rata* first to the Persons entitled to Interest and then to the Persons entitled to Principal.

If two Business Days before any Interest Payment Date or Principal Payment Date, there is a deficiency in the Debt Service Fund, the amount of such deficiency will be made up from the following Funds and in the order or priority set forth below:

(1) CFC Stabilization Fund (notwithstanding the CFC Stabilization Fund Minimum Requirement);
(2) Rolling Coverage Fund;
(3) Supplemental Reserve Fund;
(4) Debt Service Reserve Fund;
(5) Repair and Replacement Fund;
(6) Project Fund; and
(7) Operating and Maintenance Fund.

Rolling Coverage Fund. Funds on deposit in the Rolling Coverage Fund shall be applied by the Trustee as described under ***"--Debt Service Fund"*** above to pay Principal of and Interest on the Bonds if the amount on deposit in the Debt Service Fund and other available amounts in the order of priority as described under ***"--Debt Service Fund"*** above on any Payment Date are insufficient to pay the Principal of or Interest then due on any Series of Bonds.

On each Principal Payment Date, following payment of Principal of and Interest on the Bonds due on such Payment Date, if the amount on deposit in the Rolling Coverage Fund is in excess of the Rolling Coverage Fund Requirement as calculated on such Payment Date, the difference between the amount on deposit in such Fund and the Rolling Coverage Fund Requirement shall be withdrawn from the Rolling Coverage Fund and deposited to the Revenue Fund.

Supplemental Reserve Fund. Funds on deposit in the Supplemental Reserve Fund shall be applied by the Trustee as described under ***"--Debt Service Fund"*** above to pay Principal of and Interest on the Bonds if the amount on deposit in the Debt Service Fund and other available amounts in the order of priority as described under ***"--Debt Service Fund"*** above on any Payment Date are insufficient to pay the Principal of or Interest then due on any Series of Bonds.

On each Principal Payment Date, following payment of Principal of and Interest on the Bonds due on such Payment Date, if the amount on deposit in the Supplemental Reserve Fund is in excess of the Supplemental Reserve Fund Requirement as calculated on such Payment Date, the difference between the amount on deposit in such Fund and the Supplemental Reserve Fund Requirement shall be withdrawn from the Supplemental Reserve Fund and deposited to the Revenue Fund.

Debt Service Reserve Fund. Funds on deposit in the Debt Service Reserve Fund shall be applied by the Trustee as described under ***"--Debt Service Fund"*** above to pay Principal of and Interest on the Bonds if the amount on deposit in the Debt Service Fund and other available amounts in the order of priority as described under ***"--Debt Service Fund"*** above on any Payment Date are insufficient to pay the Principal of or Interest then due on any Series of Bonds.

The City may provide for a Qualified Reserve Fund Substitute to be deposited in the Debt Service Reserve Fund to satisfy the DSRF Requirement.

On each Principal Payment Date, following payment of Principal of and Interest on the Bonds due on such Payment Date, if the amount on deposit in the Debt Service Reserve Fund is in excess of the

DSRF Requirement as calculated on such Payment Date, the difference between the amount on deposit in such Fund and the DSRF Requirement shall be withdrawn from the Debt Service Reserve Fund and deposited to the Revenue Fund.

Operations and Maintenance Fund. The City will use such amounts deposited in the Operations and Maintenance Fund to pay operating and maintenance expenses of the CONRAC in accordance with the Annual Budget or as may be required as described under ***"--Debt Service Fund"*** above to pay Principal of and Interest on the Bonds if the amount on deposit in the Debt Service Fund and other available amounts in the order of priority as described under ***"--Debt Service Fund"*** above on any Payment Date are insufficient to pay the Principal of or Interest then due on any Series of Bonds. All interest earned on money and investments held in the Operations and Maintenance Fund shall be credited to such Fund.

Repair and Replacement Fund. The City will use such amounts deposited in the Repair and Replacement Fund to pay the cost of additions and capital improvements to, or the renewal and replacement of capital assets of, or purchasing and installing new equipment related to the CONRAC, or paying any extraordinary maintenance and repair or any expenses which are not operating expenses of the CONRAC or as may be required as described under ***"--Debt Service Fund"*** above to pay Principal of and Interest on the Bonds if the amount on deposit in the Debt Service Fund and other available amounts in the order of priority as described under ***"--Debt Service Fund"*** above on any Payment Date are insufficient to pay the Principal of or Interest then due on any Series of Bonds.

On each Principal Payment Date, following payment of Principal of and Interest on the Bonds due on such Payment Date, if the amount on deposit in the Repair and Replacement Fund is in excess of the Repair and Replacement Fund Minimum Requirement as calculated on such Payment Date, the difference between the amount on deposit in such Fund and the Repair and Replacement Fund Minimum Requirement shall be withdrawn from the Repair and Replacement Fund and deposited to the Revenue Fund.

CFC Stabilization Fund. Money held in the CFC Stabilization Fund shall first be transferred to the Debt Service Fund, if such money is required as described under ***"--Debt Service Fund"*** above. Thereafter, money held in the CFC Stabilization Fund above the CFC Stabilization Fund Minimum Requirement shall be applied in the following order of priority: (1) to any other Fund or Account established under the General Indenture to make-up for a deficiency therein; (2) to pay the Person entitled thereto a termination payment under a Derivative Agreement; (3) to the Persons entitled to payment of any principal, premium, if any, or interest on any Subordinate Indebtedness, an amount equal to the principal, premium or interest then due and owing; (4) to pay Costs of the Project or Costs of Issuance, including transferring money to the Project Fund to be used for such purposes; (5) to pay capital replacement costs of the CONRAC and the costs of relocating RACs and to add funds to the Repair and Replacement Fund in excess of the Repair and Replacement Fund Minimum Requirement; and (6) to pay the Principal of or Redemption Price on Bonds in advance of such their regularly scheduled payment dates.

CITY LOAN

If funds are required to pay Costs of the Project in addition to proceeds of Bonds and amounts on deposit in the CFC Stabilization Fund from time to time in excess of the CFC Stabilization Fund Minimum Requirement or to meet any other requirements under the General Indenture, the City may, in its sole discretion, provide additional funds for such purposes from any legally available source, other than CFCs or Contingent Rent, designated on its books and records as a City Loan as the City determines to be in its best interest.

If the City Loan is being provided to pay Costs of the Project, the proceeds of such City Loan shall be deposited to a separate, segregated Account within the Project Fund. The Completion Certificate for the Project on which funds from a City Loan is applied shall include a statement by the City of the aggregate principal amount of the balance of the City Loan advanced to pay Costs of the Project. Upon delivery of the Completion Certificate, any funds on deposit in the Project Fund representing proceeds of the City Loan shall be repaid to the City, and the Trustee, in reliance on the amount set forth in the Completion Certificate, shall notify the City and each RAC of the principal amount of the City Loan then outstanding following such repayment.

If the City Loan is being provided for a reason other than to pay Costs of the Project, the City shall cause the proceeds of such City Loan to be deposited in the Funds or Accounts that matches the purpose of the City Loan.

The interest rate on any City Loan shall be a rate established by the City by reference to the London Interbank Offered Rate (LIBOR) for U.S. dollar-denominated loans with substantially the same expected maturity as such City Loan, plus 400 basis points. Principal of and interest on the City Loan shall be paid to the City monthly from Revenues remaining after application by the Trustee in accordance with the General Indenture. The amount of principal and interest due on the City Loan, if any, shall be certified to the Trustee by the City on each Draw Down Date. If in any Fiscal Year, some or all of the principal and interest on the City Loan due in such Fiscal Year is not paid in full, then the amount of such unpaid principal and interest, as determined by the City on the final day of such Fiscal Year, shall be added to the outstanding principal amount of the City Loan as of the first day of the Fiscal Year following the Fiscal Year in which such amount was due. Interest shall accrue annually on any unpaid principal and interest from the due date of such amount and shall bear interest at the same rate as the outstanding principal amount of the City Loan. The City shall certify to the Trustee and each RAC no less than once each Fiscal Year the amount of principal and interest paid on the City Loan and the amount of the City Loan remaining outstanding.

INVESTMENTS AND VALUATION

The Trustee will invest moneys held in all Funds and Accounts held by it, at the written direction of the City, in Investment Securities. The City will invest all Funds and Accounts held by it in such Investment Securities as it determines in its sole discretion. Whenever the Trustee has not received written direction from the City and moneys in a Fund or Account are therefore uninvested, the Trustee shall invest the moneys in Federal Securities maturing the earlier of (i) the date such moneys are needed to meet an obligation under the General Indenture or a Supplemental Indenture or (ii) 30 days after such investment. The Trustee may rely on the City's directions and is not responsible for any loss on the investment of moneys under the General Indenture made pursuant to the City's directions.

In computing the amount in any Fund or Account, obligations purchased as an investment of moneys therein will be valued at the market value on the last day of each Fiscal Year unless an earlier date is required in the General Indenture or in a Supplemental Indenture. The Reserve Funds may be valued on each Principal Payment Date, as provided in the General Indenture, and on any date that Bonds are paid in advance of their due date as permitted in the General Indenture or in a Supplemental Indenture. The Trustee shall value each Account of the Reserve Fund separately for purposes of determining if the Account contains the amount required by the General Indenture or the Supplemental Indenture under which it was created.

COVENANTS OF THE CITY

Enforcement of Concession Agreements. The City has covenanted that so long as any of the Bonds remain Outstanding, it will require all RACs operating at the Airport under a Concession Agreement to collect and remit CFCs and Contingent Rent, and the City will take all actions legally permitted to enforce compliance by the RACs with the Concession Agreements and of their obligations thereunder, including specifically seeking specific performance by each of the RACs, to charge, collect and remit CFCs and Contingent Rent (as applicable) to the Trustee for the benefit of the City. The City covenants that so long as any of the Bonds remain Outstanding it will not consent to an amendment to the Concession Agreements which materially adversely affects the rights of Owners without consent of a Majority of the Bondholders.

Accounts and Reports. The City will keep, or cause to be kept, proper books and records of the Funds and Accounts which will at all reasonable times be subject to the inspection of the Trustee and the Owners or their representatives duly authorized in writing. The City's financial statements must be accompanied by an Accountant's Certificate stating whether the financial statements examined fairly present the financial position of the City at the end of the Fiscal Year, and whether the results of its operations and the changes in financial position for the period examined are in conformity with generally accepted accounting principles. The Trustee will make a copy of the financial statements available to any Owner of a Bond on written request therefor.

The City will file with the Trustee and the LGC an audited calculation demonstrating its compliance with the Rate Covenant certified by the Accountant which prepares such calculation within 30 days of receipt of such certification.

The City may employ Consultants to inspect the operation and maintenance of the CONRAC or to review the performance by the City of the duties relating thereto provided for in the General Indenture. The City will file any report of the Consultants regarding their inspection or review with the Trustee and the LGC.

Within 180 days after the close of each Fiscal Year, the City will file or cause to be filed with the Trustee and the LGC (i) a certificate that no event of default under the General Indenture has occurred or (ii) if an event of default has occurred, a certificate setting forth in reasonable detail an explanation of the event of default and the City's plan for remedying such default.

Any financial statements may be presented on a consolidated or combined basis with other reports of the City, so long as the information relating to the CONRAC is separately identified and only to the extent that such basis of reporting will be consistent with that required as described above.

Annual Budgets. The City will approve by July 1 of each year an Annual Budget covering the fiscal operations of the CONRAC for the Fiscal Year and will file the same with the Trustee. Such budget need not necessarily be the budget prepared by the City for budgeting purposes. The Annual Budget will set forth for such Fiscal Year the estimated Revenues; the amount necessary to fund all the requirements described under ***"—Revenue Fund"*** above due and payable or estimated to become due and payable during such Fiscal Year, including estimated operating and maintenance expenses of the CONRAC; and, unless capital expenditures for the CONRAC are included in the City's capital investment plan or similar document, the estimated amounts, if any, to be expended for extension, improvement, enlargement, renewal or replacement of the CONRAC, whether begun, continued or completed during such Fiscal Year. The City may at any time adopt and file with the Trustee an amended Annual Budget. If the City does not approve or adopt an Annual Budget for a Fiscal Year on or before the first day of such Fiscal Year, the Annual Budget for the preceding Fiscal Year will be deemed to have been adopted and be in effect for such Fiscal Year until the Annual Budget for such Fiscal Year has been adopted as above provided.

Rate Covenant. In accordance with the Chapter 4, Article II of the City Code of the City, as may be amended from time to time, as long as any Bond remains Outstanding, the City shall require each RAC to charge, collect and remit to the City, or to the Trustee on the City's behalf in accordance with the General Indenture, a CFC each day that a vehicle is rented by a customer, and as described below to pay Contingent Rent, and the City shall enforce the duty of the RACs to segregate such CFCs as trust funds for the benefit of the City, and not as revenues of the RACs, as provided in the Concession Agreements.

Before the commencement of each Fiscal Year, and as may be adjusted from time-to-time during each Fiscal Year as necessary, the City will fix, establish or maintain or cause to be fixed, established and maintained CFCs and Contingent Rent as will provide sufficient funds (the *"Rate Covenant"*),

(1) to (i) pay 100% of (1.00 times) the Principal and Interest Requirements on the Bonds to become due during that Fiscal Year plus (ii) fund 100% of deposits described under ***"—Revenue Fund"*** SECOND through TWELFTH, inclusive; and

(2) together with amounts on deposit in the Rolling Coverage Fund not to exceed 25% of the Principal and Interest Requirement on the Bonds in that Fiscal Year, to (i) pay 125% of (1.25 times) the Principal and Interest Requirements on the Bonds to become due during that Fiscal Year plus (ii) fund 100% of deposits described under ***"—Revenue Fund"*** SECOND through TWELFTH, inclusive.

The City shall require each RAC to pay Contingent Rent as provided in each Concession Agreement in an amount, in the aggregate, that the City projects to be sufficient, together with CFCs projected to be collected in such Fiscal Year or portion thereof, to provide sufficient funds to meet the Rate Covenant for such Fiscal Year.

Notwithstanding anything in the General Indenture to the contrary, as long as there is no Default in the payment of the Principal and Interest on the Bonds, the failure to comply with the provisions of the Rate Covenant will not constitute an Event of Default under the General Indenture if the City promptly (1) causes a Consultant to make a study for the purpose of making recommendations with respect to the CFC and Contingent Rents in order to provide funds for the payments as specified in the Rate Covenant, (2) considers the recommendations of the Consultant and (3) takes such action as the City, in its discretion, may deem necessary to comply with the Rate Covenant. If CFCs and Contingent Rent are insufficient, together with amounts on deposit in the Rolling Coverage Fund, to make the payments on the Principal and Interest on the Bonds, the City will implement the recommendations of the Consultant; provided that, in preparing its study and making recommendations, the Consultant will not make any recommendations that would require the City to violate or otherwise be in contravention of any local, state or federal law, regulation or mandate or any other agreement to which the City is a party.

Issuance of Additional Bonds. (a) The City will not issue any obligations, except on the conditions and in the manner provided in (b), (c) or (d) below, payable from the Revenues, having priority to or being on a parity with the lien of the Bonds issued pursuant to the General Indenture, nor voluntarily create or cause to be or suffer to be created any debt, lien, pledge, assignment, encumbrance or any other charge having priority to or being on a parity with the lien of the Bonds issued pursuant to the General Indenture. The City may issue Additional Bonds to (1) finance the Project (or any other facility intended to facilitate the rental, storage, delivery and return of rental cars at the Airport approved by the City); (2) finance repairs, including without limitation repairs due to casualty or condemnation to the extent insurance proceeds or condemnation awards are insufficient to effect such repairs, or extraordinary maintenance with respect to the CONRAC; (3) refund all or any Outstanding Bonds; and (4) in each case, pay capitalized interest, costs of issuance of such Additional Bonds or termination payments on Derivative Agreements related to any Bonds and to provide for any contribution to the Reserve Funds required with respect thereto.

(b) The City may issue Bonds to refund all or any Principal amount of the Bonds; if, however, the debt service in any Fiscal Year on the Outstanding Bonds remaining Outstanding after the issuance of the refunding Bonds will increase as a result of such refunding or if the maximum annual Principal and Interest Requirements on the Bonds after the issuance of the refunding Bonds exceeds the maximum annual Principal and Interest Requirements on the Bonds before the issuance of the refunding Bonds, then the City must satisfy the requirements in paragraph (d) below.

(c) If the City has issued Bonds, the proceeds of which were used to acquire or construct any portion of the Project and such proceeds are insufficient to pay the Costs of the Project for which such Bonds were issued, the City may issue a Series of Bonds in an amount equal to (i) the insufficiency, (ii) any required deposit to the Reserve Fund with respect to such Series and (iii) the Costs of Issuance related thereto; provided, however the par amount of the Bonds to be issued may not exceed 10% of the original par amount of the Bonds for which the proceeds were used to complete the portion of the Project to be completed.

(d) No Series of Bonds, other than the 2011 Bonds and the Bonds described in paragraph (b) and (c) above, will be issued hereunder unless no Event of Default under the General Indenture has occurred and is continuing and either:

> (1) the CFCs received by the Trustee for any 12 consecutive months of the 18 months preceding the issuance of the Series of Bonds, together with investment earnings on the Funds held under the General Indenture and amounts on deposit in the Rolling Coverage Fund (not to exceed the Rolling Coverage Fund Requirement) at the beginning of the last full Fiscal Year during such period, as certified by the Finance Officer, were at least equal to (i) 125% of (1.25 times) the maximum Principal and Interest Requirements on the Bonds, including the Series of Bonds to be issued and (ii) the amount required to fund 100% of deposits described under ***"—Revenue Fund"*** SECOND through TWELFTH, inclusive; or
>
> (2) a report of a Consultant is received by the Trustee to the effect that the CFCs projected, together with investment earnings on the Funds held under the General Indenture and amounts on deposit in the Rolling Coverage Fund (not to exceed the Rolling Coverage Fund Requirement) at the beginning of such Fiscal Year, for each of the three Fiscal Years following the date of issuance of such Additional Bonds or the date of final expenditure of capitalized interest funded from such Additional Bonds, whichever is later, are expected, as of the end of each such Fiscal Year, to be at least

equal to (i) 125% of (1.25 times) the maximum Principal and Interest Requirements on the Bonds, including the Series of Bonds to be issued, and (ii) the amount required to fund 100% of deposits described under ***"—Revenue Fund"*** SECOND through TWELFTH, inclusive, in each such Fiscal Year.

Issuance of Subordinate Indebtedness The City may issue Subordinate Indebtedness secured by and payable from Revenues in accordance with the priority described under ***"—Revenue Fund"*** above to (1) finance the permitting, financing, design, development, construction, equipping, furnishing and acquisition of any improvement or expansion of the Project (or any other facility intended to facilitate the rental, storage, delivery and return of rental cars at the Airport approved by the City); (2) finance repairs, including without limitation repairs due to casualty or condemnation to the extent insurance proceeds or condemnation awards are insufficient to effect such repairs, or extraordinary maintenance with respect to the CONRAC; (3) refund all or any Subordinate Indebtedness; and (4) in each case, pay capitalized interest, costs of issuance of such Subordinate Indebtedness or termination payments on Derivative Agreements related to any Bonds or Subordinate Indebtedness and to provide for any contribution to a debt service reserve fund established for such Subordinate Indebtedness.

No Subordinate Indebtedness will be issued by the City unless no Event of Default under the General Indenture has occurred and is continuing and the Trustee has received a Certificate of the Finance Officer or a Consultant stating that the additional bonds test, if any, set forth in the Supplemental Indenture entered into in connection with the issuance of such Subordinate Indebtedness has been satisfied.

Construction and Operation of the Project. The City shall use diligent efforts to cause the Project to be constructed and completed in accordance with the plans and specifications for the Project and shall cause to be done all things necessary or proper for completion of the Project in a timely manner in material compliance with all laws. Upon completion of the Project, the City shall deliver a Completion Certificate to the Trustee which shall include the Completion Date.

The City shall operate and maintain the CONRAC, or cause the CONRAC to be operated and maintained, in good condition for the purposes for which it was constructed, reasonable wear and tear excepted.

Insurance. The City shall maintain, or cause to be maintained, insurance with respect to the CONRAC against such casualties and contingencies and in such amounts not less than is reasonably prudent; provided, however, that the City may self insure against such risks as it may determine to be prudent. Such policies of insurance shall name the City and the Trustee as additional insureds as their interests may appear. Any premiums for such policies of insurance shall be paid by the City or by the RACs on behalf of the City as may be required by its Concession Agreement.

SUPPLEMENTAL INDENTURES

Supplemental Indentures Effective On Filing With the Trustee. For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture of the City may be executed and delivered, which, on the filing with the Trustee of a copy thereof executed by a City Representative and the Trustee, will be fully effective in accordance with its terms:

(a) to close the General Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the General Indenture on, the delivery of Bonds or the issuance of other evidences of indebtedness;

(b) to add to the covenants and agreements of and the limitations and restrictions on the City in the General Indenture other covenants and agreements or limitations and restrictions to be observed by the City which are not contrary to or inconsistent with the General Indenture as theretofore in effect;

(c) to surrender any right, power or privilege reserved to or conferred on the City by the terms of the General Indenture, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the City contained in the General Indenture;

(d) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the General Indenture of the Trust Estate, including the Revenues or any other revenues or assets;

(e) to modify any of the provisions of the General Indenture in any respect whatsoever, but only if (i) such modification will be, and be expressed to be, effective only after all Bonds Outstanding at the date of the adoption of such Supplemental Indenture cease to be Outstanding and (ii) such Supplemental Indenture will be specifically referred to in the text of all Bonds delivered after the date of the adoption of such Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof; or

(f) to provide for the delivery of a Qualified Reserve Fund Substitute;

provided that any changes do not, in the opinion of Bond Counsel, adversely affect the interests of the Owners of the Bonds.

Supplemental Indentures Effective On Consent of Trustee. For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture may be executed and delivered, which, on (i) the filing with the Trustee of a copy thereof certified by a City Representative, and (ii) the filing with the Trustee and the City of an instrument in writing, made by the Trustee consenting thereto, will be fully effective in accordance with its terms:

(1) to cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision in the General Indenture;

(2) to insert such provisions clarifying matters or questions arising under the General Indenture as are necessary or desirable and are not contrary to or inconsistent with the General Indenture as theretofore in effect; or

(3) to effectuate such changes in the General Indenture which do not adversely affect the interests of the Owners.

Any such Supplemental Indenture may also contain one or more of the purposes specified under the caption **"SUPPLEMENTAL INDENTURES--*Effective on Filing with the Trustee*"** above and, in that event, the consent of the Trustee required by the General Indenture will be applicable only to those provisions of such Supplemental Indenture as contain one or more of the purposes set forth in (1), (2) and (3) above.

Supplemental Indentures Effective On Consent of Owners. Exclusive of Supplemental Indentures described above, the written consent of the Owners of a Majority of Bondholders will be required for the execution by the City and the Trustee of any indenture or indentures supplemental hereto; provided, however, that without the consent of the Owners of all the Bonds Outstanding nothing contained in the General Indenture will permit, or be construed as permitting:

(a) A change in the terms of redemption or maturity of the Principal amount of or the Interest on any Outstanding Bond, or a reduction in the Principal amount of or premium payable on any redemption of any outstanding Bond or the rate of interest thereon;

(b) The deprivation of the Owner of any Bond Outstanding of the lien created by the General Indenture (other than as originally permitted hereby);

(c) A privilege or priority of any Bond over any other Bond; or

(d) A reduction in the aggregate Principal amount of the Bonds required for consent to such Supplemental Indenture.

If at any time the City requests the Trustee to enter into a Supplemental Indenture for any of the purposes described above, the Trustee will, on being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Indenture to be given by mail to the Owners of the Bonds Outstanding at the address shown on the registration books maintained by the Registrar. Such notice will briefly set forth the nature of the proposed Supplemental Indenture and will state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all Owners. If, within 60 days (or such longer period prescribed by the City) following the giving of such notice, the Owners of not less than a majority in aggregate Principal amount of the Bonds Outstanding (and in the case of Supplemental Indentures involving (a) through (d) above, the Owners of all of the Bonds Outstanding) at the time of the execution of any such Supplemental Indenture have consented to and approved the execution thereof as provided in the General Indenture, no Owner will have any right to object to any of the terms and provisions contained therein, or in the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the City from executing the same or from taking any action pursuant to the provisions thereof.

DEFAULTS AND REMEDIES

Events of Default. If any of the following events occur, the General Indenture defines and deems it an "Event of Default" under the General Indenture:

(1) A failure to pay the Principal of or premium, if any, on any Bond when the same becomes due and payable, whether at the stated maturity thereof or on proceedings for redemption including sinking fund redemptions;

(2) A failure to pay any installment of Interest when the same becomes due and payable; and

(3) A failure by the City to observe and perform any covenant, condition, agreement or provision (other than as described in clauses (1) and (2) above) contained in the Bonds or in the General Indenture on the part of the City to be observed or performed, which failure continues for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, has been given to the City by the Trustee, which may give such notice in its discretion and must give such notice at the written request of a Majority of Bondholders, unless the Trustee, or the Trustee and Owners of a Principal amount of Bonds not less than the Principal amount of Bonds the Owners of which requested such notice, as the case may be, agrees in writing to an extension of such period prior to its expiration.

Further events which will constitute "Events of Default" under the General Indenture may be set forth in a Series Indenture. Series Indenture, Number 1 does not contain any additional Events of Default.

Remedies on Default. On the occurrence and continuance of an Event of Default, the Trustee may, or if required by a Majority of Bondholders, must, declare the Bonds to be immediately due and payable, whereupon they will, without further action, become due and payable, anything in the General Indenture or in the Bonds to the contrary notwithstanding.

The provisions of the preceding paragraph are subject to the condition that if, after the Principal of any of the Bonds has been so declared to be due and payable, and before any judgment or decree for the payment of the moneys due has been obtained or entered as hereinafter described, the City causes to be deposited with the Trustee a sum sufficient to pay all matured installments of the Principal of and Interest on all Bonds which will have become due otherwise than by reason of such declaration (with interest on such overdue installments of Interest, at the rate per annum borne by the respective Bonds) and such amount as is sufficient to cover reasonable compensation and reimbursement of expenses payable to the Trustee, and all Events of Default hereunder other than nonpayment of the Principal of the Bonds which have become due by said declaration have been remedied, then, in every such case, such Event of Default will be deemed waived and such declaration and its consequences rescinded and annulled, and the Trustee will promptly give written notice of such waiver, rescission or annulment to the City and will give notice thereof by Mail to all Owners; but no such waiver, rescission and annulment will extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

On the occurrence and continuance of any Event of Default, the Trustee in its discretion may, and on the written direction of registered owners of not less than a majority in aggregate Principal amount of the Bonds Outstanding and receipt of indemnity to its satisfaction, must, in its own name and as the trustee of an express trust:

(i) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners, and require the City to carry out any agreements with or for the benefit of the Owners and to perform its duties under the General Indenture; or

(ii) take whatever action at law or in equity may appear necessary or desirable to enforce its rights against the City.

No right or remedy is intended to be exclusive of any other rights or remedies, but each and every such right or remedy will be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute. If any Event of Default has occurred and if requested by the Owners of a majority in aggregate Principal amount of Bonds Outstanding and indemnified as provided in the General Indenture, the Trustee will be obligated to exercise such one or more of the rights and powers described above as the Trustee, being advised by counsel, deems most expedient in the interests of the Owners.

Priority of Payments After Default. If, on the happening and continuance of any Event of Default, the funds held by the Trustee are insufficient for the payment of the Principal or Redemption Price then due of and Interest then due on the Bonds, such funds (other than funds held for the payment of particular Bonds which have theretofore become due at maturity or by redemption) and any other amounts received or collected by the Trustee acting pursuant to the General Indenture, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interest of the Owners and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee in the performance of its duties under the General Indenture, will be applied, subject to the restrictions contained under the caption "**DEFAULT AND REMEDIES--*Subordination of Claims for Interest***" below, as follows:

Unless the Principal of all of the Bonds has become or has been declared due and payable:

FIRST: To the payment to the Persons entitled thereto of all installments of Interest then due in the order of the maturity of such installments, and, if the amounts available are not sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference;

SECOND: To the payment to the Persons entitled thereto of the unpaid Principal or Redemption Price of any Bonds which have become due and, if the amounts available are not sufficient to pay in full all the Bonds due, then to the payment thereof ratably, according to the amounts of Principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; and

THIRD: To be held for the payment to the Persons entitled thereto, as the same become due, of the Principal or Redemption Price of and Interest on the Bonds which thereafter become due and, if the amounts available are not sufficient to pay in full all the Bonds due on any date, together with such Interest, payment will be made ratably according to the amount of Principal due on such date to the Persons entitled thereto, without any discrimination or preference.

If the Principal of all of the Bonds has become or has been declared due and payable, to the payment of the Principal and Interest then due and unpaid on the Bonds without preference or priority of Principal over Interest or of Interest over Principal, or of any installment of Interest over any other installment of Interest, or of any Bond over any other Bond, ratably, according to the amounts due collectively for Principal and Interest, to the Persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of the General Indenture, such moneys will be applied by the Trustee at such times, and from time to time, as the Trustee determines in its prudent discretion, having due regard to the amount of moneys available for such application. The setting aside of such moneys in trust for the proper purpose, will constitute proper application by the Trustee, and the Trustee will incur no liability whatsoever to the City, to any Owner or to any other person for any delay in applying such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of the General Indenture. Whenever the Trustee will exercise discretion in applying such moneys, it will fix the date (which must be an Interest Payment Date unless the Trustee deems another date more suitable) on which such application is to be made. The Trustee will not be required to make payment to any Owner unless its Bond is presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Owners' Right to Direct Proceedings. Anything in the General Indenture to the contrary notwithstanding, the Owners of a majority in aggregate Principal amount of the Bonds Outstanding will have the right, at any time, to the extent permitted by law, by instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the General Indenture, or for the appointment of a receiver, and any other proceedings under the General Indenture; provided that such direction may not be otherwise than in accordance with the provisions of the General Indenture. The Trustee will not be required to act on any direction given to it until the indemnity described in the General Indenture is furnished to it by such Owners.

Limitation on Rights of Owners. No Owner will have any right to institute any suit, action, mandamus or other proceeding in equity or at law under the General Indenture, for the protection or enforcement of any right under the General Indenture unless such Owner has given to the Trustee written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless a Majority of Bondholders have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, has accrued, and has afforded the Trustee a reasonable opportunity either to proceed to exercise the powers in the General Indenture granted or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there has been offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee has refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are by the General Indenture declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under the General Indenture or for any other remedy under the General Indenture or by law. It is understood and intended that no one or more Owners will have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the General Indenture, or to enforce any right under the General Indenture or under law with respect to the Bonds or the General Indenture, except in the manner in the General Indenture provided, and that all proceedings at law or in equity must be instituted, had and maintained in the manner in the General Indenture provided and for the benefit of all Owners.

Each Owner by its acceptance of a Bond will be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under the General Indenture or any Supplemental Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable pre-trial, trial and appellate attorneys' fees, against any party litigant in any such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant. The provisions of this paragraph will not apply to any suit instituted by the Trustee, to any suit instituted by a Majority of Bondholders, or to any suit instituted by any Owner for the enforcement of the payment of any Bond on or after the respective due date thereof expressed in such Bond.

Subordination of Claims for Interest. No claim for interest appertaining to any of the Bonds which in any way at or after maturity has been transferred or pledged separate and apart from the Bond to which it appertains will, unless accompanied by such Bond, be entitled, in case of an Event of Default under the General Indenture, to any benefit by or from the General Indenture, except after the prior payment in full of the Principal of all of the Bonds then due and of all claims for interest then due not so transferred or pledged.

DEFEASANCE

If the City pays or causes to be paid or is deemed to have paid to the Owner of any Bond the Principal of and Interest due and payable, and thereafter to become due and payable on such Bond, or any portion of such Bond in any integral multiple of the authorized denomination thereof, such Bond or portion thereof will cease to be entitled to any lien, benefit or security under the General Indenture. If the City pays or causes to be paid the Principal of, premium, if any, and Interest due and payable on all Outstanding Bonds, pays or causes to be paid all other sums payable by the City, including all fees, expenses and other amounts payable to the Trustee and any Paying Agent and all amounts owing to the provider of a Qualified Reserve Fund Substitute, then the right, title and interest of the Trustee in and to the Trust Estate will thereupon cease, terminate and become void.

Any Bond will be deemed to be paid within the meaning of and for all purposes of the General Indenture when (a) payment of the Principal and premium, if any, of such Bond plus Interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption) either (i) has been made or caused to be made in accordance with the terms thereof, or (ii) has been provided for by irrevocably depositing with the Trustee in trust and irrevocably set aside exclusively for such payment and, in either case, the Trustee has received verification from an independent certified public accounting firm or other bona fide arbitrage rebate calculating and reporting agent acceptable to the Trustee that the moneys or Federal Securities deposited with the Trustee, together with investment earnings thereon, will be sufficient to pay when due the Principal and premium, if any, of and Interest due and to become due on the Bond on and before the redemption date or maturity date thereof, (1) moneys, sufficient to make such payment or (2) non-callable Federal Securities maturing as to principal and interest in such amount and at such time as will insure the availability of sufficient moneys to make such payment, (b) all necessary and proper fees, compensation and expenses of the Trustee and any Paying Agent pertaining to the Bonds with respect to which such deposit is made have been paid or the payment thereof provided for to the satisfaction of the Trustee, and (c) the City and the LGC receive an opinion of Bond Counsel that the Bonds are no longer outstanding. At such times as a Bond is deemed to be paid, as aforesaid, such Bond will no longer be secured by or entitled to the benefits of the General Indenture, except for the purposes of any such payment from such moneys or Federal Securities.

Notwithstanding the foregoing paragraph, no deposit under clause (a)(ii) of the immediately preceding paragraph will be deemed a payment of such Bonds as aforesaid until (a) proper notice of redemption of such Bonds has been previously given in accordance with the applicable Supplemental Indenture, or if said Bonds are not to be redeemed within the next 35 days, until the City has given the Trustee, in form satisfactory to the Trustee, irrevocable instructions to notify, as soon as practicable, the Owners of such Bonds in accordance with the applicable Supplemental Indenture, that the deposit required by (a)(ii) above has been made with the Trustee and that said Bonds are deemed to have been paid and stating the maturity or redemption date on which moneys are to be available for the payment of the Principal and premium, if any, of said Bonds plus Interest thereon to the due date thereof, or (b) the maturity of such Bonds.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE CONCESSION AGREEMENTS

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE CONCESSION AGREEMENTS

In addition to summaries of the provisions of the Concession Agreements contained under the caption **"CFC COLLECTIONS AND RENTAL CAR OPERATIONS"** and elsewhere in this Official Statement, the following is a brief summary of certain provisions of the Concession Agreements that relate to the collection of CFCs and Contingent Rent. This summary is not intended to be definitive and is qualified in its entirety by express reference to the Concession Agreements for the complete terms thereof.

DEFINITIONS OF CERTAIN TERMS

Capitalized terms not otherwise defined in this Appendix C have the meanings described in Appendix B, **"SUMMARY OF INDENTURE."**

CONTRACTS;EFFECTIVE DATE; TERM

The City has entered into an Automobile Rental Concession Agreement as of November 1, 2000 (the *"Original Concession Agreement"*) with each rental car company operating at the Airport (each a *"Concessionaire"*) and has further entered into an Amendment to Automobile Rental Concession Agreement dated as of November 1, 2011 (the *"Amendment"* and together with the Original Concession Agreement, the *"Concession Agreement"*) with each Concessionaire effective on its date of execution by the respective Concessionaire and the City. The term is ten years from the Commencement Date, defined as the date the Concessionaire is granted occupancy of the "Assigned Premises" under each Concession Agreement (the "*Date of Beneficial Occupancy*" or "*DBO*").

CONTRACT FACILITY CHARGES

Each Concessionaire agrees to continue to collect from its customers the Contract Facility Charge for each Transaction Day. Transaction Day means a 24-hour period, or fraction thereof, (each a "*Transaction Day*"), that a vehicle is rented by a customer of Concessionaire. The Concessionaire shall remit CFCs to the Trustee, as agent for the City and as the trustee under the General Indenture. The amount remitted to the Trustee is the amount equal to the sum of all Contract Facility Charges required to be so collected in each calendar month on or before the 10th day of the immediately succeeding calendar month. If the Concessionaire's vehicle rental contract contains a grace period for the vehicle's return at the end of the vehicle's rental period of no more than 59 minutes, during which grace period Concessionaire will not charge a customer a further vehicle rental fee or other form of late return fee, then the Contract Facility Charge will not be imposed during such grace period and such grace period will not be considered a further Transaction Day. The Contract Facility Charge charged to a customer of Concessionaire is not to be reduced if the vehicle is returned to a location other than the Airport.

The Contract Facility Charge is to be set forth as a separate line item in each of the Concessionaire's vehicle rental contracts and identified as a "*Contract Facility Charge*". The Concessionaire shall not identify the Contract Facility Charge in its customer vehicle rental contracts or other similar agreements as a tax, fee, or charge which is payable to the City, or as a tax, fee, or charge which represents a monetary benefit to the City.

The Concessionaire shall collect the Contract Facility Charge at the time the first payment is made for a vehicle rental transaction and shall remit the full amount of such Contract Facility Charge to the Trustee, for the benefit of the City, regardless of whether or not the full amount of such Contract Facility Charge is actually collected by the Concessionaire from the customer who rented the vehicle; provided, however, that on payment in full of all outstanding Bonds, CFCs are to be paid directly to the City. All such CFCs collected by the Concessionaire are to be held in trust by the Concessionaire for the City until remitted to Trustee as provided above. The Concessionaire shall remit all CFCs collected by it each calendar month on or before the 10^{th} day of the next succeeding month. The Concessionaire shall maintain records and controls which are sufficient to demonstrate the correctness of the CFCs collected by it and the amount of the CFCs paid by it to the Trustee or to the City. Such records are to be available for inspection and examination at all times by the City and the Trustee and are subject to audit by the City. The Concessionaire's chief financial officer shall provide the City and the Trustee with his or her written certification of the Concessionaire's compliance with these provisions within 30 days after the close of each period of 12 consecutive months beginning July 1 and ending June 30 ("*Fiscal Year*") during the term of the Concession Agreement and within 30 days after any written request by the City or the Trustee for such certification.

The CFCs collected by the Concessionaire prior to remittance to the Trustee or the City are subject at all times to a first lien for the repayment of the Bonds. The Concessionaire agrees that it will not grant to any third party any liens or encumbrances on CFCs and that any lien or encumbrance on CFCs granted by the Concessionaire to a third party or otherwise purported to be obtained by a third party will be void and of no force or effect.

The Concessionaire acknowledges and agrees that all CFCs collected by it are not income, revenue or any other asset of the Concessionaire; that the Concessionaire has no legal or equitable ownership or property interest in the CFCs; and the Concessionaire waives any claim to a possessory or legal or equitable ownership interest in the CFCs. The Concessionaire agrees that it holds such CFCs as trust funds in trust for the benefit of the City and that the City (or the Trustee on its behalf) has complete possessory and legal and equitable ownership rights to the CFCs. Consistent with the nature of the CFCs as funds held in trust for the City, until such CFCs are paid to the Trustee or the City, the Concessionaire shall hold CFCs in a separate account into which no funds that are not CFCs will be deposited, and the Concessionaire shall describe the CFCs in its financial statements as trust funds held for the benefit of the City.

The City has the sole authority to determine the amount of the Contract Facility Charge. Before the commencement of each Fiscal Year, the City shall review and may adjust, effective on the first day of each Fiscal Year, the level of the Contract Facility Charge, based on factors including the anticipated debt service on the Bonds and any loan made to the CONRAC by the City (the "*City Loan*") for the coming Fiscal Year, amounts necessary to fund the other accounts, as provided for below, shortfalls in CFC's that may have occurred in the then-current Fiscal Year, projections of the level of demand for rental car services at the Airport in the next Fiscal Year, projected additional capital costs of the CONRAC or of capital maintenance of the CONRAC, and such other factors as the City may determine in its sole discretion. Notwithstanding the foregoing, the City has the right to make an unscheduled adjustment to the level of the Contract Facility Charge in any Fiscal Year if the City determines in its sole discretion that there has been a material change in any of the assumptions utilized in the City's calculation of the Contract Facility Charge, and that such change should not be addressed solely through withdrawals from the CFC Stabilization Fund or the imposition of Contingent Rent. The City shall provide no less than 60 days advance, written notice of the adjusted amount of the Contract Facility Charge for the coming Fiscal Year or of any unscheduled adjustment to the Contract Facility Charge to the Concessionaire. The Concessionaire has agreed that it will commence quoting to its customers any change in the level of the

Contract Facility Charge 30 days before the effective date of the changed Contract Facility Charge; provided, however, that the Contract Facility Charge charged to any customer of the Concessionaire that has made a reservation for rental of a vehicle from the Concessionaire before the date on which the City provides notice of the adjustment to the Contract Facility Charge will be the Contract Facility Charge in force at the time such reservation was made, and; provided, further, that if a customer's Transaction Days encompass a period before and after the date of an adjustment to the Contract Facility Charge, notwithstanding the adjustment to the Contract Facility Charge, the Concessionaire's customer will be charged the Contract Facility Charge in force on the date such Concessionaire's customer's rental commenced for the entire period of such vehicle rental. Without limiting the foregoing, the Concessionaire acknowledges and agrees that the City expects to set the amount of the Contract Facility Charge (when multiplied by the total number of projected Transaction Days) at an annual level sufficient to provide funds to pay: (i) principal of and interest on the Bonds coming due during such Fiscal Year, plus (ii) any and all additional requirements set forth in the General Indenture, including amounts sufficient to reimburse the Reserve Funds established by the General Indenture (the "*Reserve Funds*" means, collectively, the Rolling Coverage Fund, the Supplemental Reserve Fund and the Debt Service Reserve Fund) for any prior drawings thereon over a period not to exceed 24 months (as determined by the City), plus (iii) debt service and reserve fund requirements for Subordinate Indebtedness, plus (iv) rebate requirements for Bonds, plus (v) amounts sufficient to maintain the balance in the CFC Stabilization Fund at no less than $2,000,000 (the *"Minimum Balance"*) over a period not to exceed 24 months (as determined by the City), plus (vi) operating and maintenance expenses expected to be incurred or incurred by the City in connection with the CONRAC, plus (vii) principal and interest requirements on City Loans (if any), plus (viii) amounts sufficient to maintain the balance in the Repair and Replacement Fund over a period not to exceed 60 months (as determined by the City). In setting the level of the Contract Facility Charge, the City specifically has the right to establish reserves that it reasonably believes to be prudent to either minimize significant year-over-year increases or decreases in the Contract Facility Charge or to meet future capital needs associated with the CONRAC that are not funded on a current basis or through the Repair and Replacement Fund.

CFC APPLICATION

CFCs are to applied monthly as described in Appendix B under the caption **"FUNDS AND ACCOUNTS—*The Revenue Fund*."**

CFC STABILIZATION FUND

The City has established the CFC Stabilization Fund to be maintained and held by the City into which CFCs remaining after application as described in Appendix B under the caption **"FUNDS AND ACCOUNTS—*The Revenue Fund*"** are to be deposited. Amounts on deposit in the CFC Stabilization Fund in excess of the Minimum Balance shall, unless otherwise required by the General Indenture, (a) until DBO, be applied to pay costs of the Project and ground rentals on existing service facilities assigned to the Concessionaires, and (b) following DBO, be applied as follows: (1) to any other fund or account established under the General Indenture to make-up for a deficiency therein; (2) to pay a termination payment under a derivative agreement related to Bonds; (3) to the payment of any principal, premium, if any, or interest on any Subordinate Indebtedness, an amount equal to the principal, premium or interest then due and owing; (4) to pay costs of a CONRAC project or costs of issuance, including transferring money to the Project Fund under the General Indenture to be used for such purposes; (5) to pay capital replacement costs of the CONRAC and the costs of relocating RACs, to add funds to the Repair and Replacement Fund in excess of the Repair and Replacement Fund Minimum Requirement; and (6) to pay the principal of or redemption price on Bonds in advance of their regularly scheduled payment dates.

All interest earned on moneys and investments held within the CFC Stabilization Fund will be credited to the Revenue Fund. To the extent that CFCs on deposit in the CFC Stabilization Fund are not then required for any of the foregoing purposes, the amount on deposit in the CFC Stabilization Fund is to be held as a reserve against future shortfalls in CFCs or used for purposes of CFC rate stabilization to permit the City to establish the CFC in each Fiscal Year with less fluctuation, or as reserves to fund anticipated capital costs of the CONRAC.

NO ABATEMENT OR OFFSET

Under no circumstances will the Concessionaire's obligation to collect and remit the CFCs be subject to abatement, offset, or any deduction whatsoever. This requirement specifically includes, but is not limited to, any event of any damage or destruction of the CONRAC or any termination of the Concessionaire Agreement, and in the event of such termination, the Concessionaire continues to occupy, possess and use any portion of the CONRAC. The Concessionaire agrees that it will not, directly or indirectly, divert Airport rental car customers away from the CONRAC or assist any Airport rental car customer in avoiding payment of the Contract Facility Charge.

INSPECTION AND AUDIT RIGHT

The Concessionaire's books and records relating to its collection of the Contract Facility Charge and Transaction Days are to be available for inspection by the City or its duly authorized representative on 72 hours advance notice and during normal business hours. The City has the right, on such notice and during such business hours to cause an audit to be made of such books and records in order to determine each Concessionaire's compliance with the provisions of the Concessionaire Agreement governing the Contract Facility Charge imposed, Contract Facility Charge collections, owed, remitted or payable to or for the benefit of the City and compliance with the remaining terms and conditions of the Concessionaire Agreement. Failure to provide the City with accounts, books, records and data as the City determines in its reasonable discretion to be necessary or convenient in connection with its review or audit thereof may be deemed to be an Event of Default under the Concessionaire Agreement.

If such audit discloses any willful and intentional inaccuracies, the Concessionaire Agreement, at the City's option, may then be immediately canceled and terminated.

ADJUSTMENT OF OVERPAYMENT/UNDERPAYMENT

As a result of the audit, if it is established that the amount of CFCs was understated, or the amount of any adjustments was overstated, so that the City has received less CFCs than it was entitled to receive under the Concessionaire Agreement, the Concessionaire shall pay to the Trustee as long as any Bonds remain outstanding, and thereafter to the City, the difference between the amount of CFCs that should have been paid and the amount of CFCs that was paid, plus interest from the time such amount was originally due. Such payment must be made within 30 days of receipt of written notice from the City. If the amount underpaid exceeds by 1% or more the amount that should have been paid, or if the audit reveals that the Concessionaire's records are in such a state that the CFCs due the City cannot be properly determined, the entire expense of said audit and any costs of collection incurred by the City is to be borne by the Concessionaire.

If the audit establishes that the Concessionaire has overpaid the City, then such overpayment will, at the option of the City be credited to the Concessionaire against future CFCs due or reimbursed to the Concessionaire within 60 days thereafter. The provisions pertaining to the adjustment of overpayment and/or underpayment survive the termination or expiration of the Concessionaire Agreement.

CONTINGENT RENT

As charges for Concessionaire's occupancy and use of the CONRAC, Concessionaire will pay to the City each Contract Year an amount equal to its pro-rata share, determined in accordance with the Allocation Methodology, of the amount of any Contingent Rent imposed by the City. *"Contract Year"* means the twelve-month period beginning on the Commencement Date and each successive twelve-month period during the term of the Concession Agreement. *"Allocation Methodology"* is the formula by which each Concessionaire is assigned certain space each Contract Year under the Concession Agreements based on its ranking compared to all other Concessionaires, taking into account one third of Concessionaire's Gross Revenues (as defined in the Concession Agreement), one third of the Concessionaire's number of rental transactions and one third of Concessionaire's number of rental transaction days, all for the 12 consecutive months immediately preceding each such Contract Year.

"Contingent Rent," as defined in each Concession Agreement, is a rental imposed by the City on Concessionaire and each other rental car concessionaire operating from the CONRAC in order to supplement CFC revenues in the event that the CFC's collected in any Fiscal Year are (or are projected to be) insufficient (i) to pay principal of and interest on the Bonds due in such Fiscal Year, (ii) to reimburse Reserve Funds for any drawings upon such funds over a period not to exceed twenty four (24) months, as determined by the City, (iii) to pay principal of and interest on any subordinate indebtedness and any related reserve requirement issued to finance improvements to the CONRAC (iv) to provide funds necessary to pay any "yield reduction payments" or rebate amounts due to the United States under the General Indenture for which funds in the Rebate Fund or the CFC Stabilization Fund are not otherwise available, (v) to maintain the balance of the CFC Stabilization Fund in an amount of no less than the Minimum Balance and to reimburse any drawings below the Minimum Balance over a period not to exceed 24 months, as determined by the City, (vi) to reimburse the City for any and all expenses incurred by the City during the Fiscal Year in operating and maintenance of the CONRAC, including the City's costs, if any, of employing the services of an independent contractor(s) to provide for the operation and maintenance of the CSB, the Ready Return Spaces, the QTA, the Fuel Facility and the Remote Service Facilities (as each term is defined in the Concession Agreements), (vii) to pay principal installments and interest on the City Loan, if any, due in that Fiscal Year, and (viii) to make the deposit to the Repair and Replacement Fund, if any, required in that Fiscal Year (collectively, the sum of the amounts required by (i) through (viii) above shall be the *"Minimum Annual Requirement"*). The amount of Contingent Rent shall be determined by the City and shall be an amount projected to be sufficient, together with CFC's projected to be collected in such Fiscal Year or portion thereof, to provide sufficient funds to meet the Minimum Annual Requirement for such Fiscal Year and provide additional funds equal to the difference between the CFC's and Contingent Rent (if any) received in the prior Fiscal Year and the Minimum Annual Requirement for such prior Fiscal Year. Contingent Rent shall be paid directly to the Trustee and pledged under the General Indenture as additional security to ensure payment of the Bonds. Contingent Rent will be imposed only after 60 days prior written notice to the Concessionaire and only after (i) a withdrawal from any of the Reserve Funds or (ii) the City determines that the projected collections of CFC's will be insufficient to provide the Minimum Annual Requirement in any Fiscal Year.

Concessionaire shall pay to the Trustee, one twelfth (1/12) of its annual Contingent Rent obligation (if any), in advance, on the first day of each month. If payment is due on a day that is not a business day, then the payment shall be due on the immediately preceding business day. The City shall provide the RACs with no less than 60) days notice of the date on which the obligation to pay Contingent Rent shall terminate. Failure to pay the Contingent Rent shall be an event of default and shall result in the termination of the defaulting Concessionaire's concession rights.

EVENTS OF DEFAULT, REMEDIES, TERMINATION

The Concession Agreements contain "events of default" the occurrence of which, after the expiration of any applicable notice and cure periods constitute a breach of the Concession Agreement on the part of Concessionaire. Such events of default include, among other things, the filing of bankruptcy, proceedings for insolvency, failure to pay rent or other amounts payable under the Concession Agreement, failure to perform obligations under the Concession Agreement and Concessionaire's abandonment of the Assigned Premises (failure of Concessionaire to operate its automobile rental business at the Airport for a period of 10 days is presumed to constitute abandonment). On the happening of any event of default and the failure of the Concessionaire to cure such default in the time period permitted, the City shall have all the remedies available to it under law, including, but not limited to, the right to terminate the term of the Concession Agreement without further notice to Concessionaire. Upon termination hereof, whether by lapse of time or otherwise, Concessionaire shall promptly cease occupying the Assigned Premises and deliver possession thereof to the City, and Concessionaire grants to the City full and free license to enter into and upon the Assigned Premises in such event and with or without process to expel or remove Concessionaire and any others who may be occupying the Assigned Premises and to remove therefrom any and all property, using for such purpose such force as may be necessary without being guilty or liable for trespass, eviction, or forcible entry and without relinquishing the City's right to rent or any other right given to the City.

Concessionaire may terminate the Concession Agreement and cancel all of its obligations thereunder at any time that Concessionaire is not in default in the payment of any rentals, fees or charges payable to the City thereunder by giving written notice to be served as thereinafter provided on or after the happening of any one of the following events:

(a) The inability of the Concessionaire to operate its automobile rental business at the Airport for a period in excess of 60 days, because of the issuance of any order, rule or regulation by the United States or an instrumentality thereof preventing the Concessionaire from operating at the Airport for cause or causes not constituting a default under the Concession Agreement;

(b) The default by the City in the performance of any covenant or agreement required to be performed by the City and the failure of the City to remedy such default for a period of 60 days after receipt from the Concessionaire of written notice to remedy the same, unless such default cannot be cured within such 60 day period and the City has in good faith commenced and is prosecuting the cure thereof, in which case the City shall have a reasonable extension of such period in order to cure such default; provided, however, that no notice of cancellation, as above provided, shall be of any force or effect if the City shall have remedied the default prior to receipt of the Concessionaire's notice of cancellation;

(c) The assumption by the United States or an instrumentality thereof of the operation, control or use of the Airport or any substantial part thereof in such a manner as to substantially restrict the Concessionaire for a period of at least 90 days from operating its business at the Airport;

(d) The withdrawal or cancellation by the United States or an authorized instrumentality thereof of the right of regularly scheduled airlines to operate at the Airport;

(e) The issuance by any court of competent jurisdiction of an injunction restraining the use of the Airport if said injunction shall remain in force for more than 90 days;

(f) The Concessionaire's election to terminate the Concession Agreement as a result of a determination that any provision in the Concession Agreement violates any federal law, regulation or any grant agreement or any change or deletion to the Concession Agreement is required for the City to continue to be a part of the National Plan of Integrated Airport Systems or to retain eligibility to participate in AIP or similar successor federal financial assistance programs;

(g) The failure of the City to offer an adequate replacement as a service and storage facility in the event the City exercises its right of termination to meet terminal expansion needs; or

(h) The exercise of the rights reserved to City under the Concession Agreement to make certain changes to the use of the property at the Airport.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[Letterhead of Parker Poe Adams & Bernstein LLP]

November 9, 2011

City of Charlotte, North Carolina
Charlotte, North Carolina

U. S. Bank National Association
Charlotte, North Carolina

$60,295,000
City of Charlotte, North Carolina
Taxable Airport Special Facilities Revenue Bonds
(Consolidated Car Rental Facilities Project), Series 2011

Ladies and Gentlemen:

We have acted as bond counsel (*"Bond Counsel"*) in connection with the issuance and delivery by the City of Charlotte, North Carolina (the *"City"*) of $60,295,000 aggregate principal amount of its Taxable Airport Special Facilities Revenue Bonds (Consolidated Car Rental Facilities Project), Series 2011 (the *"2011 Bonds"*). The City is a municipal corporation of the State of North Carolina (the *"State"*) and is empowered to issue the 2011 Bonds pursuant to the State and Local Government Revenue Bond Act, General Statutes of North Carolina Section 159-80 *et seq.*, as amended (the *"Act"*), subject to the approval of the Local Government Commission of North Carolina.

The 2011 Bonds are issuable only as fully registered bonds and will be numbered, will bear interest payable at the rates and at the times, and will be subject to redemption, all as provided in the General Trust Indenture dated as of November 1, 2011 (the *"General Indenture"*), between the City and U. S. Bank National Association, as trustee (the *"Trustee"*), and Series Indenture, Number 1 dated as of November 1, 2011 (the *"First Series Indenture"* and collectively with the General Indenture, the *"Indenture"*) between the City and the Trustee.

The 2011 Bonds are being issued to (1) to finance the design, equipping, development, construction and furnishing of consolidated car rental facilities at Charlotte/Douglas International Airport, (2) to fund a debt service reserve fund for the 2011 Bonds, and (3) to pay the costs of issuing the 2011 Bonds. We have examined the following: (a) the Act; (b) executed copies of the General Indenture and the First Series Indenture; and (c) such other laws, documents, instruments, proceedings and opinions as we have deemed relevant in rendering this opinion. We have also examined a specimen of the 2011 Bonds.

From such examination, we are of the opinion, under existing law, that:

1. The City is a municipal corporation of the State. Pursuant to the Act, the City is empowered to issue the 2011 Bonds for the purposes set forth in the Indenture and to execute, deliver and perform its obligations under the Indenture.

2. The General Indenture and the First Series Indenture have been duly authorized, executed and delivered by the City, and, assuming due authorization and execution by the Trustee, are valid, binding and enforceable obligations, respectively, of the City. All right, title and interest of the City in and to the Trust Estate (as defined in the General Indenture) have been validly pledged and assigned to the Trustee and the General Indenture creates a valid security interest in the Trust Estate.

3. The 2011 Bonds have been duly authorized, executed and issued in accordance with applicable law, including the Act, and represent valid, binding and enforceable special obligations of the City. The 2011 Bonds are entitled to the benefits and security of the Indenture for the payment thereof in accordance with the terms of the Indenture.

4. The principal of and interest on the 2011 Bonds are special obligations payable by the City solely from the sources described in the Indenture. The principal of, premium, if any, and interest on the 2011 Bonds are not payable from the general funds of the City, nor do they constitute a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues, except the funds which are pledged under the Indenture. Neither the credit nor the taxing power of the State or the City are pledged for the payment of the principal of, premium, if any, or interest on the 2011 Bonds, and no owner of the 2011 Bonds has the right to compel the exercise of the taxing power by the State or the City or the forfeiture of any of its property in connection with any default thereon.

4. Interest on the 2011 Bonds will be treated as ordinary income for federal income tax purposes under the Internal Revenue Code of 1986, as amended.

5. Interest on the 2011 Bonds is exempt from all State of North Carolina income taxation.

It is to be understood that the rights of the owners of the 2011 Bonds and the enforceability of the 2011 Bonds and the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally or by equitable principles, whether considered at law or in equity.

Our services as Bond Counsel to the City in connection with the issuance of the 2011 Bonds have been limited to rendering the opinions expressed above based on our review of such proceedings and documents as we have deemed necessary to approve the validity of the 2011 Bonds and the tax status of interest on the 2011 Bonds. We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Preliminary Official Statement or the Official Statement (collectively, the *"Official Statement"*), or any other offering material relating to the 2011 Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion herein relating thereto (excepting only the matters set forth as our opinion in the Official Statement and the section entitled **"TAX TREATMENT"**) or as to the financial resources of the City, or the ability of the City to make the payments required under the Indenture, that may have been relied on by anyone in making the decision to purchase 2011 Bonds.

Respectfully submitted,

PARKER POE ADAMS & BERNSTEIN LLP

CIRCULAR 230 DISCLAIMER: OWNERS OF THE 2011 BONDS ARE URGED TO OBTAIN INDEPENDENT TAX ADVICE REGARDING THE 2011 BONDS BASED UPON THEIR PARTICULAR CIRCUMSTANCES. THE TAX DISCUSSION ABOVE WAS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSES OF AVOIDING TAXPAYER PENALTIES. THE ADVICE WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE 2011 BONDS.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E

LOCAL GOVERNMENT COMMISSION OF NORTH CAROLINA

[THIS PAGE INTENTIONALLY LEFT BLANK]

THE LOCAL GOVERNMENT COMMISSION OF NORTH CAROLINA

The Local Government Commission (the "*Commission*") is composed of nine members: the State Treasurer, the Secretary of State, the State Auditor, the Secretary of Revenue and five others by appointment (three by the Governor, one by the General Assembly upon recommendation of the President Pro Tempore of the Senate and one by the General Assembly upon recommendation of the Speaker of the House of Representatives). The State Treasurer serves as Chairman and selects the Secretary of the Commission, who heads the administrative staff serving the Commission.

A major function of the Commission is the approval, sale and delivery of substantially all North Carolina local government bonds and notes. A second key function is monitoring certain fiscal and accounting standards prescribed for units of local government by The Local Government Budget and Fiscal Control Act. In addition, the Commission furnishes, upon request, on-site assistance to units of local government concerning existing financial and accounting systems as well as aid in establishing new systems. Further, educational programs and materials are provided for local officials concerning finance and cash management.

Before any unit of local government can incur bonded indebtedness, the proposed bond issue must be approved by the Commission. In determining whether to give such approval the Commission may consider, among other things, the unit's debt management procedures and policies, its compliance with The Local Government Budget and Fiscal Control Act and its ability to service the proposed debt. All general obligation issues are customarily sold on the basis of formal sealed bids submitted at the Commission's offices in Raleigh and are subsequently delivered to the successful bidder by the Commission. The Commission maintains records for all units of local government of principal and interest payments coming due on bonded indebtedness in the current and future years and monitors the payment by the units of local government of debt service through a system of monthly reports.

As a part of its role in assisting and monitoring the fiscal programs of units of local government, the Commission attempts to ensure that the units of local government follow generally accepted accounting principles, systems and practices. The Commission's staff also counsels the units of local government in treasury and cash management, budget preparation and investment policies and procedures. Educational programs, in the form of seminars or classes, are also provided by the Commission in order to accomplish these tasks. The monitoring of the financial systems of units of local government is accomplished through the examination and analysis of the annual audited financial statements and other required reports. The Local Government Budget and Fiscal Control Act requires each unit of local government to have its accounts audited annually by a certified public accountant or by an accountant certified by the Commission as qualified to audit local government accounts. A written contract must be submitted to the Secretary of the Commission for his approval prior to the commencement of the audit.

The Commission has the statutory authority to impound the books and records of any unit of local government and assume full control of all its financial affairs (a) when the unit defaults on any debt service payment or, in the opinion of the Commission, will default on a future debt service payment if the financial policies and practices of the unit are not improved or (b) when the unit persists, after notice and warning from the Commission, in willfully or negligently failing or refusing to comply with the provisions of The Local Government Finance Act. When the Commission takes action under this authority, the Commission is vested with all of the powers of the governing board of the unit of local government as to the levy of taxes, expenditure of money, adoption of budgets and all other financial powers conferred upon such governing board by law.

In addition, if a unit of local government fails to pay any installment of principal or interest on its outstanding debt on or before its due date and remains in default for 90 days, the Commission may take such action as it deems advisable to investigate the unit's fiscal affairs, consult with its governing board and negotiate with its creditors in order to assist the unit in working out a plan for refinancing, adjusting or compromising such debt. When a plan is developed that the Commission finds to be fair and equitable and reasonably within the ability of the unit of local government to meet, the Commission will enter an order finding that the plan is fair, equitable and within the ability of the unit to meet and will advise the unit to take the necessary steps to implement such plan. If the governing board of the unit declines or refuses to do so within 90 days after receiving the Commission's advice, the Commission may enter an order directing the unit to implement such plan and may apply for a court order to enforce such order. When a refinancing plan has been put into effect, the Commission has the authority (a) to require any periodic financial reports on the unit's financial affairs that the Secretary deems necessary and (b) to approve or reject the unit's annual budget ordinance. The governing board of the unit of local government must also obtain the approval of the Secretary of the Commission before adopting any annual budget ordinance. The power and authority granted to the Commission as described in this paragraph will continue with respect to a defaulting unit of local government until the Commission is satisfied that the unit has performed or will perform the duties required of it in the refinancing plan and until agreements made with the unit's creditors have been performed in accordance with such plan.

APPENDIX F

BOOK-ENTRY SYSTEM

[THIS PAGE INTENTIONALLY LEFT BLANK]

The Depository Trust Company

a subsidiary of The Depository Trust & Clearing Corporation

1. The Depository Trust Company ("*DTC*"), New York, NY, will act as securities depository for the 2011 Bonds (the "*2011 Bonds*"). The 2011 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the 2011 Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE 2011 BONDS, AS DTC'S PARTNERSHIP NOMINEE, REFERENCE HEREIN TO THE OWNERS OR REGISTERED OWNERS OF THE 2011 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE 2011 BONDS.

2. 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 serving 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 the 2011 Bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). DTC has Standard & Poor's highest rating: AAA. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of 2011 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2011 Bonds on DTC's records. The ownership interest of each actual purchaser of the 2011 Bonds ("*Beneficial Owner*") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2011 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 bonds representing their ownership interests in 2011 Bonds, except in the event that use of the book-entry system for the 2011 Bonds is discontinued.

4. To facilitate subsequent transfers, all 2011 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 2011 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2011 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2011 Bonds arc 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.

5. 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 2011 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2011 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of 2011 Bonds may wish to ascertain that the nominee holding the 2011 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 notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the 2011 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2011 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Trustee 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 2011 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Because DTC is treated as the owner of the 2011 Bonds for substantially all purposes under the Trust Agreement, Beneficial Owners may have a restricted ability to influence in a timely fashion remedial action or the giving or withholding of requested consents or other directions. In addition, because the identity of Beneficial Owners is unknown to the Commission, to the City, to DTC or to the Trustee, it may be difficult to transmit information of potential interest to Beneficial Owners in an effective and timely manner. Beneficial Owners should make appropriate arrangements with their broker or dealer regarding distribution of information regarding the 2011 Bonds that may be trasnmitted by or through DTC.

8. Redemption proceeds, distributions, and dividend payments on the 2011 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 Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, the City or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the Trustee's responsibility, 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. The Commission and The City cannot and do not give assurance that Direct and Indirect Participants will promptly transfer payments to Beneficial Owners.

9. A Beneficial Owner shall give notice to elect to have its 2011 Bonds purchased or tendered, through its Participant, to the Remarketing Agent, and shall effect delivery of such 2011 Bonds by causing the Direct Participant to transfer the Participant's interest in the 2011 Bonds, on DTC's

records, to the Remarketing Agent. The requirement for physical delivery of 2011 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2011 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered 2011 Bonds to the Remarketing Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the 2011 Bonds at any time by giving reasonable notice to the Commission, the City and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2011 Bond certificates are required to be printed and delivered.

11. The Commission or the City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor 2008A securities depository). In that event, 2011 Bond certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources the Commission and the City believe to be reliable, but the Commission and the City take no responsibility for the accuracy thereof.

THE COMMISSION, THE CITY AND THE TRUSTEE HAVE NO RESPONSIBILITY OR OBLIGATION TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT, OR THE MAINTENANCE OF ANY RECORDS; (2) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE 2011 BONDS, OR THE SENDING OF ANY TRANSACTION STATEMENTS; (3) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TRUST AGREEMENT TO BE GIVEN TO OWNERS; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENTS UPON ANY PARTIAL PREPAYMENT OF THE 2011 BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF THE 2011 BONDS, INCLUDING ANY ACTION TAKEN PURSUANT TO AN OMNIBUS PROXY.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources the Commission and the City believe to be reliable, but the Commission and the City take no responsibility for the accuracy thereof.

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

CITY OF CHARLOTTE, NORTH CAROLINA • TAXABLE AIRPORT SPECIAL FACILITIES REVENUE BONDS (CONSOLIDATED CAR RENTAL FACILITIES PROJECT), SERIES 2011

MIX
From responsible sources
FSC™ C017146
FSC www.fsc.org

Printed by: ImageMaster
www.ImageMaster.com