McCarran
INTERNATIONAL AIRPORT

$95,950,000
Clark County, Nevada
Airport System Subordinate Lien Revenue Bonds
Series 2014A-1 (AMT)

$221,870,000
Clark County, Nevada
Airport System Subordinate Lien Revenue Bonds
Series 2014A-2 (Non-AMT)

Clark County
Department of Aviation

Rosemary A. Vassiliadis
Director,
Clark County Department of Aviation

The Clark County Board of Commissioners
Left to right:
Larry Brown (Vice Chair), Lawrence Weekly,
Susan Brager, Chris Giunchigliani,
Mary Beth Scow, Steve Sisolak (Chair), and Tom Collins

NEW ISSUE – BOOK-ENTRY ONLY **RATINGS: See the caption "RATINGS"**

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Series 2014A Bonds (other than interest on any Series 2014A-1 Bond for any period during which it is held by a "substantial user" of the facilities financed and refinanced with the Series 2014A-1 Bonds or a "related person" as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2014A Bonds (the "Tax Code")), is excluded from gross income pursuant to Section 103 of the Tax Code; however, interest on the Series 2014A-1 Bonds is an item of tax preference for purposes of calculating alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. Interest on the Series 2014A-2 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. Also, in the opinion of Bond Counsel, under present laws of the State of Nevada, the Series 2014A Bonds, their transfer, and the income thereon are free and exempt from taxation by the State of Nevada or any subdivision thereof except the State estate tax and the State tax on generation skipping transfers. See the caption "TAX MATTERS."

$95,950,000
CLARK COUNTY, NEVADA
Airport System Subordinate Lien Revenue Bonds
Series 2014A-1 (AMT)

$221,870,000
CLARK COUNTY, NEVADA
Airport System Subordinate Lien Revenue Bonds
Series 2014A-2 (Non-AMT)

Dated: Date of Delivery **Due: July 1, as shown on inside front cover**

The Series 2014A Bonds are being issued by Clark County, Nevada for the purposes of: (i) refunding all of the outstanding Clark County, Nevada Airport System Subordinate Lien Revenue Bonds, Series 2004A; (ii) purchasing a municipal bond insurance policy to guarantee payment of principal of and interest on the Series 2014A Bond maturing on July 1, 2031; and (iii) paying certain costs of issuance. The Series 2014A Bonds are secured by a lien on and are payable from Net Revenues of the Airport System, subordinate to Senior Bonds currently outstanding in the aggregate principal amount of approximately $975,905,000 and on a parity with Second Lien Subordinate Securities currently outstanding in the aggregate principal amount of approximately $2,641,530,000 and certain amounts which are payable by the County with respect to interest rate swap agreements described under the caption "FINANCIAL FACTORS—Interest Rate Swap Agreements."

The Series 2014A Bonds will be issued in book-entry form, without coupons, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Purchasers of the Series 2014A Bonds will not receive physical certificates representing their interests in the Series 2014A Bonds purchased. DTC will act as securities depository for the Series 2014A Bonds. The principal of and interest on the Series 2014A Bonds, which interest is payable on July 1, 2014 and each January 1 and July 1 thereafter, are payable directly to DTC by The Bank of New York Mellon Trust Company, N.A., as trustee. Upon receipt of payments of such principal and interest, DTC is to remit such principal and interest to the participants in DTC for subsequent disbursement to the Beneficial Owners of the Series 2014A Bonds. Individual purchases of Series 2014A Bonds will be made in a minimum denomination of $5,000 and integral multiples thereof.

The Series 2014A Bonds are subject to optional redemption prior to maturity as more fully described herein.

The Series 2014A Bonds do not constitute a debt of Clark County within the meaning of any constitutional or statutory provision or limitation, and neither the full faith and credit nor the taxing power of Clark County is pledged to the payment thereof.

MATURITY SCHEDULE
(See inside front cover)

The scheduled payment of principal of and interest on the Series 2014A Bond maturing on July 1, 2031 when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series 2014A Bonds by ASSURED GUARANTY MUNICIPAL CORP. The Policy does not insure any of the Series 2014A Bonds other than the Series 2014A Bond maturing on July 1, 2031.

ASSURED GUARANTY MUNICIPAL

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY. IT IS NOT INTENDED TO BE A SUMMARY OF THE TERMS OF OR SECURITY FOR THE SERIES 2014A BONDS. INVESTORS ARE ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Series 2014A Bonds are offered when, as and if issued, subject to the approval of their validity and enforceability by Sherman & Howard L.L.C., Las Vegas and Reno, Nevada, Bond Counsel. Certain legal matters will be passed upon for Clark County by the County District Attorney, Las Vegas, Nevada, for Assured Guaranty Municipal Corp. by its counsel and for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation, Sacramento, California. It is expected that the Series 2014A Bonds in book-entry form will be available for delivery through the facilities of The Depository Trust Company on or about April 8, 2014.

BofA Merrill Lynch
(Senior Manager)

Citigroup **RBC Capital Markets** **Siebert Brandford Shank & Co., L.L.C.**

(Co-Managers)

Dated: March 18, 2014

MATURITY SCHEDULE

Base CUSIP† 18085P

$95,950,000
Clark County, Nevada
Airport System Subordinate Lien Revenue Bonds
Series 2014A-1 (AMT)

Due (July 1)	Amount	Interest Rate	Yield	CUSIP†
2014	$10,000,000	4.00%	0.14%	PR9
2015	11,760,000	5.00	0.25	PS7
2016	28,765,000	5.00	0.57	PT5
2017	23,085,000	5.00	0.94	PU2
2018	850,000	4.00	1.37	QA5
2019	4,780,000	5.00	1.75	PV0
2020	2,300,000	5.00	2.20	PW8
2021	1,755,000	5.00	2.59	PX6
2022	3,835,000	5.00	2.91	PY4
2024	8,820,000	5.00	3.34	PZ1

$221,870,000
Clark County, Nevada
Airport System Subordinate Lien Revenue Bonds
Series 2014A-2 (Non-AMT)

Due (July 1)	Amount	Interest Rate	Yield	CUSIP†
2025	$17,770,000	5.00%	3.26%*	QB3
2028	18,660,000	5.00	3.66*	QC1
2029	19,595,000	5.00	3.77*	QD9
2030	20,575,000	5.00	3.87*	QE7
2031#	21,600,000	4.00	4.10	QF4
2032	22,470,000	5.00	4.04*	QG2
2033	23,595,000	5.00	4.11*	QH0
2034	24,770,000	4.25	4.36	QJ6
2035	13,320,000	4.25	4.40	QK3
2035	12,500,000	5.00	4.21*	QM9
2036	27,015,000	4.25	4.43	QL1

* Yield to first optional redemption date of July 1, 2024 at par.

\# Insured Bond.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations by the County or the Underwriters, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the County or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2014A Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

The County maintains a website. However, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2014A Bonds.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2014A Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

The Underwriters have provided the following sentence for inclusion in this Official Statement:

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

The information set forth herein has been furnished by the County and includes information which has been obtained from other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriters. The information and expression of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implications that there has been no change in the affairs of the County since the date hereof.

IN CONNECTION WITH THIS OFFERING OF THE SERIES 2014A BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2014A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2014A BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE SERIES 2014A BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the captions “FINANCIAL FACTORS” and “THE AIRPORT SYSTEM.”

Assured Guaranty Municipal Corp. (“AGM”) makes no representation regarding the Series 2014A Bonds or the advisability of investing in the Series 2014A Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the caption “BOND INSURANCE” and in Appendix G—“SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

CLARK COUNTY, NEVADA
500 South Grand Central Parkway
Las Vegas, Nevada 89106

BOARD OF COUNTY COMMISSIONERS

Steve Sisolak, Chair
Larry Brown, Vice Chair
Susan Brager
Tom Collins
Chris Giunchigliani
Mary Beth Scow
Lawrence Weekly

COUNTY OFFICIALS

Donald G. Burnette, County Manager/Chief Executive Officer
Laura B. Fitzpatrick, Treasurer
Yolanda T. King, Chief Financial Officer
Jessica Colvin, Comptroller
Diana Alba, Clerk
Steven B. Wolfson, District Attorney

OFFICIALS OF McCARRAN INTERNATIONAL AIRPORT

Rosemary A. Vassiliadis, Director of Aviation
Harry Waters, Deputy Director of Aviation, Operations
Saeed Bonabian, Deputy Director of Aviation, Support Services
Joseph Piurkowski, Chief Financial Officer

FINANCIAL ADVISORS

Hobbs, Ong & Associates, Inc.
Las Vegas, Nevada

Public Financial Management, Inc.
San Francisco, California

BOND COUNSEL

Sherman & Howard L.L.C.
Las Vegas and Reno, Nevada

TRUSTEE

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

TABLE OF CONTENTS

TABLES

** To be updated annually pursuant to the County's Continuing Disclosure Certificate.

(1) Only historical information in these tables will be updated pursuant to the County's Continuing Disclosure Certificate.

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\$95,950,000 **Clark County, Nevada** **Airport System Subordinate Lien Revenue Bonds** **Series 2014A-1 (AMT)**	**\$221,870,000** **Clark County, Nevada** **Airport System Subordinate Lien Revenue Bonds** **Series 2014A-2 (Non-AMT)**

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and appendices, is to furnish information concerning Clark County (the "County"), Nevada (the "State"), the County's McCarran International Airport (the "Airport"), as well as four smaller airfields owned and operated by the County used primarily for private aircraft known as North Las Vegas Air Terminal, Henderson Executive Airport, Overton Airport and Jean Airport (collectively with the Airport, the "Airport System," as more fully described herein), and certain other information in connection with the sale of the \$95,950,000 aggregate principal amount of Clark County, Nevada, Airport System Subordinate Lien Revenue Bonds, Series 2014A-1 (AMT) (the "Series 2014A-1 Bonds") and \$221,870,000 aggregate principal amount of Clark County Nevada, Airport System Subordinate Lien Revenue Bonds, Series 2014A-2 (Non-AMT) (the "Series 2014A-2 Bonds and, together with the Series 2014A-1 Bonds, the "Series 2014A Bonds").

Issuance of the Series 2014A Bonds is authorized pursuant to the Nevada Municipal Airports Act (Nevada Revised Statutes § 496.010 *et seq*.) (the "Project Act"), the Nevada Local Government Securities Law (Nevada Revised Statutes § 350.500 *et seq*.) (the "Bond Act") and the Nevada Registration of Public Securities Law (Nevada Revised Statutes § 348.010 *et seq*.) (the "Supplemental Bond Act"). The Series 2014A Bonds are to be issued and secured pursuant to the Master Indenture of Trust dated as of May 1, 2003 (as amended, the "Master Indenture"), by and between the County and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), and the 2014 Series A Indenture, dated as of April 1, 2014 (the "Series Indenture"), by and between the County and the Trustee.

The Series 2014A Bonds are secured by and are payable from Net Revenues of the Airport System (as described under the caption "SECURITY FOR THE SERIES 2014A BONDS—Pledge of Airport Revenues"): (a) subordinate to certain obligations (the "Senior Bonds") currently outstanding in the aggregate principal amount of approximately \$975,905,000; and (b) on a parity with: (i) certain obligations (the "Second Lien Subordinate Securities") currently outstanding in the aggregate principal amount of approximately \$2,641,530,000; and (ii) certain amounts which are payable by the County with respect to interest rate swap agreements described under the caption "FINANCIAL FACTORS—Interest Rate Swap Agreements."

The Series 2014A Bonds are being issued by the County for the purposes of: (i) refunding all of the outstanding Clark County, Nevada Airport System Subordinate Lien Revenue Bonds, Series 2004A (the "Series 2004A Bonds"); (ii) purchasing a municipal bond insurance policy to guarantee payment of principal of and interest on the Series 2014A Bond maturing on July 1, 2031 (the "Insured Bond"); and (iii) paying certain costs of issuance. See the captions "THE REFUNDING PLAN," "ESTIMATED SOURCES AND USES OF FUNDS" and "BOND INSURANCE."

The Series 2014A Bonds are special obligations of the County payable solely from Net Revenues of the Airport System as described herein. The Series 2014A Bonds do not constitute an indebtedness or a debt of the County within the meaning of any constitutional or statutory provision or limitation and the Series 2014A Bonds are not considered or held to be general obligations of the County but constitute the County's special obligations. Neither the full faith and credit nor the taxing power of the County is pledged to the payment thereof. See the caption "SECURITY FOR THE SERIES 2014A BONDS."

The scheduled payment of principal of and interest on the Insured Bond when due will be guaranteed under a Municipal Bond Insurance Policy (the "Policy") to be issued concurrently with the delivery of the Insured Bond by Assured Guaranty Municipal Corp. ("AGM"). See the caption "BOND INSURANCE."

Payment of the principal of and interest on Series 2014A Bonds other than the Insured Bond is not insured by a municipal bond insurance policy.

Changes have been made to this Official Statement since the Preliminary Official Statement dated March 14, 2014, as follows: (i) changes have been made throughout this Official Statement to reflect information with respect to AGM, the Policy and the Insured Bond; (ii) changes have been made to Appendix C to reflect changes to the Series Indenture to conform to the requirements of AGM; (iii) changes have been made under the caption "FINANCIAL FACTORS—Credit or Liquidity Facilities" to reflect the execution of an extension to the credit facility securing the 2011B-1 Bonds; and (iv) changes have been made under the caption "RATINGS" to reflect the receipt of unenhanced ratings on the Series 2014A Bonds, insured ratings on the Insured Bond and updated disclosures of certain risks with respect to bond insurers.

Brief descriptions of the Series 2014A Bonds, the security for the Series 2014A Bonds, the County and the Airport, among other topics, are included in this Official Statement together with summaries of certain provisions of the Series 2014A Bonds and certain other documents. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Master Indenture, the Series Indenture, the Series 2014A Bonds and other documents and instruments are qualified in their entirety by reference to such documents or instruments or the forms thereof, copies of which are available for inspection at the office of the Chief Financial Officer, Clark County Department of Aviation, telephone (702) 261-6029. Certain capitalized terms used herein and not defined have the meaning given to such terms in Appendix C.

DESCRIPTION OF THE SERIES 2014A BONDS

General

The Series 2014A Bonds will be dated the date of initial delivery thereof and will bear interest at the rates and in the amounts set forth on the inside front cover of this Official Statement. Interest on the Series 2014A Bonds will be payable on July 1, 2014 and each January 1 and July 1 thereafter (each, an "Interest Payment Date").

The principal of any Series 2014A Bond and redemption premium, if any, will be payable to the registered owner thereof as shown on the registration records kept by the Registrar, upon maturity or prior redemption thereof and upon presentation and surrender at the designated office of the Registrar. If any Series 2014A Bond is not paid upon presentation and surrender at or after maturity or prior redemption, it will continue to draw interest at the interest rate borne by said Series 2014A Bond until the principal thereof is paid in full. Except as described in Appendix D, payment of interest on any Series 2014A Bond will be made to the registered owner thereof by check or draft mailed by first class mail by the Paying Agent on each Interest Payment Date (or, if such Interest Payment Date is not a Business Day, on or before the next succeeding Business Day), to the registered owner thereof at his or her address as shown on the registration records kept by the Registrar at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date, whether or not a Business Day (the "Record Date"); except that in the case of such an owner of $1,000,000 or more in aggregate principal amount of Series 2014A Bonds, upon the written request of such owner to the Trustee at least two Business Days before the Record Date, specifying the account or accounts in the continental United States to which such payment will be made, such payments will be made by wire transfer of immediately available funds on the applicable payment date following such Record Date. Interest on the Series 2014A Bonds will accrue on the basis of a 360-day year comprised of twelve 30-day months.

Book-Entry Only System

The Series 2014A Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2014A Bonds. The information in this caption concerning DTC and DTC's book-entry system has been obtained from DTC, and the County and the

Trustee take no responsibility for the accuracy thereof. Capitalized terms used under this caption and not otherwise defined have the respective meanings given to such terms in Appendix D. A fully-registered Series 2014A-1 Bond certificate and a fully registered Series 2014A-2 Bond certificate will be issued in denominations equal to the aggregate principal amount of each maturity of the Series 2014A-1 Bonds and the Series 2014A-2 Bonds, respectively, and will be deposited with DTC. Individual purchases may be made in book-entry only form. Purchasers will not receive certificates representing their interest in the Series 2014A Bonds purchased. So long as Cede & Co. is the registered owner of the Series 2014A Bonds, as nominee of DTC, references herein to the owners of the Series 2014A Bonds or Series 2014A Bondowners mean Cede & Co. and do not mean the actual purchasers of the Series 2014A Bonds (the "Beneficial Owners"). The principal of and interest on each Series 2014A Bond will be payable by wire transfer by the Trustee to Cede & Co., as nominee for DTC, which is required, in turn, to remit such amounts to the DTC Participants for subsequent disbursement to the Beneficial Owners. See Appendix D for a further description of DTC and its book-entry system.

The book-entry system may be discontinued by the Trustee and the County, at the direction and expense of the County, and the County and the Trustee will cause the delivery of Series 2014A Bond certificates to such Beneficial Owners of the Series 2014A Bonds and registered in the names of such Beneficial Owners as will be specified to the Trustee by the Securities Depository in writing, under the following circumstances:

A. The Securities Depository determines to discontinue providing its service with respect to the Series 2014A Bonds and no successor Securities Depository is appointed as described in Appendix D. Such a determination may be made at any time by giving 30 days' notice to the County and the Trustee and discharging its responsibilities with respect thereto under applicable law; or

B. The County determines not to continue the book-entry system through a Securities Depository, upon not less than 45 days' prior written notice to the Trustee.

Redemption of the Series 2014A Bonds

Optional Redemption. The Series 2014A Bonds maturing on or before July 1, 2024 are not subject to redemption prior to maturity. Series 2014A Bonds, or portions thereof, maturing on and after July 1, 2025, are subject to redemption prior to their respective maturities, at the option of the County, on and after July 1, 2024 in whole or in part at any time, from such maturities as are selected by the County, and if less than all of the Series 2014A Bonds of a maturity are to be redeemed, the Series 2014A Bonds of such maturity to be redeemed will be selected by lot within a maturity (giving proportionate weight to the Series 2014A Bonds in denominations larger than $5,000), in such manner as the Paying Agent may determine, at par without premium.

Partial Redemption. If any Series 2014A Bond is in a denomination larger than $5,000, a portion of such Series 2014A Bond ($5,000 of principal amount thereof, or any integral thereof) may be redeemed, as appropriate, in which case the Registrar, except as provided under "—Book-Entry Only System" and in Appendix D, will without charge to the owner of such Series 2014A Bond, authenticate and issue a replacement Series 2014A Bond or Series 2014A Bonds of the same series for the unredeemed portion thereof. In the case of a partial redemption of Series 2014A Bonds, the Trustee will select the Series 2014A Bonds to be redeemed by lot or otherwise in the manner directed by the County at such time as directed by the County in writing at least 30 days prior to the redemption date, and if such selection is more than 60 days before a redemption date, will direct the Trustee to appropriately identify the Series 2014A Bonds so called for redemption by stamping them at the time any Series 2014A Bond so selected for redemption is presented to the Trustee for stamping or for transfer or exchange, or by such other method of identification as is deemed adequate by the Trustee, and any Series 2014A Bond or Series 2014A Bonds issued in exchange for, or to replace, any Series 2014A Bond so called for prior redemption will likewise be stamped or otherwise identified.

Notice of Redemption. Unless waived by any registered owner of a Series 2014A Bond to be redeemed, official notice of any prior redemption will be given by the Registrar on behalf of the County by mailing a copy of an official notice of redemption by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the registered owner of the Series 2014A Bond or Series 2014A Bonds to be redeemed at the address shown on the records of the Registrar. Failure to give such notice to the registered owner of any Series 2014A Bond, or any defect therein, will not affect the validity of the proceedings for the redemption of any other Series 2014A Bonds. All official notices of redemption will be dated and will state the redemption date, the redemption prices, if less than all Outstanding Series 2014A Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Series 2014A Bonds to be redeemed, that on the redemption date the redemption price will become due and payable upon each such Series 2014A Bond or portion thereof called for redemption, and that interest thereon will cease to accrue from and after said date, and the place where such Series 2014A Bonds are to be surrendered for payment of the redemption price, which place of payment will be the principal office of the Paying Agent. If at the time of giving notice of redemption of Series 2014A Bonds or in connection with a refunding of any Series 2014A Bonds, there has not been deposited with the Trustee moneys sufficient to redeem all Series 2014A Bonds, or portions thereof, called for redemption, such notice may state that it is conditional upon the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date, and that such notice will be of no effect unless such moneys are so deposited. If a notice of the redemption or refunding of any Series 2014A Bonds does not contain such conditional language, then on and after the date such notice is given, the moneys held for the redemption or refunding of such Series 2014A Bonds will be held uninvested by the Trustee for the benefit of the owners of such Series 2014A Bonds or invested in bills, certificates of indebtedness, notes, bonds, or similar securities which are direct obligations of, or the principal and interest of which securities are unconditionally guaranteed by, the United States, maturing on the earlier of 30 days from the date of such investment or the date of such redemption or refunding, as selected by and pursuant to the written direction of the County.

Official notice of redemption having been given as aforesaid, the Series 2014A Bonds or portions of Series 2014A Bonds so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the County fails to pay the redemption price) such Series 2014A Bonds or portions of Series 2014A Bonds will cease to bear interest. Upon surrender of such Series 2014A Bonds for redemption in accordance with said notice, such Series 2014A Bonds will be paid by the Paying Agent at the redemption price. Installments of interest due prior to the redemption date and, if the redemption date is an Interest Payment Date, on the redemption date will be payable as provided in the Series Indenture for payment of interest. Accrued interest due on any Series 2014A Bond which is called for prior redemption on a date which is not an Interest Payment Date will be paid at the time the principal of such Series 2014A Bond is paid. Upon surrender for any partial redemption of any Series 2014A Bond, there will be prepared for the registered owner a new Series 2014A Bond or Series 2014A Bonds in the amount of the unpaid principal. All Series 2014A Bonds which have been redeemed will be cancelled and destroyed by the Registrar and will not be reissued. In addition to the foregoing notice, further notice will be given by the Registrar as set out below, but no defect in said further notice will be the basis of any claim against the Registrar or the County for any incorrect information therein, nor will any failure to give all or any portion of such further notice in any manner affect the effectiveness of a call for redemption if notice thereof is given as above prescribed.

Each further notice of redemption given under the Series Indenture will contain the information required above for an official notice of redemption plus: (i) the CUSIP numbers of all Series 2014A Bonds being redeemed; (ii) the date of issue of the Series 2014A Bonds as originally issued; (iii) the rate of interest borne by each Series 2014A Bond being redeemed; (iv) the maturity date thereof; and (v) any other descriptive information needed to identify accurately the Series 2014A Bonds being redeemed.

To the extent that Cede & Co. is the registered owner of the Series 2014A Bonds, DTC will be responsible for notifying the DTC Participants of any notice of redemption, which in turn will be responsible for notifying the Beneficial Owners.

THE REFUNDING PLAN

General

Concurrently with the delivery of the Series 2014A Bonds, a portion of the proceeds thereof, together with other legally available funds deposited by the County, will be transferred to The Bank of New York Mellon Trust Company, N.A., as trustee for the Series 2004A Bonds (the "Series 2004A Trustee") pursuant to the 2004 Series A Indenture, dated as of September 1, 2004 (the "2004 Series A Indenture"), by and between the County and the Series 2004A Trustee, and the Clark County, Nevada, Airport System Subordinate Lien Revenue Bonds, Series 2014A-1 and Series 2014A-2, Escrow Agreement, dated as of April 1, 2014 (the "Escrow Agreement"), by and between the County and the Series 2004A Trustee, as escrow agent (the "Escrow Agent").

The Escrow Agent will invest a portion of the moneys deposited in the escrow fund established under the Escrow Agreement (the "Escrow Fund") in federal securities as set forth in the Escrow Agreement. From the maturing principal of the federal securities and related investment income and other moneys on deposit in the Escrow Fund, the Escrow Agent will pay on July 1, 2014 the principal of all of the Series 2004A Bonds maturing on and after July 1, 2014, plus interest accrued to such date, without premium.

Sufficiency of the money deposited in the Escrow Fund for such purposes will be verified by Causey Demgen & Moore P.C., Denver, Colorado (the "Verification Agent"). Assuming the accuracy of such computations, as a result of the deposit and application of funds as provided above, the Series 2004A Bonds will be defeased pursuant to the provisions of the Master Indenture and the Series Indenture, as of the date of issuance of the Series 2014A Bonds.

The County previously deposited moneys sufficient to pay a portion of the outstanding principal amount of the Series 2004A Bonds in a revocable escrow fund (the "2006 Revocable Escrow Fund"). The County has elected not to apply such moneys to the refunding of the Series 2004A Bonds. Instead, such moneys will be transferred to the Clark County, Nevada, Department of Aviation (the "Department"), which expects to deposit such moneys in a new revocable escrow fund to be used to redeem Airport System obligations which are callable on or after July 1, 2017, or to use such moneys for other purposes permitted by law, as determined by the Department. Upon the transfer of such moneys from the 2006 Revocable Escrow Fund, the 2006 Revocable Escrow Fund will be closed.

Verification

Upon issuance of the Series 2014A Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to it by the Underwriters relating to the adequacy of the maturing principal of and interest on the federal securities and other moneys deposited in the Escrow Fund to pay on July 1, 2014 the principal of the Series 2004A Bonds maturing on and after July 1, 2014, plus interest accrued to such date.

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ESTIMATED SOURCES AND USES OF FUNDS

The following tables set forth the estimated sources and uses of funds from proceeds of the Series 2014A-1 Bonds and the Series 2014A-2 Bonds.

Sources[1]	***Series 2014A-1 Bonds***	***Series 2014A-2 Bonds***	***Total***
Par Amount	$ 95,950,000	$221,870,000	$317,820,000
Plus Net Original Issue Premium	9,926,846	11,515,057	21,441,903
Airport Contribution[2]	18,797,151	24,173,589	42,970,740
Total Sources	$124,673,997	$257,558,646	$382,232,643
Uses[1]			
Deposit to Escrow Fund	$116,636,588	$238,573,522	$355,210,110
Deposit to 2014A Debt Service Reserve Account	7,676,000	17,749,600	25,425,600
Costs of Issuance[3]	361,409	1,235,524	1,596,933
Total Uses	$124,673,997	$257,558,646	$382,232,643

(1) Amounts rounded to nearest dollar.

(2) Includes amounts transferred from funds created with respect to the Series 2004A Bonds. The County previously deposited moneys sufficient to pay a portion of the outstanding principal amount of the Series 2004A Bonds in the 2006 Revocable Escrow Fund. The County has elected not to apply such moneys to the refunding of the Series 2004A Bonds. Instead, such moneys will be transferred to the Department, which expects to deposit such moneys in a new revocable escrow fund to be used to redeem Airport System obligations which are callable on or after July 1, 2017, or to use such moneys for other purposes permitted by law, as determined by the Department. Upon the transfer of such moneys from the 2006 Revocable Escrow Fund, the 2006 Revocable Escrow Fund will be closed.

(3) Includes Underwriters' discount, the premium for the Policy, fees of Financial Advisors, Verification Agent, Trustee, Bond Counsel, rating agencies and miscellaneous fees and expenses.

SECURITY FOR THE SERIES 2014A BONDS

Pledge of Airport Revenues

The Master Indenture defines the following terms:

"Net Revenues" means the Gross Revenues remaining after the deduction of the Operation and Maintenance Expenses of the Airport System.

"Gross Revenues" means all income and revenues derived directly or indirectly by the County from the operation and use of and otherwise pertaining to the Airport System, or any part thereof, whether resulting from extensions, enlargements, repairs, betterments, or other improvements to the Airport System, or otherwise, and includes all revenues received by the County from the Airport System, including, without limitation, all rentals, rates, fees, and other charges for the use of the Airport System, or for any service rendered by the County in the operation thereof, revenues from any gaming at the Airport System, interest and other realized gain from any investment of moneys accounted for in various accounts of the Airport System Fund, and to the extent provided in the Master Indenture, the Debt Service Reserve Fund, or other account into which revenues are transferred from the Revenue Fund, but excluding: (i) any Senior Bond proceeds and any other money credited to the Construction Fund or any like account for financing the acquisition of capital improvements and pertaining to any Additional Project, other than any surplus Senior Bond proceeds or other unrestricted surplus moneys in the Construction Fund or other such account remaining after the completion of and payment for the project pertaining thereto; (ii) any moneys received as grants, appropriations, or gifts, the use of which is limited by the grantor or donor to the construction of capital improvements for the Airport Facilities, except to the extent any such moneys are received as payments for the use of the Airport Facilities; (iii) any revenues derived from any Special Facilities other than ground lease rentals pertaining to such Special

Facilities and any moneys paid to the County in lieu of such rentals; (iv) insurance proceeds other than loss of use or business interruption insurance proceeds; (v) interest and other gain from any investment of moneys in the Debt Service Reserve Fund so long as the amount of such Fund is less than the Maximum Aggregate Debt Service Requirements for the Senior Bonds and all Parity Securities (as such term is defined in the Master Indenture); (vi) the proceeds of any passenger head tax or other per-passenger charge hereafter fixed and collected by the County in accordance with law; and (vii) any amounts paid to the County pursuant to a Qualified Swap.

Specifically excluded from Gross Revenues are passenger facility charges collected by the County. The County may, in its absolute discretion, use any "PFC Revenues" (as such term is defined in Appendix C) that are legally available for the purpose, if such use would be in conformity with federal law, to pay the principal of, premium, if any, and interest on Senior Securities and Subordinate Securities other than PFC Bonds (as such term is defined under the caption "—Second Lien Subordinate Securities, Including the Series 2014A Bonds"); provided, however, that such PFC Revenues are not pledged for such purpose, and neither the owners of the Series 2014A Bonds nor the Trustee on their behalf have any lien on any such PFC Revenues, which are pledged solely for payment of the PFC Bonds and other projects which are authorized to be funded with PFC Revenues.

"Operation and Maintenance Expenses" means all reasonable and necessary current expenses of the County, paid or accrued, of operating, maintaining, and repairing the Airport System, including, without limitation, overhead expenses relating to the administration, operation, and maintenance of the Airport System; insurance and fidelity bond premiums; payments to pension and other funds and to any self-insurance fund not in excess of premiums which would otherwise be required for such insurance; any general and excise taxes or other governmental charges; the reasonable charges of paying agents and depository banks; costs of contractual and professional services, labor, materials, and supplies for current operations; cost of issuance of securities relating to the Airport System (except to the extent paid from securities proceeds); fiduciary costs; cost of collecting and refunding Gross Revenues; utility costs; cost of reimbursing the provider of a surety bond providing for the payment of fees of a liquidity facility provider in connection with variable rate bonds, for payments made under such surety bond; any lawful refunds of any Gross Revenues; and all other administrative, general, and commercial expenses (which includes amounts required to be rebated to the Federal Government pursuant to Section 148 of the Internal Revenue Code of 1986, as amended), but excluding: (a) any allowance for depreciation; (b) costs of improvements; (c) reserves for major capital replacements, Airport System operations, maintenance or repair; (d) any allowance for redemption of, or payment of interest or premium on securities; (e) any liabilities incurred in acquiring or improving properties of the Airport System; (f) expenses of lessees or licensees under Net Rent Leases; (g) operation and maintenance expenses pertaining to Special Facilities; and (h) liabilities based upon the County's negligence or other ground not based on contract.

"Airport Facilities" or "Airport System" means all of the County's airport facilities including, without limitation: (a) the presently existing airport system consisting of the McCarran International Airport, North Las Vegas Air Terminal, Overton Airport, Jean Airport and Henderson Executive Airport; (b) all land, buildings, structures, and other facilities of such airports or related thereto of whatsoever character and wherever situated, within the County, and all future enlargements thereof and other improvements thereto, however financed and wherever located, or any substitute facilities; and (c) all properties, real, personal, mixed, or otherwise, now owned or hereafter acquired by the County, through purchase, construction, or otherwise, and used in connection with the Airport Facilities and in any way pertaining thereto; but excluding: (i) Special Facilities until the end of the respective terms of the Net Rent Leases pertaining to such Special Facilities; and (ii) any additional airfields or other independent airport facilities (other than the Airport System or any part thereof) which are excluded from the Airport Facilities at the option and by order of the Governing Body pursuant to the Master Indenture.

Senior Bonds

Pursuant to the Master Indenture, the Series 2014A Bonds are Second Lien Subordinate Securities payable from Net Revenues of the Airport System subordinate and junior to the Clark County, Nevada, Airport System Revenue Bonds, Senior Series 2005A (the "2005A Bonds"), the Clark County, Nevada, Airport System Revenue Bonds, Senior Series 2008E (the "2008E Bonds"), the Clark County, Nevada, Airport System Revenue Bonds, Senior Series 2009B (the "2009B Bonds"), the Clark County, Nevada, Airport System Revenue Bonds, Senior Series 2010C (the "2010C Bonds") and the Clark County, Nevada, Airport System Revenue Bonds, Senior Series 2010D (the "2010D Bonds") of which approximately $975,905,000 aggregate principal amount were outstanding as of January 1, 2014, which, together with future obligations issued on a parity therewith in accordance with the Master Indenture, are referred to as the "Senior Bonds." The facilities comprising the Airport System, however, have not been pledged to secure payment of the Senior Bonds. The Senior Bonds are also secured by a pledge of all funds and accounts held under the Master Indenture, subject to the provisions of the Master Indenture permitting disbursements of such amounts at the times and in the manner described therein.

CLARK COUNTY, NEVADA, DEPARTMENT OF AVIATION
Senior Bonds

Name of Bonds	***Principal Amount Outstanding***[1]	***Final Maturity (July 1)***
2005A Bonds	$ 69,590,000	2040
2008E Bonds	19,550,000	2017
2009B Bonds[2]	300,000,000	2042
2010C Bonds[2]	454,280,000	2045
2010D Bonds	132,485,000	2024
Total	$ 975,905,000	

(1) As of January 1, 2014.
(2) These obligations are BABs. See the caption "FINANCIAL FACTORS—Management Discussion of Operating Results and Projections—Effect of Federal Sequester."
Source: Clark County Department of Aviation.

The Senior Bonds and Second Lien Subordinate Securities are special obligations of the County payable solely from Net Revenues generated by the Airport System. The Senior Bonds and Second Lien Subordinate Securities do not constitute a debt of the County within the meaning of any constitutional or statutory provision or limitation, or a pledge of the full faith, credit and taxing power of the County.

The Master Indenture creates a special fund designated the Revenue Fund, to which the County is required to set aside and credit all Gross Revenues of the Airport System upon receipt thereof by the County. The Master Indenture requires that moneys or deposits in the Revenue Fund will be applied solely in accordance with the order of priorities established by the Master Indenture. The first such priority and charge against the Revenue Fund is the payment of Operation and Maintenance Expenses budgeted and approved pursuant to the Master Indenture. See the caption "—Application of Revenues."

Second Lien Subordinate Securities, Including the Series 2014A Bonds

Pursuant to the Series Indenture, the Series 2014A Bonds are Second Lien Subordinate Securities payable from the Net Revenues of the Airport System on a parity with the Second Lien Subordinate Securities described below. As of January 1, 2014, outstanding Second Lien Subordinate Securities included the Series 2004A Bonds (which are expected to be refunded from proceeds of the Series 2014A Bonds as described under the caption "THE REFUNDING PLAN"), the Clark County, Nevada, Airport System Subordinate Lien Revenue Bonds, Series 2006A (the "2006A Bonds"), the Clark County, Nevada, Airport System Subordinate

Lien Revenue Bonds, Series 2007A (the "2007A Bonds"), the Clark County, Nevada, Airport System Subordinate Lien Revenue Bonds, Series 2008A-2 (the "2008A-2 Bonds"), the Clark County, Nevada, Airport System Subordinate Lien Revenue Bonds, Series 2008B-2 (the "2008B-2 Bonds"), the Clark County, Nevada, Airport System Subordinate Lien Revenue Bonds, Series 2008C (the "2008C Bonds"), the Clark County, Nevada, Airport System Subordinate Lien Revenue Bonds, Series 2008D (the "2008D Bonds"), the Clark County, Nevada, Airport System Subordinate Lien Revenue Bonds, Series 2009C (the "2009C Bonds"), the Clark County, Nevada, Airport System Subordinate Lien Revenue Bonds, Series 2010B (the "2010B Bonds") and the Clark County, Nevada, Airport System Subordinate Lien Revenue Bonds, Series 2011B (the "2011B Bonds").

In addition, the following PFC Bonds are also Second Lien Subordinate Securities: the Clark County, Nevada, Las Vegas McCarran International Airport Passenger Facility Charge Revenue Bonds, 2007 Series A (the "2007A PFC Bonds"), the Clark County, Nevada, Las Vegas McCarran International Airport Passenger Facility Charge Revenue Bonds, 2008 Series A (the "2008A PFC Bonds"), the Clark County, Nevada, Las Vegas McCarran International Airport Passenger Facility Revenue Bonds 2010 Series A (the "2010A PFC Bonds"), the Clark County, Nevada, Las Vegas McCarran International Airport Passenger Facility Charge Revenue Bonds, 2010 Series F-1 and Series F-2 (the "2010F PFC Bonds"), and the Clark County, Nevada, Las Vegas McCarran International Airport Passenger Facility Charge Revenue Bonds, 2012 Series B (the "2012B PFC Bonds," and together with the 2007A PFC Bonds, the 2008A PFC Bonds and the 2010F PFC Bonds, the "PFC Bonds").

For a discussion of certain interest rate swap agreements of the County, the payments under which are secured by a pledge of the Net Revenues on a parity with the Second Lien Subordinate Securities, see under the caption "FINANCIAL FACTORS—Interest Rate Swap Agreements."

Set forth below are the outstanding principal amounts of Second Lien Subordinate Securities and the final maturity of each series of Second Lien Subordinate Securities as of January 1, 2014, including the Series 2004A Bonds, which are expected to be refunded from proceeds of the Series 2014A Bonds as described under the caption "THE REFUNDING PLAN."

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CLARK COUNTY, NEVADA, DEPARTMENT OF AVIATION
Second Lien Subordinate Securities

Name of Bonds	*Principal Amount Outstanding*[1]	*Final Maturity (July 1)*
Series 2004A Bonds	$ 287,850,000	2036
2006A Bonds	31,770,000	2040
2007A Bonds	173,660,000	2040
2008A-2 Bonds[2]	50,000,000	2022
2008B-2 Bonds[2]	50,000,000	2022
2008C Bonds[2]	265,700,000	2040
2008D Bonds[2]	381,390,000	2040
2009C Bonds	168,495,000	2026
2010B Bonds	350,000,000	2042
2011B Bonds[2]	200,000,000	2022
Subtotal	$1,958,865,000	
2007A PFC Bonds	$ 215,100,000	2027
2008A PFC Bonds	79,720,000	2018
2010A PFC Bonds	449,510,000	2042
2010F PFC Bonds[3]	161,825,000	2022
2012B PFC Bonds	64,360,000	2033
Subtotal	$ 970,515,000	
Total	$2,929,380,000	

(1) As of January 1, 2014. Series 2004A Bonds expected to be refunded from proceeds of the Series 2014A Bonds. See the caption "THE REFUNDING PLAN."
(2) These obligations constitute variable rate demand obligations. See the caption "FINANCIAL FACTORS—Credit or Liquidity Facilities" for certain disclosures with respect to Credit or Liquidity Facilities supporting such obligations.
(3) The 2010F-2 PFC Bonds constitute variable rate demand obligations. See the caption "FINANCIAL FACTORS—Credit or Liquidity Facilities."
Source: Clark County Department of Aviation.

The County's pledge of Net Revenues to the payment of the Series 2014A Bonds will be valid and binding from and after the date of delivery of the Series 2014A Bonds; and the moneys, as received by the County and pledged pursuant to the Series Indenture, are immediately subject to the lien of the pledge without any physical delivery thereof, any filing or further act. The lien of such pledge and the obligation to perform the contractual provisions made by the Series Indenture has priority over any or all other obligations and liabilities of the County except as described above; and the lien of such pledge is valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the County (except as provided in the Series Indenture or in the Master Indenture) irrespective of whether such parties have notice thereof.

So long as any Second Lien Subordinate Securities remain Outstanding, the entire Gross Revenues of the Airport System, upon their receipt from time to time by the County, are to be set aside and credited immediately to the Revenue Fund, and each Fiscal Year of the County (July 1 to June 30) (each, a "Fiscal Year") the Revenue Fund is to be administered, and the moneys on deposit therein are to be applied in the order of priority provided in the Master Indenture.

The Master Indenture and the series indentures pursuant to which the Second Lien Subordinate Securities were issued permit the issuance of additional Second Lien Subordinate Securities payable from Net Revenues on a parity with the Series 2014A Bonds. See the caption "—Issuance of Additional Senior Bonds and Second Lien Subordinate Securities—Additional Second Lien Subordinate Securities."

Debt Service Reserve Account

Pursuant to the Series Indenture, the County will establish with the Trustee a 2014A Debt Service Reserve Account in the Subordinate Securities Fund established under the Master Indenture. Notwithstanding the provisions of the Master Indenture, the 2014A Debt Service Reserve Account is to be held by the Trustee. The amounts in the 2014A Debt Service Reserve Account are pledged exclusively as additional security for payment of the principal of and interest on the Series 2014A Bonds, and a lien is created thereon for such purpose. At the time of delivery of the Series 2014A Bonds, the 2014A Debt Service Reserve Account will be initially funded in an amount equal to the 2014A Debt Service Reserve Requirement. The 2014A Debt Service Reserve Requirement is: (a) initially, $25,425,600; and (b) thereafter, as of the date of computation, the lesser of: (i) the amount stated in clause (a) above; and (ii) the least of: (A) the maximum annual Debt Service Requirements for the Series 2014A Bonds; (B) 125% of the average annual Debt Service Requirements for the Series 2014A Bonds; or (C) 8% of the aggregate principal amount of the Series 2014A Bonds. See Appendix C under the caption "SERIES INDENTURE—2014A Debt Service Reserve Account."

No Acceleration

The Series 2014A Bonds are not subject to acceleration in the event of default. See Appendix C under the caption "MASTER INDENTURE—Remedies of Senior Lien Revenue Bondholders" for a discussion of remedies available to Series 2014A Bondholders in the event of a default under the Master Indenture or the Series Indenture.

Budgetary Procedures

The Master Indenture requires that an annual Airport System budget, including estimates of expenditure requirements and revenues of the Airport System for the next ensuing Fiscal Year be prepared by the Airport Director and submitted to the Governing Body. The estimates of Gross Revenues and expenditures in such budget are required to be classified in a manner consistent with the definitional and accounting requirements established under the Master Indenture. In addition, the Net Revenues, as shown by such estimates, are to be at least adequate to satisfy the requirements of the rate maintenance covenants described under the caption "—Rate Maintenance Covenants." Copies of the proposed budget are to be furnished to the Airport Management Consultant and the Trustee. After adoption of the annual Airport System budget by the Governing Body, the total expenditures for operating and maintaining the Airport System in any Fiscal Year (other than expenses for the purchase of commodities for resale) are not to exceed the total expenditures as set forth in such budget except upon the approving vote of a majority of the Governing Body.

Rate Maintenance Covenants

Master Indenture. Pursuant to the Master Indenture, the County has covenanted to fix, charge, and collect rentals, rates, fees, and other charges for the use of the Airport System, and from time to time and so often as it appears necessary, to revise such as may be necessary or appropriate, in order that in each Fiscal Year the Gross Revenues, together with any Other Available Funds, will at all times be at least sufficient: (A) to provide for the payment of Operation and Maintenance Expenses for such Fiscal Year; and (B) to provide for the larger of either: (1) the amounts needed for making the required cash deposits in such Fiscal Year to the credit of the Bond Fund (including amounts necessary to pay debt service on the Senior Bonds), the Debt Service Reserve Fund, the Subordinate Securities Fund (including amounts necessary to pay debt service on the Second Lien Subordinate Securities such as the Series 2014A Bonds and Third Lien Subordinate Securities), the Working Capital and Contingency Reserve Fund and the Capital Fund established under the Master Indenture; or (2) an amount not less than 125% of the Aggregate Debt Service Requirements for the Senior Bonds and all other Senior Securities then outstanding for the Comparable Bond Year.

Certain adjustments are permitted under the Master Indenture in order to satisfy the rate maintenance covenant in the Master Indenture, and Senior Securities owners have certain rights to enforce the rate maintenance covenant contained in the Master Indenture, all as described in Appendix C.

Series Indentures. Pursuant to each of the series indentures for each series of Second Lien Subordinate Securities, including the Series Indenture for the Series 2014A Bonds, the County has covenanted to fix, charge and collect rentals, rates, fees and other charges for the use of the Airport System, and that from time to time and as often as it appears necessary, it will revise such as may be necessary or appropriate, in order that in each Fiscal Year the Gross Revenues, together with any Other Available Funds, will at all times be at least equal to the greater of the amount required by the Master Indenture (and described above under the caption "—Master Indenture") or an amount sufficient to provide for: (A) the payment of Operation and Maintenance Expenses for the Fiscal Year; and (B) an amount equal to 110% of the Aggregate Debt Service Requirements to be accumulated in the Fiscal Year and expended in the Comparable Bond Year for any Senior Securities and any other Subordinate Securities with a lien on the Net Revenues (other than Third Lien Subordinate Securities) on a parity with the lien thereon of the Second Lien Subordinate Securities which are not secured by and expected to be paid from PFC Revenues.

Certain adjustments are permitted under the series indentures for the Second Lien Subordinate Securities in order to satisfy the rate maintenance covenants contained therein, all as further described in Appendix C.

Application of Revenues

Pursuant to the Master Indenture, the County is required to set aside and credit all Gross Revenues upon receipt in the Revenue Fund. In addition to the Revenue Fund and the Operation and Maintenance Fund (including the Rebate Account of the Operation and Maintenance Fund), which will be held by the County, the Master Indenture creates the following additional funds and accounts held by the County or the Trustee, as the case may be:

Fund or Account	***Held By***
Bond Fund	Trustee
Interest Account	
Principal Account	
Sinking Fund Account	
Redemption Account	
Debt Service Reserve Fund	Trustee
Subordinate Securities Fund	County
Working Capital and Contingency Reserve Fund	County
Capital Fund	County
Acquisition Fund	County

After making the payments each month required to be credited to the Operation and Maintenance Fund, moneys in the Revenue Fund are required to be transferred and credited to the following funds and accounts at the following times and in the following order of priority:

(i) Monthly, to the Interest Account of the Bond Fund, an amount, together with other moneys available therefor from whatever source, including moneys in the Capitalized Interest Account set aside for such payment, equal to 1/6 of the next maturing interest installments on the Senior Securities then outstanding;

(ii) Monthly, to the Principal Account of the Bond Fund, an amount equal to 1/12 of the next maturing principal on the Serial Senior Securities then outstanding;

(iii) Monthly, to the Sinking Fund Account of the Bond Fund, an amount equal to 1/12 of the next Sinking Fund Requirement for the Comparable Bond Year for the Term Senior Securities then outstanding;

(iv) Monthly, to the Debt Service Reserve Fund, an amount which (except as provided in the following paragraph), if made as one of 60 equal monthly installments, is sufficient to make the sum of the amount on deposit in the Debt Service Reserve Fund plus the amount of any Qualified Surety Bonds on deposit therein equal the Maximum Aggregate Debt Service Requirements for the then outstanding Senior Securities; provided that if any moneys are withdrawn from the Debt Service Reserve Fund (other than any amounts the withdrawal of which does not reduce the reserve to an amount less than the Maximum Aggregate Debt Service Requirements) or if payment is made under any Qualified Surety Bond in the Debt Service Reserve Fund to pay the Securities Requirements of any Parity Securities, the amount so withdrawn, except to the extent any such Qualified Surety Bond is reinstated as may be provided therein or in connection therewith, will be restored therein from Net Revenues available therefor over a 60 month period;

Pursuant to the Second Supplement to Master Indenture, dated as of September 24, 2009 (the "Second Supplement"), the Reserve Requirement for any Senior Securities subsequently issued will be established in the applicable series indenture. The County may elect to secure any Senior Securities subsequently issued with the Debt Service Reserve Fund, so long as the Reserve Requirement for such bonds is equal to the maximum aggregate debt service. The Reserve Requirement for the 2009B Bonds, 2010C Bonds and 2010D Bonds, each of which was issued after the date of the Second Supplement, has been set at $0 and the election described in the previous sentence has not been made;

(v) Monthly, to the Subordinate Securities Fund, which includes an amount which is required to provide for the payment of the principal of and interest due on Subordinate Securities (including the Series 2014A Bonds) as the same become due, including any reasonable reserves for such securities. Debt service reserve funds are maintained for all of the Second Lien Subordinate Securities except for the 2008C Bonds, the 2008D Bonds, the 2011B Bonds, the 2010F PFC Bonds and the 2012B PFC Bonds;

(vi) Monthly, to the Working Capital and Contingency Reserve Fund, an amount equal to 1/12 of 8.333 percent of the amount designated in the annual Airport System budget then in effect as the annual Operation and Maintenance Expenses for the current Fiscal Year (the "Minimum Working Capital Reserve") less any money available in such Fund. If the Governing Body, after consultation with the Airport Management Consultant, determines at any time that the aforesaid percentage provides insufficient or excessive revenues for the purpose for which the Working Capital and Contingency Reserve Fund is established, the Chief Financial Officer of the Department (as defined in the Master Indenture) will adjust the percentage referred to above as directed by the Governing Body but in no event may such percentage be reduced below 8.333 percent. No payment need be made into the Working Capital and Contingency Reserve Fund so long as the moneys therein then equal not less than the Minimum Working Capital Reserve. The moneys in the Working Capital and Contingency Reserve Fund will be accumulated or reaccumulated and maintained as a continuing reserve to be used only to prevent deficiencies in the payment of the Operation and Maintenance Expenses resulting from the failure to deposit into the Operation and Maintenance Fund sufficient funds to pay such expenses as the same accrue and become due. If at any time the moneys credited to the Operation and Maintenance Fund are insufficient to pay Operation and Maintenance Expenses, the County acting by and through the Chief Financial Officer of the Department may withdraw such moneys from the Working Capital and Contingency Reserve Fund and transfer them to the credit of the Operation and Maintenance Fund. Any moneys in the Working Capital and Contingency Reserve Fund exceeding the Minimum Working Capital Reserve will be transferred to the Revenue Fund; and

(vii) To the Capital Fund, from any remaining moneys in the Revenue Fund: (a) equal monthly installments or such greater amounts as required to provide for the payment of the principal of, premium, if any, and interest on any General Obligation Securities, except to the extent that the County appropriates other funds therefor, during such Fiscal Year or Comparable Bond Year (the "General Obligation Requirements"); and (b) not less infrequently than annually by the end of each Fiscal Year an amount, but in any event not more than $100,000, necessary to accumulate or to reaccumulate in the Capital Fund a reserve in an amount of not less than $1,000,000 (the "Minimum Capital Reserve"). No payment need be made into the Capital Fund during any Fiscal Year so long as the moneys therein equal not less than the sum of the Minimum Capital Reserve plus the General Obligation Requirements for such Fiscal Year.

Moneys in the Capital Fund may be withdrawn in any priority for any one, all, or any combination of the following purposes, as the Governing Body may from time to time determine:

A. *Payment of General Obligation Securities*. To pay the Securities Requirements of any General Obligation Securities (as such term is defined in Appendix C);

B. *Capital Costs*. To pay the costs of constructing or otherwise acquiring any betterments of, enlargements of, extensions of or any other improvements at the Airport System, or any part thereof, authorized by law;

C. *Maintenance Costs*. To pay costs of extraordinary and major repairs, renewals, replacements, or maintenance items pertaining to any properties of the Airport System of a type not recurring annually or at shorter intervals and not defrayed as Operation and Maintenance Expenses; and

D. *Securities Requirements*. To pay any securities payable from the Net Revenues, if such payment is necessary to prevent any default in the payment of such securities, or otherwise.

If any monthly payment required to be made into any fund or account set forth above is deficient, the County is required to include the amount of such deficiency in the next monthly deposit into such fund or account.

At the end of any Fiscal Year or whenever in any Fiscal Year there has been credited to the above funds and accounts all amounts required to be deposited in those funds or accounts for all of that Fiscal Year and in satisfaction of any deficiencies in any prior Fiscal Year, any remaining Net Revenues in the Revenue Fund may be used for any lawful purposes pertaining to the Airport System, as the Governing Body may from time to time determine.

In accordance with the Series Indenture, there will be transferred into the Rebate Fund from the Airport Fund such amounts as are required to be deposited therein to meet the County's obligations under its covenant in the Series Indenture to comply with Section 148(f) of the Tax Code.

Issuance of Additional Senior Securities and Second Lien Subordinate Securities

Additional Senior Bonds. The Master Indenture permits, and in instances where the County has covenanted to complete a project requires, the County to issue additional Senior Bonds payable from the Net Revenues of the Airport System on a parity with the Senior Bonds (the "Parity Senior Securities" defined by the Master Indenture include "Senior Completion Bonds," "Senior Additional Bonds" and "Senior Refunding Bonds," all as described below) for the following purposes:

(1) paying the Cost of completing the Project or any Additional Project (as defined below) for which any Series of Parity Senior Securities has been issued (see the caption "—Senior Completion Bonds");

(2) paying the Cost of any additions, betterments, extensions, other improvements or equipment of or related to the Airport System (an "Additional Project") (see the caption "—Senior Additional Bonds"); and

(3) refunding all outstanding Senior Bonds or Parity Senior Securities of one or more Series, or one or more outstanding Senior Bonds or Parity Senior Securities of one or more Series, or one or more

maturities within a series, or refunding any Subordinate Securities (see the caption "—Senior Refunding Bonds").

In connection with the issuance of additional Series of Parity Senior Securities, the "Cost" of any Project or Additional Project includes, among other items, the costs of surveys or other plans or specifications, builder's insurance, consultant's fees, construction contingencies, property acquisition costs, the costs of issuance of such series of Parity Senior Securities, capitalized interest to a date not exceeding one year following the estimated completion date of the Project and the funding of reserves for the payment of the series of Parity Senior Securities.

Senior Completion Bonds. The County may issue one or more series of Parity Senior Bonds or other Parity Senior Securities ("Senior Completion Bonds") to pay the cost of completing the Project or any Additional Project.

Prior to the issuance of any series of Senior Completion Bonds, the County is required to have delivered to the Trustee, among other documents:

A. A certificate of the Consulting Engineer approved by the Director stating that the Project or Additional Project (as the case may be) has not materially changed (except as permitted in the Master Indenture) from the description of the Project in the Report of the Consulting Engineer or from the description of the Additional Project as described in any Series Indenture relating to the series of additional Parity Senior Securities issued to finance the Additional Project, and setting forth the aggregate Cost of the Project which, in the opinion of the signer, has been or will be incurred and cannot be paid from the moneys available at the date of the certificate in the account within the Construction Fund applicable to the Project; and stating that, in the opinion of the signer, issuance of the Senior Completion Bonds is necessary to provide funds for completion of the Project; and

B. A certificate of the Director stating that the previous series of Parity Senior Securities issued in connection with the Project for which the Senior Completion Bonds are being issued were issued to pay all or the balance of the Costs of such Project.

Senior Additional Bonds. The County may issue one or more series of Parity Senior Bonds or other Parity Senior Securities ("Senior Additional Bonds") for the purpose of paying the Cost of any Additional Project if, among other conditions, the County has delivered to the Trustee, among other documents:

A. A certificate of the Director or Chief Financial Officer of the Department stating that the Net Revenues, together with Other Available Funds received: (i) in the last audited Fiscal Year preceding the delivery of the Series of Senior Additional Bonds; or (ii) for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the delivery of the Series of Senior Additional Bonds, were at least sufficient to pay an amount equal to the larger of either: (a) the amounts needed for making the required cash deposits in such period to the credit of the several accounts in the Bond Fund and to the credit of the Debt Service Reserve Fund, the Subordinate Securities Fund, the Working Capital and Contingency Reserve Fund and the Capital Fund (such required deposits to the Bond Fund and Subordinate Securities Fund to be adjusted for Parity and Subordinate Guaranteed Obligations, respectively, in the manner described under the caption "—Rate Maintenance Covenants"); or (b) 125% of the Aggregate Debt Service Requirements as computed for the Bond Year in which such sum is the largest (calculated for the period beginning on the date of issuance of the proposed Senior Additional Bonds and ending on the final maturity date of the then Outstanding Senior Bonds and the proposed Senior Additional Bonds) of the Outstanding Senior Bonds and the Senior Additional Bonds; or

B. A certificate of the Airport Management Consultant setting forth, for each of the Fiscal Years following the earlier of: (i) the Fiscal Year in which the Consulting Engineer estimates that such Additional Project will be completed; or (ii) the last Fiscal Year in which there are no Debt Service

Requirements for such Senior Additional Bonds, through the Fiscal Year which is five years after the Fiscal Year in which the Consulting Engineer estimates such Additional Project will be completed, estimates of: (a) the Gross Revenues; and (b) the Operation and Maintenance Expenses and other amounts required to be deposited in each of the accounts and subaccounts established under the Master Indenture and each Series Indenture supplemental thereto, and demonstrating that the Net Revenues in each such Fiscal Year will at least equal the larger of either: (1) the amounts needed for making the required deposits to the credit of the several subaccounts (other than the Redemption Account) in the Bond Fund, the Debt Service Reserve Fund, the Subordinate Securities Fund, the Working Capital and Contingency Reserve Fund and the Capital Fund (such required deposits to the Bond Fund and Subordinate Securities Fund to be adjusted for any Parity Guaranteed Obligations and Subordinate Guaranteed Obligations, respectively, in the manner described under the caption "—Rate Maintenance Covenants"); or (2) an amount not less than 125% of the Aggregate Debt Service Requirements for the Senior Bonds and Parity Securities of each Series then outstanding for the Comparable Bond Year for each such Fiscal Year, in each case after giving effect to, among other factors, the completion of all or a completed portion of the Additional Project, the increase in rates, fees, rentals or other charges (or any combination thereof) under the rate maintenance covenants as a result of the completion of such Additional Project or such portion thereof, and the Debt Service Requirements on the Series of Senior Additional Bonds then to be issued and the Debt Service Requirements, as estimated by the Financial Consultant, with respect to future Series of Senior Additional Bonds which the Director and the Chief Financial Officer of the Department estimate (based on the estimate of the Consulting Engineer of the Cost of such Additional Project) will be required to complete payment of the Cost of such Additional Project; and

C. If the test described in paragraph (B) is used in connection with the issuance of Senior Additional Bonds, a certificate of the Consulting Engineer setting forth: (i) the estimated date of completion of the Additional Project for which such Series of Senior Additional Bonds is being issued and for any other uncompleted Project for which the Senior Additional Bonds are not being issued; and (ii) an estimate of the Cost of such Additional Project and of any other uncompleted Project; and

D. A certificate of the Director and Chief Financial Officer of the Department that at the time of the execution and delivery of the supplemental instrument authorizing the Senior Additional Bonds as provided in the Master Indenture, the County is not in default in making any payments required by the Master Indenture.

Senior Refunding Bonds. Prior to the issuance of any Series of Parity Senior Securities ("Senior Refunding Bonds") to refund one or more Series of Senior Bonds or Parity Senior Securities or one or more Senior Bonds or Parity Senior Securities within a Series, or one or more maturities of a Series of Senior Bonds or any Series of Parity Senior Securities, other than for redeeming at their maturity the Term Bonds or Term Securities of a Series which mature within one year of such refunding, the County will deliver to the Trustee, among other documents, either of the following: (i) a certificate of the Treasurer setting forth: (1) the Aggregate Debt Service Requirements for the then current and each future Bond Year to and including the Bond Year ending on the date of the latest maturity of any series of Senior Bonds or Parity Senior Securities of any series then outstanding: (a) with respect to the series of Senior Bonds and Parity Senior Securities of all Series outstanding immediately prior to the date of delivery of such Senior Refunding Bonds and (b) with respect to the Series of Senior Bonds and Parity Senior Securities to be outstanding immediately thereafter; and (2) that the Aggregate Debt Service Requirements set forth for each Bond Year pursuant to clause (1)(b) above is no greater than that set forth for such Bond Year pursuant to clause (1)(a) above; or (ii) the certificates required by clauses A through D under the caption "—Senior Additional Bonds" above evidencing that such Series of Senior Refunding Bonds meets the tests provided for all purposes of such certificate and tests applied as if such series of Senior Refunding Bonds was a Series of Senior Additional Bonds. Senior Refunding Bonds of each series issued to refund Subordinate Securities may be delivered in a principal amount sufficient, together with other moneys available therefor (including investment income thereon), to accomplish such refunding provided that the County delivers, among other documents, the certificates required by clauses A through D under the caption "—Senior Additional Bonds" above if the Subordinate Securities were originally issued to fund an Additional Project or the certificates required by clauses A and B under the caption

"—Senior Completion Bonds" above if such Subordinate Securities were originally issued to fund completion of a Project, such certificates to be prepared as if such Series of Senior Refunding Bonds was a Series of Senior Additional Bonds or Senior Completion Bonds, as the case may be.

Additional Second Lien Subordinate Securities. The supplemental bond ordinances or series indentures authorizing the issuance of Second Lien Subordinate Securities permit the County to issue additional Second Lien Subordinate Securities upon delivery of certificates described below.

While PFC Bonds are Outstanding: *Tests Contained in PFC Instruments*. While any PFC Bonds remain outstanding under the series indentures authorizing the issuance of the County's various series of PFC Bonds (the "PFC Instruments"), the County may issue Second Lien Subordinate Securities secured by a pledge of the Net Revenues of the Airport System that is on a parity with the lien thereon of the Series 2014A Bonds only to the extent that the County is in compliance with the certain additional debt tests included in the PFC Instruments and described below (provided that the requirements of the PFC Instruments to be met through the final maturity of the outstanding PFC Bonds are required to be met through the final maturity of any outstanding PFC Bonds or any Outstanding Second Lien Subordinate Securities):

Absence of Default. A certification of the Director or Chief Financial Officer of the Department that at the date of the issuance of the additional bonds: (i) the County is not in default in making any payments required by the PFC Instruments with respect to the PFC Bonds; and (ii) the County is in compliance with the rate maintenance covenant in the Master Indenture; and

Earnings Test.

(1) A certification of the Director or Chief Financial Officer of the Department that: (a) the PFC Revenues (adjusted as described below) received: (i) in the most recent Fiscal Year preceding the date of the issuance of the additional Parity PFC Bonds for which audited financial statements are available; or (ii) for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the date of issuance of the additional Parity PFC Bonds, were at least sufficient to pay an amount equal to 135% of the average annual principal and interest requirements (calculated for the period beginning on the date of issuance of the proposed Parity PFC Bonds and ending on the final maturity date of the Outstanding Parity PFC Bonds and the proposed Parity PFC Bonds), of the Outstanding Parity PFC Bonds and the Parity PFC Bonds proposed to be issued (excluding the reserves therefor); and (b) the aggregate approved PFC Revenues to be received after the issuance of the additional Parity PFC Bonds plus the amount of PFC Revenues then held in the Bond Fund (and any similar fund for Outstanding Parity PFC Bonds) and the unencumbered balance in the Capital Fund exceeds the aggregate unpaid Bond Requirements of the Outstanding Parity PFC Bonds and the Parity PFC Bonds proposed to be issued, accrued and unaccrued to maturity, but less any such Bond Requirements which were capitalized from the proceeds of any Parity PFC Bonds; or

(2) A certification of the Director or Chief Financial Officer of the Department setting forth: (a) the Net Revenues and any Other Available Funds for; and (b) the PFC Revenues (adjusted as provided below) received in: (i) the most recent Fiscal Year preceding the date of the issuance of such additional bonds for which audited financial statements are available; or (ii) any period of 12 consecutive calendar months out of the 18 calendar months next preceding the date of the issuance of such additional bonds and demonstrating:

(x) that such Net Revenues and Other Available Funds at least equal 110% of the maximum amount of Bond Requirements payable in any Bond Year (occurring from the date of calculation through the final maturity of outstanding PFC Bonds) of the then outstanding Senior Securities, the Outstanding PFC Bonds, any additional Second Lien Subordinate Securities to be issued having a lien on the Net Revenues on a parity with the lien thereon of the PFC Bonds which are not secured by and expected to be paid from PFC Revenues, and any other Outstanding Second Lien Subordinate Securities having a lien on the Net Revenues on a parity with the lien thereon of the PFC Bonds (provided that the Bond Requirements of the Outstanding PFC Bonds or other Outstanding Second Lien Subordinate Securities need not be taken into account in the foregoing calculation to the extent that Net Revenues and any Other Available Funds were not used in the most recent Fiscal Year to pay the Bond Requirements of the Outstanding PFC Bonds or other Outstanding Second Lien Subordinate Securities); and

(y) that the sum of such Net Revenues and Other Available Funds plus such PFC Revenues equals at least 135% of the maximum amount of Bond Requirements payable in any Bond Year (occurring from the date of calculation through the final maturity of the Outstanding PFC Bonds) of the then outstanding Senior Securities, any Outstanding PFC Bonds which are Second Lien Subordinate Securities and any additional PFC Bonds to be issued which are Second Lien Subordinate Securities; or

(3) A certification of the Airport Management Consultant setting forth: (a) the PFC Revenues (adjusted as provided below) received: (i) in the most recent Fiscal Year preceding the date of issuance of such additional bonds for which audited financial statements are available; or (ii) for any 12 consecutive calendar months out of the 18 calendar months next preceding the date of issuance of the additional bonds; and (b) for each of the five Fiscal Years following the date of issuance of the additional bonds (or, if interest is capitalized on such bonds, following the last Fiscal Year for which any of such interest is capitalized), estimates of the Net Revenues and Other Available Funds, and concluding that for each such Fiscal Year:

(x) the estimated Net Revenues and Other Available Funds for that Fiscal Year equal at least 110% of the Aggregate Debt Service Requirements or the Bond Requirements, as the case may be, to be accumulated in the Fiscal Year and expended in the Comparable Bond Year for the then outstanding Senior Securities, the Outstanding PFC Bonds, any additional Second Lien Subordinate Securities to be issued having a lien on the Net Revenues on a parity with the lien thereon of the PFC Bonds which are not secured by and expected to be paid from PFC Revenues, and any other Outstanding Second Lien Subordinate Securities having a lien on the Net Revenues on a parity with the lien thereon of the PFC Bonds (provided that the Bond Requirements of the Outstanding PFC Bonds or other Outstanding Second Lien Subordinate Securities need not be taken into account in the foregoing calculation to the extent that Net Revenues and any Other Available Funds were not used in the most recent Fiscal Year to pay the Bond Requirements of the Outstanding PFC Bonds or other Outstanding Second Lien Subordinate Securities), after giving effect, among other factors, to the increase in rates, fees, rentals or other charges (or any combination thereof) under the rate maintenance covenant in the Master Indenture; and

(y) the sum of such PFC Revenues plus the estimated Net Revenues and Other Available Funds for that Fiscal Year at least equal 135% of the Aggregate Debt Service Requirements or the Bond Requirements, as the case may be, to be accumulated in the Fiscal Year and expended in the Comparable Bond Year for the then outstanding Senior Securities, the Outstanding PFC Bonds which are Second Lien Subordinate Securities and any additional PFC Bonds to be issued which are Second Lien Subordinate Securities, after giving effect, among other factors, to the increase in rates, fees, rentals or other charges (or any combination thereof) under the rate maintenance covenant in the Master Indenture.

Paragraphs (2) or (3) of the foregoing earnings test may be used only if the additional Parity PFC Bonds to be issued are additionally secured by a subordinate pledge of the Net Revenues of the Airport System. In the computation of any earnings test under paragraphs (1), (2) or (3) above as to whether or not additional Parity PFC Bonds may be issued, the amount of the PFC Revenues for the computation period will be decreased and may be increased by the amount of any loss or gain conservatively estimated by the Director or Chief Financial Officer of the Department, which loss or gain results from any change in the rate of the levy of passenger facility charges constituting a part of the PFC Revenues which change took effect during the computation period or thereafter prior to the issuance of such Parity PFC Bonds, as if such modified rate has been in effect during the entire computation period.

In the computation of either earnings test above as to whether or not additional bonds may be issued, the amount of the PFC Revenues for the computation period will be decreased and may be increased by the amount of any loss or gain conservatively estimated by the Director or Chief Financial Officer of the

Department, which loss or gain results from any change in the rate of the levy of passenger facility charges constituting a part of the PFC Revenues which change took effect during the computation period or thereafter prior to the issuance of such PFC Bonds, as if such modified rate has been in effect during the entire computation period.

Notwithstanding the above paragraph, on and after the date on which no PFC Bonds remain Outstanding under the PFC Instruments, the County may issue Second Lien Subordinate Securities which constitute Refunding Bonds having a lien on the Net Revenues on a parity with the Series 2014A Bonds (including Second Lien Subordinate Securities which are issued to refund other Second Lien Subordinate Securities which have a lien on Net Revenues on a parity with the lien thereon of the Series 2014A Bonds, but not including any Subordinate Securities with a lien on Net Revenues which is junior to the lien thereon of the Series 2014A Bonds), upon the filing by the County with the Trustee of a certificate of the Treasurer setting forth: (i) the Debt Service Requirements of the Refunding Bonds proposed to be issued for each Bond Year while the Series 2014A Bonds are Outstanding; and (ii) the Debt Service Requirements of the Securities refunded by the proposed Refunding Bonds for each of those Bond Years, and showing that for each of those Bond Years the Debt Service Requirements described in clause (i) are not greater than the Debt Service Requirements described in clause (ii).

The Series 2014A Bonds constitute additional Second Lien Subordinate Securities and the Director or Chief Financial Officer of the Department will make the certifications described in Paragraph (2) above prior to the issuance of the Series 2014A Bonds.

When No PFC Bonds Are Outstanding: Tests Contained in Second Lien Subordinate Series Indentures. The supplemental bond ordinances or series indentures for the Second Lien Subordinate Securities (the "Second Lien Subordinate Series Indentures") provide that, on and after the date on which no PFC Bonds remain outstanding under the PFC Instruments, the County may issue Second Lien Subordinate Securities with a lien on Net Revenues of the Airport System on a parity with the lien thereon of the Series 2014A Bonds so long as the County files with the Trustee:

Absence of Default. A certification of the Director or Chief Financial Officer of the Department that at the date of issuance of the additional Second Lien Subordinate Securities: (i) the County is not in default in making any payments required by the Second Lien Subordinate Series Indentures; and (ii) the County is in compliance with the rate maintenance covenants in the Master Indenture and the Second Lien Subordinate Series Indentures; and

Earnings Test.

(1) A certification of the Director or Chief Financial Officer of the Department setting forth the Net Revenues of the Airport System and any Other Available Funds for: (i) the most recent Fiscal Year preceding the date of the issuance of such additional Second Lien Subordinate Securities for which audited financial statements are available; or (ii) any period of 12 consecutive calendar months out of the 18 calendar months next preceding the date of the issuance of such additional Second Lien Subordinate Securities, and demonstrating that such Net Revenues and Other Available Funds equal at least 110% of the maximum amount of Debt Service Requirements payable in any Bond Year (occurring from the date of the calculation through the final maturity of the Outstanding Bonds) of the then Outstanding Senior Securities, the then Outstanding Series 2014A Bonds, any other then Outstanding Second Lien Subordinate Securities with a lien on the Net Revenues on a parity with the lien thereon of the Second Lien Subordinate Securities which are not secured by and expected to be paid from PFC Revenues; provided that the Debt Service Requirements of any Outstanding Subordinate Securities need not be taken into account in the foregoing calculation to the extent that Net Revenues and any Other Available Funds were not used in the most recent Fiscal Year to pay the Debt Service Requirements of such Outstanding Second Lien Subordinate Securities, or

(2) A certification of the Airport Management Consultant setting forth: (i) the Net Revenues received: (a) in the most recent Fiscal Year preceding date of issuance of the additional Second Lien Subordinate Securities for which audited financial statements are available; or (b) for any 12 consecutive calendar months out of the 18 calendar months next preceding the date of issuance of the additional Second Lien Subordinate Securities; and (ii) for each of the five Fiscal Years following the date of issuance of the additional Subordinate Securities (or, if interest is capitalized on such Second Lien Subordinate Securities, following the last Fiscal Year for which any of such interest is capitalized), estimates of the Net Revenues and Other Available Funds and concluding that for each such Fiscal Year, the estimated Net Revenues and other Available Funds for that Fiscal Year equal at least 125% of the Aggregate Debt Service Requirements to be accumulated in the Fiscal Year and expended in the Comparable Bond Year for the then outstanding Senior Securities, the then Outstanding Series 2014A Bonds and any other then Outstanding Second Lien Subordinate Securities with a lien on the Net Revenues on a parity with the lien thereon of the Second Lien Subordinate Securities which are not secured by and expected to be paid from PFC Revenues, after giving effect, among other factors, to the increase in rates, fees, rentals or other charges (or any combination thereof) under the rate maintenance covenant in the Master Indenture; provided, that the Debt Service Requirements of any Outstanding Second Lien Subordinate Securities need not be taken into account in the foregoing calculation to the extent that Net Revenues and any Other Available Funds were not used in the most recent Fiscal Year to pay the Debt Service Requirements of such Outstanding Second Lien Subordinate Securities.

Notwithstanding the above paragraph, on and after the date on which no PFC Bonds remain Outstanding under the PFC Instruments, the County may issue Second Lien Subordinate Securities which constitute Refunding Bonds having a lien on the Net Revenues on a parity with the Series 2014A Bonds (including Second Lien Subordinate Securities which are issued to refund other Second Lien Subordinate Securities which have a lien on Net Revenues on a parity with the lien thereon of the Series 2014A Bonds, but not including any Subordinate Securities with a lien on Net Revenues which is junior to the lien thereon of the Series 2014A Bonds), upon the filing by the County with the Trustee of a certificate of the Treasurer setting forth: (i) the Debt Service Requirements of the Refunding Bonds proposed to be issued for each Bond Year while the Series 2014A Bonds are Outstanding; and (ii) the Debt Service Requirements of the Securities refunded by the proposed Refunding Bonds for each of those Bond Years, and showing that for each of those Bond Years the Debt Service Requirements described in clause (i) are not greater than the Debt Service Requirements described in clause (ii).

Issuance of Special Facilities Bonds and Securities Subordinate to Second Lien Subordinate Securities

The Master Indenture includes provisions under which the County may issue Special Facilities Bonds for the purpose of constructing Special Facilities at the Airport for lease on a net rent basis. Any such Special Facilities Bonds must be payable solely from rentals payable to the County pursuant to such net rent leases, and may not be a charge or claim against the Revenue Fund or any other account designated in the Master Indenture.

The Series Indenture does not limit the issuance by the County of securities payable subordinate to the Second Lien Subordinate Securities. For information regarding obligations payable subordinate to the Second Lien Subordinate Securities currently outstanding, see the caption "FINANCIAL FACTORS—Outstanding Airport Indebtedness."

Limited Liability

THE OBLIGATION OF THE COUNTY TO PAY DEBT SERVICE ON THE SERIES 2014A BONDS DOES NOT CONSTITUTE AN OBLIGATION OF THE COUNTY FOR WHICH THE COUNTY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE SERIES 2014A BONDS DO NOT CONSTITUTE A DEBT OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR

STATUTORY PROVISION OR LIMITATION, OR A PLEDGE OF THE FULL FAITH, CREDIT AND TAXING POWER OF THE COUNTY.

The Series 2014A Bonds are special obligations of the County payable solely from Net Revenues of the Airport System as described herein. The Series 2014A Bonds do not constitute an indebtedness or a debt of the County within the meaning of any constitutional or statutory provision or limitation and the Series 2014A Bonds are not considered or held to be general obligations of the County but constitute the County's special obligations. Neither the full faith and credit nor the taxing power of the County is pledged to the payment thereof.

The Series 2014A Bonds are not secured by, and the Series 2014A Bond Owners have no security interest in or mortgage on, the Airport System or any other real property of the County. Default by the County will not result in loss of the Airport System.

BOND INSURANCE

The information under this caption has been prepared by AGM for inclusion in this Official Statement. Neither the County nor the Underwriters have reviewed this information, nor do the County or the Underwriters make any representation with respect to the accuracy or completeness thereof. The following information is not a complete summary of the terms of the Policy and reference is made to Appendix G for a specimen of the Policy.

The Policy does not insure any of the Series 2014A Bonds other than the Series 2014A Bond maturing on July 1, 2031 (the "Insured Bond").

Bond Insurance Policy

Concurrently with the issuance of the Series 2014A Bonds, AGM will issue its Municipal Bond Insurance Policy (the "Policy") for the Insured Bond. The Policy guarantees the scheduled payment of principal of and interest on the Insured Bond when due as set forth in the form of the Policy included as Appendix G to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings. On March 18, 2014, S&P published a Research Update report in which it upgraded AGM's financial strength rating to "AA" (stable outlook) from "AA-" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On February 10, 2014, Moody's issued a press release stating that it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

Capitalization of AGM. At December 31, 2013, AGM's policyholders' surplus and contingency reserves were approximately $3,529 million and its net unearned premium reserve was approximately $1,891 million. Such amounts represent the combined surplus, contingency reserves and net unearned premium reserve of AGM and its wholly owned subsidiary Assured Guaranty (Europe) Ltd., plus 60.7% of the contingency reserve and net unearned premium reserve of AGM's indirect subsidiary, Municipal Assurance Corp.

Incorporation of Certain Documents by Reference. Portions of the following document filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof: the Annual Report on Form 10-K for the fiscal year ended December 31, 2013 (filed by AGL with the SEC on February 28, 2014).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Series 2014A Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 974- 0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE—Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters. AGM or one of its affiliates may purchase a portion of the Insured Bond or any uninsured Series 2014A Bonds offered under this Official Statement and such purchases may constitute a significant proportion of the Series 2014A Bonds offered. AGM or such affiliate may hold such Insured Bond or uninsured Series 2014A Bonds for investment or may sell or otherwise dispose of such Insured Bond or uninsured Series 2014A Bonds at any time or from time to time.

AGM makes no representation regarding the Series 2014A Bonds or the advisability of investing in the Series 2014A Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the caption "BOND INSURANCE."

FINANCIAL FACTORS

Financial Statements

A copy of the most recent audited financial statements of the Department audited by Kafoury, Armstrong & Co., Las Vegas, Nevada (the "Auditor") is included as Appendix B to this Official Statement (the "Financial Statements"). The Auditor's letter concludes that the Financial Statements present fairly, in all material respects, the respective position of the Department as of June 30, 2013 and 2012, and the changes in its financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

The summary operating results for Fiscal Years 2013 and 2012 contained under the caption "—Historical Operating Results and Projected Future Operating Results" are derived from the Financial Statements (excluding certain non-cash items and after certain other adjustments) and are qualified in their entirety by reference to such Financial Statements, including the notes thereto.

Historical Operating Results and Projected Future Operating Results

Set forth below is a statement of historical revenues and expenses for the Department as well as debt service coverage as calculated in accordance with the provisions of the Master Indenture for Fiscal Year 2013 compared to Fiscal Year 2012. Fiscal Year 2013 and 2012 information presented below has been excerpted from the Financial Statements. In each case certain non-cash items have been excluded and certain other adjustments have been made. Also set forth below are estimates of projected future operating results for the Fiscal Years ending June 30, 2014, 2015 and 2016, in each case prepared by Airport management.

The estimates for Fiscal Years 2014 through 2016 are subject to uncertainties, and, inevitably, some assumptions used to develop the estimates will not be realized and unanticipated events and circumstances will occur. Therefore, the actual results achieved during the estimate period will vary, and the variations may be material. The table set forth below has not been audited by the Auditor.

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CLARK COUNTY, NEVADA, DEPARTMENT OF AVIATION
Statement of Historical and Projected Revenues and Expenses[1]
(Dollars in Thousands)

	Projected Results *Fiscal Years Ending June 30,*			*Historical Results* *Fiscal Years Ended June 30,*	
	2016	***2015***	***2014***	***2013[2]***	***2012[2]***
Operating Revenues:					
Landing fees	$ 51,767[13]	$ 51,178[13]	$ 54,250	$ 53,451[14]	$ 38,460
Other aircraft fees	6,048	6,035	5,985	5,991	6,452
Building rentals	201,633	188,810	179,861	186,731[14]	76,413
Gate use fees	24,784	22,749	24,116	24,710	19,142
Land rentals	18,337	18,280	18,176	17,781	16,537
Ground transportation fees	14,995	14,920	14,701	15,093	13,524
Rental car fees	30,424	30,270	30,265	29,889	29,782
Rental car facility rents	35,046	34,890	34,823	36,166	33,888
Gaming	25,629	25,500	24,752	23,865	25,719
Terminal concession fees	64,910	64,615	63,626	62,029	56,526
Parking fees	32,949	32,880	32,537	30,512	28,749
Net revenue from reliever airports	7,710	7,680	7,580	7,416	7,261
Miscellaneous	2,019	2,465	2,205	2,938	2,958
Total Operating Revenues:	$ 516,251	$ 500,272	$ 492,877	$ 496,572	$ 355,411
Operating Expenses:					
Salaries, wages and benefits	$ 129,878	$ 124,170	$ 116,729	$ 118,701	$ 111,195
Repairs and maintenance	23,295	23,150	22,596	20,970	21,424
Professional services	56,522	56,170	55,235	53,959	51,130
Utilities and communications	25,423	25,265	23,560	23,001	20,970
Miscellaneous	18,566	18,450	18,188	17,467	17,617
Total Operating Expenses:	$ 253,684	$ 247,205	$ 236,308	$ 234,098	$ 222,336
Net Operating Revenues	$ 262,567	$ 253,067	$ 256,569	$ 262,474	$ 133,075
Interest Subsidy Received on Build America Bonds[3]	16,768	16,768	16,768	17,283	-
Allowable interest income	2,513	2,500	2,255	1,255	5,622
Net Revenues	$ 281,848	$ 272,335	$ 275,592	$ 281,012	$ 138,697
Other Available Funds for purposes of Senior Securities debt service[4]	18,939	19,757	17,640	17,776	7,918
Other Available Funds for purposes of Second Lien Subordinate Securities debt service[5]	33,541	32,038	31,522	32,756	12,123
Total debt service for Senior Securities outstanding[6]	$ 75,755	$ 79,026	$ 70,559	$ 71,103	$ 31,670
Coverage Ratio for Senior Securities Based on Net Revenues[7]	3.72	3.45	3.91	3.95	4.38
Coverage Ratio for Senior Securities Based on Total Funds Available pursuant to the Rate Maintenance Covenant Under the Master Indenture (Required covenant is 1.25)	3.97	3.70	4.16	4.20	4.63
Debt Service on Second Lien Subordinate Securities[8][9]	$ 146,015[15]	$ 122,813[15]	$ 138,821	$ 149,804	$ 42,053
Coverage Ratio for Second Lien Subordinate Securities Based on Total Funds Available After Payment of Senior Securities[7][8][9]	1.64	1.83	1.70	1.62	2.83
Coverage Ratio for Senior and Second Lien Subordinate Securities Based on Total Funds Available (Required covenant is 1.10)	1.42	1.51	1.47	1.42	2.05
PFC Revenues[10]	$ 80,748	$ 80,269	$ 79,994	$ 79,933	$ 79,648
PFC Related Interest Income	633	625	550	225	1,040
Total PFC Revenues Available for Debt Service	$ 81,381	$ 80,894	$ 80,544	$ 80,158	$ 80,688
Debt Service on PFC Pledged Bonds[11]	$ 76,544	$ 76,536	$ 76,550	$ 76,402	$ 76,586
Debt Service on Second Lien Subordinate Securities Paid from PFC Revenues	-	-	3,994	3,756	4,102
Total Debt Service Paid from PFC Revenues	$ 76,544	$ 76,536	$ 80,544	$ 80,158	$ 80,688
Coverage Ratio for PFC Pledged Bonds Based Solely on PFC Revenues[7][10]	1.06	1.06	1.05	1.05	1.05
Debt Service on Third Lien Subordinate Securities[12]	$ 0	$ 0	$ 0	$ 0	$ 1,722

(FOOTNOTES SET FORTH ON FOLLOWING PAGE)

(1) Totals may not add due to independent rounding.

(2) From the Department's audited financial statements for Fiscal Years 2013 and 2012.

(3) Prior to recent federal legislation commonly referred to as the federal sequester, the County expected to receive Build America Bond ("BAB") interest subsidy payments ("BAB Credits") in an amount equal to 35% of the interest due on the 2009B Bonds and the 2010C Bonds, which are BABs. See the caption "—Management Discussion of Operating Results and Projections—Effect of Federal Sequester" for a discussion of announced reductions in BAB Credit payments. The historic operating results for Fiscal Year 2013 and the projected operating results for Fiscal Years 2014 through 2016 reflect such announced reductions in BAB Credits. There can be no assurance that the BAB Credit will not be further reduced in such Fiscal Years.

(4) Under the Master Indenture, "Other Available Funds" is defined to mean, for any Fiscal Year, the smallest amount of unencumbered funds at any time in the Fiscal Year on deposit in the Capital Fund in excess of the Minimum Capital Reserve; but in no event will such amount exceed 25% of the Aggregate Debt Service Requirements for the Senior Securities then Outstanding for the Comparable Bond Year.

(5) Under the bond ordinances authorizing the Second Lien Subordinate Securities, "Other Available Funds" is defined to mean, for any Fiscal Year, the smallest amount of unencumbered funds at any time in the Fiscal Year on deposit in the Capital Fund in excess of the Minimum Capital Reserve; but in no event will such amount exceed the sum of: (i) 25% of the Aggregate Debt Service Requirements for the Parity Bonds then Outstanding for the Comparable Bond Year; and (ii) 10% of the Aggregate Debt Service Requirements of the Second Lien Subordinate Securities then Outstanding for the Comparable Bond Year.

(6) See the caption "—Outstanding Airport Indebtedness" for debt service on Senior Securities. Interest on the 2009B Bonds, 2010C Bonds and 2010D Bonds capitalized through Fiscal Year 2012. Fiscal Year 2013 excludes final debt service payment on the Clark County, Nevada, Airport System Revenue Bonds, Series 1993A (the "1993A Bonds"), which were paid off in full on July 1, 2012 from moneys held in a reserve fund maintained in connection with the 1993A Bonds.

(7) For illustrative purposes only; not required under financing documents.

(8) Excludes Debt Service on a portion of certain Series 2004A-1 Bonds which was paid in Fiscal Years 2012 and 2013 and which is expected to be paid in Fiscal Year 2014 from PFC Revenues.

(9) Debt service on the Series 2004A Bonds for Fiscal Years 2012 and 2013 is net of capitalized interest. For the synthetically fixed bonds, interest is calculated based on the respective swap agreements described under the caption "—Interest Rate Swap Agreements." Swap agreements do not necessarily correspond to the named series of bonds. Excludes net payments in connection with the termination of the variable to fixed swaps related to the 2005B Swap Agreement and the 2005C Swap Agreements. See the caption "—Interest Rate Swap Agreements." Debt Service on 2008A Bonds and 2008B Bonds net of capitalized interest. Interest on the 2009C Bonds and 2010B Bonds was capitalized through Fiscal Year 2012.

(10) Revenue derived from $4.50-per-qualifying-enplaned-passenger passenger facility charge is pledged to the payment on the PFC Bonds.

(11) Debt Service on PFC Bonds paid from PFC Revenues (funds other than Net Revenues); net of capitalized interest; includes interest income. Assumes that portions of the Series 2004A Bonds will be paid from PFC Revenues in Fiscal Year 2014 rather than from Net Revenues of the Airport System, as described in Footnote 8 above. Interest on the 2010F-2 PFC Bonds calculated at 1.25%.

(12) Reflects actual debt service net of Jet A Fuel Tax revenues on Clark County, Nevada Jet Aviation Fuel Tax Revenue Bonds (Additionally Secured by Pledged Airport System Revenues), Series 2003C (AMT) (the "2003C Jet A Bonds") through Fiscal Year 2013 and projected debt service net of Jet A Fuel Tax revenues on Clark County, Nevada Jet Aviation Fuel Tax Revenue Bonds (Additionally Secured by Pledged Airport System Revenues), Series 2013A (AMT) (the "2013A Bonds") thereafter. An increase in the Jet A Fuel Tax by $0.01 per gallon was approved beginning in Fiscal Year 2013 and is pledged to pay the 2013A Bonds, the proceeds of which were applied to refund the 2003C Jet A Bonds. See the caption "—Historical Jet A Fuel Tax Revenues." Does not reflect debt service on Clark County, Nevada Airport System Junior Subordinate Lien Revenue Notes, Series 2013C-1 and Series 2013C-2 (collectively, the "2013C Notes"), which are expected to be paid from proceeds of additional third lien subordinate securities issued on or prior to the maturity of the respective series of 2013C Notes. See the caption "FINANCIAL FACTORS—Outstanding Airport Indebtedness—Third Lien Subordinate Securities."

(13) Projected decreases in landing fees in Fiscal Years 2015 and 2016 reflect the residual nature of the Airport's Airline Agreements, under which landing fees change as expenses for the airfield cost center increase or decrease annually.

(14) Increase from Fiscal Year 2012 amount reflects the nature of the Airport's Airline Agreements, under which landing fees and building rentals change as expenses increase or decrease annually. In accordance with the Airline Agreements, landing fees and building rental proceeds increased in Fiscal Year 2013 as a result of the opening of Terminal 3, which has more square footage and newer facilities and amenities than Terminal 2. See the caption "THE AIRPORT SYSTEM—Airline Agreements; Rates and Charges" and "THE AIRPORT SYSTEM—Description of Existing Airport Facilities—Terminal 3 at McCarran International Airport."

(15) Second Lien Subordinate Securities debt service in Fiscal Years 2015 and 2016 reflects effect of refunding of Series 2004A Bonds and issuance of Series 2014A Bonds. See the caption "THE REFUNDING PLAN."

Source: Clark County Department of Aviation.

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Management Discussion of Operating Results and Projections

General. Landing fee rates, terminal building rental rates, and airport gate use fees are established each Fiscal Year based on the approved Airport System operating budget in accordance with the Airline Agreements. See the caption "THE AIRPORT SYSTEM—Airline Agreements; Rates and Charges." These rates are reviewed and adjusted, if necessary, throughout each Fiscal Year to ensure that the rate covenants are being met. At the end of each Fiscal Year, as part of the residual cost recovery nature of the airline cost center rate making methodology, the Airport recalculates the rates based on actual audited expenses and revenues and, if additional rents or credits are due, the airlines receive or pay additional amounts due within 30 days.

The airline rates and charges for Fiscal Year 2013 were calculated as follows: the landing fee rate was $2.32 per thousand pounds of aircraft landed weight, the terminal building rental rate was $168.08 per square foot, and the gate use fee was $238,097 per leased gate per year. The budgeted airline rates and charges for Fiscal Year 2014 are estimated as follows: the landing fee rate is $2.39 per thousand pounds of aircraft landed weight, the terminal building rental rate is $162.26 per square foot, and the gate use fee is $214,459 per leased gate per year.

Airline cost per enplaned passenger was $8.51 for Fiscal Year 2012 and $12.22 for Fiscal Year 2013. The Airport estimates that the cost per enplaned passenger for Fiscal Years 2014, 2015 and 2016 will be $11.84, $11.93 and $12.52, respectively. See the caption "THE AIRPORT—Airline Agreements; Rates and Charges." The Airport's calculation of airline cost per enplaned passenger includes substantially all costs of facilities utilized by airlines at the Airport. As a result, comparisons of the Airport's cost per enplaned passenger with those of other airports in which such airports pay only a portion of such costs may not be comparable.

Effect of Federal Sequester. On March 1, 2013, the federal government announced the implementation of certain automatic budget cuts known as the sequester, including reductions in BAB Credits. As set forth under the caption "—Historical Operating Results and Projected Future Operating Results," the Airport's 2009B Bonds and 2010C Bonds are BABs; the historic operating results for Fiscal Year 2013 and the projected operating results for Fiscal Years 2014 through 2016 shown therein reflect such announced reductions in BAB Credits. There can be no assurance that the BAB Credit will not be further reduced in such Fiscal Years. The Department does not expect the sequester to have a material adverse effect on its ability to make payments of interest on such outstanding BABs. To date, the Department has not observed a material adverse effect on Airport operations as a result of the sequester. While the Department continues to monitor the effects of the sequester on Airport operations, the Department does not currently expect the sequester to have a material adverse effect on the ability of the County to make payments of principal of and interest on the Series 2014A Bonds from Net Revenues of the Airport System.

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Historical PFC Revenues

Set forth below is a summary of historical passenger facility charge collections by the County since Fiscal Year 2009. The information set forth below has been excerpted from the Financial Statements. The table below has not been audited by the Auditor.

CLARK COUNTY, NEVADA, DEPARTMENT OF AVIATION
Historical Passenger Facility Charge Collections

Fiscal Year Ended June 30	***Passenger Facility Charge Collections***[(1)]
2009	$ 75,335,495
2010	77,309,045
2011	77,948,536
2012	79,647,998
2013	79,933,215
Estimated	
2014	$ 79,994,000
2015	80,269,000
2016	80,748,000

(1) Excludes interest earnings.
Source: Clark County Department of Aviation.

While passenger traffic in Fiscal Year 2010 declined by 3.8%, passenger facility charge collections increased because enplanements on which passenger facility charges are collected increased. In Fiscal Years 2011, 2012 and 2013, passenger facility charge collections increased by 0.8%, 2.2% and 0.4%, respectively, reflecting the increased number of enplaned passengers. See the caption "THE AIRPORT SYSTEM—Airport Operations—Historical Passenger Traffic and Airport Operations."

The Airport currently projects that passenger traffic will remain relatively flat in Fiscal Year 2014 compared to Fiscal Year 2013 and increase by approximately 0.9% in Fiscal Year 2015 compared to Fiscal Year 2014 and approximately 0.6% in Fiscal Year 2016 compared to Fiscal Year 2015. The Airport expects passenger facility charge revenues to remain at approximate Fiscal Year 2013 levels during Fiscal Year 2014 and to increase by approximately 0.4% in Fiscal Year 2015 and approximately 0.6% in Fiscal Year 2016 as a result of such projected passenger traffic.

The rate of changes in passenger facility charge revenues differs from the rate of changes in passenger traffic because passenger facility charges are collected at the time of booking, which may not necessarily occur in the Fiscal Year in which passengers travel, and because not all passenger enplanements are eligible for charges under the passenger facility charge program.

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Historical Jet A Fuel Tax Revenues

Set forth below is a summary of historical Jet A Fuel Tax collections by the County for the past five Fiscal Years and projected amounts for Fiscal Years 2014 through 2016. Jet A Fuel Tax collections for Fiscal Year 2013 reflect the implementation of a $0.01 per gallon increase in the Jet A Fuel Tax for jet or turbine-powered aircraft effective July 1, 2012. On March 5, 2013, the Board of County Commissioners elected to include the additional $0.01 per gallon increase in the tax in Pledged Jet Fuel Tax Revenues, thereby pledging the revenues from such tax to the payment of the 2013A Bonds.

The historical information set forth below has been excerpted from the Financial Statements. The table below has not been audited by the Auditor.

CLARK COUNTY, NEVADA, DEPARTMENT OF AVIATION
Historical Jet A Fuel Tax Collections

Fiscal Year Ended June 30	*Jet A Fuel Tax Collections*	*Jet A Bonds Debt Service*(1)
2009	$ 8,387,958	$ 7,955,775
2010	7,798,884	8,345,775(2)
2011	7,317,856	8,749,525(2)
2012	7,425,240	9,175,025(2)
2013	11,268,120(3)	10,476,303
Estimated		
2014	$11,262,000(4)	3,548,250(5)
2015	11,355,000	3,548,250(5)
2016	11,368,000	3,548,250(5)

(1) Reflects debt service on 2003C Jet A Bonds, which were refunded from proceeds of the 2013A Bonds, for Fiscal Years 2009 through 2013, and debt service on 2013A Bonds for Fiscal Years 2014 through 2016.
(2) Debt service on 2003C Jet A Bonds that was not paid from Jet A Fuel Taxes was paid from Net Revenues. See the caption "—Historical Operating Results and Projected Future Operating Results."
(3) Increase from Fiscal Year 2012 amount reflects increase in per gallon Jet A Fuel Tax effective July 1, 2012. The increased amounts were available to pay the 2003C Jet A Bonds effective July 1, 2012 and were pledged to pay the principal of and interest on the 2013A Bonds effective March 5, 2013.
(4) Decrease from Fiscal Year 2013 amount reflects reduced demand for jet fuel resulting from airline efforts to cut costs and more fuel-efficient aircraft.
(5) Reflects the effect of the refunding of the 2003C Jet A Bonds from proceeds of the 2013A Bonds.
Source: Clark County Department of Aviation.

The decline in Jet A Fuel Tax collections in Fiscal Years 2009 through 2011 reflects a decrease in demand for fuel at the Airport as airlines attempted to reduce costs by eliminating flights. The increase in Jet A Fuel Tax collections in Fiscal Year 2012 reflects increased demand for fuel as aircraft operations improved in Fiscal Years 2011 and 2012 by approximately 1.5%. The increase in Jet A Fuel Tax collections in Fiscal Year 2013 reflects increased demand for fuel as well as the $0.01 per gallon increase in the Jet A Fuel Tax described above. Jet A Fuel Tax collections are influenced by total airline fuel flow at the Airport, which in turn is influenced by individual airline policies.

Outstanding Airport Indebtedness

Set forth below is a discussion of outstanding Airport indebtedness, including Senior Lien Bonds, Second Lien Subordinate Securities, Third Lien Obligations, PFC Bonds and general obligation bonds relating to the Airport.

Senior Lien Bonds. As of January 1, 2014, the County had outstanding approximately $975,905,000 principal amount of Senior Bonds, which are the only Senior Lien Obligations currently outstanding.

Second Lien Subordinate Securities. As of January 1, 2014, the County had outstanding approximately $1,958,865,000 principal amount of Second Lien Subordinate Securities, excluding the PFC Bonds, which, together with certain interest rate swap agreements described under the caption "—Interest Rate Swap Agreements," are the only Second Lien Subordinate Securities currently outstanding.

PFC Bonds. As of January 1, 2014, the County had outstanding approximately $970,515,000 principal amount of PFC Bonds, debt service on which is payable from the Airport's PFC revenues, and which are also secured by a lien on Net Revenues of the Airport System on parity with the Second Lien Subordinate Securities.

Third Lien Subordinate Securities. As of January 1, 2014, the County had outstanding approximately $363,560,000 aggregate principal amount of 2013A Bonds and 2013C Notes, which along with certain obligations under certain bank credit and liquidity agreements, were the only Third Lien Subordinate Securities outstanding. The 2013C-1 Notes mature on July 1, 2015 and the 2013C-2 Notes mature on July 1, 2014. The County currently anticipates issuing additional third lien subordinate securities on or prior to the maturity date of each series of 2013C Notes to provide funds to pay all amounts due with respect the applicable series of 2013C Notes. The County has not yet authorized the issuance of such additional third lien subordinate securities and there can be no assurance that such additional third lien subordinate securities will be authorized or issued as anticipated.

General Obligation Bonds. As of January 1, 2014, the County had outstanding approximately $32,915,000 aggregate principal amount of Clark County, Nevada General Obligation (Limited Tax) (Additionally Secured by Pledged Airport System Revenues) Refunding Airport Bonds, Series 2013B and approximately $43,105,000 aggregate principal amount of Clark County, Nevada General Obligation (Limited Tax) (Additionally Secured by Pledged Airport System Revenues) Airport Bonds, Series 2008A (the "2008A GO Bonds"), which are payable from Net Revenues subordinate to the payment of the Third Lien Subordinate Securities.

Credit or Liquidity Facilities

General. In connection with the issuance of certain Second Lien Subordinate Securities, the County has arranged for standby bond purchase facilities or irrevocable direct-pay letters of credit (the "Credit or Liquidity Facilities") to be entered into or issued, as applicable.

If a Credit or Liquidity Facility expires and the County is unable to secure replacement credit or liquidity facilities, the related Second Lien Subordinate Securities will be subject to mandatory tender for purchase by the holders thereof upon such expiration. In addition, the related Credit or Liquidity Facility will be drawn upon to pay the purchase price of such tendered Second Lien Subordinate Securities. See the caption "—Renewal of Credit or Liquidity Facilities" below.

In connection with such Credit or Liquidity Facilities, the County has entered into certain agreements with the banks providing such Credit or Liquidity Facilities. Under such agreements, the County is generally required to reimburse the related bank for any amounts paid by such bank under the related Credit or Liquidity Facility on the same day such amount is paid. Amounts owed to each bank bear interest at a specified rate. The County is also required to pay certain fees to the banks, including establishment, facility, drawing and transfer fees, in addition to the banks' costs, expenses and certain taxes.

In the event that there is a drawing on any Credit or Liquidity Facility to purchase any related Second Lien Subordinate Securities which are tendered for purchase by the holders thereof, the agreements generally provide that the related bank become the holder of such obligations ("Bank Bonds"). In addition, the County is required to repay such Bank Bonds over a period that is less than the remaining term to maturity of the related Second Lien Subordinate Securities (generally five years or less, and in some circumstances immediately upon the purchase of such obligations by the related bank), at an increased interest rate.

The agreements contain a number of covenants and agreements on the part of the County, and specify events of default (which may include failure of the County to maintain credit ratings at specified levels), and remedies. Remedies of the banks generally include the right to cause a mandatory tender of the related Second Lien Subordinate Securities. The obligations of the County pursuant to the agreements are typically payable subordinate to Second Lien Subordinate Securities of the County.

Renewal of Credit or Liquidity Facilities. As described above, in connection with certain variable rate obligations, the County has obtained Credit or Liquidity Facilities which expire prior to the maturity dates of the obligations to which they relate. If the Credit or Liquidity Facilities expire and the County is unable to secure replacement credit or liquidity facilities, the related Second Lien Subordinate Securities will be subject to mandatory tender for purchase by the holders thereof upon such expiration and the related Credit or Liquidity Facilities drawn upon to pay the purchase price of such tendered obligations. In such circumstances, the County is required to repay banks providing Credit or Liquidity Facilities over a period that is less than the remaining term to maturity of the related obligations (generally five years or less and in some circumstances immediately upon the purchase of such obligations by the related bank), at an increased interest rate.

Ratings of Issuers of Credit or Liquidity Facilities. From time to time rating agencies change the ratings of banks that have issued Credit or Liquidity Facilities. In the event that the rating of a bank that has executed or issued a Credit or Liquidity Facility is reduced, such reduction may result in the related Second Lien Subordinate Securities bearing interest at a higher than projected interest rate or result in the downgrade of the rating of such Second Lien Subordinate Securities, or both.

Both Moody's and S&P have recently downgraded banks which have executed and issued Credit or Liquidity Facilities securing certain Second Lien Subordinate Securities. Other banks that have issued Credit or Liquidity Facilities securing Second Lien Subordinate Securities are currently undergoing credit reviews by Moody's and S&P. To date, no downgrade of a bank that executed or issued a Credit or Liquidity Facility has caused a material increase in interest payments on the related Second Lien Subordinate Securities. There can be no assurance that rating reductions or other factors perceived to have an effect on, or to reflect, the credit quality of the banks that have issued Credit or Liquidity Facilities which have occurred or which occur in the future will not result in a material increase in interest payments on the Second Lien Subordinate Securities. See the caption "SECURITY FOR THE SERIES 2014A BONDS—Rate Maintenance Covenants."

A brief description of the County's outstanding Credit or Liquidity Facilities is set forth in the below table:

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CLARK COUNTY, NEVADA, DEPARTMENT OF AVIATION
Credit or Liquidity Facilities as of February 1, 2014[1]

Name of Bonds	*Principal Amount Outstanding*	*Credit or Liquidity Facility Provider*	*Expiration Date*	*Remarketing Agent*
2008A GO Bonds[2]	$ 43,105,000	Landesbank Baden-Württemberg (“LBBW”)	02/26/2015	Citigroup Global Markets Inc. (“Citi”)
2008A-2 Bonds[3]	50,000,000	State Street Bank and Trust Company (“State Street”)	02/20/2017	JP Morgan Securities LLC (“JPM”)
2008B-2 Bonds[3]	50,000,000	State Street	02/20/2017	Citi
2008C-1 Bonds[3]	122,900,000	JPM	12/11/2017	Citi
2008C-2 Bonds[3]	71,450,000	LBBW	03/18/2015	JPM
2008C-3 Bonds[3]	71,350,000	LBBW	03/18/2015	Citi
2008D-1 Bonds[3]	58,920,000	Sumitomo Mitsui Banking Corporation	01/27/2017	Citi
2008D-2A Bonds[3]	100,000,000	Wells Fargo Bank, National Association	01/27/2017	Citi
2008D-2B Bonds[3]	99,605,000	The Royal Bank of Canada (“Royal Bank”)	12/20/2017	RBC Capital Markets, LLC (“RBC”)
2008D-3 Bonds[3]	122,865,000	Bank of America, N.A.	11/04/2016	Citi
2010F-2 PFC Bonds[3]	100,000,000	Union Bank, N.A.	08/09/2016	Citi
2011B-1 Bonds[3]	100,000,000	Citibank, N.A.	03/17/2017	Citi
2011B-2 Bonds[3]	100,000,000	Royal Bank	12/20/2017	RBC

(1) See Note 8(h) of the Department’s Financial Statements set forth in Appendix B for more information with respect to the Credit or Liquidity Facilities.
(2) Supported by a liquidity facility.
(3) Supported by a credit facility.
Source: Clark County Department of Aviation.

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Interest Rate Swap Agreements

Outstanding Interest Rate Swap Agreements. The Airport has been an active participant in the interest rate swap market. A brief description of the Airport swap agreements currently outstanding is provided below:

CLARK COUNTY, NEVADA, DEPARTMENT OF AVIATION
Interest Rate Swap Agreements as of January 1, 2014[(1)]

Name of Swap	*Counterparty*	*Outstanding Notional Amount*	*Nature of Swap*
2001 Basis Swap Agreement	Citigroup Financial Products Inc.	$ 79,791,889	Variable to variable
2003 Fixed Spread Basis Swap Agreement	Citigroup Financial Products Inc.	119,988,839	Variable to variable
2005A Swap Agreement[(2)]	Citigroup Financial Products Inc.	50,495,139	Fixed to fixed
2005B Swap Agreement[(3)]	Citigroup Financial Products Inc.	50,550,000	Fixed to fixed
2005C Swap Agreements	Citigroup Financial Products Inc., JPMorgan Chase Bank, N.A., UBS AG	215,150,000	Variable to fixed
2005D Swap Agreements[(4)]	JPMorgan Chase Bank, N.A., UBS AG	59,870,000	Variable to fixed
2005E Swap Agreements	Citigroup Financial Products Inc., JPMorgan Chase Bank, N.A., UBS AG	58,920,000	Variable to fixed
2008 Swap Agreements	JPMorgan Chase Bank, N.A., UBS AG	300,000,000	Variable to fixed
2009 Swap Agreements[(5)]	Citigroup Financial Products Inc.	200,000,000	Variable to fixed
2010 Swap Agreement[(6)]	Citigroup Financial Products Inc.	150,000,000	Fixed to fixed
2011 Swap Agreement[(7)]	Citibank, N.A., UBS AG	218,175,000	Variable to fixed

(1) See Note 9 of the Department's Financial Statements set forth in Appendix B for more information with respect to the Airport swap agreements.
(2) The Airport receives 1.47% on the notional amount.
(3) The Airport receives 0.60% on the notional amount.
(4) The Airport pays 0.873% on the full notional amount until July 1, 2015 and receives 0.86% on the full notional amount thereafter.
(5) Reflects termination of the associated variable to fixed swap on November 19, 2013.
(6) The Airport pays 2.493% on the notional amount until July 1, 2017 and receives 1.594% on the notional amount thereafter.
(7) On November 19, 2013, the County terminated $56,825,000 of the $201,975,000 variable to fixed swap with Citibank, N.A. The County continues to pay variable to fixed on a notional amount of $145,150,000. The remainder of the notional amount shown in the table relates to the UBS AG swap.

Source: Clark County Department of Aviation.

Future Interest Rate Swap Agreements. The Airport may, from time to time, enter into additional interest rate swap agreements (or amend, modify, novate or take certain other actions with respect to existing interest rate swap agreements) with security and payment provisions as permitted under the Master Indenture, the Series Indentures and other applicable agreements. The Airport terminated certain interest rate swaps in 2010 and 2013, as discussed in the footnotes to the table under the caption "—Outstanding Interest Rate Swap Agreements."

Debt Service Requirements

The following table sets forth the annual debt service requirements for the Series 2014A Bonds.

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CLARK COUNTY, NEVADA, DEPARTMENT OF AVIATION
Debt Service Requirements for Series 2014A Bonds

Period Ending July 1[(1)]	*Series 2014A Bonds Principal*	*Series 2014A Bonds Interest*	*Total*
2014	$ 10,000,000.00	$ 3,476,365.66	$ 13,476,365.66
2015	11,760,000.00	14,678,212.50	26,438,212.50
2016	28,765,000.00	14,090,212.50	42,855,212.50
2017	23,085,000.00	12,651,962.50	35,736,962.50
2018	850,000.00	11,497,712.50	12,347,712.50
2019	4,780,000.00	11,463,712.50	16,243,712.50
2020	2,300,000.00	11,224,712.50	13,524,712.50
2021	1,755,000.00	11,109,712.50	12,864,712.50
2022	3,835,000.00	11,021,962.50	14,856,962.50
2023	-	10,830,212.50	10,830,212.50
2024	8,820,000.00	10,830,212.50	19,650,212.50
2025	17,770,000.00	10,389,212.50	28,159,212.50
2026	-	9,500,712.50	9,500,712.50
2027	-	9,500,712.50	9,500,712.50
2028	18,660,000.00	9,500,712.50	28,160,712.50
2029	19,595,000.00	8,567,712.50	28,162,712.50
2030	20,575,000.00	7,587,962.50	28,162,962.50
2031	21,600,000.00	6,559,212.50	28,159,212.50
2032	22,470,000.00	5,695,212.50	28,165,212.50
2033	23,595,000.00	4,571,712.50	28,166,712.50
2034	24,770,000.00	3,391,962.50	28,161,962.50
2035	25,820,000.00	2,339,237.50	28,159,237.50
2036	27,015,000.00	1,148,137.50	28,163,137.50
TOTAL	$ 317,820,000.00	$ 201,627,490.66	$ 519,447,490.66

(1) Totals may not add due to independent rounding. Amount shown is for the Fiscal Year ending on the prior June 30 in which principal and interest accrues.
Source: Clark County Department of Aviation.

The following table sets forth the annual debt service requirements for the outstanding Senior Securities, the various issues of Subordinate Securities (other than PFC Bonds) and the various issues of PFC Bonds. The debt service requirements for the Series 2014A Bonds are included below. The debt service requirements do not reflect payments with respect to interest rate swaps not associated with specific bonds included in the following table.

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CLARK COUNTY, NEVADA, DEPARTMENT OF AVIATION
Debt Service Requirements for Outstanding Senior Securities, Subordinate Securities and PFC Bonds

Period Ending July 1[(1)]	*Requirements on Outstanding Senior Securities*[(2)]	*Total Requirements on Subordinate Securities*[(3)(4)]	*Requirements on PFC Bonds*[(5)]	*Total*
2014[(6)]	$ 53,790,770	$ 140,631,821	$ 76,392,308	$ 270,814,898
2015	62,258,020	123,230,470	76,454,873	261,943,363
2016	58,986,520	151,636,453	76,848,203	287,471,175
2017	55,754,020	150,313,508	77,634,973	283,702,500
2018	55,531,020	148,783,861	78,567,366	282,882,246
2019	54,207,520	153,499,596	65,169,160	272,876,276
2020	54,173,920	150,316,175	65,283,616	269,773,711
2021	54,308,330	148,893,185	65,081,684	268,283,199
2022	56,926,580	147,536,133	64,737,196	269,199,908
2023	56,972,930	143,536,071	82,602,100	283,111,101
2024	56,916,680	154,433,701	56,782,600	268,132,981
2025	36,906,032	164,412,947	65,766,350	267,085,329
2026	36,906,032	146,816,939	83,961,850	267,684,821
2027	36,906,032	121,098,823	83,968,100	241,972,956
2028	36,906,032	132,922,853	50,774,850	220,603,736
2029	36,906,032	121,999,309	50,775,350	209,680,692
2030	59,911,032	95,279,016	50,780,850	205,970,899
2031	41,407,099	115,042,943	50,777,850	207,227,892
2032	42,969,762	112,667,489	50,784,106	206,421,357
2033	44,246,469	111,407,507	50,781,856	206,435,833
2034	45,996,391	109,690,351	43,032,531	198,719,273
2035	47,540,150	108,162,649	43,029,300	198,732,099
2036	74,297,668	106,396,438	43,029,113	223,723,218
2037	99,333,599	78,338,647	43,030,175	220,702,421
2038	88,906,529	88,126,764	43,028,288	220,061,580
2039	89,366,925	87,051,801	43,034,250	219,452,976
2040	90,015,641	85,775,032	43,028,075	218,818,748
2041	94,322,548	80,836,975	43,030,563	218,190,086
2042	94,316,202	80,840,588	43,026,200	218,182,989
2043	111,197,861	-	-	111,197,861
2044	111,199,924	-	-	111,199,924
2045	111,195,037	-	-	111,195,037
TOTAL	$ 2,050,579,306	$ 3,559,678,047	$ 1,711,193,734	$ 7,321,451,087

(1) Totals may not add due to independent rounding. Amount shown is for the Fiscal Year ending on the prior June 30 in which principal and interest accrues.

(2) Debt service on the 2009B Bonds and the 2010C Bonds reflects announced reductions in BAB Credits through September 2024. See the caption "—Management Discussion of Operating Results and Projections—Effect of Federal Sequester" for a discussion of announced reductions in such BAB Credits in Fiscal Year 2014.

(3) Exclusive of PFC Bonds, General Obligation Bonds, 2013A Bonds and 2013C Notes. See the caption "—Outstanding Airport Indebtedness." Reflects refunding of Series 2004A Bonds from proceeds of Series 2014A Bonds.

(4) Interest on certain variable rate Subordinate Securities that are hedged with Qualified Swaps is computed based on the fixed rate on the respective Qualified Swap plus: (i) 100 basis points (for obligations not subject to Alternative Minimum Tax); or (ii) 110 basis points (for obligations subject to Alternative Minimum Tax). Interest on certain variable rate Subordinate Securities that are not hedged with Qualified Swaps is computed based upon the prevailing forward curve for the Securities Industry and Financial Markets Association index plus: (i) 100 basis points (for obligations not subject to Alternative Minimum Tax); or (ii) 110 basis points (for obligations subject to Alternative Minimum Tax). Interest on certain Subordinate Securities consisting of interest rate swaps that are not associated with a particular series of obligations is computed based upon the net of the fixed-rate component of such swaps less the floating-rate component thereof, the latter of which is computed based upon a percentage of the prevailing forward curve of the 1-month LIBOR rate plus a fixed spread.

(5) Secured by and payable from a portion of certain passenger facilities charges, and in the event that the portion of such passenger facilities charges is insufficient to pay the debt service requirements of the PFC Bonds, then from a second lien on the Net Revenues. See footnote 11 to the chart entitled "Statement of Historical and Projected Future Operating Results" under the caption "—Historical Operating Results and Projected Future Operating Results." Interest on certain variable rate PFC Bonds that are not hedged with interest rate swaps is computed based upon the prevailing forward curve for the Securities Industry and Financial Markets Association index plus: (i) 100 basis points (for obligations not subject to the Alternative Minimum Tax); or (ii) 110 basis points (for obligations subject to the Alternative Minimum Tax).

(6) Reflects projected debt service for Fiscal Year 2014. See the chart entitled "Statement of Historical and Projected Future Operating Results" under the caption "—Historical Operating Results and Projected Future Operating Results."

Source: Clark County Department of Aviation.

Future Developments

Financing for the Terminal 3 project described in more detail under the caption "THE AIRPORT SYSTEM—Description of Existing Airport Facilities—Terminal 3 at McCarran International Airport" and other elements of the Airport System's five-year capital improvement plan are substantially complete. Currently, the Airport does not have any major bond funded capital improvements planned beyond such five-year plan. Pursuant to the current five-year plan, the Airport expects to expend approximately $526.3 million on capital improvements in the current and next four Fiscal Years, as described in more detail under the caption "THE AIRPORT SYSTEM—Future Airport Improvements." Any such improvements are projected by the Airport to be funded from a combination of federal grants, Jet A Fuel Tax revenues and internally generated cash.

County Investment Policy

Nevada Revised Statutes § 355.170 sets forth investments in which the County Treasurer may invest taxes and other County monies, which currently include United States Treasury notes, bonds and bills, certain federal agency securities, bankers acceptances, commercial paper, money market mutual funds, certificates of deposit of local banks, corporate securities, collateralized mortgage obligations, and repurchase agreements. Under the current investment policy approved by the Board of County Commissioners (the "Investment Policy"), the County Treasurer is required to invest all County monies in accordance with the Investment Policy. Under the Investment Policy, the County Treasurer may invest such moneys in investments described therein, which include certain State Authorized Investments (the "County Authorized Investments"). Certain other restrictions are contained in the Investment Policy, including limitations on maturities of certain County Authorized Investments and ratings qualifications on certain categories of investments.

A large portion of the money held by the County Treasurer for investment is invested through the Treasurer's general pooled investment fund (the "County Pool"). Unexpected withdrawals could force the sale of some investments prior to maturity and lead to realization of losses. Such unexpected withdrawals are considered highly unlikely by the County Treasurer. The current Investment Policy allocates gains on securities in the County Pool on a pro rata basis and the County Treasurer reports that any losses would be allocated on the same basis.

Factors Affecting Airport Operations and Revenues

Future traffic at the Airport is sensitive to a variety of factors including: (1) the growth in the population and economy in the Airport service area; (2) national and international economic conditions; (3) airline economics and air fares; (4) the availability and price of aviation fuel; (5) airline service and route networks; (6) the capacity of the air traffic control system; (7) the capacity of the Airport/Airways system; (8) accessibility of and traffic to the Airport; and (9) the development of new or expansion of existing airports. Slow or negative traffic growth in many areas, increased competition among air carriers, consolidation and mergers among airlines, increased fuel, labor, equipment and other costs and increases in the requirements for and the cost of debt capital have combined from time to time to reduce profits materially or to cause losses for the airlines, sometimes leading to bankruptcy or reorganization. For a discussion of the merger between Continental Airlines and United Airlines, the merger between Southwest Airlines and Air Tran Airways and the merger between American Airlines and US Airways, see the caption "THE AIRPORT SYSTEM—Airport Operations—Airlines Serving the Airport." A recurrence of these factors could lead to further bankruptcy filings, liquidations or major restructuring by other airlines as well. Under such circumstances, an airline, or a trustee in bankruptcy, would have the right to reject any airline agreements which are in place.

The major airline carriers (or their respective parent corporations) are subject to the informational requirements of the Securities and Exchange Act of 1934 and in accordance therewith file reports and other information with the Securities and Exchange Commission (the "SEC"). Certain information, including financial information, as of particular dates concerning several of the airline carriers (or their respective parent corporations), is disclosed in certain reports and statements filed with the SEC. Such reports and statements can be inspected at the Public Reference Room of the SEC at 450 Fifth Street N.W., Washington, D.C. 20549, and copies of such reports and statements can be obtained from the SEC at prescribed rates. In addition, each scheduled airline is required to file periodic reports containing certain financial and operating statistics with the Department of Transportation. Such reports can be inspected at the following location: Office of Aviation Information Management, Data Requirements and Public Reports Division, Research and Special Programs Administration, Department of Transportation, 400 7th Street S.W., Washington, D.C. 20590, and copies of such reports can be obtained from the Department of Transportation at prescribed rates.

THE AIRPORT SYSTEM

Description of Existing Airport Facilities

The County owns and operates an Airport System that includes McCarran International Airport as well as four general aviation airports, North Las Vegas Air Terminal, Henderson Executive Airport, Jean Airport and Overton Airport.

McCarran International Airport. The Airport, which occupies approximately 2,800 acres of land, serves Las Vegas and the surrounding communities of southern Nevada, as well as segments of California, Utah, and Arizona. It is located six miles south of downtown Las Vegas and one mile from the Las Vegas "Strip," the center of the Las Vegas gambling and entertainment industry.

In 1979, the County adopted a Master Plan for ongoing Airport expansion and development (the "Master Plan"). The County continually reviews and updates the Master Plan. The County has made significant improvements to the Airport pursuant to the Master Plan. A major expansion of the terminal structure, an automated transit system, a satellite terminal building, remodeling of the existing terminal structure, a crash/fire/rescue building and a major expansion of the roadway system and supporting facilities were completed by 1987. Construction of a new parallel east-west runway and associated air field improvements, land acquisition for future expansion and noise compatibility, and various other terminal and property improvement projects at the Airport, as well as improvements to the North Las Vegas Air Terminal, were completed by 1992. Construction of roadway improvements and certain projects for which the Federal Aviation Administration has granted the County approval to impose and use a passenger facility charge were completed by 1994. Construction of an approximately 6,000-space parking garage adjacent to the previously existing Airport parking garage, roadway modifications, Concourse D, an automated transit system connecting Concourse D to the main terminal, runway improvements, improvements to the international terminal and the west rotunda of the Airport, expansion of baggage handling facilities, and land acquisition were completed by 1998. On April 15, 2005, the County completed the construction of the third wing of the Concourse D, which resulted in a net increase of 10 gates. In April 2007, the consolidated rental car facility was opened to the public. Installation of an in-line baggage screening facility to meet new security requirements was completed in Fiscal Year 2007. During Fiscal Year 2009, a number of major capital improvements were completed, including the construction of the fourth and final wing of Concourse D, which added eight gates, the repaving of Runway 7R/25L and Taxiway A, a new security checkpoint to Concourse C, a new pedestrian walkway from Concourse C to Concourses A and B and a complete remodel of the baggage claim areas.

Main Terminal Building at McCarran International Airport. The terminal building contains approximately 2,951,000 square feet of space, consisting of a seven-story structure, including ticketing and baggage claim lobbies, a bridge and rotunda, central concession area (e.g., restaurants, shops, restrooms, and other passenger amenities), two pier concourses (Concourses A and B), two satellite concourses (Concourses C and D) served by an automated transit system and public and employee parking.

The ground level of the central terminal includes an inbound baggage handling system, selected building service functions and a special entrance facility for tour group buses. The ground level of the concourses provides space for airline operations and ramp equipment storage.

The esplanade level of the terminal provides space for concession areas and other public facilities. The four building levels above the esplanade level provide covered employee parking spaces for approximately 1,550 automobiles, accessible from an elevated roadway and two helical ramps, as well as office space occupied by the Department.

Concourses A and B extend outward from the rotunda to provide aircraft parking positions and accompanying passenger boarding areas. Each concourse branches to provide access to two cluster buildings, which are used for aircraft parking and boarding. There are a total of 33 aircraft gates in Concourses A and B.

Concourse C consists of approximately 265,530 square feet of concession area, holdrooms, and public circulation facilities and provides 18 aircraft gates and related support space.

Concourse D currently consists of approximately 880,062 square feet of concession area, holdrooms and public circulation facilities and provides 45 aircraft gates and related support space.

Terminal 2 at McCarran International Airport. Terminal 2, which was an eight-gate, two-level charter/international facility of approximately 200,000 square feet, opened in December 1991. All operations at Terminal 2 were transferred to Terminal 3 upon the opening of Terminal 3 and the Airport permanently decommissioned Terminal 2 in July 2012. The Airport is currently preparing a plan to tear down the terminal building. Plans for the future of the space have not been determined.

Terminal 3 at McCarran International Airport. The new $2.4 billion Terminal 3 project added additional ticketing, baggage claim and international facilities to the Airport System. Terminal 3 was completed on schedule and within budget. The terminal includes 14 aircraft gates and related support space. The opening of the gates, ticketing, and baggage claim facilities occurred in two phases. The first phase, consisting of seven international gates, opened in late June 2012. The second phase, consisting of the remaining seven domestic gates, opened in late July 2012.

The terminal building contains approximately 2,000,000 square feet of space, consisting of a two-story structure, including ticketing and baggage claim lobbies, a bridge and rotunda, a central concession area (e.g., restaurants, shops, restrooms, and other passenger amenities) served by an automated transit system connecting with the Concourse D gates, and public and employee parking.

The ground level terminal includes an inbound baggage handling system and selected building service functions. The ground level also provides space for airline operations and ramp equipment storage and services for U.S. Customs and Border Protection for all international inbound passengers. Employee parking will be accessible at this level along with 600 economy parking spaces.

The first level terminal provides covered parking spaces for approximately 6,000 automobiles, accessible from an elevated roadway and one helical ramp. The parking structure includes approximately 2,000,000 square feet, consists of eight levels and is connected to the terminal building through three pedestrian bridges.

The second level terminal provides space for concession areas, passenger drop-off, ticketing, gate access and other public facilities.

Other Facilities at McCarran International Airport. Other landside facilities at the Airport include an air cargo facility, general aviation and small aircraft sightseeing operations, the Airport traffic control tower and flight standards district office, an aircraft rescue and firefighting station, a central heating and cooling plant, Airport maintenance and engineering buildings and a fuel storage tank area. Ground vehicular areas consist of Airport drives and roadways, public parking lots, a taxi staging area, a charter bus plaza and a rental car service and storage area. Ground vehicular areas consist of Airport drives and roadways, public parking lots, taxi staging area and a charter bus plaza.

Runways. There are four runways at the Airport: (1) Runway 7L/25R is 14,505 feet long and 150 feet wide and is the primary air carrier aircraft departure runway; (2) Runway 7R/25L is 10,525 feet long and 150 feet wide and is used primarily for air carrier aircraft arrivals; (3) Runway 1R/19L is 9,770 feet long and 150 feet wide and is used primarily for air carrier arrivals and departures; and (4) Runway 1L/19R is 9,770 feet long and 150 feet wide and is used primarily for air carrier arrivals and departures. Other airside facilities consist of related taxiways and apron parking areas. The four air carrier runways are capable of accommodating the largest widebody aircraft currently in service.

North Las Vegas Air Airport. In October 1987, the County acquired the North Las Vegas Airport. The North Las Vegas Airport is within the corporate limits of the City of North Las Vegas on a 920-acre site about 5 miles northwest of downtown Las Vegas. The airfield has three active runways. An approximately 15,600 square-foot terminal and administration building was dedicated in March 1992. In Fiscal Year 2013, approximately 562 aircraft were based at the North Las Vegas Air Terminal, and 127,050 aircraft operations were performed.

Henderson Executive Airport. In March 1996, the County acquired Henderson Executive Airport. Henderson Executive Airport is within the corporate limits of the City of Henderson on an approximately 570-acre site near the edge of the Henderson city limits. The airfield has two active runways, the longest of which is 6,500 feet and capable of accommodating most corporate aircraft. In Fiscal Year 2013, approximately 310 aircraft were based at the Henderson Executive Airport, and 92,217 aircraft operations were performed. In June 2006, the Department opened a new 24,000 square foot terminal complex at Henderson, a new stand-alone air traffic control tower and 95 new private hangars. In addition, a privately funded office/hangar complex was completed in 2011 and additional third-party projects are currently under construction.

Jean Airport. Jean Airport is a general aviation airport in Jean, Nevada, approximately 30 miles south of Las Vegas between Las Vegas and the California/Nevada state line. Jean Airport serves gliders and single-engine aircraft, with glider operations predominant. The airport occupies approximately 280 acres and consists of two parallel paved runways, 2L/20R and 2R/20L. 2L/20R is 4,600 feet long and 75 feet wide and is used primarily for training and powered aircraft operations. Runway 2R/20L is 3,700 feet long and 60 feet wide and is mainly used for gliders and ultralights. Paved aircraft parking facilities for approximately 40 aircrafts are located on the west side of the airport in front of the 6,000 square foot terminal building. There is also a self-service fueling facility providing both Jet A and 100LL fuel on the south side of the parking apron.

Overton Airport. Overton Airport is a general aviation airport in Overton, Nevada, approximately 70 miles northeast of Las Vegas at the northern end of Lake Mead. The airport serves primarily single-engine general aviation aircraft for personal, recreational, and business uses. The approximately 250-acre airport has one active asphalt surface runway, which is 4,800 feet long by 75 feet wide, tiedown spaces and 15 hangers that can accommodate approximately 50 aircrafts, two shade hangars accommodating one aircraft each, a general services building providing public restrooms, telephone and radio transmission equipment and fueling facilities.

Service Area

The Airport serves Las Vegas and the surrounding communities of southern Nevada, as well as portions of California, Utah and Arizona. Between Fiscal Years 1980 and 2007, the annual number of airline passengers enplaned at the Airport increased from 5,406,216 to 23,628,484. Enplanements fell by approximately 15.6% between Fiscal Years 2007 and 2010 and rose by approximately 5.1% between Fiscal Years 2010 and 2012 before decreasing slightly in Fiscal Year 2013 to 20,872,526. See the chart entitled "Historical Airline Traffic" under the caption "—Airline Operations—Historical Passenger Traffic and Airport Operations" below. According to Airports Council International, for calendar year 2012, the latest year for which numbers are available, the Airport was the ninth busiest airport in the nation in terms of passenger volume in the United States. Department of Transportation statistics show the Airport as the second largest origin and destination airport market in the United States after Los Angeles International Airport.

Airport Management

The Airport is operated as an enterprise fund of the County and is managed by the Department under the supervision of the Board of County Commissioners of the County and the County Manager.

Board of County Commissioners

The Board of County Commissioners is the governing body of the County. The seven members are elected from County commission election districts for four-year staggered terms. The Board members also serve as the directors of the Las Vegas Valley Water District, as trustees of the University Medical Center of Southern Nevada, the Clark County Water Reclamation District, the Big Bend Water District, the Kyle Canyon Water District and the Coyote Springs Water Resources General Improvement District, and as members of the Clark County Redevelopment Agency, the Clark County Liquor and Gaming Licensing Board and the Mount Charleston Fire Protection District.

The Board is also represented on the Regional Transportation Commission of Southern Nevada, Clark County Regional Flood Control District, Debt Management Commission, Las Vegas Metropolitan Police Committee on Fiscal Affairs, Nevada Development Authority, Family and Juvenile Justice Services Policy and Fiscal Affairs Board, Nevada Association of Counties Executive Committee, National Association of Counties Board of Directors, Southern Nevada District Board of Health, Criminal Justice Advisory Commission (formerly known as the Regional Jail Commission), Southern Nevada Regional Planning Coalition (formerly known as the Government Efficiency Committee), Las Vegas Convention and Visitors Authority, Clark County School District Oversight Panel, Southern Nevada Workforce Investment Board, Southern Nevada Water Authority, Airport Hazard Areas Board of Adjustments, Air Pollution Control Hearing Board, Boulder City Library District Board of Trustees, Clark County Advisory Board to Manage Wildlife, Clark County Animal Advisory Committee, Clark County Board of Equalization, Clark County Boat Facilities and Safety Committee, Clark County Business Development Advisory Council, Southern Nevada Regional Planning Commission A-95 Clearinghouse Subcommittee (formerly known as the Clark County Clearinghouse Council), Clark County Parks and Recreation Advisory Council, Clark County Planning Commission, Clark County Senior Advisory Council, Clark County Shooting Park, Combined Board of Building Appeals, Community Development Advisory Committee, Family Services Citizens Advisory Committee, Clean Water Coalition, Henderson Library District Board of Trustees, Jaycee Mobile Home Park Committee, Juvenile Justice/Family Services Citizens Advisory Committee, Las Vegas/Clark County Library District Board of Trustees, Local Emergency Planning Committee, Local law Enforcement Advisory Board (Justice Assistance Grant), Moapa Valley TV Maintenance District, Nuclear Waste (Yucca Mountain) Advisory Committee, Southern Nevada Enterprise Committee, Southern Nevada Area Communications Council, Ryan White Title I Planning Council, Nevada Test Site Development Corporation, Economic Opportunity Board and Nevada Business Service.

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The current members of the Commission and their terms of office are as follows:

Commission Members	***Expiration of Term***
Steve Sisolak, Chair	2017
Larry Brown, Vice Chair	2017
Susan Brager	2015
Tom Collins	2017
Chris Giunchigliani	2015
Mary Beth Scow	2015
Lawrence Weekly	2017

Administration

The County Manager is the County's chief executive officer and serves at the pleasure of the Board:

Donald B. Burnette, County Manager/Chief Executive Officer. Appointed as County Manager for the County on January 3, 2011, Mr. Burnette previously served as the Chief Administrative Officer for the County since July 1, 2002. Prior to becoming Chief Administrative Officer, Mr. Burnette served as Director of the Administrative Services Department from 1999 to 2002, and previously served as Assistant Director of Administrative Services from 1995 to 1999. Mr. Burnette began his employment with Clark County in 1990.

Mr. Burnette has a Bachelor's of Science in Public Administration from Northern Arizona University and a Master's of Public Administration from New Mexico State University.

Department of Aviation

Rosemary A. Vassiliadis, Director of Aviation. Ms. Vassiliadis was appointed Director of Aviation in June 2013. Ms. Vassiliadis previously served the Department as Deputy Director between December 1997 and June 2013. Previously she worked for Clark County as the Director of the Department of Finance and for the City of Las Vegas as the Manager of Finance and Budget. Prior to her government service, Ms. Vassiliadis worked for Zenith International Corporation in the Corporate Accounting Department. Ms. Vassiliadis graduated from DePaul University in Chicago with a Bachelor of Science Degree in Accountancy.

Harry Waters, Deputy Director of Aviation, Operations. Mr. Waters has worked for the Department since 1998 and was appointed Deputy Director of Aviation, Operations, in 2013. In his current position, Mr. Waters oversees a variety of functions at the Airport, including airside, landside and terminal operations. Mr. Waters is responsible for more than 800 employees and leads the Department in the absence of the Director of Aviation. During his tenure with the Department, Mr. Waters has held numerous positions, most recently serving as Assistant Director of Landside Operations. Under Mr. Waters' leadership in Landside Operations, the Airport developed new parking and ground transportation programs, including the installation of an automated vehicle identification system, a new parking revenue control system and one of the busiest taxi loading operations in the world with more than 3.2 million taxis loaded annually. Prior to joining the Department, Mr. Waters spent 25 years in the United States Air Force, serving as an aircrew member and flight instructor in a variety of aircraft, including the F-4 and T-43, which is military version of the Boeing 737. Mr. Waters earned a Bachelor's Degree from Missouri Southern State University and a Master's Degree from Embry-Riddle Aeronautical University.

Saeed Bonabian, Deputy Director of Aviation, Support Services. Mr. Bonabian has worked for the Department since 2007 and was appointed Deputy Director of Aviation, Support Services in 2013. In his current position, Mr. Bonabian oversees a variety of functions at the Airport, including construction, facilities and information systems. In the decades prior to joining the Airport, Mr. Bonabian held high-level positions in the construction and engineering fields, working for local companies such as Raytheon Services, Morrison Knudsen Corporation and New-Com, Inc. Mr. Bonabian earned a Bachelor of Science Degree in Physics and

Mathematics, as well as a Master of Business Administration from Utah's Westminster College. Mr. Bonabian also holds a Master's Degree in Nuclear Engineering and a Ph.D. in Mechanical Engineering, both from the University of Utah.

Joseph Piurkowski, Chief Financial Officer. Mr. Piurkowski joined the Department in October 2007 as Audit Supervisor and was promoted to Manager of Fiscal Services and Budget in December 2009. He served as Assistant Director of Aviation/Finance between 2010 and 2013 and was appointed Chief Financial Officer in 2013. Prior to working at the Department, Mr. Piurkowski spent a total of seven years in the public accounting industry, performing a variety of accounting and auditing related services for clientele ranging from locally owned businesses to large publicly traded corporations. He began his professional career as a staff accountant with a small public accounting firm where he earned his Certified Public Accountant designation in September 2002, and was promoted to manager of the firm's accounting and auditing practice. Mr. Piurkowski was most recently employed by the international accounting firm of PricewaterhouseCoopers, LLP where he spent two years in the firm's assurance practice performing, supervising, and reviewing both internal and external audits. Mr. Piurkowski graduated from the University of Nevada, Las Vegas with a bachelor's degree in business administration majoring in accounting.

Employees and Pension Matters

As of September 30, 2013, the Department had approximately 1,410 full time employees and 20 part time employees. Substantially all of the public employees in Nevada, including those of the Department, are covered under the State's Public Employees Retirement System ("PERS"). The County and other participating public employees are not liable for any unfunded liability or other obligations of PERS. The Department's contributions to PERS for the years ended June 30, 2013, 2012 and 2011 were approximately $18,300,000, $17,100,000 and $16,000,000, respectively. See Note 5(a) to the Financial Statements attached hereto as Appendix B for further information with respect to the PERS plan.

Other Post-Employment Benefits

General. The County also makes available certain post-retirement health insurance and life insurance benefits ("OPEB") to employees, including Airport employees, who retire under PERS and elect to receive and pay for these benefits. The OPEB are only available to retirees who are then receiving a pension from PERS ("Retirees"). The current OPEB program covers County employees and Retirees and the employees and Retirees of five other local governments in Southern Nevada: the Las Vegas Convention and Visitors Authority, University Medical Center of Southern Nevada, Regional Transportation Commission of Southern Nevada, Clark County Regional Flood Control District and Clark County Water Reclamation District (collectively, the "Other Agencies"). Legislation enacted during 2007 changed County employee eligibility to join the State-administered Public Employees' Benefit Program ("PEBP"), described below. Employees who retired on or before September 1, 2008 were eligible to join the PEBP. All other employees who retire after that date will be able to join the County health maintenance organization ("HMO") or preferred provider organization ("PPO") programs. The discussion below is applicable to the County alone (and not to the Other Agencies).

Health Insurance. Retirees can elect to continue to participate in the health insurance benefits provided to employees. For each Retiree, the premium for this insurance benefit is based on the number of persons covered (i.e., the premium is greater for a Retiree who elects to also have dependents covered). The County offers two types of health insurance, a self-funded PPO plan and an HMO plan. Retirees can elect to continue coverage under either of these plans upon payment of the required premium for themselves and their dependents. The premium payable by the Retiree for the self-funded plan is based on the number of years of service with any of the public entities within the benefit plan, and whether the Retiree (or dependent) receives Medicare insurance benefits. Premiums for the HMO are not dependent on the years of County employment, but vary based upon whether or not the employee receives Medicare insurance benefits.

In lieu of participating in one of the County health insurance plans, Retirees can elect to obtain health care coverage for themselves and their dependents under the PEBP. If a Retiree elects this option, the County is required by Nevada Revised Statutes § 287.023 to pay a statutorily-defined portion of the Retiree's premium for coverage under the PEBP; the balance of the premium must be paid by the Retiree. The County's portion of the premium is based on the number of years the Retiree was employed by the County; for employment of 20 years or more, the County is required to pay 100% of the premium subsidy. In the 2007 Nevada Legislative Session, Senate Bill 544 ("SB 544") was adopted, which eliminated the ability of a retiree to receive coverage for health insurance under the PEBP unless the retiree's last employer was actively participating in the plan. Since the County does not utilize the plan for active employees, the practical effect of SB 544 is that after November 30, 2008, retired County personnel will no longer be eligible to receive health insurance coverage through the PEBP. Any members already enrolled in the plan at that date will be grandfathered in and will not be subject to any benefit terminations.

Life Insurance. The life insurance benefit offered to Retirees currently provides a $20,000 death benefit if the Retiree dies before age 70 and a $1,000 death benefit if the Retiree dies after that age; Retirees who elect to obtain this benefit must pay a subsidized premium of $45.60 per year if they are under 70 and a premium of $2 per year if they are over 70. Spouses of Retirees can also be covered at additional cost to the Retiree; the death benefit paid on the death of the spouse is $5,000 if the Retiree is under 70 and $1,000 if the Retiree is 70 or older.

Valuation of the OPEB Program and County Share. The County historically has funded its OPEB on a pay-as-you-go basis, but beginning in Fiscal Year 2008, Governmental Accounting Standards Board Statement No. 45 required that the County begin recording a liability for its share of the OPEB Program unless it sets aside into an irrevocable trust sufficient monies to fund its "ARC" (as defined below) in each year. The County has discussed the OPEB Program with consulting actuaries who have performed a study to determine the actuarial value of the obligations under the OPEB Program. Results of this study indicated that as of June 30, 2013, the total unfunded actuarial accrued liability ("UAAL") for the County's share of the OPEB Program was approximately $1,345,737,705 and the annual amount required to be paid to amortize this liability over 30 years and to accumulate an appropriate amount for current employees so that the UAAL does not increase (the "Annual Required Contribution" or ARC) is approximately $145,795,426. These valuations are based on several assumptions, including future Retiree contribution rates, a 4% per annum discount rate and a 4% per annum investment rate.

Funding of UAAL. The County uses the Other Postemployment Benefits Reserve internal service fund to allocate OPEB costs to each fund, based on employee count. Each fund incurs a charge for service from the Other Postemployment Benefit Reserve fund for their portion of the annual OPEB cost. As of June 30, 2013, the Other Postemployment Benefits Reserve Fund has $216,675,709 in cash and investments, and $143,236,056 is due from other funds that the County intends to use for future OPEB obligations of the County, PEBP, and Fire plans. The total net OPEB obligation of the County, PEBP and Fire Plans is $370,419,229 as of June 30, 2013. These assets cannot be included in the plan assets considered in OPEB funding schedule because they are not held in trust. The Department is responsible for approximately 7.6% of the County's UAAL and ARC described above. For Fiscal Years 2012 and 2013, the Airport recorded an expense of $10,176,851 and $10,140,435, respectively, representing its share of the ARC. See Note 5(b) to the Financial Statements attached hereto as Appendix B for a further description of the Department's OPEB liabilities and the funding policy. For Fiscal Year 2014, the Department has budgeted an expense of $10,130,220 for OPEB costs, representing its share of the ARC.

Budget Process

The Department's budget is prepared on the basis of full accrual accounting. As a component unit of the County, the Department budget is prepared by the Director of Aviation and Department staff and then submitted to the County and incorporated in its budget as one of the County's enterprise funds. Accordingly, the Department budget is subject to the budgeting requirements of the State of Nevada and the related budget hearings and open public meeting requirements of the County's budget process. The budget is ultimately approved by the Board of County Commissioners. The Board approved the Department's operating budget for Fiscal Year 2014 on May 20, 2013.

Department Insurance

The Department maintains comprehensive general liability insurance through a policy purchased from ACE USA with per occurrence limits of $750,000,000 for airport operations, and casualty insurance through policies purchased from Lexington Insurance Company with a total limit of $1,000,000,000. In addition, the Department maintains construction liability and builder's risk insurance for certain capital projects.

Airport Operations

Historical Passenger Traffic and Airport Operations. Set forth below is a table showing certain airline enplaned passenger and aircraft departure information since 1975. For Fiscal Year 2013, scheduled airlines accounted for approximately 97.6% of total enplanements and charter airlines accounted for approximately 0.3%. The remainder was general aviation.

HISTORICAL AIRLINE TRAFFIC
McCarran International Airport

Fiscal Year	*Enplaned Passengers*[1]	*Average Annual Percent Increase (Decrease)*	*Airline Aircraft Departures*[2]	*Average Annual Percent Increase (Decrease)*
1975	3,028,785	--%	52,890	--%
1980	5,406,216	12.3	86,576	10.4
1985	5,291,761	(0.4)	73,250	(3.3)
1990	8,942,787	11.1	114,485	9.3
1995	13,875,096	9.2	168,291	8.0
2000	17,720,384	5.0	187,531	2.2
2005	21,439,652	4.1	213,035	2.3
2006	22,546,814	5.2	227,445	6.3
2007	23,628,484	4.8	257,743	13.3
2008	23,525,862	(0.4)	260,343	1.0
2009	20,739,408	(11.8)	230,925	(11.3)
2010	19,952,800	(3.8)	218,706	(5.3)
2011	20,266,091	1.6	224,388	2.6
2012	20,962,087	3.4	227,206	1.3
2013	20,872,526	(0.4)	221,755	(2.4)
July 1, 2012 – December 31, 2012	10,469,367	--%	112,708	--%
July 1, 2013 – December 31, 2013	10,553,359	0.8	111,859	(0.8)

(1) Includes all enplaned passengers on scheduled, charter, and commuter and other airlines.
(2) Includes passenger airline and cargo airline aircraft departures.
Source: Clark County Department of Aviation.

For Fiscal Year 2013, on a year over year basis, passenger traffic was down approximately 0.4% and aircraft departures were down approximately 2.4%, reflecting continued efforts by domestic carriers to cut capacity nationwide in order to maintain airfare prices and offset higher airline fuel prices. For the first six months of Fiscal Year 2014, passenger traffic was up approximately 0.8% from the corresponding period in Fiscal Year 2013. For the first six months of Fiscal Year 2014, aircraft departures were down approximately 0.8% from the corresponding period in Fiscal Year 2013, reflecting a slight decrease in the number of operations at the Airport. See the caption "—Airlines Serving the Airport" below.

Set forth below is a table showing origination and destination passenger traffic and connecting passenger traffic since 1990.

ORIGINATION AND DESTINATION AND CONNECTING PASSENGERS AIRLINE TRAFFIC
McCarran International Airport

Fiscal Year	*Total Passengers*	*Average Annual Percent Increase (Decrease)*	*Connecting Passengers*	*Average Annual Percent Increase (Decrease)*	*Origination and Destination Passengers*	*Average Annual Percent Increase (Decrease)*
1990	17,763,320	--%	1,484,432	--%	16,278,888	--%
1995	27,703,803	9.3	2,143,968	7.6	25,559,835	9.4
2000	37,314,455	6.1	2,524,860	3.3	34,789,595	6.4
2005	42,859,885	2.8	5,301,722	16.0	37,558,163	1.5
2006	44,988,031	5.0	5,801,923	9.4	39,186,108	4.3
2007	47,375,064	5.3	6,603,046	13.8	40,772,018	4.0
2008	46,983,189	(0.8)	7,154,949	8.4	39,828,240	(2.3)
2009	41,359,585	(12.0)	6,059,511	(15.3)	35,301,490	(11.4)
2010	39,858,750	(3.6)	5,270,464	(13.0)	34,588,286	(2.0)
2011	40,495,125	1.6	4,138,209	(21.5)	36,356,916	5.1
2012	41,874,993	3.4	3,853,211	(6.9)	38,021,840	4.6
2013	41,681,296	(0.5)	4,304,552	11.7	37,376,744	(1.7)
July 1, 2012 – December 31, 2012	20,922,213[(1)]	--%	2,287,598	--%	18,634,615	--%
July 1, 2013 – December 31, 2013	21,097,976[(1)]	0.8	2,564,426	12.1	18,533,550	(0.5)

(1) Differs from total set forth in the table entitled "Airline Market Shares McCarran International Airport First Six Months of Fiscal Year 2014 and First Six Months of Fiscal Year 2013" under the caption "—Airlines Serving the Airport" because the above numbers reflect Airport enplanements and deplanements.

Source: Clark County Department of Aviation.

In Fiscal Year 2013, approximately 89.7% of enplanements at the Airport represented originating passengers, with the remaining approximately 10.3% representing connecting passengers changing planes at the Airport. The origination and destination passenger activity decreased by approximately 1.7% in Fiscal Year 2013 as compared to Fiscal Year 2012. Comparing connecting passenger activity from Fiscal Year 2012 to Fiscal Year 2013, connecting passengers increased by approximately 11.7%, from approximately 9.2% of total passengers to approximately 10.3% of total passengers, respectively. For the first six months of Fiscal Year 2014, connecting passengers have increased by approximately 12.1% over the corresponding period in Fiscal Year 2013, while origin and destination passengers have decreased by approximately 0.5% from the corresponding period in Fiscal Year 2013.

Annual decreases in connecting passengers between Fiscal Years 2009 and 2012 were primarily a result of a decrease in enplanements by US Airways, which had formerly used the Airport as a regional hub. See the caption "—Airlines Serving the Airport." The increase in connecting passengers beginning in Fiscal Year 2013 reflects additional connecting flights through the Airport by the largest carrier serving the Airport, Southwest Airlines.

Although international passenger traffic increased in the first six months of Fiscal Year 2014 over the corresponding period in Fiscal Year 2013, overall origin and destination passengers, reflecting both international and domestic traffic, decreased by approximately 0.5% in such period. Such decrease reflects continued efforts by domestic carriers to cut capacity nationwide in order to maintain airfare prices and offset higher airline fuel prices.

Historical Seat Capacity and Average Load Factor. Set forth below is a summary of Historical Seat Capacity and Average Load Factor since Fiscal Year 2004.

HISTORICAL SEAT CAPACITY AND AVERAGE LOAD FACTOR
McCarran International Airport

Fiscal Year	*Total 1 Way Seats*	*Average Annual Percent Increase (Decrease)*	*Average Load Factor*	*Average Annual Percent Increase (Decrease)*
2004	24,051,961	11.05%	79.20%	0.04%
2005	26,504,607	10.20	80.91	2.17
2006	27,820,141	4.96	82.75	2.27
2007	28,449,259	2.26	82.60	(0.18)
2008	28,740,645	1.02	83.23	0.76
2009	25,888,472	(9.92)	83.09	(0.16)
2010	24,186,076	(6.58)	85.20	2.50
2011	23,983,332	(0.84)	86.20	1.17
2012	24,673,462	2.88	86.30	0.12
2013	24,339,299	(1.35)	85.70	(0.70)
July 1, 2012 – August 31, 2012	4,199,023	--%	86.27%	--%
July 1, 2013 – August 31, 2013[1]	4,266,947	1.62	86.23	(0.05)

[1] Reflects latest available information.
Source: Clark County Department of Aviation.

While seat capacity grew in Fiscal Years 2004 through 2008, load factor rates remained high. While seat capacity declined in Fiscal Years 2009 through 2011, the airlines managed available seats to keep load factors at or above historic levels. Seat capacity and load factors decreased slightly in Fiscal Year 2013 as compared to Fiscal Year 2012, reflecting efforts by domestic carriers to cut capacity nationwide in order to maintain airfare prices and offset higher airline fuel prices. Seat capacity increased slightly in the first two months of Fiscal Year 2014, the latest period for which such information is available, while load factors decreased slightly, reflecting modifications of routes and aircraft sizes by the airlines in response to changes in customer demand.

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Historical Airline Landed Weight. Set forth below is a summary of Historical Airline Landed Weight since Fiscal Year 2004.

HISTORICAL AIRLINE LANDED WEIGHT
McCarran International Airport

Fiscal Year	***Landed Weight***[1]	***Average Annual Percent Increase (Decrease)***
2004	24,878,724	7.8%
2005	27,066,272	8.8
2006	27,526,493	1.7
2007	28,835,044	4.8
2008	28,841,564	0.0
2009	25,973,079	(9.9)
2010	24,306,053	(6.4)
2011	24,288,033	(0.1)
2012	24,855,800	2.3
2013	24,314,564	(2.2)
July 1, 2012 – December 31, 2012	12,269,513	--%
July 1, 2013 – December 31, 2013	12,382,293	0.9

(1) Pounds per 000.
Source: Clark County Department of Aviation.

Airline landed weight increased by approximately 0.9% during the first six months of Fiscal Year 2014 over the corresponding period in Fiscal Year 2013.

Airlines Serving the Airport. As of July 1, 2013, the Airport was served by 30 scheduled airlines, of which 15 are international carriers. In addition, the Airport is served by one charter passenger airline that operates at the Airport on a regular basis and several other charter airlines that provide service to the Airport on an occasional basis. The scheduled airlines serving the Airport (excluding charters and air taxis) are currently averaging 431 scheduled departures per day to 150 nonstop markets.

The following tables present the market shares of enplaned passengers for the scheduled airlines serving the Airport for Fiscal Years 2013, 2012 and 2000 and for the first six months of Fiscal Year 2014 compared to the same period in Fiscal Year 2013. Southwest Airlines and Delta accounted for over 49% of total enplaned passengers at the Airport in Fiscal Year 2013.

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AIRLINE MARKET SHARES
McCarran International Airport
Fiscal Years 2013, 2012 and 2000

	Fiscal Year 2013		*Fiscal Year 2012*		*Fiscal Year 2000*	
	Passengers	***Percent***	***Passengers***	***Percent***	***Passengers***	***Percent***
Scheduled Airlines:						
Southwest[(1)]	8,288,333	39.7%	8,039,571	38.4%	4,934,299	27.9%
Delta[(2)]	2,048,982	9.8	2,177,895	10.4	1,409,339	8.0
United Continental[(3)]	2,037,287	9.8	2,160,386	10.6	2,489,397	15.1
American[(4)]	1,270,726	6.1	1,216,828	5.8	1,106,256	6.2
Allegiant	1,132,607	5.4	1,124,930	5.4	35,880	0.2
International Carriers[(5)]	966,692	4.6	870,674	4.2	509,293	2.9
US Airways[(6)]	956,276	4.6	1,154,665	5.5	203,107	1.2
Spirit	937,568	4.5	811,124	3.9	--	--
Alaska	621,321	3.0	643,730	3.1	430,549	2.4
Jet Blue	515,254	2.5	538,629	2.6	--	--
Westjet	492,409	2.4	490,986	2.3	--	--
Virgin America	324,536	1.6	298,007	1.4	--	--
Frontier[(7)]	277,318	1.3	329,260	1.6	100,223	0.6
Hawaiian Air	252,138	1.2	265,989	1.3	--	--
Air Tran[(8)]	159,881	0.8	252,658	1.2	--	0.0
Sun Country	80,230	0.4	70,243	0.3	--	--
Northwest[(9)]	--	0.0	--	0.0	681,776	3.2
ATA[(10)]	--	0.0	--	0.0	572,485	3.2
Champion[(11)]	--	0.0	--	0.0	229,506	1.3
America West[(12)]	--	0.0	--	0.0	2,646,809	14.9
National[(13)]	--	0.0	--	0.0	666,807	3.8
TWA[(14)]	--	0.0	--	0.0	298,175	1.7
Reno Air[(15)]	--	0.0	--	0.0	124,292	0.7
Subtotal	20,361,558	97.6%	20,445,575	97.5%	16,438,193	92.8%
Charter Airlines	53,624	0.3	64,878	0.3	961,989	5.4
General Aviation and Other	457,344	2.2	451,634	2.2	321,381	1.8
Total[(16)]	20,872,526	100.0%	20,962,087	100.0%	17,721,563	100.0%

(1) Merged with Air Tran in Fiscal Year 2012.
(2) Filed for Chapter 11 bankruptcy in September 2005; emerged from Chapter 11 bankruptcy in April 2007. Merged with Northwest in February 2010.
(3) Result of merger between United and Continental on October 1, 2010. Fiscal Year 2000 figure reflects total of United and Continental passengers.
(4) Filed for Chapter 11 bankruptcy in November 2011. Merged with US Airways on December 9, 2013. The Airport does not expect such merger to have a material adverse effect on Airport operations.
(5) Excluding Westjet, which is listed separately below.
(6) Filed for Chapter 11 bankruptcy in August 2002; refiled for Chapter 11 bankruptcy in September 2004; emerged from Chapter 11 bankruptcy in September 2005, and merged with America West in September 2005. Merged with American Airlines on December 9, 2013. The Airport does not expect such merger to have a material adverse effect on Airport operations.
(7) Filed for Chapter 11 bankruptcy in April 2008; emerged from Chapter 11 bankruptcy in October 2009. Merged with Midwest in Fiscal Year 2010.
(8) Merged with Southwest Airlines in Fiscal Year 2012.
(9) Filed for Chapter 11 bankruptcy in September 2005; emerged from Chapter 11 bankruptcy in May 2007. Merged with Delta in February 2010.
(10) Filed for Chapter 11 bankruptcy and ceased operations in April 2008.
(11) Ceased operations May 2008.
(12) Merged with US Airways in September 2005.
(13) Filed for Chapter 11 bankruptcy in December 2000. National Airlines began servicing the Airport in Fiscal Year 2000 and in November 2002, National Airlines ceased operations.
(14) Acquired by American Airlines in 2001.
(15) Reno Air was purchased by American Airlines in 1998 and is no longer operated as a separate entity.
(16) May not add due to rounding.

Source: Clark County Department of Aviation.

AIRLINE MARKET SHARES
McCarran International Airport
First Six Months of Fiscal Year 2014 and First Six Months of Fiscal Year 2013

	July 2013 - December 2013			*July 2012 - December 2012*	
Airline	*Passengers*	*Percent*	*Increase/ (Decrease)*	*Passengers*	*Percent*
Southwest	4,174,130	39.6%	0.3%	4,161,144	39.7%
American/US Airways[(1)]	1,120,936	10.6	1.0	1,109,871	10.6
Delta	1,014,297	9.6	0.0	1,014,162	9.7
United Continental	995,920	9.4	(1.5)	1,011,042	9.7
Spirit	579,970	5.5	20.4	481,570	4.6
Allegiant	544,226	5.2	(2.0)	555,320	5.3
Alaska	314,107	3.0	3.5	303,491	2.9
Westjet	244,642	2.3	7.1	228,392	2.2
JetBlue	228,812	2.2	(14.1)	266,338	2.5
Virgin America	181,835	1.7	13.5	160,147	1.5
Frontier	131,674	1.2	(17.2)	159,028	1.5
Hawaiian Air	126,174	1.2	(8.4)	137,755	1.3
Air Canada	125,411	1.2	6.5	117,805	1.1
Air Tran	97,376	0.9	7.2	90,798	0.9
Virgin Atlantic	77,645	0.7	(6.5)	83,079	0.8
British Airways	73,130	0.7	26.0	58,022	0.6
AeroMexico	60,640	0.6	22.0	49,722	0.5
Volaris	50,346	0.5	(23.2)	65,531	0.6
Sun Country	38,016	0.4	13.6	33,451	0.3
Copa Airlines	23,786	0.2	30.0	18,291	0.2
Condor	19,343	0.2	(3.3)	20,011	0.2
Korean	18,024	0.2	13.3	15,902	0.2
Interjet	14,513	0.1	1071.3	1,239	0.0
Sunwing	12,030	0.1	(31.8)	17,650	0.2
Thomas Cook	8,838	0.1	27.0	6,957	0.1
Magnicharters	6,697	0.1	(8.1)	7,284	0.1
Arkefly	6,074	0.1	(3.9)	6,323	0.1
Vision	3,552	0.0	2611.5	131	0.0
XL Airways	2,686	0.0	(14.0)	3,125	0.0
Great Lakes	-	0.0	(100.0)	3,898	0.0
Philippines	-	0.0	(100.0)	15,234	0.1
Air Berlin	-	0.0	(100.0)	7,684	0.1
Vivaaerobus	-	0.0	(100.0)	11,412	0.1
Charter Airlines	23,427	0.2	2.2	22,914	0.2
General Aviation & Other	235,102	2.2	4.7	224,644	2.1
Total Enplanements[(2)(3)]	10,553,359	100.0%	0.8%	10,469,367	100.0%

(1) Merged on December 9, 2013. The Airport does not expect such merger to have a material adverse effect on Airport operations.
(2) Differs from total set forth in the table entitled "Origination and Destination and Connecting Passengers Airline Traffic" under the caption "—Historical Passenger Traffic and Airport Operations" because the above numbers reflect Airport enplanements only.
(3) May not add due to rounding.
Source: Clark County Department of Aviation.

In October 2010, United Airlines ("United") and Continental Airlines ("Continental") merged to form a new entity, United Continental Holdings Inc. Because of the relatively small airline market shares of United and Continental at the Airport, as well as limited overlapping United and Continental flights to Las Vegas, the merger between United and Continental has not had a material adverse effect on the operations of the Airport.

In March 2012, Southwest Airlines acquired Air Tran Airways ("Air Tran") in a merger between the two companies. The Airport does not expect the merger between Southwest Airlines and Air Tran to have a material adverse effect on the operations of the Airport.

In December 2013, American Airlines and US Airways merged. The Airport does not expect the merger between American Airlines and US Airways to have a material adverse effect on the operations of the Airport.

Southwest Airlines and American/US Airways accounted for approximately 50.2% of total enplaned passengers at the Airport in the first six months of Fiscal Year 2014.

Airline Agreements; Rates and Charges

On August 17, 2010, the Board of County Commissioners approved and authorized the Director of Aviation to execute the new Airline-Airport Use and Lease Agreement ("Airline Agreement") with those airlines serving Las Vegas that meet the minimum qualifications to become signatories thereof. As of December 1, 2013, the following airlines have executed the new Airline Agreement: Alaska Airlines, American Airlines, Delta Air Lines, United Airlines, Southwest Airlines, Air Canada, Air Tran Airways, Allegiant Air, Spirit, British Airways, Frontier Airlines, Hawaiian Airlines, JetBlue Airways, Korean Air Lines, Philippine Airlines, Virgin America, Inc., Virgin Atlantic Airways, WestJet Airlines and US Airways. All other airlines are classified as non-signatories and are subject to non-signatory rates and charges.

The key provisions of the Airline Agreement include the following: (i) a term of five years with two one-year options with the effective date being retroactive to July 1, 2010; (ii) the rate making methodology is a full residual agreement with each direct cost center, airfield, terminal and apron areas standing on its own; (iii) the Department retains the gaming and net revenues from the consolidated rental car facility as its discretionary cash which is deposited into the Capital Fund; (iv) the Department's five-year capital plan is pre-approved as an exhibit to the Airline Agreement; and (v) the Airline Agreement establishes a Rate Stabilization Fund that will be funded each year with 50% of the amortization charged to the airlines and this fund can be used for keeping rates at competitive levels. Rentals and fees are established each Fiscal Year based on the approved Airport System operating budget. The rates are reviewed and adjusted, if necessary, throughout each Fiscal Year to ensure that the rate covenants described under the caption "SECURITY FOR THE SERIES 2014A BONDS—Rate Maintenance Covenants" are being met. At the end of each Fiscal Year, the Airport recalculates the rates based on actual expenses and revenues and if additional rents or credits are due, the airlines receive these credits or are paid additional amounts due within 30 days from notification. The County reserves the right to make certain extraordinary adjustments to rentals and fees to assure that costs and expenses of the Airport will be paid.

The Airline Agreement provides that all rights of the airlines thereunder are expressly subordinated to the provisions of any pledge made by the County pursuant to the terms of the Master Indenture.

Rates and charges for those airlines at the Airport which are not subject to the Airline Agreement are 125% of the signatory rates.

The Department and the signatory airlines to the Airline Agreement are currently in the process of extending the Airline Agreement to July 1, 2017. Such extension has not yet been finalized.

Airport Concessions

The principal concessions at the Airport are gaming, rental car, automobile parking, advertising, news and gift, and food and beverage. The County also derives revenues from specialty shops, telephones, limousines, ground transportation services, building and land rentals, and other concessions. Concessions in general operate under concession agreements providing for payment to the County of a percentage of gross revenue. In Fiscal Year 2013, concession revenues included gaming revenues of approximately $23.9 million, $62.0 million in advertising and food/beverage revenues, news/gift and other terminal concession revenues, $45.0 million in rental car and other transportation (including limousine, taxi and bus) revenues and parking revenues of approximately $30.5 million.

A discussion of the major concession arrangements follows:

Gaming. The gaming concession at the Airport operates under an agreement providing for payment to the County of 86.5% of net revenues (gross revenues less payment of payroll and tax expenses), which results in the County receiving approximately 60% of gross gaming revenues, subject to guaranteed minimum payments. The current gaming concession agreement extends to September 30, 2020. For Fiscal Year 2013, gaming revenues were approximately $23.9 million, a decrease of approximately 7.2% as compared to Fiscal Year 2012. This decrease can be attributed to temporary closures for renovation of certain areas of the Airport with gaming facilities. For the first six months of Fiscal Year 2014, gaming revenue increased by approximately 4.8% over the first six months of Fiscal Year 2013 as a result of the reopening of renovated areas as well the replacement of older gaming devices with state-of-the-art gaming devices that generate higher revenues.

Rental Cars. Eleven rental car companies (Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, Las Rentals, Thrifty, EZ Rent a Car and Simply Wheelz) are operating at the Airport under concession agreements that became effective in 2004. Such agreements expire in 2016, with the exception of the agreements with Alamo, Avis and National, which expire in 2017. The County has the option, in its sole discretion, to extend such concession agreements for one 5-year period. The concession agreement requires the payment of 10% of gross revenues, subject to minimum annual guarantees. The rental car companies are also required to collect from their customers and remit to the Airport a customer facility charge ("CFC") of $3.75 per contract day. The CFC commenced in May 2004 at $3.00 per contract day and was increased to $3.25 per day in January 2009 and to $3.75 on August 1, 2010. The CFC is currently being used by the Airport to pay for certain expenses relating to the consolidated rental car facility. The concession revenues generated by the rental car companies totaled approximately $30.0 million in Fiscal Year 2013, up approximately 0.4% over Fiscal Year 2012. For the first six months of Fiscal Year 2014, rental car concession fees increased by approximately 3.1% over the first six months of Fiscal Year 2013.

Automobile Parking. Parking facilities at the Airport are operated by the County and include three parking garages (including a newly opened garage serving Terminal 3) containing approximately 10,275 covered parking spaces and three other lots. There are no significant off-airport parking facilities in operation. During Fiscal Year 2009, the Department increased all of the parking rates at the Airport. Parking revenues increased by approximately 6.1%, from approximately $28.8 million in Fiscal Year 2012 to approximately $30.5 million in Fiscal Year 2013. For the first six months of Fiscal Year 2014, parking revenues at the Airport increased approximately 9.6% over the first six months of Fiscal Year 2013 as a result of increases in long-term parking garage and valet parking rates, as well as an increase in monthly parking rates for the employees of Airport tenants.

Advertising. The advertising arrangements in the Main Terminal, Terminal 3 and other areas provide for the payment of advertising commissions to the County of up to 85% of gross revenues, with a total minimum annual guarantee of $5,400,000. Agreements for outdoor billboard advertising locations on Airport property provide for the payment of advertising commissions to the County ranging from 25% to 80% of gross revenues. Terminal advertising revenues for Fiscal Year 2013 totaled approximately $13.0 million, down approximately 4.7% from Fiscal Year 2012 as a result of the reallocation of passenger traffic and advertising space in connection with the opening of Terminal 3. For the first six months of Fiscal Year 2014, terminal advertising fees increased approximately 10.0% over the first six months of Fiscal Year 2013, reflecting the shifting of Airport traffic to Terminal 3 and accompanying adjustments in advertising locations to match passenger flows. Billboard revenues from roadway advertising totaled approximately $5.8 million in Fiscal Year 2013, down approximately 5.0% from Fiscal Year 2012, reflecting the withdrawal from the market of one of the largest advertisers on the Airport's billboards. For the first six months of Fiscal Year 2014, billboard revenues increased approximately 11.0% over the first six months of Fiscal Year 2013, reflecting the relocation of existing billboards to more prominent locations as part of the roadway realignments associated with the opening of Terminal 3.

News and Gifts. The Hudson Group operates all of the news and general merchandise (gifts) concessions at the Airport under an agreement that extends through July 31, 2020. As of April 1, 2008, the

County receives 17.5% of gross revenues on reading materials, 20% of gross revenues on the sale of cigarettes, candies, drugs, sundries and snack foods and 22% of gross revenues on all other items. The Hudson Group has renovated all of the news and gift stores within the Airport. News and gift revenues at the Airport increased from approximately $11.1 million in Fiscal Year 2012 to approximately $11.2 million in Fiscal Year 2013, an increase of approximately 1.2%. This increase is attributable to increased purchases of drinks, snacks and reading materials as airlines have discontinued the provision of such items on flights. For the first six months of Fiscal Year 2014, news and gift concession fees decreased approximately 0.6% compared to the first six months of Fiscal Year 2013.

Nuance Global Traders, USA Inc. ("Nuance") operates the news and general merchandise and duty free concession at Terminal 3 under an agreement that extends through June 27, 2027. According to the terms of the agreement for the duty free concession, the County receives 22% of gross revenues on fashion apparel and accessories, 5% of gross revenues on electronics hardware, 20% of gross revenue on electronics accessories, 12% on purchases for which duty is paid, 28% of gross revenues up to $10 million on all other duty free items, 32% of gross revenues between $10 million and $20 million on all other duty free items and 35% of gross revenues in excess of $20 million on all other duty free items. In Fiscal Year 2013, Nuance generated approximately $8.6 million, compared to approximately $5.3 million in Fiscal Year 2012. This increase can be attributed to the increase in international passengers and Nuance's opening of a new 10,699 square foot duty free shop in Terminal 3. For the first six months of Fiscal Year 2014, duty free revenues decreased approximately 0.9% compared to the first six months of Fiscal Year 2013.

Food and Beverage. HMS Host Services Corporation ("HMS Host") has the exclusive concession privilege to operate food and beverage services in the Main Terminal Building and Terminal 3, including terminal restaurants, cafeterias, snack bars, and cocktail bars. Under an agreement that extends to November 30, 2018, HMS Host pays the County 11.0% of gross revenues on food and non-alcoholic beverages and 18.0% of gross revenues on liquor sales. HMS Host is currently in the process of re-branding several of the food locations throughout the Airport. In Fiscal Year 2013, food, beverage and bar sales at the Airport totaled approximately $19.1 million, an increase of approximately 9.3% over Fiscal Year 2012. For the first six months of Fiscal Year 2014, food and beverage revenues have increased by approximately 8.6% over the first six months of Fiscal Year 2013. This increase can be attributed to new concessions opportunities at Terminal 3 and the D Gates, which created better passenger exposure to concession locations.

Other Terminal Building Concessions. The County also derives revenues from specialty shops and other concessions and services within the Terminal Building according to the terms of various agreements. Specialty retail at the airport generated approximately $7.4 million in Fiscal Year 2013, an increase of approximately 14.3% over Fiscal Year 2012. For the first six months of Fiscal Year 2014, specialty retail concession fees have increased approximately 19.6% over the first six months of Fiscal Year 2013, reflecting new shopping opportunities at Terminal 3 and better passenger exposure to concession locations.

Future Airport Improvements

The Department continuously updates its long-range plan for development of the passenger terminal facilities and airfield areas to meet anticipated growth in airline passengers and aircraft operations. The Department's current five-year capital plan for Fiscal Years 2014 through 2018 projects capital expenditures of approximately $526.3 million, consisting of approximately $238.8 million in airfield and apron improvements, $69.6 million in terminal facilities enhancements, $197.2 million in infrastructure and support facilities improvements, and $20.6 million in reliever airport improvements. Such costs will be financed through a combination of federal grants, Jet A Fuel Tax revenues and internally generated cash. The Department does not currently anticipate issuing additional general airport revenue bonds to fund the current five-year capital plan.

The Airport previously acquired 6,500 acres of land in Ivanpah, Nevada for the construction of a supplemental airport facility once capacity is reached at the current facility. Such facility would be in addition to the current Airport and would provide facilities to accommodate approximately 30 million enplanements at ultimate build out. During Fiscal Year 2010, the Board of County Commissioners decided to permanently defer the Ivanpah project due to the decline in passenger enplanements at the Airport. The Airport does not expect to resume any further environmental or project-related studies in the foreseeable future. Costs incurred on the Ivanpah project through June 30, 2010, estimated to be around $12 million, were partially written off in Fiscal Year 2010.

LITIGATION AND OTHER LEGAL MATTERS AFFECTING THE AIRPORT

General Litigation

There is no controversy of any nature now pending against the County or, to the knowledge of its respective officers, threatened, seeking to restrain or enjoin the offering of the Series 2014A Bonds or in any way contesting or affecting the validity of the Series 2014A Bonds or any proceedings of the County taken with respect to the issuance of, offering thereof, or the pledge or application of any monies or security provided for the payment of the Series 2014A Bonds or the use of the Series 2014A Bond proceeds.

Inverse Condemnation Litigation

The County is a party to actions concerning Airport System operations in which inverse condemnation damages and other damages are being sought against the County. Although the facts and circumstances of each case differ, the County believes that the ultimate outcomes of the cases summarized below will be affected by the 2006 Nevada Supreme Court case, *Steve Sisolak v. McCarran International Airport and Clark County* ("Sisolak").

In Sisolak, the district court found for the plaintiff's inverse condemnation claim, holding that a "per se taking" had occurred as a result of the County's enactment of airport height zoning ordinances. On appeal, the Nevada Supreme Court on July 13, 2006 affirmed the district court's ruling that a "per se taking" had occurred as a result of the County's airport height zoning ordinance. The County petitioned the U.S. Supreme Court for a writ of certiorari based on federal law, but such petition was denied in February 2007. Sisolak is currently the controlling law in Nevada.

The County also believes that the ultimate outcomes of all cases summarized below will be affected by the Nevada Supreme Court's 2010 rulings on the statute of limitations in *David Johnson, Trustee of the Joseph W. Huntsman 1983 Trust v. McCarran International Airport* ("Johnson") and *Clark County and 70 Limited Partnership, Tertia Dvorchak as special administratrix of the estate of Thomas T. Beam, Deceased v. McCarran International Airport and Clark County* ("Dvorchak"), discussed below.

In Johnson and Dvorchak, both plaintiffs filed cases alleging that the imposition of zoning height restrictions of the plaintiffs' properties constituted a "per se taking." The County successfully filed motions to dismiss each case based upon the statute of limitations. The Nevada Supreme Court upheld both lower court decisions that per se regulatory takings claims filed more than fifteen years after the adoption of airport-related zoning regulations were time-barred. In both Dvorchak and Johnson, all seven Supreme Court Justices unanimously decided in favor of affirmance. In particular, the Nevada Supreme Court found that its decision in *White Pine Lumber v. City of Reno*, 106 Nev. 778, 801 P.2d 1370 (1990), which recognized a fifteen-year limitations period in inverse condemnation cases, was applicable and that the per se regulatory takings claims accrued upon the adoption of airport-related zoning regulations.

Because these decisions were decided unanimously by all seven Supreme Court Justices, there is a strong likelihood that the Nevada Supreme Court would continue to uphold dismissals of other inverse condemnation airspace takings cases that were filed more than fifteen years after the adoption of Clark County Ordinance 1221 (adopted August 1, 1990), Clark County Ordinance 1599 (adopted July 6, 1994), or any other airport-related zoning regulation. Nonetheless, because the orders of affirmance in Johnson and Dvorchak were not selected for publication, it must be noted that the orders may not be cited as precedent or legal authority under Nevada Supreme Court Rule 123 and this results in it being impossible to predict the legal effect of these orders of affirmance.

North American Properties v. McCarran International Airport and Clark County, Case No. A-09-594649. This case was filed July 6, 2009. The plaintiff alleges that the County used airport expansion and imposition of height restrictions to lower the value of, or take part of property the plaintiff owns. The County filed a motion to dismiss the plaintiff's amended complaint on January 14, 2011. On February 24, 2011, the district court dismissed the plaintiff's Ordinance 1221 airspace takings claims on the basis that the plaintiff was barred by the fifteen-year limitations period applicable to inverse condemnation takings claims. The plaintiff and the County continued to litigate the plaintiff's Ordinance 1599 airspace takings claims, which were not barred by the fifteen-year statute of limitations. The County filed numerous pre-trial motions, including, but not limited to, motions for summary judgment regarding the plaintiff's lack of standing to maintain the inverse condemnation claim and a motion to preclude the plaintiff's proposed expert from opining on a "profit entitlement theory." On September 21, 2012, the district court granted summary judgment in the County's favor, finding, among other things, that the plaintiff lacked standing to maintain the action against the County. On October 24, 2012, the plaintiff appealed this action to the Nevada Supreme Court. As is standard, the Nevada Supreme Court assigned the appeal to the settlement conference program. A Nevada Supreme Court settlement judge was held, but no agreement was reached. The Nevada Supreme Court then issued a briefing schedule. When briefing is complete, the Nevada Supreme Court is expected to schedule oral arguments later in 2014. The County believes that it has strong legal and factual arguments on appeal, but cannot predict the outcome of the appeal.

Other Possible Inverse Condemnation/Taking Litigation. It is possible that other litigation will be filed by landowners who are affected by the County's airport height zoning ordinance. It is impossible to predict at this time whether any such litigation will be filed or its ultimate outcome.

Other Litigation and Claims

The County is a party to numerous other actions and claims in connection with the ownership and operation of the Airport System, including personal injury claims, employment related claims and construction claims, but in the opinion of the District Attorney, the actions and claims described in this subcaption are not expected, in the aggregate, to have a material adverse effect on the financial condition of the Airport System. Three particular cases of note are:

Williams Brother, Inc. v. Clark County, Case No. A-10-630397-B. Outside counsel is handling this litigation on behalf of the County. The plaintiff filed a complaint against the County on December 2, 2010 alleging that the County's wrongful conduct caused the plaintiff delays and monetary damages in its efforts to complete the Contract 2367-Reconstruction of Taxiway G project at the Airport. The plaintiff also alleges that the County did not pay the retention amounts as required by Nevada's Prompt Payment law, but for over 18 months, the plaintiff failed and refused to produce a claim or identify the amount of damages it was claiming. The County obtained an order from the court compelling the plaintiff to produce requested discovery. In July 2012, the plaintiff submitted a 157 page "claim" for $9,217,810.13 (on a $12,000,000.00 contract), but the purported backup does not sufficiently support either the merit or the amount of damages in the claim. The plaintiff filed bankruptcy and the plaintiff's surety, Travelers Casualty and Surety Company of America ("Travelers"), filed a motion to substitute into the case as the real party in interest. On October 5, 2012, the court entered an order granting Travelers' motion. Discovery has commenced. The County believes that it has strong legal and factual defenses and intends to vigorously defend this case. It is impossible to predict the outcome of this case at this juncture given the current stage of the present litigation. The court has scheduled a trial date of August 12, 2014.

National Federation of the Blind, et al. vs. Clark County, Nevada, et al. (U.S. District Court Case No. 2:11-cv-0474). Outside counsel is handling this litigation on behalf of the County. The plaintiffs filed suit claiming that the County has violated federal law by owning and operating common use ticketing kiosks at the Airport which do not provide for access by visually impaired persons. The matter is before the court on a pending motion to dismiss. By court order, the motion to dismiss has been amended because an amended complaint had been filed. The County has taken the position that this matter will be resolved by regulation through the federal Department of Transportation, but a recent final rule by the Department of Transportation has not yet changed the status of the case. In the event that there is ultimately an adverse ruling, the County, through the Department, would be compelled to convert the ticket kiosks at the Airport to be accessible to the blind. Potential costs could be in the range of millions of dollars in retrofitting costs, if the technology available to make access to the various participating airlines works on the County's kiosks. The County's other alternative in the event of an adverse ruling would be to remove the kiosks in their entirety so that no one would have access. The County believes that it has strong legal and factual defenses and intends to vigorously defend this case. It is too early to determine the range of liability with respect thereto, if any.

Bombardier Transportation (Holdings) USA, Inc. v. Clark County, Nevada. On or about June 1, 2008, Bombardier Transportation (Holdings) USA, Inc. ("Bombardier") and the County entered into a "Contract for Maintenance of Automated Transit System Equipment CBE-552" (the "Contract"), whereby Bombardier agreed to provide maintenance services for the Automated Transit System ("ATS") equipment at the Airport. In early 2010, the Department conducted an analysis to determine whether the County would save money by performing in-house maintenance services on the ATS equipment. The Department's analysis demonstrated that the County could save hundreds of thousands of dollars each year. As a result, on June 1, 2010, the County's Board of Commissioners voted to exercise the termination for convenience right granted to the County by the Contract. While the County and Bombardier were transitioning the work in-house, Bombardier submitted a termination claim to the County, asserting that Bombardier was entitled to termination costs in the amount of $1,047,222.48, including $746,758.00 in alleged lost profits. Subsequently, Bombardier sent a revised termination claim to the County that totaled $5,479,834.64, including $1,612,081.60 in alleged lost profits. The County acknowledged its responsibility to reimburse Bombardier for legitimate and documented costs which resulted from the termination, but declined to pay to Bombardier any additional costs, including any alleged lost profits. Unable to resolve their differences, the parties agreed to mediate Bombardier's claims. A mediation was held on December 5, 2012. At the mediation, the parties reached a tentative agreement which had to be approved or rejected by the County's Board of Commissioners and by Bombardier on or before January 25, 2013. Pursuant to the tentative agreement, the parties agreed that, among other things, the County would reimburse Bombardier for certain substantiated expenses and the parties would submit the sole issue of the lost profits that Bombardier would have received had the contract continued in effect through the contract's termination date of June 2013 to a binding arbitration conducted by a former judge. Both parties have now approved the tentative agreement and the arbitration is in the process of being established.

RATINGS

S&P and Moody's are expected to assign the Series 2014A Bonds, including the Insured Bond, the unenhanced ratings of "A+" (stable outlook) and "A1" (stable outlook), respectively. S&P and Moody's are also expected to assign the Insured Bond the ratings of "AA" (stable outlook) and "A1" (stable outlook) (being the highest of AGM's financial strength rating and the unenhanced rating), respectively, based upon the delivery of the Policy at the time of issuance of the Series 2014A Bonds. No application has been made to any other rating agency for the purpose of obtaining any additional ratings on the Series 2014A Bonds. Any desired explanation of such ratings should be obtained from the rating agency furnishing the same. Generally, rating agencies base their ratings on information and materials furnished to them and on investigations, studies and assumptions by the rating agencies. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such change in or withdrawal of such ratings may have an adverse effect on the market price of the applicable series of Series 2014A Bonds.

Neither the County nor the Underwriters make any representation as to AGM's creditworthiness or any representation that AGM's credit rating will be maintained in the future. S&P has previously taken action to downgrade the ratings of certain municipal bond insurers and has published various releases outlining the processes that S&P intends to follow in evaluating the ratings of financial guarantors. For some financial guarantors, the result of such evaluations could be a rating affirmation, a change in rating outlook, a review for downgrade or a downgrade. Potential investors are directed to S&P for additional information on S&P's evaluations of the financial guaranty industry and individual financial guarantors, including AGM. See the caption "BOND INSURANCE" for further information relating to AGM.

UNDERWRITING

The Series 2014A Bonds are being purchased pursuant to a Purchase Contract, dated the date hereof (the "Purchase Contract"), by and between the County and Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Representative"), as representative of itself, Citigroup Global Markets Inc., RBC Capital Markets, LLC and Siebert Brandford Shank & Co., L.L.C. (collectively, the "Underwriters"), at a purchase price of $338,151,991.51 (being the par amount of the Series 2014A Bonds, plus $21,441,902.60 of net original issue premium and less $1,109,911.09 of Underwriters' discount). The Purchase Contract provides that the Underwriters will purchase all of the Series 2014A Bonds if any are purchased.

The Underwriters may offer and sell the Series 2014A Bonds to certain dealers (including dealers depositing the Series 2014A Bonds into investment trusts) and others at prices lower than the public offering prices stated on the cover page hereof. The initial public offering prices may be changed from time to time by the Underwriters.

The Representative and Bank of America, N.A., which provides a letter of credit supporting the Airport's 2008D-3 Bonds, are affiliated and are each subsidiaries of Bank of America Corporation.

The Royal Bank of Canada, which provides letters of credit supporting the Airport's 2008D-2B Bonds and 2011B-2 Bonds, is the parent company of RBC Capital Markets, LLC, one of the Underwriters of the Series 2014A Bonds.

Each of: (a) Citigroup Global Markets Inc., one of the Underwriters of the Series 2014A Bonds; (b) Citibank, N.A., a credit facility provider with respect to certain outstanding obligations of the Airport and a counterparty with respect to certain interest rate swap agreements of the Airport; and (c) Citigroup Financial Products Inc., a counterparty with respect to certain interest rate swap agreements of the Airport, are indirect wholly owned subsidiaries of Citigroup Inc., a Delaware holding company. Citigroup Financial Products Inc. is also the direct 100% parent corporation of Citigroup Global Markets Inc.

See the captions "FINANCIAL FACTORS—Credit or Liquidity Facilities" and "FINANCIAL FACTORS—Interest Rate Swap Agreements" for further information relating to the Airport's credit facilities and interest rate swap agreements, respectively.

Citigroup Global Markets Inc., one of the Underwriters of the Series 2014A Bonds, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. ("TMC") and UBS Financial Services Inc. ("UBSFS"). Under these distribution agreements, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup Global Markets Inc. may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the Series 2014A Bonds.

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

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

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

FINANCIAL ADVISORS

Public Financial Management, Inc., San Francisco, California, and Hobbs, Ong & Associates, Inc., Las Vegas, Nevada, have served as financial advisors (the "Financial Advisors") to the County in connection with various matters relating to the planning, structuring and issuance of the Series 2014A Bonds. The Financial Advisors have not audited, authenticated or otherwise verified the information set forth in this Official Statement, or any other related information available to the County and the Board of County Commissioners, with respect to the accuracy and completeness of disclosure of such information. No guaranty, warranty or other representation is made by the Financial Advisors respecting accuracy and completeness of this Official Statement or any other matter related to the Official Statement. The fees being paid to the Financial Advisors are contingent upon the execution and delivery of the Series 2014A Bonds.

TRUSTEE

The Bank of New York Mellon Trust Company, N.A., by acceptance of its duties as Trustee under the Series Indenture, has not reviewed this Official Statement and has made no representations as to the information contained herein, including but not limited to, any representations as to the financial feasibility of the Series 2014A Bonds or related activities.

TAX MATTERS

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the Series 2014A Bonds (other than interest on any Series 2014A-1 Bond for any period during which it is held by a "substantial user" of the facilities financed and refinanced with the Series 2014A-1 Bonds or a "related person" as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2014A Bonds (the "Tax Code")) is excluded from gross income pursuant to Section 103 of the Tax Code; however, interest on the Series 2014A-1 Bonds is an item of tax preference for purposes of calculating alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. Interest on the Series 2014A-2 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations.

The Tax Code imposes several requirements which must be met with respect to the Series 2014A Bonds in order for the interest thereon to be excluded from gross income to the extent described above. Certain of these requirements must be met on a continuous basis throughout the term of the Series 2014A Bonds. These requirements include: (a) limitations as to the use of proceeds of the Series 2014A Bonds and as to the use of the facilities refinanced thereby; (b) limitations on the extent to which proceeds of the Series 2014A Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the Series 2014A Bonds above the yield on the Series 2014A Bonds to be paid to the United States Treasury. The County will covenant and represent in the Series Indenture that it will take all steps to comply with the requirements of the Tax Code to the extent necessary to maintain the exclusion of interest on the Series 2014A Bonds from gross income. Bond Counsel's opinion as to the exclusion of interest on the Series 2014A Bonds from gross income is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the County to comply with these requirements could cause the interest on the Series 2014A Bonds to be included in gross income from the date of issuance.

Under Section 56 of the Tax Code, certain tax preference items are required to be included for purposes of the alternative minimum tax applicable to both individuals and corporations. For purposes of computing the amount of alternative minimum taxable income for any year to which this tax is applied, the interest on the Series 2014A-1 Bonds is included as a tax preference item.

Under the Tax Code, 75 percent of the excess of a corporation's "adjusted current earnings" over the corporation's alternative minimum taxable income (computed without regard to this adjustment and the alternative tax net operating loss deduction) is included in calculating the corporation's alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. "Adjusted current earnings" includes interest on the Series 2014A-2 Bonds.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the Series 2014A Bonds. Owners of the Series 2014A Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal tax consequences. Bond Counsel's opinion relates only to the exclusion of interest on the Series 2014A Bonds from gross income, as described above, and will state that no opinion is expressed regarding other federal tax consequences arising from the receipt or accrual of interest on or ownership of the Series 2014A Bonds. Owners of the Series 2014A Bonds should consult their own tax advisors as to the applicability of these consequences.

Also, in the opinion of Bond Counsel, under present laws of the State of Nevada, the Series 2014A Bonds, their transfer, and the income thereon are free and exempt from taxation by the State of Nevada or any subdivision thereof except the State estate tax and the State tax on generation skipping transfers.

The opinions expressed by Bond Counsel are based upon existing law as of the delivery date of the Series 2014A Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to any pending or proposed legislation. Amendments to federal tax laws may be pending now or could be proposed in the future which, if enacted into law, could adversely affect the value of the Series 2014A Bonds, the exclusion of interest on the Series 2014A Bonds from gross income from the date of issuance of the Series 2014A Bonds or any other date, or which could result in other adverse federal tax consequences. Series 2014A Bondowners are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Series 2014A Bonds. If an audit is commenced, the market value of the Series 2014A Bonds may be adversely affected. Under current procedures the Service will treat the County as the taxpayer and the Series 2014A Bondowners may have no right to participate in such procedure. The County has covenanted in the Series Indenture not to take any action that would cause the interest on the Series 2014A Bonds to lose its exclusion from gross income for federal income tax purposes. None of the County, the Underwriters nor Bond Counsel is responsible to pay or reimburse the costs of any Series 2014A Bondowner with respect to any audit or litigation relating to the Series 2014A Bonds.

LEGAL MATTERS

Certain legal matters incident to the validity and enforceability of the Series 2014A Bonds are subject to the final approving opinions of Sherman & Howard L.L.C., Las Vegas and Reno, Nevada, Bond Counsel, in the form attached hereto as Appendix E. Certain legal matters will be passed upon for the County by the County District Attorney, Las Vegas, Nevada, for AGM by its counsel and for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation, Sacramento, California. The fees of Bond Counsel and Underwriters' Counsel are contingent upon the issuance of the Series 2014A Bonds.

CONTINUING DISCLOSURE

The County has covenanted for the benefit of the holders and beneficial owners of the Series 2014A Bonds to provide certain financial information and operating data (the "County Annual Report") by nine months following the end of the County's Fiscal Year, commencing March 31, 2015 for the County Annual Report for Fiscal Year 2014, and to provide notices of the occurrence of certain enumerated events. A form of document specifying the nature of the information to be contained in the County Annual Report and the notices of enumerated events is set forth in Appendix F. These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12(b)(5) promulgated by the SEC. In the last five years, the County has not failed to comply in any material respect with any prior written continuing disclosure undertaking pursuant to Rule 15c2-12(b)(5).

MISCELLANEOUS

Insofar as any statements made in this Official Statement involve matters of opinion, forecast or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the purchasers of any of the Series 2014A Bonds and the Airport or the County.

This Official Statement contains forward-looking statements, including: (a) statements containing projections of Airport System Revenues, expenditures and other financial items; (b) statements of the plans and objectives of the County for future operations of the Airport System; (c) statements of future economic performance of the Airport System; and (d) statements of the assumptions underlying or relating to statements described in (a), (b) and (c) above (collectively, "Forward-Looking Statements"). All statements other than statements of historical facts included in this Official Statement, including without limitation under "FINANCIAL FACTORS" and "THE AIRPORT SYSTEM" regarding the County's and the Airport System's financial position, business strategy, capital resources and plans and objectives of the County for future operations of the Airport System are Forward-Looking Statements. Although the expectations reflected in such Forward-Looking Statements are reasonable, there can be no assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from expectations of the County (collectively, the "Cautionary Statements") are disclosed in this Official Statement. All subsequent written and oral Forward-Looking Statements attributable to the County or persons acting on behalf of the County are expressly qualified in their entirety by the Cautionary Statements.

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There are appended to this Official Statement appendices entitled "CERTAIN INFORMATION RELATING TO THE COUNTY," "REPORT OF KAFOURY, ARMSTRONG & CO. AND FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012," "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE SERIES INDENTURE," "DTC AND BOOK-ENTRY ONLY SYSTEM," "FORM OF OPINION OF BOND COUNSEL," "FORM OF CONTINUING DISCLOSURE CERTIFICATE" and "SPECIMEN MUNICIPAL BOND INSURANCE POLICY." The appendices are integral parts of this Official Statement and must be read together with all other parts of this Official Statement.

COUNTY OF CLARK, NEVADA

By: /s/Steve Sisolak

Chair

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APPENDIX A

CERTAIN INFORMATION RELATING TO THE COUNTY

This portion of the Official Statement contains general information concerning the economic and demographic conditions in the County. This information is intended only to provide prospective investors with general information regarding the community. No moneys of the County, other than Net Revenues of the Airport System, have been pledged to the payment of the Series 2014A Bonds. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future. The information presented was obtained from the sources indicated, and the County makes no representation as to the accuracy or completeness of the data obtained from parties other than the County.

Population and Age Distribution

The table below shows the population growth of the County and the State since 1970. Between 2000 and 2010 the County's population increased a total of 41.8%, while the State had a population increase of 35.1% over the same time period.

POPULATION[1]

Year	*State of Nevada*	*Percent Change*	*Clark County*	*Percent Change*
1970	488,738	--	273,288	--
1980	800,493	63.8%	463,087	69.6%
1990	1,201,833	50.1	741,459	60.1
2000	1,998,257	66.3	1,375,765	85.5
2005	2,518,869	26.1	1,796,380	30.6
2006	2,623,050	4.1	1,874,837	4.4
2007	2,718,337	3.6	1,954,319	4.2
2008	2,738,733	0.8	1,967,716	0.7
2009	2,711,206	(1.0)	1,952,040	(0.8)
2010	2,700,551	(0.4)	1,951,269	0.0
2011	2,721,794	0.8	1,967,722	0.8
2012	2,750,217	1.0	1,988,195	1.0
2013	2,800,966	1.8	2,031,123	2.2

(1) United States Department of Commerce, Bureau of the Census figures for 1970, 1980, 1990 and 2010 as of April 1 of each such year. Nevada State Demographer figures for 2005, 2006, 2007, 2008, 2009, 2011, 2012 and 2013 as of July 1 of each such year.

Source: U.S. Bureau of the Census; State Demographer.

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The following table sets forth a projected comparative age distribution profile for the County, the State and the United States, as of January 1, 2014.

AGE DISTRIBUTION

	Percent of Population		
Age	***Clark County***	***State of Nevada***	***United States***
0-17	24.6%	24.1%	23.4%
18-24	9.1	9.1	10.0
25-34	14.3	13.9	13.2
35-44	14.3	13.6	12.7
45-54	13.5	13.6	13.8
55-64	11.4	12.1	12.6
65-74	7.9	8.4	8.1
75 and Older	4.9	5.2	6.2

Source: © 2014 The Nielsen Company, *Site Reports*.

Income

The following table sets forth annual per capita personal income levels for the residents of the County, the State and the United States.

PER CAPITA PERSONAL INCOME[(1)]

Year	***Clark County***	***Percent Change***	***State of Nevada***	***Percent Change***	***United States***	***Percent Change***
2008	$38,742	(0.7)%	$39,936	(2.3)%	$40,873	2.7%
2009	35,830	(7.5)	36,839	(7.8)	39,357	(3.7)
2010	35,531	(0.8)	36,692	(0.4)	40,163	2.0
2011	35,896	1.0	37,396	1.9	42,298	5.3
2012	36,676	2.2	38,221	2.2	43,735	3.4

(1) County figures were revised in November 2013 and are subject to periodic revisions. County figures reflect data for Las Vegas-Paradise Metropolitan Statistical Area, which encompasses the County alone. State of Nevada and United States figures were revised in September 2013 and are subject to periodic revisions.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Gaming

General. The economy of the County (and the State) is substantially dependent upon the tourist industry, which is based on legalized casino gambling and related forms of entertainment. Gaming has been legal in the State since 1931 and is controlled and regulated by the State. Control is vested in a five-member Gaming Commission and a three-member Gaming Control Board. All Gaming Commission and Gaming Control Board members are appointed by the Governor. These bodies investigate and approve all licenses, establish operating rules and collect gaming taxes due to the State. The following table shows a history of the gross taxable gaming revenue and total gaming taxes collected in the County and the State.

GROSS TAXABLE GAMING REVENUE AND TOTAL GAMING TAXES[1]

Fiscal Year Ended June 30	Gross Taxable Gaming Revenue[2] State Total	Gross Taxable Gaming Revenue[2] Clark County	% Change Clark County	State Gaming Collection[3] State Total	State Gaming Collection[3] Clark County	% Change Clark County
2009	$10,244,532,620	$8,571,867,921	(14.47)%	$858,008,122	$716,687,055	(12.04)%
2010	9,667,833,487	8,152,976,909	(4.89)	829,289,514	697,972,165	(2.61)
2011	9,836,451,902	8,366,841,567	2.62	853,455,347	725,936,954	4.01
2012	9,770,060,305	8,310,282,237	(0.68)	864,621,791	750,628,068	3.40
2013	10,208,253,030	8,758,841,252	5.40	892,106,457	774,550,912	3.19
July 2012 – December 2012	4,893,058,013	4,153,925,591	--	400,583,181	345,316,152	--
July 2013 – December 2013	4,874,173,774	4,130,368,940	(0.57)	403,771,092	350,941,618	(1.63)

(1) The figures shown are subject to adjustments due to amended tax filings, fines and penalties.
(2) The total of all sums received as winnings less only the total of all sums paid out as losses (before operating expenses).
(3) Cash receipts of the State from all sources relating to gaming (General Fund and other revenues) including percentage license fees, quarterly flat license fees, annual license fees, casino entertainment taxes, annual slot machine taxes, penalties, advance fees, and miscellaneous collections. A portion of collections is deposited to the State funds other than the State's General Fund.

Source: State of Nevada Gaming Control Board.

Gaming Competition. Different forms of legalized gaming have been authorized by many states, as well as the tribal casinos, across the United States. Other states may authorize gaming in the future in one form or another. The different forms of gaming range from casino gaming to riverboat gambling to lotteries and internet gaming. Some forms of gaming offered elsewhere compete with the gaming products offered in the County and will continue to do so in the future.

No gaming revenues are pledged to pay debt service on the Series 2014A Bonds.

Tourism

Tourism is an important industry in the County. The Las Vegas Strip, Hoover Dam, Lake Mead, Mt. Charleston and other tourist attractions are in Clark County. Attractions such as the Great Basin, Grand Canyon, Yosemite, Bryce Canyon, Zion and Death Valley National Parks are each within a short flight or day's drive of Southern Nevada.

One reflection of the growth of tourism in Southern Nevada is the increase in the number of hotel and motel rooms available for occupancy as shown in the following table. The area's hotels and motels have historically experienced higher occupancy rates than those on a national level.

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Set forth in the table below is the Las Vegas Convention and Visitors Authority Marketing Department's estimate of the number of visitors to the Las Vegas Metropolitan Area since 2009.

VISITOR VOLUME AND ROOM OCCUPANCY RATE
Las Vegas Metropolitan Area, Nevada

Calendar Year	*Total Visitor Volume*	*Number of Hotel/Motel Rooms Available*[1]	*Hotel/Motel Occupancy Rate*[2]	*National Occupancy Rate*[3]
2009	36,351,469	148,941	81.5%	55.1%
2010	37,335,436	148,935	80.4	57.6
2011	38,928,708	150,161	83.8	60.1
2012	39,727,022	150,481	84.4	64.1
2013	39,668,221	150,593	84.3	62.3

(1) Reflects number of rooms available as of the last day of each period only.
(2) The sample size for this survey represents approximately 75% of the total hotel/motel rooms available. Reflects average for entire period.
(3) Source: Smith Travel Research, Lodging Outlook.
Source: Las Vegas Convention and Visitors Authority.

APPENDIX B

REPORT OF KAFOURY, ARMSTRONG & CO. AND FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

McCarran

CLARK COUNTY DEPARTMENT OF AVIATION
AN ENTERPRISE FUND OF CLARK COUNTY, NEVADA

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Comprehensive Annual Financial Report

Clark County Department of Aviation

An Enterprise Fund of Clark County, Nevada

For the Fiscal Years Ended June 30, 2013 and 2012

Prepared by the Department of Aviation

McCarran International Airport

Las Vegas, Nevada

CLARK COUNTY DEPARTMENT OF AVIATION
Clark County, Nevada

CLARK COUNTY DEPARTMENT OF AVIATION

CLARK COUNTY, NEVADA

FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012

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Introductory Section

LAS VEGAS
McCARRAN INTERNATIONAL AIRPORT

Department of Aviation

ROSEMARY A. VASSILIADIS
DIRECTOR

POSTAL BOX 11005
LAS VEGAS, NEVADA 89111-1005
(702) 261-5211
FAX (702) 597-9553

October 24, 2013

To the Board of County Commissioners
And County Manager
Clark County, Nevada

The Comprehensive Annual Financial Report ("CAFR") of the Clark County Department of Aviation ("Department") for the fiscal year ("FY") ended June 30, 2013, is submitted herewith. The Finance Division of the Department prepared this report. The financial statements were audited, as required by Nevada Revised Statues NRS §354.624, by Kafoury, Armstrong & Co., independent certified public accountants, whose unmodified audit report is contained herein.

The Department comprises a single enterprise fund of Clark County, Nevada ("County"), and operates as a separate, self-sufficient enterprise fund of the County. The seven-member Board of County Commissioners ("Board") is responsible for governing the affairs of the Department. The Director of Aviation is appointed by the Board and reports directly to the County Manager.

The County owns and the Department operates and maintains McCarran International Airport ("Airport"), the ninth largest airport in the United States in terms of passenger volume, and four general aviation airports. The Airport occupies approximately 2,800 acres and is located six miles from downtown Las Vegas and one mile from the Las Vegas “Strip,” the center of the Las Vegas gaming and entertainment industry. The Airport is primarily an origination and destination ("O&D") airport and is the second largest O&D airport in the United States, behind only Los Angeles in calendar year ("CY") 2012. In addition to the Airport, the Department operates North Las Vegas Airport, which caters to general aviation activity and is the second busiest airport in the State of Nevada in terms of aircraft operations, and Henderson Executive Airport, a premier corporate aviation facility that features a state-of-the-art terminal, private hangar facilities, and a Federal Aviation Administration control tower designed to meet the needs of the business aviation community. In addition, the Department operates Jean Sports Aviation Center and Overton-Perkins Field, which are primarily used for recreational purposes. All the airports operated and maintained by the Department are collectively referred to as the Airport System.

Users of the Airport System's facilities provide all the revenues necessary to acquire, operate, and maintain the necessary services and facilities. The Department is not subsidized by any tax revenues of the County and has been a self-sustaining entity since 1966.

The economic recession that caused the metropolitan area of Las Vegas to experience significant declines in several key economic areas has shown signs of recovery which started in 2011 and have continued into 2013. Through August of CY 2013, 26.7 million visitors made their way to Las Vegas, remaining flat as compared to 26.7 million visitors for the first eight months of CY 2012. In CY 2012, the Las Vegas metropolitan area’s population increased by 2.1 percent and totals over 2 million residents, according to the U.S. Census Bureau. Convention attendance for the first eight months of 2013 is up 3.1 percent over the same period in 2012 to over 3.6 million delegates. The number of conventions in the first eight months of 2013 increased 6.4 percent over the previous year. Clark County gaming revenues for the first eight months of 2013 are up by 0.8 percent over the same period a year ago. Through August of 2013, gaming revenues in Clark County totaled $6.3 billion. Hotel/motel occupancy rates were up from 83.8 percent in CY 2011 to 84.4 percent for CY 2012. For the first eight months of CY 2013, the hotel/motel occupancy rate increased to 85.3 percent.

The Airport System brought 43% of the visitors to the Las Vegas area in CY 2012. The Airport has experienced several years of increases since the economic downturn of FY 2008. Enplanements for FY 2012 were up 3.4 percent compared to FY 2011. Enplanements for FY 2013 saw a slight decrease of 0.4 percent for FY 2012. For the first eight months of CY 2013, total passenger enplanements decreased 0.1 percent over the same period one year ago.

Airline-generated revenues for FY 2013 increased from FY 2012 by 100.0 percent, essentially doubling. Non-aeronautical revenues for FY 2013 were up 6.0 percent over FY 2012 levels. Total operating revenues at the Airport increased from $355.4 million in FY 2012 to $496.6 million in FY 2013. Operating expenses increased 5.3 percent over FY 2012 levels from $222.3 million in FY 2012 to $234.1 million in FY 2013, an increase of $11.8 million. The increase in operating revenues can primarily be attributed to the operation of the new Airport Terminal 3 for the full fiscal year (operations having commenced on June 27, 2012) and a decrease in debt service included in the airline rate base for FY 2012 of approximately $44.7 million impacting the FY 2012 revenues. In FY 2012, the Department utilized the decrease in debt service as an opportunity to maintain consistent airline rates and charges and used the excess cash flows generated to collect the outstanding balance due from airlines in prior years of $50.7 million. The increase in operating expenses was mainly attributable to operating costs necessary to maintain Terminal 3. The Department is still committed to maintaining System-wide cost containment measures.

The Department is current on all outstanding bond obligations. The bonds were issued to provide funding for capital assets to be acquired or constructed. As of June 30, 2013, the current bond proceeds available are anticipated to be used for airfield projects. The Department does not anticipate issuing any new bonds to fund its capital improvement plan in the next few years. All outstanding bonds are secured by pledges of Airport System revenues, except Passenger Facility Charge ("PFC") and Jet A bonds which in addition to being secured by pledges of Airport System, they are primarily secured by PFC and Jet A revenues, respectively.

The Department's management is responsible for the accuracy of the data presented in the financial statements along with the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge, and as indicated in the opinion of our independent auditors, this report fairly presents and fully discloses, in all material respects, the Department's financial position, results of operations, and cash flows in accordance with generally accepted accounting principles ("GAAP") in the United States of America.

In developing and evaluating the Department's accounting system, consideration is given to the adequacy of internal controls. The objective of internal controls is to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and are properly recorded to permit the preparation of financial statements in accordance with GAAP. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived from it and 2) the evaluation of costs and benefits requires estimates and judgments by management. Airport System management believes the Department's internal control processes adequately safeguard assets and provide reasonable assurance that financial transactions are properly recorded.

This letter of transmittal should be read in conjunction with the Management's Discussion and Analysis contained in the financial section.

The extraordinary success of the Department is a direct result of the leadership and support of the Board and the County Manager. Also recognized for making a tremendous effort in promoting the success of the Airport System are the employees of the Department and the airlines as well as the tenants of the Airport System.

We thank the Board for its continuing support of the Department, for its efforts to conduct its financial operations in a responsible and progressive manner, and for its commitment to making the Department a global leader in its industry.

The preparation of this report is the product of the dedicated service and professionalism of the Department's Finance Staff. We also thank all other members of the Department's staff who contributed to the preparation of the CAFR.

Sincerely submitted,

Rosemary A. Vassiliadis
Director of Aviation

Joseph M. Piurkowski
Airport Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Clark County Department of Aviation Nevada

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

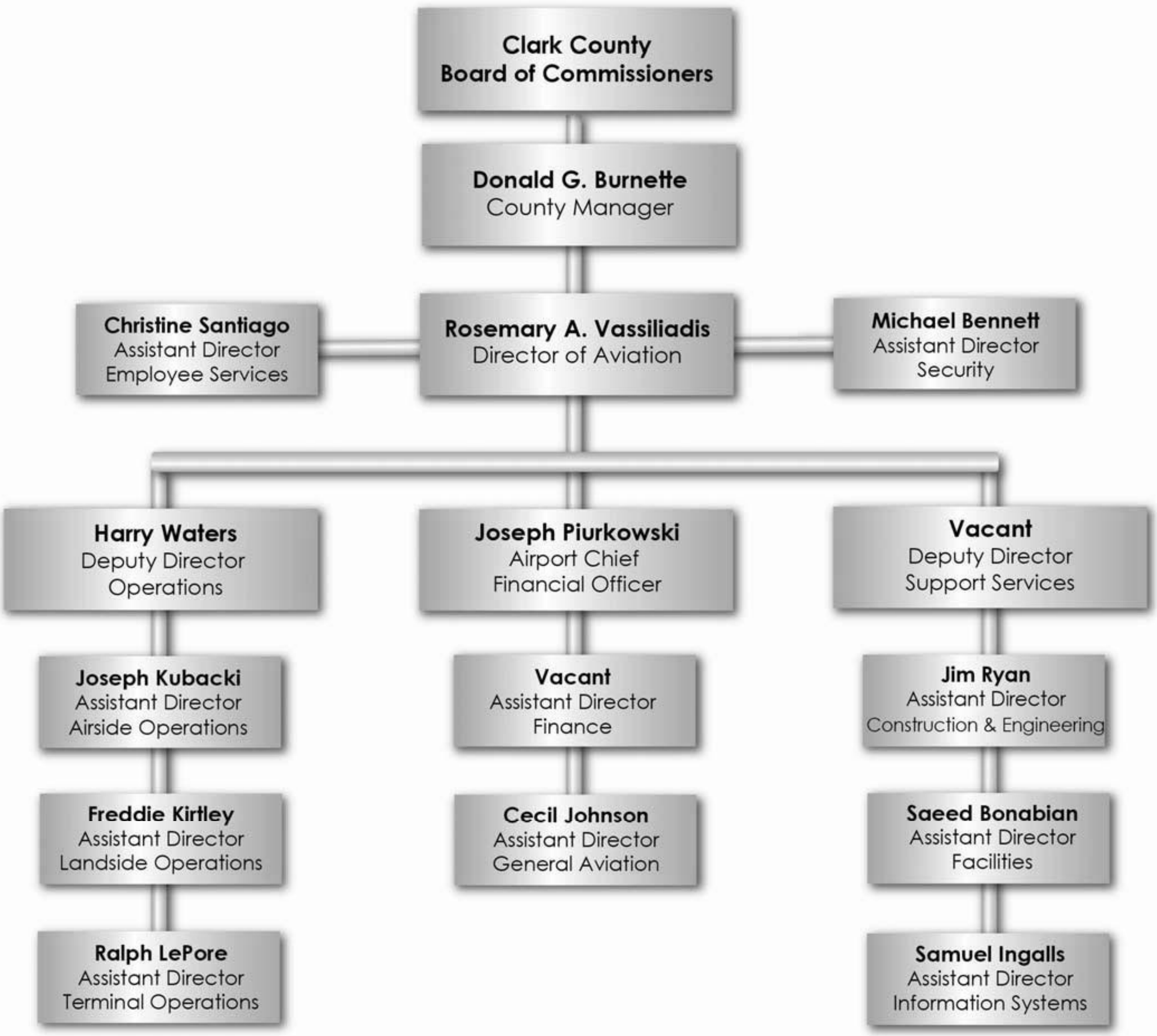
June 30, 2012

Executive Director/CEO

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA

ORGANIZATION CHART

As of June 30, 2013



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Financial Section

KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of County Commissioners
Clark County Department of Aviation
Clark County, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of Clark County Department of Aviation, Clark County, Nevada (the "Department"), as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise of the Department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective position of the Department as of June 30, 2013 and 2012, and the changes in its financial position and, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Department are intended to present the financial position, the changes in financial position and cash flows of only that portion of the business-type activities and each major fund of Clark County, Nevada that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of Clark County, Nevada as of June 30, 2013 and 2012, the changes in its financial position, or where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress information on pages 10 through 33 and page 107 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the MD&A and schedule of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the Department's basic financial statements. The introductory section, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2013, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

Kafoury, Armstrong & Co.

Las Vegas, Nevada
October 24, 2013

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Management's Discussion and Analysis

The following is Management's Discussion and Analysis ("MD&A") of the financial performance and activity of the Clark County Department of Aviation ("Department"), an enterprise fund of Clark County, Nevada ("County"), which is responsible for the operation of the following County-owned aviation facilities: McCarran International Airport ("Airport"), North Las Vegas Airport, Henderson Executive Airport, Jean Sports Aviation Center, and Overton-Perkins Field (collectively referred to as the "Airport System"). The MD&A provides an introduction to and understanding of the financial statements of the Department for the fiscal years ended June 30, 2013 and 2012, with selected comparisons to prior fiscal periods. The information presented should be read in conjunction with the financial statements and accompanying notes in this report.

Activity Highlights

Introduction

For the fiscal year ("FY") ended June 30, 2013, passenger enplanements totaled 20,872,526, compared to 20,962,087 in FY 2012 and 20,266,091 in FY 2011. The FY 2013 enplanements represent a decrease of 0.4 percent from FY 2012. By comparison, according to Bureau of Transportation Statistics, domestic and international U.S. airline passenger traffic for the same twelve-month period ended June 30, 2013, increased 0.8 percent over the prior twelve-month period.

Aircraft landed weights in FY 2013 totaled 24,314,564 thousand pounds, compared to 24,855,800 thousand pounds in FY 2012 and 24,288,033 thousand pounds in FY 2011. The FY 2013 landed weights represent a 2.2 percent decrease compared to FY 2012. The number of departures for domestic and international flights decreased 2.4 percent over the prior fiscal year from 227,206 departures in FY 2012 to 221,755 in FY 2013.

The following table presents the Airport's activities for FY 2013 and the previous nine fiscal periods.

Passenger and Operating Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Aircraft Operations Departures	Percentage of Increase/ Decrease	Landed Weight (000 lbs.)	Percentage of Increase/ Decrease	Total Enplaned Passengers	Percentage of Increase/ Decrease	Cargo Tons	Percentage of Increase/ Decrease
2004	193,860	8.2%	24,878,724	7.8%	19,449,065	10.2%	92,857	3.8%
2005	213,035	9.9%	27,066,272	8.8%	21,439,652	10.2%	107,252	15.5%
2006	227,445	6.8%	27,526,493	1.7%	22,546,814	5.2%	112,352	4.8%
2007	257,743	13.3%	28,831,044	4.7%	23,628,484	4.8%	104,761	-6.8%
2008	260,343	1.0%	28,941,564	0.4%	23,525,862	-0.4%	100,929	-3.7%
2009	230,925	-11.3%	25,973,079	-10.3%	20,739,408	-11.8%	90,746	-10.1%
2010	218,706	-5.3%	24,306,053	-6.4%	19,952,800	-3.8%	90,248	-0.5%
2011	224,386	2.6%	24,288,033	-0.1%	20,266,091	1.6%	95,555	5.9%
2012	227,206	1.3%	24,855,800	2.3%	20,962,087	3.4%	96,173	0.6%
2013	221,755	-2.4%	24,314,564	-2.2%	20,872,526	-0.4%	105,100	9.3%
Average Annual Increase/Decrease	1.5%		-0.3%		0.8%		1.4%	

Airline Rates and Charges

Effective July 1, 2010, the Department entered into a new Airline-Airport Use and Lease Agreement ("Agreement") with signatory airlines serving the Las Vegas market. The Agreement has a term of five years and incorporates the lease and use of the terminal complex, apron areas, and airfield at the Airport. The Agreement establishes a residual rate-making methodology for the Airport System through both direct and indirect cost centers. The net revenues or net expenses of each indirect cost center are reallocated, as specified in the Agreement, to direct cost centers to establish a residual rate-making approach for calculating landing fees, terminal building rental rates, and gate use fees. The net cash flows from the Airport's gaming fees and the Consolidated Rental Car Facility are set aside in a capital improvement account, the balance of which may be used to pay the costs of future capital projects or pay down outstanding Department debt. Capital projects funded from the capital improvement account are amortized back to the associated cost center on a straight-line basis over the assets' useful lives and are included in the residual rental rate at 50 percent of the amortized amount. The Agreement provides for non-signatory carriers to pay a premium rate of 25 percent on all terminal rentals and gate use fees. As of June 30, 2013, nineteen carriers serving the Airport have executed the Agreement.

Rates and charges are calculated annually at the beginning of each fiscal year pursuant to budgeted revenues, expenses, and debt service requirements. The established rates and charges are reviewed and adjusted, if necessary, throughout each fiscal year to ensure that sufficient Department revenues are generated to satisfy all the requirements of the Master Indenture of Trust dated May 1, 2003, as amended. At the end of each fiscal year, the Department tallies the revenues collected through the established rates and charges and compares them to the residual rent requirement for each direct cost center. If the revenue collected from the signatory airlines exceeds the residual rental requirement, the excess amounts are maintained in a rate stabilization account (up to a maximum of 18.5 percent of the current FY operating budget). The balance in the rate stabilization account may be used for the purpose of funding any residual rental shortfalls in future fiscal years, recovering any uncollected amounts related to an airline bankruptcy or discontinued service, or paying down outstanding Department debt.

At the close of each fiscal year, audited financial data in conjunction with the balance in the rate stabilization account will be used to determine if any additional amount is due to or from the signatory airlines in accordance with the Agreement. In the event an overpayment is due, the Department will refund such overpayment to the signatory airlines, or, in the event an underpayment is due, the Department will invoice the signatory airlines the underpayment within thirty days of such determination. For the fiscal year ended June 30, 2013, there was no additional amount due to or from the signatory airlines.

The table below summarizes passenger airline landing fees, terminal building rentals, gate use fees, passenger fees, and the cost per enplaned passenger for FY 2013 and FY 2012. Cost per enplaned passenger is a standard industry metric, and the goal of the Department is to maintain a competitive cost per enplanement. The actual cost per enplanement for FY 2013 was $12.22, compared to the budget estimate of $12.06. The variance between the actual and budgeted cost per enplanement was due to the fact that actual enplanements were 2.8% lower than budgeted enplanements. Included in actual and budgeted rates and charges for FY 2012 is the repayment of the due from airlines balance of $50.7 million carried over from prior fiscal years. Refer to Note 1, "Summary of Significant Accounting and Reporting Policies," for further details on the airline receivable.

Total airline rents and fees collected in FY 2013 increased by $76.7 million, which is an increase of approximately 43.0 percent over FY 2012 airline rents and fees. The Department completed construction and put into service its new $2.4 billion airport terminal, Terminal 3 ("T3"), at the beginning of FY 2013, which resulted in an increase in both terminal building rental rates and rented square footage. The increase in terminal building rental rates covers the additional costs of operations and capital expenditures of the new terminal building.

The Department is committed to managing airline rates and charges in an attempt to keep the cost per enplanement at levels comparable to other major U.S. airports to attract and retain air service in the Las Vegas market. The Department continuously looks for ways to maximize non-airline revenues and minimize operating expenses and debt service costs.

Passenger Airline Costs
For the Fiscal Years Ended June 30, 2013 and 2012

Airline Cost Category	FY 2013 Actuals (000)	FY 2013 Budget (000)	FY 2012 Actuals (000)	FY 2013 Budget vs. Actuals (000)	FY 2013 vs. FY 2012 Actuals (000)
Landing fees	$ 53,451	$ 56,908	$ 58,063	$ (3,457)	$ (4,612)
Terminal building rentals	160,809	160,060	85,927	749	74,882
Gate use fees	24,710	24,443	21,051	267	3,659
Passenger fee - Ticketing & CIT	16,027	17,542	13,245	(1,515)	2,782
Total airline rents and fees collected	254,997	258,953	178,286	(3,956)	76,711
Change in airline receivable increase (decrease)	-	-	(50,736)	-	50,736
Total airline rental and fee revenue	$ 254,997	$ 258,953	$ 127,550	$ (3,956)	$ 127,447
Enplaned passengers	20,872	21,473	20,962	(601)	(90)
Cost per enplaned passenger*	$ 12.22	$ 12.06	$ 8.51	$ (0.16)	$ (3.71)

* Computed using total airline rents and fees collected against enplaned passengers.

Overview of Financial Statements

The Department's financial statements are prepared using the accrual basis of accounting; therefore, revenues are recognized when earned, and expenses are recognized when incurred. Capital assets are capitalized when substantially complete and depreciated over their estimated useful lives. Refer to Note 1, "Summary of Significant Accounting and Reporting Policies," for a summary of the Department's significant accounting policies. Following this MD&A are the financial statements, notes to the financial statements, required supplementary information ("RSI"), and supplementary schedules of the Department. These statements, notes, RSI, and schedules, along with the MD&A, are designed to provide readers with an understanding of the Department's financial position.

The Statements of Net Position presents information on all the Department's assets, deferred outflows of resources, liabilities, and deferred inflows of resources as of June 30, 2013 and 2012. The Statements of Revenues, Expenses, and Changes in Net Position presents financial information showing how the Department's net position changed during the fiscal years ended June 30, 2013 and 2012. The Statements of Cash Flows relates the inflows and outflows of cash and cash equivalents as a result of the financial transactions that occurred during these two fiscal years and also includes a reconciliation of operating income to net cash provided by operating activities.

Financial Highlights

Net Position Summary

Net position serve as an indicator of the Department's financial position. As of June 30, 2013, the Department's assets and deferred outflows of resources exceed liabilities by $1,388.6 million, $23.1 million less than in FY 2012. As of FY 2012, assets and deferred outflows of resources exceeded liabilities by $1,411.7 million, a decrease of $132.9 million over FY 2011.

A summary of the Department's net position for fiscal years 2013, 2012, and 2011 is shown below.

Summary of the Statements of Net Position
June 30, 2013, 2012, and 2011

	FY 2013 (000)	FY 2012 (000)	FY 2011 (000)	Change 2013 to 2012	Change 2012 to 2011
Assets and deferred outflows of resources:					
Current assets	$ 929,616	$ 986,740	$ 1,364,078	$ (57,124)	$ (377,338)
Capital assets, net	5,050,692	5,146,985	5,007,016	(96,293)	139,969
Other noncurrent assets	202,774	250,079	247,401	(47,305)	2,678
Total assets	6,183,082	6,383,804	6,618,495	(200,722)	(234,691)
Deferred outflows of resources	75,847	173,106	93,685	(97,259)	79,421
Total assets and deferred outflows of resources	$ 6,258,929	$ 6,556,910	$ 6,712,180	$ (297,981)	$ (155,270)
Liabilities, deferred inflows of resources and net position:					
Current liabilities	$ 391,591	$ 427,078	$ 522,344	$ (35,487)	$ (95,266)
Noncurrent liabilities	4,478,696	4,718,134	4,644,790	(239,438)	73,344
Total liabilities	4,870,287	5,145,212	5,167,134	(274,925)	(21,922)
Deferred inflows of resources	-	-	478	-	(478)
Net position:					
Net investment in capital assets	893,519	954,546	1,021,835	(61,027)	(67,289)
Restricted	251,464	271,020	252,985	(19,556)	18,035
Unrestricted	243,659	186,132	269,748	57,527	(83,616)
Total net position	1,388,642	1,411,698	1,544,568	(23,056)	(132,870)
Total liabilities, deferred inflows of resources, and net position	$ 6,258,929	$ 6,556,910	$ 6,712,180	$ (297,981)	$ (155,270)
Changes to net position:					
Operating revenues	$ 496,572	$ 355,411	$ 392,554	$ 141,161	$ (37,143)
Operating expenses	(234,098)	(222,336)	(217,353)	(11,762)	(4,983)
Depreciation and amortization	(199,528)	(137,052)	(136,104)	(62,476)	(948)
Net non-operating revenue (expense)	(96,469)	(165,645)	(25,596)	69,176	(140,049)
Capital contributions	10,467	36,752	16,761	(26,285)	19,991
Total net change in net position	$ (23,056)	$ (132,870)	$ 30,262	$ 109,814	$ (163,132)

Current Assets

The Department's current assets consist mainly of cash and cash equivalents, investments with a maturity of twelve months or less, and trade accounts receivable. Also included in current assets are various other receivables such as interest income, grant reimbursements, inventories of parts and supplies, and prepaid operating expenses.

The Department's current assets for FY 2013 decreased by $57.1 million from FY 2012, primarily due a decrease in cash and cash equivalents of $125.6 million. Short-term investments increased by $56.7 million, reflecting an increase in restricted investments offset by a decline in securities lending assets from $87.1 million to zero as the County chose to unwind the program in FY 2013. Trade accounts receivable increased by $15.5 million, mainly due to increases in rates and the associated outstanding airline receivables, while interest, grants receivable, other receivables, inventories, and prepaid expenses decreased by $3.8 million.

Unrestricted cash and cash equivalents increased during FY 2013 by $34.1 million as additional operating cash was provided by increases in rental rates and net operating revenues. Restricted cash and cash equivalents decreased by $159.7 million in FY 2013, resulting mainly from final payments to contractors for the completion of construction projects mostly associated with T3 and from a transfer of a portion of restricted cash and cash equivalents to short-term investments. Short-term investments increased by $143.8 million, not only as a result of this transfer but also as a result of long-term investments becoming current.

The Department's unrestricted current assets for FY 2012 increased by $52.9 million over FY 2011, primarily due to an increase of $50.7 million in unrestricted cash and cash equivalents as of June 30, 2012. Contributing to the increase in unrestricted cash was $50.7 million in additional cash provided by operating activities from the repayment of the due from airline balance. Also contributing to the increase in unrestricted cash was an increase in the capital improvement account as deposits exceeded expenditures by $25.0 million. In addition, unrestricted accounts receivable decreased by $5.2 million, mainly due to decreases in outstanding airline receivables.

Restricted assets decreased in FY 2012 by $389.8 million over FY 2011. Restricted cash, cash equivalents, and investments decreased $424.2 million in FY 2012 due primarily to the acquisition and construction of capital assets associated with the T3 construction project. The change can also be attributed to an increase in securities lending assets of $24.4 million. In addition, in 2012, the Department received from the United States Department of the Interior Bureau of Land Management a grant of land situated at the Henderson Executive Airport and valued at $9.3 million.

Capital Assets

For FY 2013, capital assets, net of depreciation, decreased by $96.3 million, or 1.9 percent, over FY 2012. This decrease was due to an increase in depreciation of $193.0 million offset by additional capital investments of $101.5 million, which included the completion of the rehabilitation of Taxiways C and D, the creation of an avigation easement, the modernization of the C gates, the upgrade of the paging system in Terminal 1, and the commencement of the rehabilitation of Taxiways E and H. Refer to Note 6, "Changes in Capital Assets," for more detail relating to the Department's capital assets.

For FY 2012, capital assets, net of depreciation, increased by $140.0 million, or 2.8 percent, over FY 2011. This increase was due, in part, to the completion of approximately $64 million in capital improvements, including the rehabilitation of Taxiways C and D; the C-Gates modernization project; roof replacement projects in the Central Terminal, A& B Concourses, and ARFF Station; and various equipment purchases. Another contributor to the increase was the completion of construction of T3. Through June 30, 2012, the Airport had spent $2.4 billion on this project. The T3 project was completed and welcomed its inaugural flight on June 27, 2012.

Non-current Assets

The Department's non-current assets consist of deferred charges, restricted investments with a maturity greater than one year, and the fair value of the Department's interest rate swaps.
Deferred charges consist of bond issuance costs for each issuance of bonds, amortization of the Consolidated Rental Car Facility lease cost, and deferred loss on imputed debt. The bond issuance costs are being amortized over the bond maturity period. The Consolidated Rental Car Facility lease cost is amortized over the lease agreement period. The deferred loss on imputed debt is amortized over the swap agreement period. The balance of deferred charges for FY 2013 decreased $9.2 million over FY 2012 from $83.7 million to $74.5 million. Refer to Note 7, "Deferred Charges," for detail relating to the Department's deferred charges.

Restricted investments represent investments held for capital improvements, debt service, and debt service reserves with Bank of New York Mellon ("Trustee"). Total non-current restricted investments decreased by $37.3 million from $105.9 million in FY 2012 to $68.6 million in FY 2013. Refer to Note 2, "Cash and Investments," for more detail relating to the Department's restricted investments.

Under the provisions of GASB Statement No. 53*, Accounting and Financial Reporting for Derivative Instruments,* the Department is required to record the changes in the fair value of the investment derivatives (interest rate swaps instruments) at each fiscal year-end. During FY 2013, the fair value of the Department's interest rate swap assets decreased from $60.5 million at the end of FY 2012 to $59.7 million at the end of FY 2013, a decrease of $0.8 million. Refer to Note 9, "Derivative Instruments – Interest Rate Swaps," for more detail relating to the Department's interest rate swaps.

Deferred Outflows of Resources

Under the provisions of GASB Statement No. 53*, Accounting and Financial Reporting for Derivative Instruments,* the Department is required to record the changes in the fair value of the hedging derivatives (interest rate swap instruments) at each fiscal year-end. During FY 2013, the fair value of the Department's interest rate swap liabilities classified as hedging derivatives and the associated deferred outflows decreased from $173.1 million at the end of FY 2012 to $75.8 million in FY 2013, a decrease of $97.3 million. Refer to Note 9, "Derivative Instruments – Interest Rate Swaps," for more detail relating to the Department's interest rate swaps.

Current and Non-current Liabilities

At June 30, 2013, current liabilities payable from unrestricted assets increased $35.2 million from FY 2012. This increase is attributable to an increase in avigation acquisition liability of $38.0 million coupled with a slight increase in other accrued expenses of $0.9 million. This increase is offset by a decrease in unrestricted accounts payable of $3.3 million and by a slight decrease in deferred income of $0.4 million. Current liabilities payable from restricted assets decreased by $70.7 million from FY 2012 to FY 2013. This decrease was caused by a reduction in restricted accounts payable of $57.9 million due to fewer outstanding payables related to the completion of construction on the T3 project and the associated winding down of the Airport's capital projects, which required the release of significant retention balances owed to contractors. The decrease in restricted accounts payable was also accompanied by the elimination of the liability of $89.3 million for securities lending collateral due to the termination of the securities lending program by the Clark County Treasurer. The decrease in current liabilities payable from restricted assets also included a decrease in accrued interest of $6.6 million related to declines in outstanding principal. The decrease in current liabilities payable from restricted assets was offset by an increase in the current principal portion due on long-term debt of $83.1 million related to the current maturity of the 2012 A-2 notes in the amount of $120.0 million.

Non-current liabilities for FY 2013 decreased by $239.4 million over FY 2012, due largely to a decrease in the fair value of the interest rate swap liabilities from $258.1 million at June 30, 2012, to $116.2 million at June 30, 2013, a decrease of $141.9 million. Refer to Note 9, "Derivative Instruments – Interest Rate Swaps," for more detail relating to the Department's interest rate swaps. Long-term debt also decreased by $107.6 million from FY 2012 to FY 2013. Refer to Note 8, "Long-Term Debt," for more detail related to bond maturities and principal payments. Other postemployment benefits increased by $10.2 million from $36.6 million in FY 2012 to $46.8 million in FY 2013. Refer to Note 5, "Retirement Plan," for more detail related to other postemployment benefit costs.

Highlights of Changes in Net Positions

The following is a condensed summary of net positions for FY 2013, 2012, and 2011:

As of June 30, 2013, 2012, and 2011

Net Position	FY 2013 (000)	FY 2012 (000)	FY 2011 (000)
Net investment in capital assets	$ 893,519	$ 954,546	$ 1,021,835
Restricted net position:			
Capital Projects	34,861	29,105	25,881
Debt Service	152,972	191,675	197,681
Other	63,631	50,240	29,423
Total restricted	251,464	271,020	252,985
Unrestricted net position	243,659	186,132	269,748
Total net position	$ 1,388,642	$ 1,411,698	$ 1,544,568

Discussion of FY 2013 Operating Revenues

The following table is a summary of the Department's Operating Revenues for the fiscal years ending June 30, 2013, 2012, and 2011.

Operating Revenues
Fiscal Years 2013, 2012, and 2011

Operating Revenue Category	FY 2013 (000)	FY 2012 (000)	FY 2011 (000)	Percentage Change 2013 - 2012	Percentage Change 2012 - 2011
Terminal building and use fees	$ 185,422	$ 75,937	$ 100,015	144.2%	-24.1%
Landing fees and other aircraft fees	59,448	44,919	63,275	32.3%	-29.0%
Terminal concession fees	62,047	56,550	53,023	9.7%	6.7%
Rental car facility fees	36,166	33,888	32,206	6.7%	5.2%
Public and employee parking fees	30,540	28,778	28,326	6.1%	1.6%
Gaming fees	23,865	25,719	25,908	-7.2%	-0.7%
Rental car concession fees	29,957	29,848	27,274	0.4%	9.4%
Ground rents and use fees	20,119	18,817	18,578	6.9%	1.3%
Gate use fees	26,623	20,254	23,606	31.4%	-14.2%
Ground transportation fees	15,092	13,524	13,340	11.6%	1.4%
General aviation fuel sales (net of cost)	3,950	3,890	4,158	1.5%	-6.4%
Other operating income	3,343	3,287	2,845	1.7%	15.5%
	$ 496,572	$ 355,411	$ 392,554	39.7%	-9.5%

The new Agreement with the signatory airlines uses a residual rate-making methodology for the Department through various cost centers by establishing a residual rental requirement in calculating a rate for landing fees, terminal building rental rates, and gate use fees. The residual rental requirement is determined by the allocation of operating expenses and debt service of the Department to various cost centers, and those costs which are not recovered from revenues generated by non-airline and non-signatory airline sources are to be recovered through signatory airline landing fees, terminal building rental rates, and gate use fees.

For FY 2013, airline revenues accounted for 51.4 percent of all operating revenues. Airline revenues totaled $255.0 million of total operating revenues, and non-airline revenues totaled $241.6 million. For FY 2013, the airline landing fee revenues were $53.5 million as compared to $38.5 million in FY 2012, an increase of $15.0 million, or 39.0 percent. The increase in landing fee revenues from FY 2012 to FY 2013 can be attributed to the increase in the residual rental revenue requirement for FY 2013. The actual landing fee rate was reduced from $2.53 per 1,000 lbs. in FY 2012 to $2.32 per 1,000 lbs. in FY 2013; however, however a portion of the FY 2012 landing fee revenues, approximately $19.6 million, was budgeted to recover prior amounts due from the airlines in FY 2012. Also attributing to this change was a decrease in landed weights of 2.2% over FY 2012.

Terminal building and use fees consist of signatory and non-signatory ticketing area fees, baggage system fees, baggage claim fees, gate use fees, common use fees, and fees from hold rooms along with certain operation and storage areas. The new Agreement requires that the terminal building rentals be set each fiscal year based on a residual rate-making approach of leased space. Terminal and building use fees were up from $76.0 million in FY 2012 to $185.4 million in FY 2013, a 144.2 percent increase. This increase in terminal building rental revenue is attributable to an increase in the terminal building rental rate of 36.3 percent over the prior year coupled with a 63.1 percent increase in rental terminal space resulting from commencement of T3 operations. The increase in the terminal building rental rate related to the increase in budgeted operating cost associated with the commencement of T3 operations as well as to the increase in debt service cost associated with T3.

Gate use fees were up from $20.3 million in FY 2012 to $26.6 million in FY 2013, an increase of 31.4 percent. The increase in gate use fee revenue is attributable to an increase in the per-gate turn fee rate of 42.7 percent over the prior year, but offset by a reduction in the leased gate rental rate of 3.1 percent.

The total amortization amount collected during FY 2013 totaled $10.4 million, all of which was deposited to the rate stabilization account (50 percent included in the residual rental rates), while none was required to be re-deposited into the capital improvement account, as provided by in the new Agreement.

Non-airline revenues, consisting primarily of concession related fees, increased from $227.9 million in FY 2012 to $241.5 million in FY 2013, an increase of 6.0 percent. The largest source of non-airline revenues are terminal concession fees, which are generated from an agreed-upon percentage of gross sales from various concessionaires, including food and beverage, news and gift, specialty retail, advertising, and passenger services. Percentage rents paid to the Airport from terminal concessionaires increased from $56.6 million in FY 2012 to $62.0 in FY 2013, an increase of 9.7 percent. Revenues from terminal food and beverage sales increased 9.7 percent, from $15.5 million in FY 2012 to $17.0 million in FY 2013, due mainly to the increase in the number of facilities with the opening of T3 and investment in new and improved concepts which were made by the Airport's food and beverage concessionaires. Revenues from news and gift and specialty retail sales also increased from $22.2 million in FY 2012 to $27.3 million in FY 2013, due to a combination of increased percentage rental rates being assessed the news and gift concessionaires, the continued introduction of nationally branded specialty retail stores, and the new, larger, duty-free shop located in T3. In-terminal advertising during FY 2013 was down by 4.7 percent from the prior fiscal year for a total of $13.0 million. Notwithstanding additional available space, this decrease is due to limited foot traffic and flat passenger enplanements from FY 2012 to FY 2013. Passenger services in the terminal decreased 21.8 percent from $2.9 million in FY 2012 to $2.3 million in FY 2013.

Building rentals associated with the Consolidated Rental Car Facility increased during FY 2013 from $33.9 million to $36.2 million, an increase of 6.7 percent. The annual rental requirement increased 6.7 percent in FY 2013 as an annual increase to the facility reserves was made to fund future major repairs and replacements of $2.1 million and as operating and maintenance costs increased $0.2 million. Building rents are paid from the car rental companies that occupy the facility together with the proceeds of a $3.75 Customer Facility Charge ("CFC"), which is collected by the car rental companies from car rental customers for each day they rent a car. For FY 2013, the car rental companies paid $7.9 million in space rental payments, and CFC revenue for FY 2013 totaled $28.3 million. The increase in CFC revenue was due to an increase in the number of transaction days from the prior year.

Total parking revenues at the Airport during FY 2013 increased by 6.1 percent over FY 2012. Public parking products at the Airport include short-term, long-term, and valet parking in two parking structures comprising 10,274 parking spaces as well as economy parking at a remote surface parking lot. Public parking revenue from short-term, long-term, and economy parking increased by 6.6 percent due to an increase in parking rates for the economy lot along with an increase in the number of parking spaces due to the opening of the new T3 parking garage; the T3 parking garage charges a higher parking rate than either the economy lot or the Terminal 2 parking lot, which was closed after the opening of T3. Parking revenues for FY 2013 from these sources totaled $24.8 million versus $23.2 million in FY 2012. Valet parking revenue for FY 2013 decreased by 1.4 percent, essentially remaining flat at $2.6 million due to the additional parking available with the opening of T3. Employee parking revenue for FY 2013 increased from $2.7 million to $3.0 million, an increase of 11.1 percent, due to the additional employee parking available with T3.

Gaming revenue at the Airport during FY 2013 decreased by 7.2 percent over FY 2012 from $25.7 million to $23.9 million. Gaming revenue is derived from approximately 1,330 slot machines placed throughout the terminals. The number of slot machines increased with the grand opening of T3 on June 27, 2012. However, gaming revenues were down due to remodeling work at the C gates during part of the year and to a decrease in foot traffic in the A and B gates and in the esplanade area of the main terminal. The decrease is also attributable to a timing difference in the number of weeks gaming revenue was reported. The Airport is working with the slot concessionaire to implement several initiatives to improve slot revenue, including installing more state-of-the-art machines and relocating machines to higher traffic areas.

Percentage rents paid to the Airport from the rental car companies increased from $29.8 million in FY 2012 to $30.0 million in FY 2013, an increase of 0.4 percent. This increase is attributable to an increase in the number of contracts and transaction days in FY 2013 over FY 2012.

Ground rentals paid to the Department from private hangar tenants, fixed-base operators, and concessionaires increased to $20.1 million in FY 2013 from $18.8 million in FY 2012, an increase of 6.9 percent. This increase can be attributed to amended lease agreements generating additional rental revenues.

Ground transportation fees paid to the Airport increased by 11.6 percent from $13.5 million in FY 2012 to $15.1 million in FY 2013. Ground transportation fees consist of percentage fees or trip charges paid to the Airport by limousine operators, courtesy van operators, bus operators, and taxicabs. Taxicab trip fee revenues increased from $6.1 million to $6.5 million, an increase of 6.6 percent. This increase can be attributed to an increase in the number of trips. Percentage fees for limousines, courtesy vehicles, and buses increased by 16.8 percent during FY 2013 to $8.6 million. This increase is due to an increase in the minimum required rents charged limousine companies resulting from higher minimum bids submitted in response to bidding proposals.

Discussion of FY 2012 Operating Revenues

The new Agreement with the signatory airlines uses a residual rate-making methodology for the Department through various cost centers by establishing a residual rental requirement in calculating a rate for landing fees, terminal building rental rates, and gate use fees. The residual rental requirement is determined by the allocation of operating expenses and debt service of the Department to various cost centers, and those costs which are not recovered from revenues generated by non-airline and non-signatory airline sources are to be recovered through signatory airline landing fees, terminal building rental rates, and gate use fees.

For FY 2012, airline revenues accounted for 35.9 percent of all operating revenues. Airline revenues totaled $127.5 million of total operating revenues, and non-airline revenues totaled $227.9 million. For FY 2012, the airline landing fee revenues were $38.5 million as compared to $57.7 million in FY 2011, a decrease of $19.2 million, or 33.3 percent. This decrease in landing fee revenues can be attributed to a reduction in FY 2012 debt service cost and corresponding decrease in the residual rental revenue requirement for FY 2011. However the actual landing fee rate increased slightly from $2.45 per 1,000 lbs. in FY 2011 to $2.53 per 1,000 lbs. in FY 2012, and included in the FY 2012 rate was the residual rental revenue and an additional $19.6 million used to repay a portion of the outstanding balance due from airlines.

Terminal building and use fees consist of signatory and non-signatory ticketing area fees, baggage system fees, baggage claim fees, gate use fees, common use fees, and fees from hold rooms along with certain operation and storage areas. The new Agreement requires that the terminal building rentals be set each fiscal year based on a residual rate-making approach of leased space for FY 2012. Terminal and building use fees were down from $100.0 million in FY 2011 to $76.0 million in FY 2012, a 24.1 percent decrease. This decrease in terminal building rental revenue can also be attributed to a reduction in FY 2012 debt service cost and corresponding decrease in the residual rental revenue requirement for FY 2012. The terminal rental rate increased from $116.67 per square foot in FY 2011 to $123.29 per square foot in FY 2012, and included in the FY 2012 rate was the residual rental revenue and an additional $29.2 million used to repay a portion of the outstanding balance due from airlines.

Gate use fees were down from $23.6 million in FY 2011 to $20.3 million in FY 2012, a decrease of 14.2 percent. The decrease in gate use fee revenue is also due to a reduction in FY 2012 debt service cost and a corresponding decrease in the residual rental revenue for FY 2012. The gate use rate for both leased and common use gates decreased slightly in FY 2012 and included the residual rental revenue and an additional $1.9 million used to repay a portion of the outstanding balance due from airlines.

The total amortization amount collected during FY 2012 totaled $14.8 million of which $10.3 million was deposited to the rate stabilization account (50 percent included in the residual rental rates) while $4.5 million was re-deposited into the capital improvement account, as provided by in the new Agreement.

Non-airline revenues, consisting primarily of concession related fees, increased from $220.3 million in FY 2011 to $227.9 million in FY 2012, an increase of 3.4 percent. The largest source of non-airline revenues are terminal concession fees, which are generated from an agreed-upon percentage of gross sales from various concessionaires, including food and beverage, news and gift, specialty retail, advertising, and passenger services. Percentage rents paid to the Airport from terminal concessionaires in FY 2012 increased from $53.0 million in FY 2011 to $56.6 in FY 2012, an increase of 6.7 percent. Revenues from terminal food and beverage sales increased 5.7 percent, from $14.7 million in FY 2011 to $15.5 million in FY 2012, due mainly to the increase in passenger traffic and investment in new and improved concepts which were made by the Airport's food and beverage concessionaires. Revenues from news and gift and specialty retail sales also increased from $20.8 million in FY 2011 to $22.2 million in FY 2012, due to a combination of increased percentage rental rates being assessed the news and gift concessionaires and the continued introduction of nationally branded specialty retail stores. In-terminal advertising during FY 2012 was up by 5.7 percent for a total of $13.6 million, as increased demand and new advertising space was developed in FY 2012. Passenger services in the terminal increased 16.0 percent from $2.5 million in FY 2011 to $2.9 million in FY 2012, mainly due to the increase in passenger traffic and increases related to international passenger lounge fee revenues for FY 2012.

Building rentals associated with the Consolidated Rental Car Facility increased during FY 2012 from $32.2 million to $33.9 million, an increase of 5.2 percent. The annual rental requirement increased 5.2 percent in FY 2012 as an annual increase to the facility reserves was made to fund future major repairs and replacements of $0.8 million and as operating and maintenance costs increased $1.2 million. Building rents are paid from the car rental companies that occupy the facility together with the proceeds of a $3.75 Customer Facility Charge ("CFC"), which is collected by the car rental companies from car rental customers for each day they rent a car. For FY 2012, the car rental companies paid $6.7 million in space rental payments, and CFC revenue for FY 2012 totaled $27.2 million. The increase in CFC revenue was due to an increase in the number of transaction days from the prior year.

Total parking revenues at the Airport during FY 2012 increased by 1.6 percent over FY 2011. Public parking products at the Airport include short-term, long-term, and valet parking in a 5,155-space parking structure as well as economy parking at a remote surface parking lot. On June 27, 2012, the number of parking spaces increased with the grand opening of Terminal 3 and the addition of a new 5,119-space, eight-level parking structure. Public parking revenue from short-term, long-term, and economy parking increased by 3.0 percent due an increase in passenger traffic. Parking revenues for FY 2012 from these sources totaled $23.3 million versus $22.6 million in FY 2011. Valet parking revenue for FY 2012 decreased by 10.9 percent, from $2.9 million to $2.6 million, and employee parking for FY 2012 increased slightly from $2.6 million to $2.7 million, an increase of 4.9 percent. These increases can be attributed to the slight increase in passenger traffic. Valet parking is down due to the new provider's contract being based completely on contingent rents, as the previous provider's contract entailed fixed rents plus a contingent factor.

Gaming revenue at the Airport during FY 2012 decreased slightly by 0.7 percent over FY 2011 from $25.9 million to $25.7 million. Gaming revenue is derived from approximately 1,330 slot machines placed throughout the terminals. The number of slot machines also increased with the grand opening of Terminal 3 on June 27, 2012. Gaming revenues remained flat due to remodeling work at C gates during the year, which limited the number of slot machines available to passengers throughout the fiscal year. The Airport is continually working with the slot concessionaire to implement several initiatives to improve slot revenue, including installing more state-of-the-art machines and relocating machines to higher traffic areas.

Percentage rents paid to the Airport from the rental car companies increased from $27.3 million in FY 2011 to $29.8 million in FY 2012, an increase of 9.4 percent. This increase is attributed to increase in number of contracts and transaction days in FY 2012 over FY 2011.

Ground rentals paid to the Airport from private hangar tenants, FBO operators, and concessionaires increased to $18.8 million in FY 2012 from $18.6 million in FY 2011, an increase of 1.3 percent. This increase can be attributed to increases in the land rental revenue concessions leases with private developers located on Department property during FY 2012.

Ground transportation fees paid to the Airport increased slightly by 1.4 percent from $13.3 million in FY 2011 to $13.5 million in FY 2012. Ground transportation fees consist of percentage fees or trip charges paid to the Airport by limousine operators, courtesy van operators, bus operators, and taxicabs. Taxicab trip fee revenues increased from $5.8 million to $6.1 million, an increase of 6.0 percent. This increase can be attributed to an increase in the number of trips. Limousine percentage fees decreased by 3.1 percent during FY 2012 to $6.4 million.

Discussion of FY 2013 Operating Expenses

Operating Expenses
Fiscal Years 2013, 2012, and 2011

Operating Expense Category	FY 2013 (000)	FY 2012 (000)	FY 2011 (000)	Percentage Change 2013 - 2012	Percentage Change 2012 - 2011
Salaries and benefits	$ 118,701	$ 111,195	$ 111,186	6.8%	0.0%
Professional services	53,959	51,130	49,203	5.5%	3.9%
Repairs and maintenance	20,970	21,424	22,118	-2.1%	-3.1%
Utilities and communications	23,001	20,970	20,199	9.7%	3.8%
Materials and supplies	12,491	12,806	9,010	-2.5%	42.1%
Administrative	2,447	2,528	3,323	-3.2%	-23.9%
Insurance	2,529	2,283	2,314	10.8%	-1.3%
	$ 234,098	$ 222,336	$ 217,353	5.3%	2.3%

For FY 2013, the Department's total operating expenses increased by $11.8 million, or 5.3 percent, from FY 2012. Most major operating expense categories experienced increases, such as professional services (up $2.8 million) and utilities and communications (up $2.0 million). The increases were offset by decreases in the major operating expense categories of materials and supplies (down $0.3 million), repairs and maintenance (down $0.5 million) and administrative costs (down $0.2 million). Explanations for the changes to the major categories of expenses follow.

Salaries and benefits are the single largest operating expense of the Department. Salaries and benefits made up over 50 percent of the overall Department's operating expenses in FY 2013. At June 30, 2013, the Department had 1,481 full-time employees and 14 part-time employees. At June 30, 2012, the Department had 1,469 full-time employees and 11 part-time employees. For FY 2013, total salaries and benefits increased by $7.5 million over FY 2012. Salaries and wages, excluding benefits, increased by $5.1 million, or 7.1 percent, even as the Department continued to maintain its position vacancy freezes. Although full-time equivalents rose significantly in FY 2012, this increase occurred in the latter part of the fourth quarter of FY 2012, thus showing a slight increase in full-time equivalents for that fiscal year. This increase in the number of full-time equivalents was necessary to train personnel in preparation for the opening of T3 and to prepare and maintain T3 prior to opening. At the end of FY 2013, the Airport had 203 vacancies (a 12.4 percent vacancy factor) as compared to 164 at June 30, 2012 (a 10.0 percent vacancy factor). There were no pay increases for either management staff or non-management staff during FY 2013. Benefit costs for FY 2013 were up $2.4 million, or 6.2 percent, over FY 2012, mainly due to an increase in employer-paid group insurance costs of $1.2 million and an increase in Public Employees' Retirement System (PERS) costs of $1.2 million. Refer to Note 5, "Retirement Plan," for more detail related to other employee benefit programs and their associated costs.

Professional services costs during FY 2013 increased by 5.5 percent, or $2.8 million, over FY 2012, with the majority of costs incurred by security services and legal services. An increase of $1.6 million, or 7.4 percent, over 2012 in the cost of security services was related to increased costs associated with both the Las Vegas Metropolitan Police Department and an outside service provider. Costs for legal services incurred during FY 2013 were $2.5 million, an increase of $1.3 million over FY 2012; this increase relates to legal services for pending litigation.

Repairs and maintenance expenses for FY 2013 decreased 2.1 percent, or $0.5 million, over FY 2012. The majority of the decrease was related to a $1.6 million reduction in repairs and maintenance due to the purchase of new equipment in connection with the opening of T3. Office rents increased by $0.8 million owing to the leasing of additional facilities.

Utility and communication expenses for FY 2013 increased over FY 2012 by $2.0 million, or 9.7 percent. The majority of the increase related to electricity costs, which were up $1.4 million, or 9.5 percent, over FY 2012. Water and sewage expenses were up $0.3 million, or 14.8 percent. Natural gas increased from $1.0 million in FY 2012 to $1.2 million in FY 2013, an increase of 19.1 percent. Trash removal increased by $0.2 million, or 24.2 percent, from FY 2012 to FY 2013. These increases related to the additional utility services consumed by operations at T3, which was fully operational throughout FY 2013. Communication expense decreased by $0.1 million, or 6.3 percent, from FY 2012 to FY 2013.

Materials and supplies expense for FY 2013 was down $0.3 million, or 2.5 percent, over FY 2012. T3 became an operating terminal at the end of FY 2012 and, in preparation of its opening, the Department, in that fiscal year, incurred about $0.8 million of costs to acquire necessary minor equipment, computer equipment, tools, and supplies. These individual costs were below the Department's capitalization policy threshold. In FY 2013, an existing stock of baggage tags totaling $0.7 million was deemed obsolete and was expensed.

Administrative expenses decreased from $2.5 million in FY 2012 to $2.4 in FY 2013, which can be attributed to a non-recurring additional cost of $0.1 million, incurred in FY 2012, to promote T3 prior to its opening.

Insurance expenses increased by 10.8 percent, from $2.3 million in FY 2012 to $2.5 million in FY 2013, due to an increase in premium to establish a full year of coverage on T3 in FY 2013.

Discussion of FY 2012 Operating Expenses

For FY 2012, total operating expenses at the Airport increased by $5.0 million, or 2.3 percent, from FY 2011. Most major operating expense categories experienced increases, such as professional services (up $1.9 million), utilities and communications (up $0.7 million), and materials and supplies (up $3.7 million). The increases were offset by decreases in the major operating expense categories of repairs and maintenance (down $0.7 million) and administrative costs (down $0.7 million). Explanations for the changes to the major categories of expenses follow.

Salaries and benefits are the single largest operating expense of the Department. Salaries and benefits made up over 50 percent of the overall Department's operating expenses in FY 2012. At June 30, 2012, the Department had 1,469 full-time employees and 11 part-time employees. At June 30, 2011, the Department had 1,321 full-time employees and 45 part-time employees. For FY 2012, total salaries and benefits remained flat. However salaries and wages, excluding benefits, decreased by $1.3 million, or 1.8 percent, as the Department continued to maintain its position vacancy freezes. Although full-time equivalents rose significantly from FY 2011, this increase occurred in the latter part of the fourth quarter of FY 2012. The increase in the number of full-time equivalents was necessary to train personnel in preparation for the opening of Terminal 3 and to prepare and maintain Terminal 3 prior to opening. At the end of FY 2012, the Airport had 164 vacancies (a 10 percent vacancy factor) as compared to 211 at June 30, 2011 (a 13.7 percent vacancy factor). Management staff received no pay increases during FY 2012 or FY 2011. There was no cost of living increase for FY 2012. Benefit costs for FY 2012 were up $1.3 million, or 3.6 percent, over FY 2011, mainly due to increases in Public Employees' Retirement System (PERS) costs of $1.1 million, which resulted from a 2.25 percent rate increase in FY 2012. Other major benefit categories such as employer-paid group insurance costs and other post employment retirement benefits were relatively unchanged. Refer to Note 5, "Retirement Plan," for more detail related to other employee benefit programs and their associated costs.

Professional services costs during FY 2012 increased by 3.9 percent, or $1.9 million, over FY 2011, with the majority of costs incurred from security. In particular, the majority of this increase was related both to the Las Vegas Metropolitan Police Department and to an outside service provider costing $3.0 million, or 16.9 percent, over FY 2011. Cost incurred with other County departments and agencies decreased by $0.7 million, or 9.0 percent, from FY 2011. The Department saw a decrease in systems and software support of $0.6 million.

Repairs and maintenance expenses for FY 2012 decreased 3.1 percent, or $0.7 million, over FY 2011. The majority of the decrease was related to a $0.8 million reduction in ground rents paid to the United States Department of the Interior, Bureau of Land Management ("BLM"). In FY 2012, land connected to the Henderson Executive Airport was acquired through a donation from BLM. Previously, this land was leased at a cost of $0.7 million in FY 2011. No lease cost related to the land was incurred in FY 2012.

Utility and communication expenses for FY 2012 increased over FY 2011 by $0.8 million, or 3.8 percent. The majority of the increase related to electrical costs, which were up $1.2 million, or 8.7 percent, over FY 2011. Water and sewage expenses remained consistent with the prior year. Natural gas decreased from $1.1 million in FY 2011 to $1.0 million in FY 2012, a decrease of 11.7 percent. Communication expense decreased by $0.3 million, or 15.1 percent, from FY 2011 to FY 2012. Trash removal decreased by $0.1 million, or 12.2 percent, from FY 2011 to FY 2012.

Materials and supplies expense for FY 2012 was up $3.8 million, or 42.1 percent, over FY 2011. Terminal 3 became an operating terminal in FY 2012. In preparation of its opening, the Department incurred about $0.6 million of cost to acquire necessary minor equipment, computer equipment, tools, and supplies. These individual costs were below the Department's capitalization policy threshold. Diesel and unleaded fuel costs were up $0.5 million, or 26.1 percent, over FY 2011, which is attributed to an increase in prices and usage. Signage expense was up $0.3 million, or 188.6 percent, with the purchase of new Consolidated Car Rental Facility bus signs. In FY 2011, the cost of supplying baggage tags was down $2.3 million, or 80.5 percent, as the Department purchased and issued an initial supply to the airlines when they converted to the next generation of RFID tags. In FY 2012, this cost rebounded back to FY 2010 levels.

Administrative expenses decreased from $3.3 million in FY 2011 to $2.5 in FY 2012. The majority of this decrease can be attributed to a non-recurring cost of $0.4 million to relocate, in FY 2011, some airline tenant operations in the D-gate concourse for the benefit of achieving more efficient operation of the overall Airport facility.

Insurance expenses decreased in FY 2012 by 1.3 percent due to successful negotiations with insurance brokers to keep rates at previous year levels in a very competitive insurance market. The cost of insurance remained the same at $2.3 million from FY 2011 to FY 2012.

Discussion of FY 2013 Non-operating Revenues and Expenses

Non-Operating Revenues and Expenses
Fiscal Years 2013, 2012, and 2011

Revenue/Expenses Category	FY 2013 (000)	FY 2012 (000)	FY 2011 (000)	Percentage Change 2013 - 2012	Percentage Change 2012 - 2011
Passenger facility charge revenue	$ 79,933	$ 79,648	$ 77,949	0.4%	2.2%
Jet A fuel taxes revenue	11,268	7,425	7,318	51.8%	1.5%
Interest and investment income (loss)					
Unrestricted interest income	498	2,455	5,410	-79.7%	-54.6%
Restricted interest income	3,749	6,221	5,161	-39.7%	20.5%
PFC interest income	225	1,040	1,048	-78.4%	-0.8%
Unrealized gain (loss) on investment - derivative instruments	43,776	(68,988)	39,715	-163.5%	-273.7%
Interest expense	(235,311)	(160,446)	(162,162)	46.7%	-1.1%
Net loss from disposition of capital assets	(607)	(33,000)	(35)	-98.2%	94185.7%
	$ (96,469)	$ (165,645)	$ (25,596)	-41.8%	547.2%

Interest income declined during FY 2013 by 54.0 percent, from $9.7 million in FY 2012 to $4.5 million in FY 2013. This decrease can be attributed to the continued drop in investment rates together with the Department's capital spending. The average investment rate of return for the Airport's pooled cash was 0.82 percent in FY 2013 as compared to 1.74 percent for FY 2012. The average investment rate of return for the Department's fiscal agent cash and cash investments was 0.76 percent in FY 2013 as compared to 0.71 percent in FY 2012.

Interest expense on the Department's outstanding bonds totaled $235.3 million in FY 2013, compared to $160.4 million in FY 2012, an increase of $74.9 million. The most significant factor in this increase was the reduction of $81.5 million in the capitalization of interest expense into construction projects as a result of the completion of T3. The Department made all its scheduled debt service payments in FY 2013, which included scheduled principal repayments of $105.5 million. For FY 2013, there were no increases in outstanding principal since all the financing T3 is in place. The Department continues to closely monitor and evaluate its debt portfolio. Bond Anticipation Notes were issued after June 30, 2013, to replace the outstanding notes. Refer to Note 15, "Subsequent Events," for further details.

Passenger Facility Charge ("PFC") revenues for FY 2013 increased by $0.3 million, or 0.4 percent. This slight increase for FY 2013 can be attributed to essentially flat passenger traffic, as there were no changes in the effective rate.

Effective July 1, 1991, the County enacted an ordinance imposing a tax of $0.02 per gallon on jet aviation ("Jet A") fuel to be allocated to the Department to help facilitate the expansion of air transportation facilities in the region. This tax has been an important source of funding to address capacity, security, safety, and noise matters at the Airport. On May 1, 2012, the Clark County Board of Commissioners unanimously approved an increase in the Jet Aviation Fuel Tax from $0.02 to $0.03 per gallon, which went into effect on July 1, 2012. As a result, during FY 2013, the Department was allocated $11.3 million in Jet A fuel tax revenues, a 51.8 percent increase over FY 2012. The Jet A Fuel Tax revenues were used to pay the principal and interest on the 2003C AMT Jet Aviation Fuel Tax Revenue Bonds. On April 2, 2013, the Department issued $71.0 million of Series 2013A AMT Jet Aviation Fuel Tax Refunding Revenue Bonds for the purpose of refunding the Series 2003C AMT Jet Aviation Fuel Tax Revenue Bonds, consisting of $85.0 million in principal, and for paying certain costs of issuance. Any jet aviation fuel tax revenues in excess of the requirement of the 2013A bonds are currently used to service the principal and interest on the 2013B General Obligation (Limited Tax) Airport Bonds. Principal and interest payments on the jet aviation bonds totaled $10.5 million in FY 2013. Tax revenues on jet aviation fuel were more than sufficient to service the debt on the Series 2003C and 2013A Jet Aviation Fuel Tax Revenue Bonds.

The unrealized gain or loss on investments in derivative instruments is the result of the Department’s implementation of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued in June 2008 and effective for FY 2010. The Department is required to recognize, measure, and disclose the changes in the fair value of its interest rate swaps. Refer to Note 9, "Derivative Instruments – Interest Rate Swaps," for additional details.

In FY 2013, the Department recognized $0.6 million in net losses from the disposition of fixed assets. These dispositions occurred in connection with normal asset turnover.

Discussion of FY 2012 Non-operating Revenues and Expenses

Interest income decreased during FY 2012 by 16.4 percent, from $11.6 million in FY 2011 to $9.7 million in FY 2012. This decrease can be attributed to the continued drop in investment rates together with the Department’s capital spending associated with Terminal 3. For FY 2012, the average investment rate for the Airport’s pooled cash was 1.74 percent as compared to 1.94 percent for FY 2011. The average investment rate for the Department’s fiscal agent cash and cash investments was 0.71 percent in FY 2012 as compared to 0.56 percent in FY 2011.

Interest expense on the Department's outstanding bonds totaled $160.4 million in FY 2012, compared to $162.2 million in FY 2011, a decrease of $1.8 million. The Department made all its scheduled debt service payments in FY 2012, which included a scheduled repayment of $91.3 million in outstanding principal plus a repayment of $100 million on Bond Anticipated Notes. For FY 2012, there were no increases in outstanding principal since all the financing for the T3 project is in place. The Department continues to closely monitor and evaluate its debt portfolio. Bond Anticipated Notes were issued after June 30, 2012, to replace the outstanding notes. Refer to Note 15, "Subsequent Events."

Passenger Facility Charge ("PFC") revenues for FY 2012 increased by $1.7 million, or 2.2 percent. The increase for FY 2012 can be attributed to the slight increase in passenger traffic as there were no changes in the effective rate.

Effective July 1, 1991, the County enacted an ordinance imposing a two-cent-per-gallon tax on jet aviation ("Jet A") fuel to be allocated to the Airport to help facilitate the expansion of air transportation facilities in the region. This tax has been an important source of funding to address capacity, security, safety, and noise matters at the Airport. During FY 2012, the Department was allocated $7.4 million of Jet A fuel tax revenues, approximately 1.5 percent more than FY 2011. This increase can be attributed to more aviation fuel sales. The Jet A Fuel Tax revenues are currently used to pay the principal and interest on the 2003C Jet Aviation Fuel Tax Revenue Bonds. Any revenues in excess of the requirement of the 2003C bonds are currently used to pay the principal and interest on the 2003B General Obligation (Limited Tax) Airport Bonds. Principal and interest payments on the 2003C Jet Aviation Fuel Tax Revenue Bonds totaled $9.2 million in FY 2012. The unfunded portion of this debt service ($1.8 million) was paid from operating revenues. On May 1, 2012, the Clark County Board of Commissioners unanimously approved an increase in the Jet Aviation Fuel Tax from $0.02 to $0.03 per gallon. This increase is scheduled to be effective July 1, 2012, the beginning of the next fiscal year.

The unrealized gain or loss on investments in derivative instruments is the result of the Department's implementation of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued in June 2008 and effective for FY 2010. The Department is required to recognize, measure, and disclose the changes in the fair value of its interest rate swaps. Refer to Note 9, "Derivative Instruments – Interest Rate Swaps," for additional details.

In FY 2012, the Department recognized $33.0 million in net losses from the disposition of fixed assets. The Department made great strides in its future operations at the Airport with the grand opening of its new, state-of-the-art Terminal 3 facility and the remodeling and modernization of the C gates during FY 2012. The new Terminal 3 facility adds fourteen new gates, ticketing points, and customs and border inspection points for all international flights at the Airport and provides domestic flights with access to seven new gates as well as a gateway to the D gates. Previously, Terminal 2 handled all international flights at the Airport. With the grand opening of Terminal 3, Terminal 2 ceased operations, with no future plans to use the terminal. The Department recognized a loss of $25.9 million attributed to the unamortized book value of Terminal 2 at the time it discontinued operations. Also in FY 2012, the Department completed several phases for modernizing the C gates, which provides for more efficient processes for tenants. Previous remodeling costs which were associated with the C gates and which had not been fully depreciated were disposed of in FY 2012 in connection with the nearly completed modernization of the C gates at a loss on disposition of $6.6 million.

Income before Capital Contributions

Income Before Capital Contributions
Fiscal Years 2013, 2012, and 2011

	FY 2013 (000)	FY 2012 (000)	FY 2011 (000)	Change 2013 - 2012	Change 2012 - 2011
Operating revenue	$ 496,572	$ 355,411	$ 392,554	$ 141,161	$ (37,143)
Operating expenses	234,098	222,336	217,353	11,762	4,983
Income before depreciation	262,474	133,075	175,201	129,399	(42,126)
Depreciation and amortization	199,528	137,052	136,104	62,476	948
Income (loss) from operations	62,946	(3,977)	39,097	66,923	(43,074)
Net non-operating revenue (expense)	(96,469)	(165,645)	(25,596)	69,176	(140,049)
Income (loss) before capital contributions	(33,523)	(169,622)	13,501	136,099	(183,123)
Capital contributions	10,467	36,752	16,761	(26,285)	19,991
Increase (decrease) in net position	(23,056)	(132,870)	30,262	109,814	(163,132)
Net position beginning of year	1,411,698	1,544,568	1,514,306	(132,870)	30,262
Net position end of year	$ 1,388,642	$ 1,411,698	$ 1,544,568	$ (23,056)	$ (132,870)

For FY 2013, loss before capital contributions totaled $33.5 million, a $136.1 million decrease over the FY 2012 loss before capital contributions of $169.6 million. Operating income before depreciation in FY 2013 was $262.5 million, an increase of $129.4 million over the previous fiscal year, which was a result of a $141.2 million increase in operating revenues offset by a $11.8 million increase in operating expenses, as previously discussed. Depreciation and amortization expense increased by $62.5 million, reflecting the capitalization and commencement of operations at T3. Net non-operating expense decreased by $69.2 million, primarily due to an increase in the unrealized loss on derivative instruments of $112.8 million coupled by a decrease in interest income of $5.1 million and an increase in interest expense of $74.9 million. These increases in non-operating expenses were offset by a drop of $32.4 million from the previous fiscal year in net loss from the disposition of capital assets, which occurred primarily as a result of the disposition of Terminal 2 in the previous fiscal year.

For FY 2012, loss before capital contributions totaled $169.6 million, a $183.1 million decrease over FY 2011 operating income of $13.5 million. Operating income before depreciation in FY 2012 was $133.1 million, a decrease of $42.1 million, which was a result of the $37.1 million decrease in operating revenues and a $5 million increase in operating expenses, as previously discussed. Depreciation expense increased slightly by $0.9 million due to continued capital improvements at the Airport. Net non-operating expense increased by $140.1 million due to an increase in the unrealized loss on derivative instruments of $108.7 million, a loss on disposal of fixed assets of $33.0 million, and a decrease in interest income of $1.9 million, which was offset by a decrease in interest expense of $1.7 million. The remainder of the change in net non-operating expense related to an increase in PFC revenue of $1.7 million.

Capital Contributions

During FY 2013, the Department received $10.5 million in grants from the Federal Aviation Administration ("FAA") for approved capital projects within the Department. These FAA grants represent the Department's portion of entitlement funds allocated to airports in the United States based on an enplanement formula plus any discretionary grants obtained by the Department. The $17.0 million decrease in FAA grant funding for FY 2013 can be attributed to several grant funded projects coming to a close in FY 2013. The major grant funded projects which were completed include: North Las Vegas Airfield Improvements Phase I; North Las Vegas Westside Airfield Apron Rehabilitation; Phase II Reconstruction of the C Gates Apron and Phase I and II Reconstruction of Taxiway C and D Gates Inner Ramp.

During FY 2012, the Department received $27.5 million in grants from the Federal Aviation Administration ("FAA") for approved capital projects within the Department. These FAA grants represent the Department's portion of entitlement funds allocated to airports in the United States based on an enplanement formula plus any discretionary grants obtained by the Department. The $10.7 million increase in FAA grant funding for FY 2012 can be attributed to an increase in expenditures for grant-eligible projects including reconstruction of major taxiways and land acquisitions for noise compatibility and development. In FY 2012, the Department received donated land from the BLM valued at $9.3 million connected to the Henderson Executive Airport. Previously, this land was leased by the Department.

Capital Improvement Program

Each fiscal year, the Department updates its five-year capital plan. For FY 2014, the Department's comprehensive five-year capital improvement plan, including bond proceeds dedicated to airfield improvements totals $526.3 million. The following is a summary of the five-year capital plan along with proposed federal grants.

Five-Year Capital Plan
as of June 30, 2013

	Federal Funds (000)	Capital Improvement Account (000)	Bond Funds (000)	Total Budget (000)
Airfield improvements	$ 88,651	$ 64,230	$ 85,949	$ 238,830
Terminal improvement projects	24,024	45,622	-	69,646
Reliever airport projects	18,244	2,362	-	20,606
McCarran support facilities	49,858	147,336	-	197,194
Total	$ 180,777	$ 259,550	$ 85,949	$ 526,276
Percent	34.4%	49.3%	16.3%	100.0%

The signatory airlines serving the Department have approved all the projects listed above. All PFC projects have been approved or are in the process of being presented to the FAA for approval. Federal grants include the Department's entitlements. The capital improvement account monies consist of the Department's gaming revenue, the net cash flow from the Consolidated Rental Car Facility, and funding from the airlines through the Agreement. Based on current five-year projections, it is anticipated that future gaming revenues and future cash flow projections from the rental car facility will adequately fund the capital improvement account requirements. For the periods FY 2014 through FY 2018, it is projected that revenues from gaming, deposits from the Co-operative Management Area program, and net rents from the Consolidated Rental Car Facility will generate $205.2 million. These sources of revenue plus grant contributions will be utilized to fund the Airport's five-year capital improvement plan.

Debt Management

On July 1, 2012, the Department refunded the $200 million Series 2010 E-2 Notes by issuing the Series 2012 A-1 Subordinate Lien Revenue Notes for $180 million, along with a contribution by the Department of $23 million, and obtained $120 million in new proceeds with the issuance of the Series 2012 A-2 Subordinate Lien Revenue Notes. Both the Series 2012 A-1 and A-2 Notes have a stated interest rate of 2.00 percent and mature on July 1, 2013. The Department refinanced these notes on July 1, 2013.

On July 1, 2012, the Department issued $64.4 million of Series 2012B PFC Non-AMT Refunding Revenue Bonds. The Department used the proceeds to refund the Series 1998A PFC Bonds and pay related issuance costs. This bond issuance has a stated fixed interest rate of 5.00 percent with a final maturity date of July 1, 2033.

On February 20, 2013, the County elected to effect a mandatory tender for purchase of the Series 2008 A-2 and B-2 bonds. On this date, the existing standby bond purchase agreements securing the tender for purchase of these bonds were terminated, and letters of credit securing the payment of the principal of and interest on these bonds whenever any amount is payable on these bonds were issued by State Street Bank and Trust Company.

In addition, upon the mandatory tender for purchase of the Series 2008 A-2 and B-2 Bonds and the issuance of the letters of credit by State Street Bank and Trust Company, the County terminated a municipal bond insurance policy and a reserve fund surety issued concurrently with the initial delivery of these bonds by Assured Guaranty Municipal Corp. (formerly Financial Security Assurance Inc.). On and after February 20, 2013, the scheduled payment of principal and interest on these bonds has not been supported by a municipal bond insurance policy or by a reserve fund surety.

On April 2, 2013, the Department issued $71.0 million of Series 2013A AMT Jet Aviation Fuel Tax Refunding Revenue Bonds for the purpose of refunding the Clark County, Nevada Series 2003C AMT Jet Aviation Fuel Tax Revenue Bonds, consisting of $85.0 million in principal, and for paying certain costs of issuance. The new bonds mature on July 1, 2029, and bear a fixed interest rate of 5.00 percent per annum.

On April 2, 2013, the Department issued $32.9 million of Series 2013B Non-AMT General Obligation (Limited Tax) (Additionally Secured by Pledged Department Revenues) Refunding Airport Bond for the purpose of refunding the outstanding Series 2003B General Obligation (Limited Tax) (Additionally Secured by Pledged Department Revenues) Airport Bonds, consisting of $37.0 million in principal, and for paying certain costs of issuance. The new bond matures on July 1, 2033, and bears a fixed interest rate of 5.00 percent per annum.

At June 30, 2013, the Department had $4.5 billion in outstanding debt. This amount is made up of $1.0 billion in senior lien debt, $2.0 billion in subordinate lien debt, $1.0 billion in PFC-pledged debt, $147.0 million in third lien debt, and $300.0 million in bond anticipation notes. All the current outstanding debt is naturally or synthetically fixed interest rate debt, with an average interest rate of approximately 5.2 percent in FY 2013. Refer to Note 8, "Long-term Debt," for more detail relating to the Department's outstanding long-term debt.

During the prior fiscal year, the Department partially refunded $200 million of Series 2008 AMT Subordinate Lien Revenue Bonds with Series 2011B AMT Subordinate Lien Revenue Bonds in August of 2011 at corresponding maturities. The purpose of this refunding was to attain a lower rate in basis points being paid on the credit facilities. No additional funding was needed for FY 2012 as all the remaining financing necessary to complete the T3 project was issued in FY 2010. The Department continues to closely monitor and evaluate its debt portfolio and looks for opportunities to reduce interest costs and pay down outstanding debt.

At June 30, 2012, the Department had $4.5 billion in outstanding debt. This amount is made up of $1.0 billion in senior lien debt, $2.1 billion in subordinate lien debt, $1.0 billion in PFC-pledged debt, $169.5 million in third lien debt, and $300.0 million in bond anticipation notes. All the current outstanding debt is naturally or synthetically fixed interest rate debt, with an average interest rate of approximately 3.5 percent in FY 2012. Refer to Note 8, "Long-term Debt," for more detail relating to the Department's outstanding long-term debt.

The Department continually reviews strategies to minimize debt service and keep airline costs as reasonable as possible. The ability to adapt to rapidly changing market demands, as has been seen the last several years, will be a critical element to achieving reasonable borrowing costs and maintaining the Department's healthy credit rating. For instance, the Department took full advantage of the provisions under the American Recovery and Reinvestment Act of 2009 ("ARRA"), being the first airport to issue Build America Bonds in the United States in September 2009.

The Department's bonds are rated by these two major rating agencies. The most current ratings are as follows:

	Moody's	S&P
General Airport Revenue Bonds – Senior Lien	Aa2	AA-
General Airport Revenue Bonds – Subordinate Lien	A1	A+
PFC Revenue Bonds	A1	A+
General Airport Revenue Bonds – Third Lien	A2	A

The Master Indenture of Trust, dated May 1, 2003, which governs the issuance of senior lien debt, requires the Department to have net revenues available for bond debt service coverage equal to 1.25 times the amount of debt service on senior lien debt and 1.10 times the amount of debt service on aggregate senior and subordinate lien debt. PFC bonds have no debt service coverage requirement due to the fact that any debt service not payable from PFC proceeds is payable as debt service subordinate to the senior lien bonds. As of June 30, 2013, the coverage on the senior lien bonds was 4.19, and the coverage of aggregate senior and subordinate lien debt was 1.42.

The Department continues to meet the challenge of providing users of the Airport System with quality facilities that meet the demands of growth, safety, and security, while conscientiously and creatively managing the Department's bonding capacity and keeping airline costs as low as possible.

Future Outlook

In FY 2013, passenger enplanements decreased by 0.4 percent. This slight reduction follows several years of increases that have ensued since the economic downturn of FY 2009. However, passenger traffic is not yet back to the levels of FY 2007, when the Airport System's enplanements peaked. The Airport System's growth has stabilized into FY 2014 through August 2013. The Department will continue its System-wide cost containment measures, explore ways to increase non-aeronautical revenues, manage its outstanding debt, and defer any capital spending not already committed in an effort to keep the cost for users of the Airport System as low as possible.

Additional Information

Further information on the results of the Department's financial position is provided in the accompanying audited financial statements and notes for the fiscal years ended June 30, 2013 and 2012. This financial report provides the Department's customers, investors, and creditors with a general overview of the Department’s financial condition. The report also presents information about funds it receives and monies it spends for the fiscal periods reported. For questions about this report or additional financial information, please contact the Finance Division, Clark County Department of Aviation, at P.O. Box 11005, Las Vegas, NV 89111-1005. You may also find financial and statistical information for the Department at **www.mccarran.com**

Financial Statements

Clark County Department of Aviation
Clark County, Nevada

Statements of Net Position
As of June 30, 2013 and 2012

Assets and Deferred Outflows of Resources	2013 (000)	2012 (000)
Assets		
Current assets:		
Cash and cash equivalents	$ 247,103	$ 230,968
Cash and cash equivalents, restricted	357,008	498,722
Investments, restricted	257,966	114,158
Securities lending, restricted	-	87,070
Accounts receivable, net of allowance for doubtful accounts of $401 and $421, respectively	51,888	36,421
Interest receivable	4,442	4,664
Grants receivable, restricted	3,256	6,233
Other receivables	1,605	2,589
Inventories	4,824	5,173
Prepaid expenses	1,524	742
Total current assets	929,616	986,740
Non-current assets:		
Capital assets:		
Property and equipment:		
Land	595,314	595,138
Land improvements	1,611,595	1,593,072
Perpetual avigation easement	332,413	294,284
Buildings and improvements	3,521,824	3,501,197
Furniture and fixtures	49,249	48,093
Machinery and equipment	464,014	455,637
Construction in progress	51,893	42,155
	6,626,302	6,529,576
Accumulated depreciation	(1,575,610)	(1,382,591)
Capital assets, net	5,050,692	5,146,985
Other non-current assets:		
Investments, restricted	68,595	105,876
Derivative instruments - interest rate swaps	59,687	60,473
Deferred charges, net	74,492	83,730
Total other non-current assets	202,774	250,079
Total assets	6,183,082	6,383,804
Deferred outflows of resources:		
Hedging derivative instruments	75,847	173,106
Total deferred outflows of resources	75,847	173,106
Total assets and deferred outflows of resources	$ 6,258,929	$ 6,556,910

See accompanying notes to financial statements.

Clark County Department of Aviation
Clark County, Nevada

Statements of Net Position
As of June 30, 2013 and 2012

Liabilities and Net Position	2013 (000)	2012 (000)
Liabilities:		
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable and other current liabilities	$ 14,272	$ 17,533
Other accrued expenses	15,804	14,946
Deferred income	4,342	4,763
Avigation acquisition liability	38,000	-
Total payable from unrestricted assets	72,418	37,242
Payable from restricted assets:		
Accounts payable and other current liabilities	8,543	66,441
Accrued interest	122,005	128,582
Securities lending collateral	-	89,278
Current portion of long-term debt	188,625	105,535
Total payable from restricted assets	319,173	389,836
Total current liabilities	391,591	427,078
Non-current liabilities:		
Payable from unrestricted assets:		
Other postemployment benefit liabilities	46,754	36,613
Derivative instruments - interest rate swaps	116,230	258,051
Deposits	695	820
Total payable from unrestricted assets	163,679	295,484
Payable from restricted assets:		
Long-term debt, net of current portion	4,315,017	4,422,650
Total payable from restricted assets	4,315,017	4,422,650
Total non-current liabilities	4,478,696	4,718,134
Total liabilities	4,870,287	5,145,212
Net position:		
Net investment in capital assets	893,519	954,546
Restricted for:		
Capital projects	34,861	29,105
Debt service	152,972	191,675
Other	63,631	50,240
Total restricted	251,464	271,020
Unrestricted	243,659	186,132
Total net position	1,388,642	1,411,698
Total liabilities and net position	$ 6,258,929	$ 6,556,910

See accompanying notes to financial statements.

Clark County Department of Aviation
Clark County, Nevada

Statements of Revenue, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2013 and 2012

	2013 (000)	2012 (000)
Operating revenues:		
Terminal building and use fees	$ 185,422	$ 75,937
Landing fees and other aircraft fees	59,448	44,919
Terminal concession fees	62,047	56,550
Rental car facility fees	36,166	33,888
Public and employee parking fees	30,540	28,778
Gaming fees	23,865	25,719
Rental car concession fees	29,957	29,848
Ground rents and use fees	20,119	18,817
Gate use fees	26,623	20,254
Ground transportation fees	15,092	13,524
General aviation fuel sales (net of cost)	3,950	3,890
Other	3,343	3,287
Total operating revenues	496,572	355,411
Operating expenses:		
Salaries and benefits	118,701	111,195
Professional services	53,959	51,130
Repairs and maintenance	20,970	21,424
Utilities and communication	23,001	20,970
Materials and supplies	12,491	12,806
Administrative	2,447	2,528
Insurance	2,529	2,283
Total operating expenses	234,098	222,336
Operating income before depreciation	262,474	133,075
Depreciation and amortization	199,528	137,052
Operating income (loss)	62,946	(3,977)
Non-operating revenues (expenses):		
Passenger facility charges	79,933	79,648
Jet A fuel taxes	11,268	7,425
Interest and investment income (loss)	48,248	(59,272)
Interest expense	(235,311)	(160,446)
Net loss from disposition of capital assets	(607)	(33,000)
Total non-operating revenue (expense)	(96,469)	(165,645)
Income (loss) before capital contributions	(33,523)	(169,622)
Capital contributions	10,467	36,752
Change in net position	(23,056)	(132,870)
Net position, beginning of year	1,411,698	1,544,568
Net position, end of year	$ 1,388,642	$ 1,411,698

See accompanying notes to financial statements.

Clark County Department of Aviation
Clark County, Nevada

Statements of Cash Flows
For the Fiscal Years Ended June 30, 2013 and 2012

	2013 (000)	2012 (000)
Cash flows from operating activities:		
Cash received from operations	$ 481,265	$ 411,491
Cash paid to employees	(108,151)	(103,152)
Cash paid to outside vendors	(118,167)	(107,989)
Net cash provided by operating activities	254,947	200,350
Cash flows from capital and related financing activities:		
Passenger facility charges received	79,994	79,125
Jet A fuel taxes received	11,008	7,376
Acquisition and construction of capital assets	(121,455)	(337,279)
Federal Aviation Administration grants received	13,444	21,536
Bond proceeds	495,797	200,000
Deposit to refunding escrow	(403,690)	(200,000)
Proceeds from capital asset disposal	508	-
Bond issuance costs	(2,396)	(859)
Debt service payments:		
Principal	(105,535)	(191,265)
Interest (net of capitalized costs)	(244,282)	(160,544)
Net cash used in capital and related financing activities	(276,607)	(581,910)
Cash flows from investing activities:		
Interest and investment income received	2,607	8,011
Proceeds from maturities of investments	463,740	900,086
Purchase of investments	(570,266)	(494,254)
Net cash provided by (used in) investing activities	(103,919)	413,843
Increase (decrease) in cash and cash equivalents	(125,579)	32,283
Cash and cash equivalents, beginning of year	729,690	697,407
Cash and cash equivalents, end of year	$ 604,111	$ 729,690
Cash and cash equivalent balances:		
Unrestricted cash and cash equivalents	$ 247,103	$ 230,968
Restricted cash and cash equivalents	357,008	498,722
Cash and cash equivalents, end of year	$ 604,111	$ 729,690

See accompanying notes to financial statements.

Clark County Department of Aviation
Clark County, Nevada

Statements of Cash Flows
For the Fiscal Years Ended June 30, 2013 and 2012

	2013 (000)	2012 (000)
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	$ 62,946	$ (3,977)
Depreciation and amortization	199,528	137,052
(Increase) decrease in accounts receivable-operations	(15,526)	5,242
(Increase) decrease in other receivables-operations	1,244	(1,320)
(Increase) decrease in airline receivable	-	50,736
(Increase) decrease in inventories	349	(1,125)
(Increase) decrease in prepaid expenses	(783)	(185)
Increase (decrease) in accounts payable-operations	(3,263)	6,603
Increase (decrease) in accrued payroll and benefits	10,998	8,045
Increase (decrease) in deferred income	(421)	(1,018)
Increase (decrease) in deposits	(125)	297
Net cash provided by operating activities	$ 254,947	$ 200,350
Non-cash capital and related financing and investing activities		
Perpetual avigation easement settlement	$ 38,000	$ -
Contribution of land for Henderson Executive Airport	$ -	$ 9,300

See accompanying notes to financial statements.

1.) SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

(a) Reporting Entity

The Clark County Department of Aviation ("Department") is a department of Clark County ("County"), a political subdivision of the State of Nevada ("State"). The Department, under the supervision of the Board of County Commissioners ("Board") and the County Manager, is established to operate McCarran International Airport ("Airport") and the four other general aviation facilities owned by the County: North Las Vegas Airport, Henderson Executive Airport, Jean Sports Aviation Center, and Overton-Perkins Field (collectively referred to as the "Airport System"). The Board is the governing body of the County. The seven members are elected from County commission election districts to four-year staggered terms. The Board appoints the Director of Aviation, who is charged with the day-to-day operation of the Department.

Only the accounts of the Department are included in the reporting entity. The Airport System is owned and operated as an enterprise fund of the County and is included as part of the County's government-wide financial statements and Comprehensive Annual Financial Report ("CAFR").

(b) Basis of Accounting

The accounting principles used are similar to those applicable to a private business enterprise where the costs of providing services to the public are recovered through user fees. The Department is not subsidized by any tax revenues of the County. All tabular dollar amounts are presented in thousands.

The financial statements of the Department, an enterprise fund, are presented applying the accrual basis of accounting. Revenues are recorded when earned. The Department's operating revenues are derived from fees paid by airlines, concessionaires, tenants, and others. The fees are based on usage fees established by the Department and approved by the Board or in accordance with the Airline–Airport Use and Lease Agreement ("Lease") dated July 1, 2010. The initial term of the Lease is five years with an option to extend for an additional two years upon mutual agreement between the parties. Expenses are recognized when incurred. Non-operating expenses are primarily debt service payments on outstanding Department debt, and non-operating income consists of interest income, gains and losses on derivative instruments, Passenger Facility Charge ("PFC") proceeds and Jet A fuel tax revenues.

(c) Cash and Cash Equivalents, Investments

Cash and cash equivalents

The Department's pooled funds and short-term investments, with original maturities of three months or less from the date of acquisition, are considered to be cash equivalents. Refer to Note 2, "Cash and Investments," for further details.

Investments

Investments, consisting of federal government obligations and repurchase agreements, guaranteed investment certificates, collateralized investment agreements, and money market funds, are stated at fair value. Investments in the County's pooled Treasurer's cash account are adjusted to market. Refer to Note 2, "Cash and Investments," for further details.

(d) Accounts Receivable

Accounts receivable are reported at their gross value when earned. The Department's collection terms are generally 20 days. The allowance for uncollectible accounts is based on a percentage of open aged receivables at June 30 of each fiscal year. As a customer's balance is deemed uncollectible, the receivable is cleared, and the amount is written off. If the balance is subsequently collected, payments are applied to the allowance account. Accounts receivable are shown net of the allowance for doubtful accounts in the amount of $401.2 thousand for FY 2013 and $420.6 thousand for FY 2012.

(e) Inventories

Inventories held for resale are valued at the lower of cost or market and consist primarily of jet fuel to be consumed by customers at the general aviation facilities as well as airline baggage tags and maintenance supplies at the Airport System. Expendable parts and supplies held for consumption over the course of the next fiscal year are valued at cost.

(f) Capital Assets

Capital assets with a useful life of more than one year are capitalized and are stated at historical cost. The capitalization threshold is $5,000. Costs related to the alteration or demolition of existing facilities during major expansion programs are capitalized as additional costs of the program. Depreciation is computed using the straight-line method based on useful lives currently estimated as follows:

Land Improvements	20-50 years
Buildings	20-50 years
Furniture and Fixtures	15 years
Machinery and Equipment	3-20 years

Repairs and maintenance are charged to operations as incurred unless they have the effect of improving or extending the life of an asset, in which case they are capitalized as part of the cost of the asset. Refer to Note 6, "Changes in Capital Assets," for further details.

(g) Capitalized Interest

The Department capitalizes interest costs on Airport System construction projects. The amount capitalized is adjusted based on the costs associated with the Airport System's construction in progress and interest expense. For FY 2013 and FY 2012, capitalized interest was $0.4 million and $81.9 million, respectively.

(h) Due from Airlines

The Department deferred the airline additional amounts due from the rates and charges computation of $15.0 million, $31.5 million, and $4.2 million for the fiscal years ended June 30, 2008, 2009, and 2010, respectively. For FY 2013 and FY 2012, there were no additional amounts due to or from the airlines under the terms of the Lease. The additional amounts were due as a result of residual rental rates and charges being calculated at year-end using actual, audited revenues and expenses versus budgeted revenues and expenses. These additional amounts due, which total $50.7 million, have been included in the airline rates base for FY 2012, with the result being that the entire amount has been recovered by the Department in FY 2012.

(i) Deferred Charges

Deferred charges, which consist primarily of underwriter fees and other costs incurred during the issuance of general airport revenue bonds, are amortized over the lives of the related bonds using the proportionate-to-stated interest method. Refer to Note 7, "Deferred Charges," for further details. Deferred charges include amounts due from the signatory airlines on June 30, 2007, that were forgiven in FY 2008 in exchange for the net revenues (excluding land rent) from the Consolidated Rental Car Facility during its 10-year lease term. Deferred charges also include deferred losses incurred on the re-association and revaluation of interest rate swaps paired to certain bonds that were refunded. These deferred losses are amortized on a straight-line basis against corresponding imputed debt over the life of the swap. Refer to Note 9, "Derivative Instruments – Interest Rate Swaps," for further details.

(j) Federal Grants

Federal Aviation Administration ("FAA") grants are restricted for certain capital improvements and are reported as capital contributions in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, as amended by GASB Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues*.

(k) Passenger Facility Charges ("PFC")

The FAA authorized the County to impose a PFC of $3.00 per qualifying enplaned passenger commencing June 1, 1992. The PFC continued to be $3.00 until November 1, 2004, when the FAA authorized the County to increase the PFC to $4.50. Effective September 1, 2006, the PFC rate decreased from $4.50 per qualifying enplaned passenger to $3.00 pursuant to authorization from the FAA. Effective January 1, 2007, the PFC rate increased from $3.00 per qualifying enplaned passenger to $4.00 through the fiscal year ended June 30, 2008. Effective October 1, 2008, the PFC rate increased to $4.50 per qualifying enplaned passenger.

Net PFC receipts are restricted and can be used only for those capital projects, including debt service, that have been authorized by the FAA. The County has been authorized to collect PFCs in an aggregate amount of $4.6 billion. Collections during the year ended June 30, 2013, are $79.9 million, and aggregate collections including interest from inception through June 30, 2013, are $1,218.8 million. All the PFC collections are used to pay debt service on PFC-pledged bonds or subordinate lien bonds issued to fund FAA-approved projects.

(l) Restricted Assets and Liabilities

Restricted assets consist of cash, investments, and other resources that are legally restricted to certain uses pursuant to the Master Indenture of Trust dated May 1, 2003. Capital program funds are restricted to pay the cost of certain capital projects as defined in various bond ordinances. PFC program funds are restricted to pay the cost of FAA-approved capital projects and any debt service incurred to finance these projects. Debt service funds are restricted to sourcing payments for principal, interest, sinking funds, and coverage as required by specific bond covenants.

(m) Budgetary Control

As an enterprise fund of the County, the Department is subject to the budgetary requirements of the State of Nevada ("State"), including budgetary hearings and public meetings as required by the County's overall budget process. Accordingly, the Board approves the Department's annual budget and any subsequent changes thereto. The Department's budget is prepared using the accrual basis of accounting, and actual expenses cannot exceed total budgeted operating expenses without action pursuant to the State's budgetary requirements. Appropriations for operating expenses lapse at the end of each fiscal year.

(n) Legal Defense Costs

The Department does not accrue for estimated future legal costs and related defense costs, if any, to be incurred in connection with outstanding or threatened litigation and other disputed matters; instead, it records these costs as period costs when the related services are rendered.

(o) Use of Estimates

The preparation of financial statements in accordance with U.S. Generally Accepted Accounting Principles requires the Department to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates and assumptions.

(p) Reclassifications

Certain FY 2012 amounts have been reclassified to conform to the FY 2013 presentation.

2.) CASH AND INVESTMENTS

According to State statutes, County monies must be deposited with federally insured banks, credit unions, or savings and loan associations within the County. The County is authorized to use demand accounts, time accounts, and certificates of deposit. State statutes do not specifically require collateral for demand deposits, but do specify that collateral for time deposits may be of the same type as those described for permissible investments. Permissible investments are similar to the allowable County investments described below, except that the statutes permit a longer term and include securities issued by municipalities within Nevada. The County's deposits are fully covered by federal depository insurance or collateral held by the County's agent in the County's name. The County has written custodial agreements in force with the various financial institutions' trust banks for demand deposits and certificates of deposits. These custodial agreements pledge securities totaling 102 percent of the deposits with each financial institution. The County has a written agreement with the State Treasurer for monitoring the collateral maintained by the County's depository institutions.

The majority of all cash and investments of the Department are included in the investment pool of the Clark County Treasurer ("Treasurer") and the Department's Trustee, the Bank of New York Mellon. As of June 30, these amounts are distributed as follows:

Cash and Investment:

	FY 2013 (000)	FY 2012 (000)
Clark County Investment Pool	$ 424,944	$ 434,903
Cash and Investments with Trustee	501,632	510,459
Cash on Hand or In Transit	4,096	4,363
Total	$ 930,672	$ 949,725

The Treasurer invests monies held by both individual funds and through a pooling of monies. The pooled monies, referred to as the Clark County Investment Pool, are invested as a whole and not as a combination of monies from each fund belonging to the pool. In this manner, the Treasurer is able to invest the monies at a higher interest rate for a longer period of time. Interest is apportioned to each participating department or agency on a monthly basis and is based on the average daily cash balance of the fund for the month in which the investments mature.

Nevada Revised Statutes do not specifically require collateral for demand and time deposits, but do specify that collateral for time deposits may be of the same type as those described for permissible State investments. Permissible State investments are similar to allowable County investments described below except that some State investments are longer term and include securities issued by municipalities outside the State of Nevada.

Due to the nature of the investment pool, it is not possible to separately identify any specific investment as being that of the Department. Instead, the Department owns a proportionate share of each investment, based on the Department's participation percentage in the investment pool. As of June 30, 2013, the $424.9 million of the Department's investments held in the investment pool were categorized as follows:

		Percentage Share of Investment Maturities (in years)				
Investment Type	Fair Value	Less than 1	1 to 3	3 to 5	5 to 10	Over 10
U.S. Treasury Obligations	12.2%	37.1%	51.6%	11.3%	0.0%	0.0%
U.S. Agency Obligations	67.3%	33.8%	40.4%	19.2%	6.6%	0.0%
Corporate Obligations	4.2%	2.7%	50.4%	46.9%	0.0%	0.0%
Money Market Funds	4.6%	100.0%	0.0%	0.0%	0.0%	0.0%
Local Government Investment Pool	0.6%	100.0%	0.0%	0.0%	0.0%	0.0%
Commercial Paper	7.5%	100.0%	0.0%	0.0%	0.0%	0.0%
Certificate of Deposit	0.7%	100.0%	0.0%	0.0%	0.0%	0.0%
Repurchase Agreements	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Collateralized Mortgage Obligations	0.7%	1.1%	17.2%	3.4%	75.4%	2.9%
Collateralized Inv Agreements	0.3%	0.0%	0.0%	0.0%	0.0%	100.0%
Asset Backed Securities	1.9%	0.0%	37.4%	43.7%	18.9%	0.0%
	100.0%	40.9%	36.4%	17.1%	5.3%	0.3%

June 30, 2012, the $434.9 million of the Department's investments held in the investment pool were categorized as follows:

Investment Type	Fair Value	Less than 1	1 to 3	3 to 5	5 to 10	Over 10
		Percentage Share of Investment Maturities (in years)				
U.S. Treasury Obligations	11.6%	22.7%	77.3%	0.0%	0.0%	0.0%
U.S. Agency Obligations	59.3%	19.0%	59.9%	17.4%	3.7%	0.0%
Corporate Obligations	7.8%	52.9%	38.3%	8.8%	0.0%	0.0%
Money Market Funds	0.1%	100.0%	0.0%	0.0%	0.0%	0.0%
Local Government Investment Pool	0.2%	100.0%	0.0%	0.0%	0.0%	0.0%
Commercial Paper	3.5%	100.0%	0.0%	0.0%	0.0%	0.0%
Certificate of Deposit	4.2%	100.0%	0.0%	0.0%	0.0%	0.0%
Repurchase Agreements	10.8%	100.0%	0.0%	0.0%	0.0%	0.0%
Collateralized Mortgage Obligations	0.9%	0.0%	2.1%	15.4%	76.2%	6.3%
Asset Backed Securities	1.6%	0.0%	67.9%	24.0%	8.1%	0.0%
	100.0%	25.5%	57.0%	13.8%	3.6%	0.1%

(a) Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. Through its investment policy, the County manages its exposure to fair value losses arising from increasing interest rates by limiting the average weighted duration of its investment pool to fewer than 2.5 years. Duration is a measure of the present value of a fixed income security's cash flows and is used to estimate the sensitivity of a security's price to interest rate changes.

(b) Interest Rate Sensitivity

At June 30, 2013, the County invested in the following types of securities that have a higher sensitivity to interest rates:

Callable securities are directly affected by the movement of interest rates. Callable securities allow the issuer to redeem or call a security before maturity, either one time or, generally, on coupon dates.

Asset Backed Securities are financial securities backed by a loan, lease, or receivable against assets other than real estate and mortgage backed securities. These securities are subject to interest rate risk in that the value of the assets fluctuates inversely with changes in the general levels of interest rates.

A Corporate Note Floater is a note with a variable interest rate that is usually, but not always, tied to an index.

Step-up or step-down securities have fixed rate coupons for a specific time interval that will step up or step down a predetermined number of basis points at scheduled coupon dates or other reset dates. These securities are callable either one time or on their coupon dates.

(c) Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's investment policy applies the prudent-person rule: "In investing the County's monies, there shall be exercised the judgment and care under the circumstances then prevailing which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The County's investments were rated by Standard & Poor's ("S&P") and Moody's Investors Service ("Moody's"), respectively, as follows:

	Moody's	S&P
U.S. Treasury Securities	Aaa	AA+
U.S. Federal Agency Bonds	Aaa	AA+
Discount Notes of U.S. Federal agencies	P-1	A-1+
Corporate Obligation/Notes	A1	A-
Money Market Funds	Aaa	AAA
Negotiable Certificates of Deposit	P-1	A-1
Commercial Paper [Discounts]	P-1	A-1
Collateralized Mortgage Obligations	Aaa	AA+
Collateralized Investment Agreements	A	A
Asset-Backed Securities	Aaa	AAA

(d) Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy limits the amount that may be invested in obligations of any one issuer, except direct obligations of the U.S. government or federal agencies, to no more than five percent of the County Investment Pool.

At June 30, 2013, the following investments exceeded five percent of the total cash and investments invested for all entities combined:

Federal Farm Credit Banks (FFCB)	9.71%
Federal Home Loan Banks (FHLB)	6.96%
Federal Home Loan Mortgage Corporation	27.23%
Federal National Mortgage Association	24.08%

As of June 30, 2012, the following investments exceeded five percent of the total cash, investments, and loaned securities invested for all entities combined:

Federal Farm Credit Banks (FFCB)	12.44%
Federal Home Loan Banks (FHLB)	10.48%
Federal Home Loan Mortgage Corporation	26.13%
Federal National Mortgage Association	20.42%
Money Market Fund	5.98%

(e) Securities Lending

Nevada Revised Statute (NRS) §355.178 authorizes the County to participate in securities lending transactions, where the County's securities are loaned to brokers, dealers, and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The County's securities lending agent administers the securities lending program and receives cash or other securities equal to at least 102 percent of the fair value of the loaned securities plus accrued interest as collateral for securities of the type on loan at year end. The collateral for the loans is maintained at 102 percent, and the value of the securities borrowed is determined on a daily basis.

In FY 2013, the County terminated all securities lending transactions, under the direction of the Treasurer. The final transaction was completed on June 20, 2013. The decision to terminate all securities lending transactions was based on an analysis of cost effectiveness and risk. As of June 30, 2013, there are no plans to enter into any securities lending transactions.

The fair value of the securities on loan allocated to the Department in FY 2013 and FY 2012 was $0.0 and $87.1 million, respectively. The Department was allocated cash collateral with a value of $0.0 in FY 2013 and $89.3 million in FY 2012. Prior to June 30, 2013, the County adjusted the investments in the Treasurer Investment Pool to market and allocated the adjustment to the various participants based on each participant's share in the Treasurer Investment Pool. For FY 2013 and FY 2012, the Department's allocated portion of the market adjustment was $(891) thousand and $2.1 million, respectively.

(f) Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Consistent with the County's securities lending policy, there were no funds held by the counterparty that was acting as the County's agent in securities lending transactions.

(g) Trustee Cash

In accordance with the Master Indenture of Trust dated May 3, 2003, as amended, between the County and the Bank of New York Mellon ("Trustee"), the Department uses the Trustee to retain all debt service reserve funds and to make all annual debt service payments to bondholders. As of June 30, 2013 and 2012, the Trustee held $501.6 million and $510.5 million, respectively, of the Department's cash and investments restricted for debt service reserves, bond proceeds, and annual debt service payments.

As of June 30, 2013, of the $501.6 million held by the Trustee, $175.1 million in cash and cash equivalents was invested in United States Government Money Market Funds, and $326.6 million was invested in short- and long-term investments with the following entities:

Investment Type	Fair Value FY 2013 (000)	Investment Maturities (in Years) Less Than 1	1 to 3	3 to 5	5 to 10	Over 10
US Treasury Notes	$ 129,794	$ 110,810	$ 18,984	$ -	$ -	$ -
Federal Home Loan Mortgage Corporation Discounts	63,133	63,133	0	-	-	-
Federal Home Loan Mortgage Corporation Non-Callables	31,623	31,623	0	-	-	-
Federal National Mortgage Association Discounts	31,496	31,496	0	-	-	-
Federal National Mortgage Association Non-Callables	20,014	0	20,014	-	-	-
FSA Collateralized Investment Agreement*	14,868	0	0	-	-	14,868
Federal Home Loan Mortgage Corporation Callables	9,868	0	0	9,868	-	-
Federal Farm Credit Bank Floaters	8,004	8,004	0	-	-	-
Federal Home Loan Bank Discounts	7,900	7,900	0	-	-	-
Federal Home Loan Bank Non-Callables	5,000	5,000	0	-	-	-
Federal National Mortgage Association Callables	4,861	0	0	4,861	-	-
	$ 326,561	$ 257,966	$ 38,998	$ 14,729	$ -	$ 14,868

Investment Ratings	Moody's	Standard & Poor's
US Treasury Notes	Aaa	AA+
Federal Home Loan Mortgage Corporation Discounts	P-1	A-1+
Federal Home Loan Mortgage Corporation Non-Callables	Aaa	AA+
Federal National Mortgage Association Discounts	P-1	A-1+
Federal National Mortgage Association Non-Callables	Aaa	AA+
FSA Collateralized Investment Agreement*	A2	AA-
Federal Home Loan Mortgage Corporation Callables	Aaa	AA+
Federal Farm Credit Bank Floaters	Aaa	AA+
Federal Home Loan Bank Discounts	P-1	A-1+
Federal Home Loan Bank Non-Callables	Aaa	AA+
Federal National Mortgage Association Callables	Aaa	AA+

* Series 2007A Debt Service Reserve Fund invested through the life of the bond issue, July 1, 2040.

As of June 30, 2012, of the $510.5 million held by the Trustee, $253.5 million in cash and cash equivalents was invested in United States Government Money Market Funds, $36.9 million was invested in Federal Agency Discounts with a maturity of less than three months from the date of acquisition, and $220.0 million was invested in short- and long-term investments with the following entities:

Investment Type	Fair Value FY 2012 (000)	Investment Maturities (in Years) Less Than 1	1 to 3	3 to 5	5 to 10	Over 10
Federal Home Loan Mortgage Corporation Discounts	$ 81,872	$ 81,872	$ -	$ -	$ -	$ -
Federal Home Loan Mortgage Corporation Debentures	63,391	31,714	31,677	-	-	-
US Treasury Notes	59,903	572	59,331	-	-	-
FSA Collateralized Investment Agreement*	14,868	-	-	-	-	14,868
	$ 220,034	$ 114,158	$ 91,009	$ -	$ -	$ 14,868

Investment Ratings	Moody's	Standard & Poor's
Federal Home Loan Mortgage Corporation Discounts	P-1	A-1
Federal Home Loan Mortgage Corporation Debentures	Aaa	AA+
US Treasury Notes	Aaa	AA+
FSA Collateralized Investment Agreement*	Aa	AA

* Series 2007A Debt Service Reserve Fund invested through the life of the bond issue, July 1, 2040.

3.) GRANTS RECEIVABLE

Grants receivable include FAA grants in the amount of $3.3 million at June 30, 2013. Grants receivable at June 30, 2012, include FAA grants in the amount of $6.2 million.

4.) RESTRICTED ASSETS

The Master Indenture of Trust requires segregation of certain assets into restricted accounts. The Department has also included Passenger Facility Charges and Jet A fuel tax revenue-related assets as restricted assets because these assets have been pledged for capital projects and debt service. Restricted assets reported in the financial statements consist of the following:

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements

For the Fiscal Years Ended June 30, 2013 and 2012

	June 30, 2013 (000)	June 30, 2012 (000)
Restricted for capital projects:		
Cash and investments - PFC and other bond proceeds	$ 172,830	$ 166,102
Cash and investments - PFC	17,467	15,542
Accounts receivable - PFC	12,202	12,262
Other receivable - project cost reimbursement	856	-
Grant reimbursements receivable	2,749	1,049
Interest receivable	1,587	252
Subtotal restricted for capital projects	207,691	195,207
Restricted for debt service:		
Bond funds:		
Cash and investments - PFC bonds	51,950	53,466
Cash and investments - Other bonds	185,747	240,402
Subtotal restricted for bond funds	237,697	293,868
Debt service reserves:		
Cash and investments - PFC bonds	80,320	89,182
Cash and investments - Other bonds	89,343	90,540
Subtotal restricted for debt service reserves	169,663	179,722
Subordinate and other debt coverage reserves:		
Cash and investments	35,300	24,094
Interest receivable	4	5
Other receivable - Jet A fuel taxes	1,598	1,338
Subtotal restricted for subordinate and other debt coverage reserves	36,902	25,437
Subtotal restricted for debt service	444,262	499,027
Other restricted assets:		
Cash and investments - Working capital and contingency	19,439	18,664
Cash and investments - Capital fund	31,174	20,765
Securities lending collateral	-	87,070
Land - Heliport facility	3,718	3,718
Land - Henderson runway	9,300	9,300
Subtotal other restricted assets	63,631	139,517
Total restricted assets	$ 715,584	$ 833,751
Restricted assets by class:		
Total current assets	$ 633,971	$ 714,857
Total capital assets	13,018	13,018
Total non-current assets	68,595	105,876
	$ 715,584	$ 833,751

Restricted assets for FY 2013 decreased $118.2 million over FY 2012 due to reductions in debt service amounts and the termination of securities lending transactions by the Treasurer.

5.) RETIREMENT PLAN

(a) Pension Plan

The Department contributes to the Public Employees' Retirement System ("PERS"), a cost-sharing, multiple-employer defined benefit pension plan administered by the Nevada Public Employees' Retirement System. PERS provides retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS was established by legislation in 1947 and is governed by a board that is responsible for the administration and management of the fund. The autonomous, seven-member board is appointed by the Governor. PERS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information. The report can be obtained by writing to Public Employees' Retirement System of Nevada, 693 W. Nye Lane, Carson City, NV 89703-1599 or by calling (775) 687-4200.

Contribution rates are established by NRS §286.410. The statute provides for increases in odd-numbered years to an actuarially determined rate sufficient to amortize the unfunded liability of PERS to zero over a 30-year amortization period. The Department is obligated to contribute all amounts due under PERS. The PERS contribution rates in effect for the fiscal years ended June 30, 2013, 2012, and 2011 were 23.75 percent, 23.75 percent, and 21.50 percent of annual covered payroll, respectively. The Department's contributions to PERS, which were equal to the required contribution, for the years ended June 30, 2013, 2012, and 2011 were $18.3 million, $17.1 million, and $16.0 million, respectively.

(b) Other Postemployment Benefits

Plan Information

Retirees of the Department may continue insurance coverage through the Clark County Retiree Health Program ("County Plan"), an agent multiple-employer defined benefit plan, if enrolled as an active employee at the time of retirement. Within the County Plan, retirees may choose between the Clark County Self-Funded Group Medical and Dental Benefits Plan ("Self-Funded Plan") and Health Plan of Nevada ("HPN"), a fully insured health maintenance organization plan.

Some retired employees are also enrolled in the State program of insurance. This program, the Public Employees' Benefits Program ("PEBP"), is an agent multiple-employer, defined benefit plan.

Each plan provides medical, dental, prescription, and vision benefits to eligible active and retired employees and beneficiaries. Except for the PEBP, benefit provisions are established and amended through negotiations between the County and the employee union. PEBP benefit provisions are established by the Nevada State Legislature.

The Self-Funded Plan is not administered as a qualifying trust or equivalent arrangement. The Self-Funded Plan is included in the Clark County Comprehensive Annual Financial Report as an internal service fund, the Self-Funded Group Insurance fund, as required by NRS.

The PEBP issues a publicly available financial report that includes financial statements and required supplementary information. The Self-Funded and PEBP reports may be obtained by writing or calling the plans at the following addresses or phone number:

Clark County, Nevada
PO Box 551210
500 S. Grand Central Parkway
Las Vegas, NV 89155-1210

Public Employee Benefit Plan
901 South Stewart Street, Suite 1001
Carson City, Nevada 89701
(800) 326-5496

Funding Policy and Annual Other Postemployment Benefit (OPEB) Cost

For the Self Funded Plan and HPN, contribution requirements of plan members and the employer are established and may be amended through negotiations between the various unions and the governing bodies of the employers.

The Department pays approximately 90 percent of premiums for active employee coverage, an average of $7,074 per active employee for the year ended June 30, 2013. Retirees pay the entire cost of their premium. Active and retiree loss experience is combined to create a single, blended premium for each level of coverage (member only, member plus spouse, member plus children, or family), as required by State law. This combining of loss experience creates an implicit subsidy to the retirees who would otherwise pay higher premiums if their loss experience were rated separately.

The Department is required to pay the PEBP an explicit subsidy, based on years of service, for retirees who have enrolled in this plan. In 2013, retirees were eligible for a $118 per month subsidy after five years of service and up to $650 per month after 20 years of service with a Nevada state or local government entity. The subsidy is set by the State Legislature.

The annual OPEB cost for each program is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The Department's annual OPEB cost for the current year and the related information for each plan are as follows:

	Self-Funded/Health Plan of Nevada (HPN)	PEBP
Contribution rates	Actuarially determined, premium sharing determined by union contracts.	Set by State Legislature.
Department	Implicit subsidy through blending of active and retiree loss experience.	$118 per month after 5 years of service up to $650 per month after 20 years.
Plan Members	From $161 per month for individual coverage to $1,428 per month for family coverage, depending on plan.	From $602 to $2,008, depending on level of coverage and subsidy earned.

	Self-Funded/HPN FY 2013	Self-Funded/HPN FY 2012	PEBP FY 2013	PEBP FY 2012
Annual Required Contribution (ARC)	$ 11,905,343	$ 11,180,671	$ 962,692	$ 1,009,303
Interest on Net OPEB obligation	1,469,495	989,279	118,928	94,990
Adjustment to ARC	(2,124,525)	(1,498,440)	(171,941)	(79,359)
Annual OPEB Cost	11,250,313	10,671,510	909,679	1,024,934
Contributions made	(1,783,577)	(1,276,192)	(235,979)	(243,401)
Increase (decrease) in net OPEB obligation	9,466,736	9,395,318	673,700	781,533
Net OPEB obligation, beginning of FY	34,344,613	24,949,295	2,268,310	1,486,777
Net OPEB obligation, end of FY	$ 43,811,349	$ 34,344,613	$ 2,942,010	$ 2,268,310

The Department's net OPEB obligation is included on the Statements of Net Position under other non-current liabilities. The Department's annual OPEB cost, the percentage of annual cost contributed to the plan, and the net OPEB obligations for 2013, 2012, and 2011 were as follows:

	Year-ended	Annual OPEB cost	% of OPEB cost contribution	Net OPEB obligation
Self-funded/HPN	June 30, 2011	$ 10,870,893	13.2%	$ 24,949,295
Self-funded/HPN	June 30, 2012	10,671,510	12.0%	34,344,613
Self-funded/HPN	June 30, 2013	11,250,313	15.9%	43,811,349
PEBP plan	June 30, 2011	$ 979,946	28.3%	$ 1,486,777
PEBP plan	June 30, 2012	1,024,934	23.7%	2,268,310
PEBP plan	June 30, 2013	909,679	25.9%	2,942,010

Funded status and funding progress

The funded status of the plans as of the most recent actuarial date, July 1, 2012, was as follows:

	Self funded/ HPN	PEBP
Actuarial accrued liability (a)	$ 109,026,574	$ 19,890,957
Funded ratio	0.0%	0.0%
Covered payroll (c)	$ 75,184,165	$ -
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll [(a) / (c)]	145.0%	N/A*

*PEBP no longer has active employees effective 9/1/08.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and the annual required contributions of the employer are subject to continual revision, as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows, in future years, whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial methods and assumptions

Projections of benefits are based on the substantive plans (the plans as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Department and the plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions are as follows:

	Self-funded HPN	PEBP
Actuarial valuation date	7/1/2012	7/1/2012
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar	Level dollar
Remaining amortization period	30 years, open	30 years, open
Asset valuation method	No assets in trust	No assets in trust
Actuarial assumptions:		
Investment rate of return	4.00%	4.00%
Projected salary increase	N/A	N/A
Healthcare inflation rate	8.5% initial 5% ultimate	8.5% initial 5% ultimate

6.) CHANGES IN CAPITAL ASSETS

The following schedule details the additions, retirements, and transfers of capital assets during FY 2013 and FY 2012. The schedule also details the changes in accumulated depreciation for FY 2013 and FY 2012.

	Balance July 1, 2012 (000)	Additions and Reclasses (000)	Deletions and Reclasses (000)	Balance June 30, 2013 (000)
Capital assets, not being depreciated:				
Land	$ 595,138	$ 310	$ (134)	$ 595,314
Avigation easement	294,284	38,129	-	332,413
Construction in progress	42,155	50,241	(40,503)	51,893
Total capital assets, not being depreciated:	931,577	88,680	(40,637)	979,620
Capital assets, being depreciated:				
Land Improvements	1,593,072	18,523	-	1,611,595
Buildings and improvements	3,501,197	23,760	(3,133)	3,521,824
Machinery and equipment	455,637	9,913	(1,536)	464,014
Furniture and fixtures	48,093	1,156	-	49,249
Total capital assets being depreciated:	5,597,999	53,352	(4,669)	5,646,682
Less accumulated depreciation:				
Land improvements	(608,453)	(65,925)	6	(674,372)
Buildings and improvements	(573,910)	(96,171)	2,210	(667,871)
Machinery and equipment	(185,071)	(31,490)	1,507	(215,054)
Furniture and fixtures	(15,157)	(3,156)	-	(18,313)
Total accumulated depreciation	(1,382,591)	(196,742)	3,723	(1,575,610)
Total capital assets being depreciated, net	4,215,408	(143,390)	(946)	4,071,072
Governmental activities capital assets, net	$ 5,146,985	$ (54,710)	$ (41,583)	$ 5,050,692

	Balance July 1, 2011 (000)	Additions and Reclasses (000)	Deletions and Reclasses (000)	Balance June 30, 2012 (000)
Capital assets, not being depreciated:				
Land	$ 584,845	$ 10,293	$ -	$ 595,138
Avigation easement	294,284	-	-	294,284
Construction in progress	2,060,656	293,510	(2,312,011)	42,155
Total capital assets, not being depreciated:	2,939,785	303,803	(2,312,011)	931,577
Capital assets, being depreciated:				
Land Improvements	1,305,501	294,320	(6,749)	1,593,072
Buildings and improvements	1,752,707	1,820,129	(71,639)	3,501,197
Machinery and equipment	294,532	170,161	(9,056)	455,637
Furniture and fixtures	17,347	30,798	(52)	48,093
Total capital assets being depreciated:	3,370,087	2,315,408	(87,496)	5,597,999
Less accumulated depreciation:				
Land improvements	(558,605)	(56,345)	6,497	(608,453)
Buildings and improvements	(558,914)	(54,582)	39,586	(573,910)
Machinery and equipment	(171,146)	(22,297)	8,372	(185,071)
Furniture and fixtures	(14,191)	(1,007)	41	(15,157)
Total accumulated depreciation	(1,302,856)	(134,231)	54,496	(1,382,591)
Total capital assets being depreciated, net	2,067,231	2,181,177	(33,000)	4,215,408
Governmental activities capital assets, net	$ 5,007,016	$ 2,484,980	$ (2,345,011)	$ 5,146,985

7.) DEFERRED CHARGES

Deferred charges for fiscal years 2013 and 2012 are as follows:

	June 30, 2013 (000)	June 30, 2012 (000)
Bond or swap issuance costs:		
1998 PFC	$ -	$ 530
2002 PFC	-	4
2003 Series B General Obligation	-	343
2003 Series C Jet A Fuel Tax	-	1,541
2004 Series A-1	941	1,098
2004 Series A-2	2,960	3,124
2005 Series A Senior	802	834
2006 Series A	385	415
2007 Series A-1	1,138	1,274
2007 Series A-2	658	685
2007 Series A-1 PFC	889	976
2007 Series A-2 PFC	795	854
2008 Series A PFC	299	410
2008 Series A General Obligation	212	227
2008 Series A-2	321	399
2008 Series B-2	321	399
2008 Series C	910	981
2008 Series D-1	167	200
2008 Series D-2	745	799
2008 Series D-3	410	438
2008 Series E	58	105
2009 Series A and 2009 Swaps	4,222	4,445
2009 Series B Build America Bonds	2,929	3,046
2009 Series C	969	1,057
2010 Interest Swap Contract Cost	1,316	1,365
2010 Series A PFC	4,206	4,392
2010 Series B	2,164	2,251
2010 Series C Build America Bonds	3,802	3,931
2010 Series D	609	695
2010 Series F-1 PFC	285	420
2010 Series F-2 PFC	351	401
2011 Interest Swap Contract Cost	1,672	1,748
2011 Series B-1	273	339
2011 Series B-2	229	285
2012 Series A-1	43	23
2012 Series A-2	29	16
2012 Series B PFC	629	50
2013 Series A Jet A Fuel Tax	618	-
2013 Series B General Obligation	349	-
Total bond or swap issuance costs	36,706	40,100
Unamortized Consolidated Car Rental Center lease cost	10,575	13,396
Deferred loss on imputed debt (see Note 9)	27,211	30,234
	$ 74,492	$ 83,730

8.) LONG-TERM DEBT

(a) Summary of Long-Term Debt Transactions for the Fiscal Years Ended June 30, 2013 and 2012

Long-term Debt as of June 30, 2013

	Balance June 30, 2012 (000)	Additions (000)	Refunding (000)	Pay downs (000)	Balance June 30, 2013 (000)	
SENIOR LIEN BONDS:						
1993 Series A	$ 34,400	$ -	$ -	$ 34,400	$ -	*
2005 Series A	69,590	-	-	-	69,590	†
2008 Series E	42,750	-	-	14,915	27,835	†
2009 Series B Build America Bonds	300,000	-	-	-	300,000	†
2010 Series C Build America Bonds	454,280	-	-	-	454,280	†
2010 Series D	132,485	-	-	-	132,485	†
Sub-Total Senior Lien Bonds	1,033,505	-	-	49,315	984,190	
SUBORDINATE LIEN BONDS:						
2004 Series A-1	128,430	-	-	7,250	121,180	†
2004 Series A-2	232,725	-	-	-	232,725	†
2006 Series A	32,585	-	-	400	32,185	†
2007 Series A-1	150,400	-	-	16,080	134,320	†
2007 Series A-2	56,225	-	-	-	56,225	†
2008 Series A-2	50,000	-	-	-	50,000	*
2008 Series B-2	50,000	-	-	-	50,000	*
2008 Series C-1	122,900	-	-	-	122,900	*
2008 Series C-2	71,550	-	-	100	71,450	*
2008 Series C-3	71,450	-	-	-	71,450	*
2008 Series D-1	58,920	-	-	-	58,920	*
2008 Series D-2A	100,000	-	-	-	100,000	*
2008 Series D-2B	99,605	-	-	-	99,605	*
2008 Series D-3	122,865	-	-	-	122,865	*
2009 Series C	168,495	-	-	-	168,495	†
2010 Series B	350,000	-	-	-	350,000	†
2011 Series B-1	100,000	-	-	-	100,000	*
2011 Series B-2	100,000	-	-	-	100,000	*
Sub-Total Subordinate Lien Bonds	2,066,150	-	-	23,830	2,042,320	
BOND ANTICIPATION NOTES:						
2010 Series E	200,000	-	200,000	-	-	‡
2012 Series A-1	-	180,000	-	-	180,000	‡
2012 Series A-2	-	120,000	-	-	120,000	‡
Sub-Total Bond Anticipation Notes	200,000	300,000	200,000	-	300,000	
PFC BONDS:						
1998 Series A	81,690	-	81,690	-	-	†
2002 Series A	5,645	-	-	4,765	880	†
2007 Series A-1	112,205	-	-	1,225	110,980	†
2007 Series A-2	105,475	-	-	-	105,475	†
2008 Series A	100,345	-	-	8,045	92,300	†
2010 Series A	450,000	-	-	-	450,000	†
2010 Series F-1	90,065	-	-	13,950	76,115	†
2010 Series F-2	100,000	-	-	-	100,000	*
2012 Series B	-	64,360	-	-	64,360	†
Sub-Total PFC Bonds	1,045,425	64,360	81,690	27,985	1,000,110	
THIRD LIEN BONDS:						
2003 General Obligation Series B	37,000	-	37,000	-	-	†
2003 Jet A Fuel Tax Series C	89,405	-	85,000	4,405	-	†
2008 General Obligation Series A	43,105	-	-	-	43,105	*
2013 General Obligation Series B	-	32,915	-	-	32,915	†
2013 Jet A Fuel Tax Series A	-	70,965	-	-	70,965	†
Sub-Total Third Lien Bonds	169,510	103,880	122,000	4,405	146,985	
Total principal outstanding	4,514,590	468,240	403,690	105,535	4,473,605	
Add:						
Unamortized premiums	53,082				64,364	
Imputed debt from termination of hedges	30,234				27,211	
Less:						
Current portion of long-term debt	105,535				188,625	
Unamortized deferred amount on refundings	39,395				34,071	
Unamortized discount	30,326				27,467	
Total long-term debt outstanding	$ 4,422,650				$ 4,315,017	

* Variable Rate Debt Obligations
† Fixed Rate Bonds
‡ Bond Anticipation Notes

Long-term Debt as of June 30, 2012

	Balance June 30, 2011 (000)	Additions (000)	Refunding (000)	Pay downs (000)	Balance June 30, 2012 (000)	
SENIOR LIEN BONDS:						
1993 Series A	$ 66,600	$ -	$ -	$ 32,200	$ 34,400	*
2005 Series A	69,590	-	-	-	69,590	†
2008 Series E	51,970	-	-	9,220	42,750	†
2009 Series B Build America Bonds	300,000	-	-	-	300,000	†
2010 Series C Build America Bonds	454,280	-	-	-	454,280	†
2010 Series D	132,485	-	-	-	132,485	†
Sub-Total Senior Lien Bonds	1,074,925	-	-	41,420	1,033,505	
SUBORDINATE LIEN BONDS:						
2004 Series A-1	128,430	-	-	-	128,430	†
2004 Series A-2	232,725	-	-	-	232,725	†
2006 Series A	50,940	-	-	18,355	32,585	†
2007 Series A-1	150,400	-	-	-	150,400	†
2007 Series A-2	56,225	-	-	-	56,225	†
2008 Series A-2	150,000	-	100,000	-	50,000	*
2008 Series B-2	150,000	-	100,000	-	50,000	*
2008 Series C-1	122,900	-	-	-	122,900	*
2008 Series C-2	71,650	-	-	100	71,550	*
2008 Series C-3	71,450	-	-	-	71,450	*
2008 Series D-1	58,920	-	-	-	58,920	*
2008 Series D-2A	100,000	-	-	-	100,000	*
2008 Series D-2B	99,605				99,605	*
2008 Series D-3	122,865	-	-	-	122,865	*
2009 Series C	168,495	-	-	-	168,495	†
2010 Series B	350,000	-	-	-	350,000	†
2011 Series B-1	-	100,000	-	-	100,000	*
2011 Series B-2	-	100,000	-	-	100,000	*
Sub-Total Subordinate Lien Bonds	2,084,605	200,000	200,000	18,455	2,066,150	
BOND ANTICIPATION NOTES:						
2010 Series E	200,000	-	-	-	200,000	‡
2011 Series A	100,000	-	-	100,000	-	‡
Sub-Total Bond Anticipation Notes	300,000	-	-	100,000	200,000	
PFC BONDS:						
1998 Series A	81,690	-	-	-	81,690	†
2002 Series A	8,605	-	-	2,960	5,645	†
2007 Series A-1	113,510	-	-	1,305	112,205	†
2007 Series A-2	105,475	-	-	-	105,475	†
2008 Series A	109,585	-	-	9,240	100,345	†
2010 Series A	450,000	-	-	-	450,000	†
2010 Series F-1	104,160	-	-	14,095	90,065	†
2010 Series F-2	100,000	-	-	-	100,000	*
Sub-Total PFC Bonds	1,073,025	-	-	27,600	1,045,425	
THIRD LIEN BONDS:						
2003 General Obligation Series B	37,000	-	-	-	37,000	†
2003 Jet A Fuel Tax Series C	93,195	-	-	3,790	89,405	†
2008 General Obligation Series A	43,105	-	-	-	43,105	*
Sub-Total Third Lien Bonds	173,300	-	-	3,790	169,510	
Total principal outstanding	4,705,855	200,000	200,000	191,265	4,514,590	
Add:						
Unamortized premiums	68,614				53,082	
Imputed debt from termination of hedges	11,681				30,234	
Less:						
Current portion of long-term debt	191,265				105,535	
Unamortized deferred amount on refundings	42,487				39,395	
Unamortized discount	32,186				30,326	
Total long-term debt outstanding	$ 4,520,212				$ 4,422,650	

* Variable Rate Debt Obligations
† Fixed Rate Bonds
‡ Bond Anticipation Notes

(b) Senior Lien Bonds

The issuance of senior lien bonds is authorized pursuant to the Nevada Municipal Airports Act (NRS §§496.010 *et seq*.), the Nevada Local Government Securities Law (NRS §§350.500 *et seq*.), and the Nevada Registration of Public Securities Law (NRS §§348.010 *et seq*.). All senior lien bonds are issued in accordance with the Master Indenture of Trust ("Indenture") dated May 1, 2003, between Clark County and The Bank of New York Mellon Trust Company, N.A.

Senior lien bonds are secured by and are payable from net revenues of the Airport System after the payment of all Airport System operating and maintenance expenses. Pursuant to the Indenture, the Department has covenanted to fix, charge, and collect rentals, fees, and charges for the use of the Airport System such that, in any fiscal year, the gross revenues, together with any other available funds, will at all times be at least sufficient (1) to provide for the payment of all Airport System operation and maintenance expenses in the fiscal year and (2) to provide an amount not less than 125 percent of the aggregate debt service requirement ("Coverage") for all the senior lien bonds then outstanding for the fiscal year. The actual senior lien coverage ratios (the ratio of total revenue less operating expenses to debt service) for FY 2013 and FY 2012 were 4.19 and 4.63, respectively. In FY 2013 and FY 2012, the County did not issue any new senior lien bonds. As of June 30, 2013, the Department has $1.0 billion in outstanding senior lien bonds.

(c) Subordinate Lien Bonds

The issuance of subordinate lien bonds is authorized pursuant to the Nevada Municipal Airports Act (NRS §§496.010 *et seq*.), the Nevada Local Government Securities Law (NRS §§350.500 *et seq*.), and the Nevada Registration of Public Securities Law (NRS §§348.010 *et seq*.). All subordinate lien bonds are issued in accordance with the Master Indenture of Trust ("Indenture") dated May 1, 2003, between Clark County and The Bank of New York Mellon Trust Company, N.A.

Subordinate lien bonds are secured by and are payable from net revenues of the Airport System after the payment of all Airport System operating and maintenance expenses and after the payment of all senior lien debt service. Pursuant to the Indenture, the Department has covenanted to fix, charge, and collect rentals, fees, and charges for the use of the Airport System such that, in any fiscal year, the gross revenues, together with any other available funds, will at all times be at least sufficient (1) to provide for the payment of all Airport System operation and maintenance expenses in such fiscal year and (2) to provide an amount not less than 110 percent of the aggregate debt service requirement ("Coverage") for all the senior lien and subordinate lien bonds then outstanding for the fiscal year. The actual subordinate lien coverage ratios for FY 2013 and 2012 were 1.42 and 2.05, respectively.

In August 2011, the Department issued $100 million of Series 2011 B-1 AMT and $100 million of Series 2011 B-2 AMT Airport System Subordinate Lien Revenue Bonds to refund $100 million of Series 2008 A-1 AMT and $100 million of 2008 B-1 AMT Subordinate Lien Revenue Bonds, respectively.

On February 20, 2013, the County elected to effect a mandatory tender for purchase of the Series 2008 A-2 and B-2 bonds. On this date, the existing standby bond purchase agreements securing the tender for purchase of these bonds were terminated, and letters of credit securing the payment of the principal of and interest on these bonds whenever any amount is payable were issued by State Street Bank and Trust Company.

In addition, upon the mandatory tender for purchase of the Series 2008 A-2 and B-2 Bonds and the issuance of the letters of credit by State Street Bank and Trust Company, the County terminated a municipal bond insurance policy and a reserve fund surety issued concurrently with the initial delivery of these bonds by Assured Guaranty Municipal Corp. (formerly Financial Security Assurance Inc.). On and after February 20, 2013, the scheduled payment of principal of and interest on these bonds has not been supported by a municipal bond insurance policy or by a reserve fund surety.

As of June 30, 2013, the Department has $2.0 billion in outstanding subordinate lien bonds.

(d) PFC Bonds

The issuance of PFC bonds is authorized pursuant to the Nevada Municipal Airports Act (NRS §§496.010 *et seq*.), the Nevada Local Government Securities Law (NRS §§350.500 *et seq*.), and the Nevada Registration of Public Securities Law (NRS §§348.010 *et seq*.). All PFC bonds are issued in accordance with the Master Indenture of Trust ("Indenture") dated May 1, 2003, between Clark County and The Bank of New York Mellon Trust Company, N.A.

PFC bonds are secured by a pledge of and lien upon pledged PFC revenues derived from a $4.50 PFC which has been imposed by the County under authorization of the Federal Aviation Act. In addition, the PFC Bonds are secured by and are payable from a claim on net revenues of the Airport System subordinate and junior to the claim on net revenues by outstanding senior lien bonds. PFC bonds are secured by and are payable from a claim on net revenues of the Airport System on a parity with the claim on net revenues by outstanding subordinate lien bonds. For FY 2008, the Department collected a PFC of $4.00 per qualifying enplaned passenger. Effective October 1, 2008, the PFC rate increased to $4.50 per qualifying enplaned passenger.

In FY 2013 and FY 2012, the Department earned $79.9 million and $79.7 million, respectively, in PFC revenues and earned $225 thousand and $1.0 million, again respectively, in interest. In FY 2013 and FY 2012, the Department pledged $76.4 million and $76.6 million, respectively, toward debt service payments associated with outstanding PFC bonds and pledged $3.8 million and $4.1 million, again respectively, toward debt service payments on certain subordinate lien bonds that were used to fund PFC projects approved by the FAA. No coverage is required for the PFC Bonds.

On July 1, 2012, the Department issued $64.3 million of Series 2012B Non-AMT PFC Refunding Revenue Bonds to refund the outstanding series 1998A PFC Refunding Revenue Bonds for the purpose of achieving future cash flow savings.

As of June 30, 2013, the Department has $1.0 billion in outstanding PFC pledged bonds.

(e) Bond Anticipation Notes

At the beginning of FY 2011, the Department had outstanding, for the purpose of funding the Terminal 3 (“T3”) project, a $100.0 million, one-year Series 2010 E-1 Junior Subordinate Lien Note, with a stated interest rate of 2.50 percent and a yield of 0.63 percent, and a $200.0 million, two-year Series 2010 E-2 Junior Subordinate Lien Note, with a stated interest rate of 5.00 percent and a yield of 1.78 percent. Both these notes were secured by a subordinate lien on the net revenues of the Airport System. On May 15, 2011, the Department issued a $100.0 million, one-year Series 2011A Junior Subordinate Lien Revenue Note to refund the Series 2010 E-1 Junior Lien Revenue Note and to pay certain issuance costs. The Series 2011A Junior Subordinate Lien Revenue Note had a stated interest rate of 2.00 percent and a yield of 0.60 percent.

On June 19, 2012, the Department paid down the Series 2011A Note. On July 1, 2012, the Department refunded the $200.0 million Series 2010 E-2 Notes by issuing the Series 2012 A-1 Subordinate Lien Revenue Notes for $180.0 million, along with a contribution by the Department of $23 million. The Series 2012 A-1 Note had a stated interest rate of 2.00 percent and a yield of 0.42 percent. On that same date, the Department also obtained $120.0 million in new proceeds with the issuance of the Series 2010 A-2 Subordinate Lien Revenue Note, which bore stated interest rate of 2.00 percent and a yield of 0.35 percent.

On July 1, 2013, the Department issued a $174.3 million, two-year Series 2013 C-1 Junior Subordinate Lien Revenue Note to refund the Series 2012 A-1 Junior Lien Revenue Note and to pay certain issuance costs. The Series 2013 C-1 Note has a stated interest rate of 2.50 percent and a yield of 0.70 percent. On that same date, the Department also issued a $118.3 million, one-year Series 2013 C-2 Junior Subordinate Lien Revenue Note to refund the Series 2012 A-2 Junior Lien Revenue Note and to pay certain issuance costs. The Series 2013 C-2 Note has a stated interest rate of 2.00 percent and a yield of 0.35 percent. Refer to Note 15, "Subsequent Events," for further details.

(f) Third Lien Bonds

The issuance of third lien bonds is authorized pursuant to the Nevada Municipal Airports Act (NRS §§496.010 *et seq*.), the Nevada Local Government Securities Law (NRS §§350.500 *et seq*.), and the Nevada Registration of Public Securities Law (NRS §§348.010 *et seq*.). All third lien bonds are issued in accordance with the Master Indenture of Trust ("Indenture") dated May 1, 2003, between Clark County and The Bank of New York Mellon Trust Company, N.A.

The third lien bonds constitute direct and general obligations of the County. The full faith and credit of the County is pledged for the payment of principal and interest subject to Nevada constitutional and statutory limitations on the aggregate amount of ad valorem taxes and to certain other limitations on the amount of ad valorem taxes the County may levy. The third lien bonds are also secured by and are payable from a claim on net revenues of the Airport System subordinate and junior to the claim on net revenues by the senior lien bonds, the subordinate lien bonds, and the PFC bonds. Pursuant to the Indenture, the Department has covenanted to fix, charge, and collect rentals, fees, and charges for the use of the Airport System sufficient to pay debt service on the senior lien bonds, the subordinate lien bonds, the general obligation (limited tax) Airport bonds, and the PFC bonds.

In May of 2003, the County issued the Clark County, Nevada, General Obligation (Limited Tax) Series 2003B (Non-AMT) Airport Bonds in the amount of $79.6 million for the purpose of refunding certain 1993 General Obligation Airport Bonds. To refund these bonds, as well as to pay certain costs of issuance, on April 2, 2013, the County issued the Series 2013B General Obligation (Limited Tax) (Additionally Secured by Pledged Airport System Revenues) Revenue Bonds (Non-AMT).

The Jet A Bonds are payable from and secured by a pledge of and lien upon the proceeds of the three-cent-per-gallon tax in FY 2013 and the two-cent-per-gallon tax in FY 2012 collected by the County on jet aviation fuel sold, distributed, or used in the County. These bonds are also secured by and payable from a claim on the net revenues of the Airport System subordinate and junior to the claim on the net revenues by the senior lien bonds, the subordinate lien bonds, and the PFC bonds, making them on a parity with the other outstanding third lien bonds in terms of being secured by and are payable from a claim on the net revenues of the Airport System. The Jet A Bonds do not constitute a debt of Clark County within the meaning of any constitutional or statutory provisions or limitations, and neither the full faith and credit nor the taxing power of the County is pledged to the payment of these Jet A Bonds. Shortages in debt service from fuel tax collections are funded with Airport System revenues. On May 1, 2012, the Board approved an increase to the Jet Aviation Fuel Tax from two cents per gallon to three cents per gallon. This increase became effective at the beginning of FY 2013 on July 1, 2012, and it is expected to cover the debt service on the Jet A Bonds. The Jet Aviation Fuel Tax revenues during FY 2013 and FY 2012 were $11.3 million and $7.4 million, respectively. For FY 2013 and FY 2012, the debt service on the Jet A Bonds totaled $10.5 million and $9.2 million, respectively.

In May 2003, the County issued $105.4 million of Jet Aviation Fuel Tax Revenue Bonds ("Jet A Bonds") to finance certain improvements to the Airport System. On April 2, 2013, the County issued the Series 2013A Jet Aviation Fuel Tax Refunding Revenue Bonds (AMT) for the purpose of refunding the outstanding Series 2003C (AMT) Jet Aviation Fuel Tax Revenue Bonds and paying certain costs of issuance.

(g) Arbitrage Rebate Requirement

Tax-exempt bond arbitrage involves the investment of governmental bond proceeds which are derived from the sale of tax-exempt obligations in higher yielding taxable securities that generate a profit. The Tax Reform Act of 1986 imposes arbitrage restrictions on bonds issued by the County. Under this Act, an amount may be required to be rebated to the United States Treasury so that all interest on the bonds qualifies for exclusion from gross income for federal income tax purposes.

During FY 2013, the Department did not make any arbitrage payments and is current on all required arbitrage payments. As of June 30, 2013, the Department has estimated its potential arbitrage rebate liability and has accrued $135.9 thousand to cover such estimated liability. As of June 30, 2012, the Department had accrued $15.4 thousand to cover such estimated liability. In FY 2012, the Department paid $1.7 million in arbitrage payments for the Series 2007A Subordinate Lien Revenue Bonds.

(h) Description of Bond Series Issued

Senior Lien Bonds

Series 1993A

In September 1991, the County entered into a swap financing agreement. Under the terms of the swap agreement, in May 1993 the County issued $339 million of Non-AMT variable rate twenty-year Airport Revenue Bonds, Series 1993A. Upon issuance of the 1993A bonds, $318 million of the 1983 Airport Revenue Bonds were refunded. Furthermore, the County swapped with a counterparty its variable rate debt for a fixed rate debt service payment based on a fixed rate of 6.69 percent. Interest payments were due on January 1 and July 1 of each year, and scheduled principal payments were due on July 1. Annual debt service payments ranged from $25.5 million to $37.2 million through July 1, 2012. At the time of the refunding of the 1983 bonds, future cash flow savings amounted to $110 million and had a discounted present value of over $65 million. The previously applicable accounting principles required the recognition of an extraordinary loss of $24.7 million on the refunding. The stand-by bond purchase agreement ("SBPA") for the 1993A bonds was with the Dexia Group and had a term through 2012. The annual fee for the SBPA was 25 basis points. The bonds were insured by Municipal Bond Investors Assurance Corp. ("MBIA"). On July 1, 2012, the outstanding balance of the Series 1993A, both principal and interest, was paid in full with debt service reserves.

Series 2005A:

In September 2005, the County issued $69.6 million in Non-AMT fixed rate Airport System Senior Lien Revenue Bonds. $25.9 million of the term bonds matures in 2037 and have a stated interest rate of 4.50 percent with a yield of 4.62 percent. The remaining $43.7 million of the term bonds matures in 2040 and have a stated interest rate of 5.00 percent with a yield of 4.42 percent. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. The 2005A bonds were issued to finance the cost of certain capital improvements to the Airport System, to purchase a reserve fund insurance policy, and to pay certain costs of issuance. The bonds are insured by Ambac Assurance Corp ("Ambac").

Series 2008E:

On May 15, 2008, the County issued $61.4 million in Non-AMT fixed rate Airport System Senior Lien Revenue Bonds. The bonds mature in 2017. The stated interest rates range from 4.00 to 5.00 percent, and the yields range from 2.33 to 4.01 percent. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. The 2008E bonds were issued for the purpose of refunding a portion of the outstanding Clark County, Nevada, Airport System Subordinate Lien Revenue Bonds, Series 1998A, to fund a deposit to the reserve fund for the Series 2008E bonds, and to pay certain costs of issuance. The bonds are uninsured.

Series 2009B:

On September 16, 2009, the Department became the first airport in the nation to issue fixed rate Taxable Direct Payment Build America Bonds under the provisions of the American Recovery and Reinvestment Act of 2009 ("ARRA"). The interest on these bonds is not excluded from gross income for the purpose of federal income taxation. Under the provisions of ARRA, the Department is to receive, on or about the date of each interest payment, a cash subsidy payment from the United States Treasury equal to 35 percent of the interest payable on the Series 2009B Bonds. The Series 2009B Bonds have an interest rate of 6.88 percent; however when the 35 percent rebate is factored in, the effective interest rate is 4.47 percent. The bonds have staggered scheduled maturities through 2042. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. The bonds were issued to fund height restriction settlements and the construction of T3. No debt service reserve fund was required, and the bonds were not insured.

During FY 2013, the U.S. Office of Management and Budget reported to the U.S. Congress on the sequestration of federal funds for federal fiscal year 2013, as required by section 251A of the Balanced Budget and Emergency Deficit Control Act. As part of the federal sequestration, the subsidy payment for Build America Bonds was reduced. For the 2009B Bonds, this reduction amounted to $0.3 million in the course of FY 2013.

Series 2010C:

On February 9, 2010, the County issued $454.3 million of fixed rate Taxable Direct Payment Build America Bonds under the provisions of the ARRA. The interest on these bonds is not excluded from gross income for the purpose of federal income taxation. Under the provisions of ARRA, the Department is to receive, on or about the date of each interest payment, a cash subsidy payment from the United States Treasury equal to 35 percent of the interest payable on the Series 2010C Bonds. The Series 2010C Bonds have an interest rate of 6.82 percent; however, when the 35 percent rebate is factored in, the effective interest rate is 4.43 percent. The bonds have staggered scheduled maturities through 2045. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. The bonds were issued to fund the construction of T3. No debt service reserve fund was required, and the bonds were not insured.

During FY 2013, the U.S. Office of Management and Budget reported to the U.S. Congress on the sequestration of federal funds for federal fiscal year 2013, as required by section 251A of the Balanced Budget and Emergency Deficit Control Act. As part of the federal sequestration, the subsidy payment for Build America Bonds was reduced. For the 2010C Bonds, this reduction amounted to $0.5 million in the course of FY 2013.

Series 2010D:

On February 9, 2010, the County issued $132.5 million of fixed rate Senior Lien Non-AMT Private Activity Airport System Revenue Bonds to finance a portion of the T3 project. The bonds have a stated interest rate between 3.00 percent and 5.00 percent, and the yields range from 2.50 percent and 4.37 percent. The bonds mature in 2024. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. The bonds were uninsured, and no debt service reserve fund is required.

Subordinate Lien Bonds

Series 2004A:

In July 2004, the County issued $361.2 million of fixed rate Airport System Subordinate Lien Revenue Bonds, Series 2004A. Under this issuance, $128.4 million (2004 A-1) was AMT and $232.7 million (2004 A-2) was Non-AMT. Interest rates for Series 2004 A-1 range from 5.00 percent to 5.25 percent, and the yield varies from 4.18 to 5.13 percent. The Series 2004 A-1 matures in 2024. The Series 2004 A-2 has a fixed interest rate of 5.125 percent through 2027 and 5.00 percent to maturity at 2036. The yield ranges from 4.93 to 5.22 percent. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1 commencing on July 1, 2012, for the 2004 A-1 series and commencing on July 1, 2024 for the 2004 A-2 series. The Series 2004 bonds were issued to finance the cost of certain capital improvements, to refund the $38.8 million in outstanding Series 1999 B-2 bonds, to fund capitalized interest, and to pay certain issuance costs. The bonds are insured by Financial Guarantee Insurance Company.

Series 2006A:

In August 2006, the County issued $100.0 million in fixed rate Non-AMT Airport System Subordinate Lien Revenue Bonds. The bonds have fixed interest rates ranging from 4.00 percent to 5.00 percent, and the yield varies from 3.58 to 4.70 percent. The 2006A bonds have staggered scheduled maturities through July 1, 2040. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. The 2006A bond proceeds were used to finance certain runway and apron improvements at the Airport. The bonds are insured through Ambac.

Series 2007 A-1 and A-2:

In May 2007, the County issued $206.7 million in fixed rate Airport System Subordinate Lien Revenue Bonds, $150.4 million as the 2007 A-1 AMT Bonds and $56.3 million as the 2007 A-2 Non-AMT Bonds. Both bonds have a fixed interest rate of 5.00 percent, and the yields range from 3.96 to 4.43 percent. The 2007 A-1 Bond have staggered scheduled maturities through July 1, 2027, and the 2007 A-2 Bonds have staggered scheduled maturities through July 1, 2040. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. The 2007A Bond proceeds were used to finance the early civil package associated with the T3 project. The bonds are insured by Ambac.

Series 2008 A-2 and B-2:

In June 2008, the County issued $300.0 million in AMT weekly variable rate debt obligations. In particular, the Series 2008A and 2008B bonds were issued to refund the outstanding Clark County, Nevada, Airport System Junior Subordinate Lien Revenue Notes Series 2006 B-1 and to pay certain costs of issuance. The 2008A and B Series consisted of the Series 2008 A-1 bonds ($100.0 million), the Series 2008 A-2 bonds ($50.0 million), the Series 2008 B-1 bonds ($100.0 million), and the Series 2008 B-2 bonds ($50.0 million). In August 2011, the Series 2008 A-1 bonds were refunded by Series 2011 B-1 bonds, and the Series 2008 B-1 bonds were refunded by the Series 2011 B-2 bonds. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. The SBPA for the Series 2008 A-2 and B-2 Bonds had a term through 2013. The annual commitment fee payable to Banco Bilbao Vizcaya Argentaria ("BBVA") is 30 basis points. The bonds are insured by Financial Security Assurance, Inc. ("FSA"). The Series 2008 A-2 and B-2 bonds mature on July 1, 2022.

On February 20, 2013, the County elected to effect a mandatory tender for purchase of the Series 2008 A-2 and B-2 bonds. On this date, the existing SBPA securing the tender for purchase of these bonds was terminated, and letters of credit securing the payment of the principal of and interest on these bonds whenever any amount is payable on these bonds were issued by State Street Bank and Trust Company.

Series 2008 C, 2008 D-1, and 2008 D-2:

In March 2008, the County issued $524.5 million in weekly variable rate debt obligations, comprising $266.0 million in AMT debt and $258.5 in Non-AMT debt. The Series 2008C, 2008 D-1, and 2008 D-2 bonds were issued for the purpose of refunding the outstanding Clark County, Nevada Adjustable Rate Airport System Subordinate Lien Revenue Bonds, Series 2005B; the outstanding Clark County, Nevada Airport System Subordinate Lien Revenue Bonds, Series 2005 C-1A Series 2005 C-1B, Series 2005 C-2, Series 2005 C-3; the outstanding Clark County, Nevada Airport System Subordinate Lien Revenue Bonds, Series 2005 D-1, Series 2005 D-2, Series 2005 D-3; and the outstanding Clark County, Nevada Airport System Subordinate Lien Revenue Bonds, Series 2005 E-1, Series 2005 E-2, Series 2005 E-3; and for the purpose of paying the cost of issuance. Final maturity for the 2008 C-1 bond issue is July 1, 2040; final maturities for the 2008 C-2 and C-3 bonds are July 1, 2029; final maturity for the 2008 D-1 bond is July 1, 2036; and final maturity for the for the 2008 D-2 bond is July 1, 2040. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1.

On March 18, 2011, a re-offering occurred on the series 2008 C-1, 2008 D-1, and 2008 D-2 bonds. Concurrent with this re-offering, the letters of credit for the 2008 C-1, 2008 D-1, and 2008 D-2 bonds were replaced. The new letters of credit expire on March 17, 2014, while the existing letters of credit for the 2008 C-2 and 2008 C-3 bonds remain in effect and expire on March 17, 2015. Also, as a result of the re-offering, the 2008 D-2 bond was split into the 2008 D-2A and 2008 D-2B bonds with $100 and $99.6 million principal value, respectively. The remarketing agreements pertaining to these bonds were also replaced. The commitment fees associated with obtaining the replacement letters of credit were $136 thousand for the 2008 C-1 bond, $60 thousand for the 2008 D-1 bond, and $181 thousand for the 2008 D-2 bond. The annual liquidity fee to JP Morgan for the 2008 C-1 bond is 105 basis points. The annual liquidity fee to Citibank, N.A. for the series 2008 D-1 is 85 basis points. The annual liquidity fee to Citibank, N.A. for the series 2008 D-2A is 85 basis points. The annual liquidity fee to RBC for the series 2008 D-2B is 85 basis points. The remarketing agreements for said series are all through Citibank Global Markets Inc. except for the 2008 D-2B, which is through RBC Capital Markets, LLC. The annual liquidity fees on the 2008 C-2 & 2008 C-3 are 34 basis points from Landesbank Baden-Wurttemberg ("LBBW"). The remarketing agent for the 2008 C-2 is JP Morgan. The remarketing agent for the 2008 C-3 is Citigroup Global Markets Inc. The bonds are not insured.

Series 2008 D-3:

In March, 2008, the County issued $122.9 million in Non-AMT weekly variable rate debt obligations. The Series 2008 D-3 bonds were issued for the purpose of refunding the outstanding Clark County, Nevada, 2001C bonds. The bonds have staggered scheduled maturities through July 1, 2029. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. On March 18, 2011, a re-offering occurred on the series 2008 D-3 bonds. Concurrent with this re-offering, the letter of credit for the 2008 D-3 was replaced. The new letter of credit associated with the 2008 D-3 bonds bears a term through 2015. The commitment fee associated with the replacement letter of credit on the 2008 D-3 bonds was $127 thousand. The annual fee to Bank of America for the series 2008 D-3 bonds is 105 basis points. The remarketing agent for the 2008 D-3 is Citigroup Global Markets, Inc. The bonds are not insured.

Series 2009C:

On September 16, 2009, the County issued $168.5 million of fixed rate Non-AMT, Private Activity Airport System Subordinate Lien Revenue Bonds. The bonds have an interest rate of 5.00 percent, and the yield varies from 4.12 to 4.45 percent. The bonds have staggered scheduled maturities through July 1, 2026, and are insured by Financial Security Assurance Inc. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. The bonds were issued to pay for the construction costs of a portion of the T3 project, to fund a capitalized interest account, and to purchase a reserve fund surety policy.

Series 2010B:

On January 22, 2010, the County issued $350.0 million of fixed rate Non-AMT Private Activity Airport System Subordinate Lien Revenue Bonds. The bonds bear stated interest rates from 5.00 percent to 5.75 percent with yields that vary from 5.125 to 5.35 percent. The bonds have staggered scheduled maturities through 2042. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. The bonds were issued to pay for a portion of the T3 project, to fund capitalized interest during construction, and to make a cash deposit in the debt service reserve fund. The bonds were not insured.

Series 2011B:

In August 2011, the County issued $200.0 million in AMT weekly variable rate debt obligations. The Series 2011 B-1 bonds and the Series 2011 B-2 bonds each were issued for $100.0 million in principal to refund the outstanding Clark County, Nevada, Airport System Junior Subordinate Lien Revenue Bonds, Series 2008 A-1 bonds and 2008 B-1 bonds, each of which had been issued for $100.0 million in principal. The bonds have staggered scheduled maturities through July 1, 2022. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. The irrevocable, transferable letter of credit for the 2011 B-1 bonds carries a term through 2014, and the annual commitment fee to Citibank, N.A. is 85 basis points. The direct pay letter of credit for the 2011 B-2 bonds has a term through 2014, and the annual commitment fee to Royal Bank of Canada is 85 basis points.

Passenger Facility Charge Revenue Bonds

Series 1998A:

In April 1998, the County issued $214.3 million of Non-AMT Airport Passenger Facility Charge Refunding Revenue Bonds, Series 1998A, at a discount of $5.4 million. Interest rates on the bonds ranged from 4.10 percent to 5.50 percent. Interest payments were due on January 1 and July 1 of each year, and scheduled principal payments were due on July 1. Annual debt service payments ranged from $10.8 million to $22.9 million through 2022. These Series 1998A bonds refunded $202.5 million of the 1992 PFC bonds. The refunding resulted in a loss of $17.2 million, which represented the difference between the refunded bonds adjusted for both amortized costs and accrued interest and the face value of the new bonds. This refunding provided a future cash flow savings of $11.6 million, with a present value savings of $10.6 million. The Department pledged all its PFC proceeds to pay the debt service on all Department PFC Revenue Bonds. The bonds are insured by MBIA.

In June 2008, the County refunded $119.2 million of the Series 1998A PFC Bonds with the Series 2008A Bonds to realize interest rate savings. On July 1, 2012, the County refunded the remaining outstanding principal of the Series 1998A PFC bonds by issuing the Series 2012B Passenger Facility Charge Refunding Revenue Bonds. The outstanding balance of the Series 1998A PFC bonds as of June 30, 2013 and 2012, was $0.0 million and $81.7 million, respectively.

Series 2002A:

In November 2002, the County issued $34.5 million of AMT Airport Passenger Facility Charge Refunding Revenue Bonds, Series 2002A, at a premium of $1.6 million. Interest on the bonds ranges from 2.32 percent to 5.25 percent. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. Annual debt service payments range from $0.9 million to $7.0 million through 2013. The bonds refunded $33.7 million of Series 1992B PFC bonds. The refunding resulted in a loss of $2.0 million, which represents the difference between the refunded bonds adjusted for both amortized costs and accrued interest and the face value of the new bonds. This refunding provided a future cash flow savings of $2.7 million, with a present value savings of $2.1 million. The Department has pledged all of its PFC proceeds to pay the debt service on all the Department's PFC Revenue Bonds. The bonds are insured by MBIA.

Series 2007A:

In April 2007, the County issued $219 million of fixed rate Airport Passenger Facility Charge Revenue Bonds, Series 2007 A-1 AMT and 2007 A-2 Non-AMT, in the amounts of $113.5 million and $105.5 million, respectively. The bonds have a interest rates in the range of 4.00 to 5.00 percent with yields that vary from 4.02 to 4.52 percent. The 2007 A-1 Bonds have staggered scheduled maturities through July 1, 2026, and the 2007 A-2 Bonds have staggered scheduled maturities through July 1, 2027. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. The bond proceeds are being used to reimburse the Department for certain capital improvements at the Airport. The bonds are insured by Ambac.

Series 2008A:

In June 2008, the County issued $115.9 million of fixed rate Non-AMT Airport Passenger Facility Charge Revenue Bonds, Series A. The bonds have interest rates of 5.00 to 5.25 percent and yields ranging from 3.06 to 4.52 percent. The bonds have staggered scheduled maturities through July 1, 2018. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. The bonds were issued for the purpose of refunding a portion of the Non-AMT Airport Passenger Facility Charge Revenue Bonds Series 1998A and to pay for certain costs of issuance. The bonds are not insured but have a debt service reserve requirement, which was properly funded upon the refunding of the 1998A PFC bonds with 2012 Passenger Facility Charge Refunding Revenue Bonds.

Series 2010A:

On January 22, 2010, the County issued $450.0 million of fixed rate Non-AMT Private Activity Passenger Facility Charge Revenue Bonds Series 2010A. The bonds interest rates range between 3.00 percent and 4.625 percent, and the yields vary from 2.02 to 5.42 percent. The bonds have staggered scheduled maturities through July 1, 2042. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. The bonds were issued to finance the costs of the T3 project and to make a deposit in the debt service reserve fund. A portion of the Series 2010A bonds in the amount of $158.7 million is insured by Assured Guaranty Municipal Corp.

Series 2010F:

On November 4, 2010, the County issued $204.2 million of Non-AMT Private Activity Passenger Facility Charge Refunding Revenue Bonds, comprising the 2010 F-1 bonds with a principal of $104.2 million and the 2010 F-2 bonds with a principal of $100.0 million. The bonds were issued at a premium of $9.8 million and resulted in a loss on refunding of $10.8 million. The 2010 F-1 bonds have stated fixed interest rates ranging between 2.00 and 5.00 percent, and the 2010 F-2 bonds have a weekly variable rate; yields vary from 0.54 to 2.63 percent. The F-1 series have staggered scheduled maturities through July 1, 2017, and the F-2 series matures on July 1, 2022. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. The bonds were issued for the purpose of refunding the 2005A PFC bonds and to pay certain costs of their issuance. This refunding resulted in a net present value savings of $2.4 million. The remarketing agent on the series F-2 bonds is Citigroup Global Markets, Inc., and the letter of credit provider is Union Bank, N.A.

Series 2012B:

On July 1, 2012, the County issued $64.4 million of Non-AMT Airport Passenger Facility Charge Refunding Revenue Bonds, Series 2012B, at a premium of $9.0 million. The interest rate on the bond is fixed at 5.00 percent. The bonds have staggered scheduled maturities through July 1, 2033. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. Annual debt service payments range from $3.2 million to $7.8 million through 2033. The Department has pledged all its PFC proceeds to pay the debt service on all Department PFC Revenue Bonds. These Series 2012B Bonds refunded $81.7 million of the Series 1998A PFC Bonds. The refunding resulted in a deferred loss of $5.0 million, which represents the difference between the refunded bonds adjusted for both amortized costs and accrued interest and the face value of the new bonds. This refunding provided a future cash flow savings of $10.2 million, with a present value savings of $5.5 million. The bonds are insured by MBIA.

General Obligation Airport Bonds

Series 2003B General Obligation Airport Bonds:

In May 2003, the County issued $37 million in Series 2003B Non-AMT General Obligation (Limited Tax) Airport Bonds at a premium of $933 thousand. The proceeds of the 2003B bonds were used to refund the 1993 General Obligation (limited tax) Airport Bonds. This transaction resulted in a deferred loss of $2.9 million, which represents the total funds required for the retirement of the 1993 bonds less the face value of the retired bonds adjusted for unamortized costs of issuance and related accrued interest. The Series 2003B Bonds had fixed interest rates ranging from 4.75 percent to 5.00 percent. Interest payments were due on January 1 and July 1 of each year, and scheduled principal payments were due on July 1 beginning 2022. The Series 2003B Bonds were refunded in April 2013 by the Series 2013B General Obligation Airport Bonds.

Series 2003C Jet A Bonds:

In May 2003, the County issued $105.4 million of the Series 2003C fixed rate AMT Jet Aviation Fuel Tax Revenue Bonds at a premium of $8 million. Interest on the bonds ranged from 5.00 percent to 5.375 percent, and the yield varies from 1.87 to 3.93 percent. The bonds had staggered scheduled maturities through July 1, 2022. Interest payments were due on January 1 and July 1 of each year, and scheduled principal payments were due on July 1. Annual debt service payments ranged from $7.2 million to $13.8 million. Proceeds from the bond issue were used to design and construct the in-line baggage system at the Airport. Proceeds from the Jet A Fuel Tax have been projected to be sufficient to pay all debt service payments relating to the 2003C bonds with the new Jet A Fuel tax rate. The bonds were insured by Ambac. The 2003C Bonds were refunded in April 2013 by the Series 2013A Jet A Bonds.

Series 2008A General Obligation Bonds:

In February 2008, the County issued $43.1 million in Series 2008A AMT variable rate General Obligation (Limited Tax) bonds. The bonds were issued as weekly variable rate debt obligations. The bonds mature on July 1, 2027. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. The bonds were issued to refund the outstanding principal amount of General Obligation (Limited Tax) Airport Bonds, Series 2003A, and to pay certain costs of issuance. The letter of credit associated with the 2008A bonds has a term through 2015. The commitment fee for the letter of credit totaled $5,500. The annual liquidity fee to Landesbank Baden-Wurttemberg ("LBBW") to maintain the letter of credit is 14 basis points. The bonds are not insured.

Series 2013A Jet A Bonds:

In April 2013, the County issued $70.9 million of the Series 2013A AMT Jet Aviation Fuel Tax Revenue Bonds at a premium of $9.6 million. Interest on the bonds is 5.00 percent, and the yield varies from 2.15 to 3.77 percent. The bonds have staggered scheduled maturities through July 1, 2029. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1. Annual debt service payments range from $877 thousand to $8.2 million. The Series 2013A Bonds were issued for the purpose of refunding the outstanding 2003C Jet A Bonds.

Series 2013B General Obligation Airport Bond:

In April 2013, the County issued $32.9 million in the Series 2013B Non-AMT General Obligation (Limited Tax) Airport Bond at a premium of $4.5 million. The Series 2013B Bond has a fixed interest rate of 5.00 percent. Interest payments are due on January 1 and July 1 of each year, and the repayment of principal payments is due on July 1, 2033. The County issued the Series 2013B Bond for the purpose of refunding the Series 2003B General Obligation Airport Bonds and paying certain costs of issuance.

(i) The approximate maturities and interest of the long-term debt follow.

Maturities of Long-Term Debt

	Total		Senior		Subordinate		PFC		Third lien	
Fiscal Year Ended June 30,	Principal (000)	Interest (000)	Principal (000)	Interest * (000)	Principal (000)	Interest (000)	Principal (000)	Interest (000)	Principal (000)	Interest (000)
FY2014	$ 70,315	$ 155,744	$ 8,285	$ 44,542	$ 25,030	$ 57,445	$ 29,595	$ 45,116	$ 7,405	$ 8,641
FY2015	179,440	154,979	8,155	44,131	22,060	56,257	30,915	43,684	118,310	10,907
FY2016	239,025	148,544	17,030	43,501	15,270	55,392	32,440	42,106	174,285	7,545
FY2017	76,835	143,243	14,610	42,737	28,160	54,692	34,065	40,448	-	5,366
FY2018	83,615	140,129	12,055	42,114	35,805	53,899	35,755	38,749	-	5,366
FY2019-2023	652,930	664,604	65,340	201,711	422,565	255,390	143,390	182,228	21,635	25,275
FY2024-2028	779,855	554,896	34,845	186,290	453,645	197,390	214,545	153,172	76,820	18,044
FY2029-2033	521,255	435,180	35,875	181,423	326,105	142,543	143,660	106,612	15,615	4,602
FY2034-2038	676,900	330,949	140,975	167,292	352,280	95,261	150,730	68,259	32,915	137
FY2039-2043	887,370	176,915	340,955	108,254	361,400	43,386	185,015	25,276	-	-
FY2044-2048	306,065	20,744	306,065	20,744	-	-	-	-	-	-
Total	$ 4,473,605	$ 2,925,927	$ 984,190	$ 1,082,738	$ 2,042,320	$ 1,011,655	$ 1,000,110	$ 745,650	$ 446,985	$ 85,884

*Interest payments on the 2009B and 2010C Build America Bonds are presented net of the projected 35.0 percent rebate payments from the U.S. Treasury.

9.) DERIVATIVE INSTRUMENTS – INTEREST RATE SWAPS

(a) Interest Rate Swaps

The intention of the Department's implementation of a swap portfolio was to convert variable interest rate bonds to synthetically fixed interest rate bonds as a means to lower its borrowing costs when compared to fixed-rate bonds at the time of issuance. The Department executed several floating-to-fixed swaps in connection with its issuance of variable rate bonds. The Department also executed forward starting swaps to lock in attractive synthetically fixed rates for future variable rate bonds. Some of the Department's swaps are structured with step-down coupons to reduce the cash outflows of the fixed leg of those swaps in the later years of the swap.

The mark-to-market value, or fair value, for each swap is estimated using the zero-coupon method. Under this method, future cash payments are calculated either based on using the contractually-specified fixed rate or based on using the contractually-specified variable forward rates as implied by the SIFMA (Securities Industry and Financial Markets Association) Municipal Swap Index yield curve (formerly known as the Bond Market Association Municipal Swap Index yield curve, or BMA Municipal Swap Index yield curve), as applicable. Each future cash payment is adjusted by a factor called the swap rate, which is a rate that is set, at the inception of the swap and at the occurrence of certain events, such as a refunding, to such a value as to make the mark-to-market value of the swap equal to zero. (For this reason, the swap rate is sometimes referred to as the "at-the-market" rate of the swap.) Future cash receipts are calculated either based on using the contractually-specified fixed rate or based on using the contractually-specified variable forward rates as implied by the LIBOR (London Interbank Offered Rate) yield curve or the CMS (Constant Maturity Swap rate) yield curve, as applicable. The future cash payment, as modified by the swap rate factor, and the future cash receipt due on the date of each and every future net settlement on the swap is netted, and each netting is then discounted using the discount factor implied by the LIBOR yield curve for a hypothetical zero-coupon rate bond due on the date of the future net settlement. These discounted nettings are then summed to arrive at the mark-to-market value, or fair value, of the swap.

All the swaps entered into by the Department comply with the County's swap policy. Each swap is written pursuant to guidelines and documentation promulgated by the International Swaps and Derivatives Association ("ISDA"), which include standard provisions for termination events such as failure to pay or bankruptcy. The Department retains the right to terminate any swap agreement at market value prior to maturity. The Department has termination risk under the contract, particularly if an additional termination event ("ATE") were to occur. An ATE occurs either if the credit rating of the bonds associated with a particular swap agreement and the rating of the swap insurer fall below a pre-defined credit rating threshold or if the credit rating of the swap counterparty falls below a threshold as defined in the swap agreement.

With regard to credit risk, potential exposure is mitigated through the use of an ISDA credit support annex ("CSA"). Under the terms of master agreements between the Department and the swap counterparties, each swap counterparty is required to post collateral with a third party when the counterparty's credit rating falls below the trigger level defined in each master agreement. This protects the Department from credit risks inherent in the swap agreements. As long as the Department retains insurance, the Department is not required to post any collateral; only the counterparties are required to post collateral. However, as of June 30, 2013 and 2012, none of the counterparties are required to post collateral.

As summarized in the table below, the Department has 21 outstanding swap transactions as of June 30, 2013 and 2012, with initial notional amounts totaling $3,137.2 million and $3.137.2 million, respectively. The outstanding notional total as of June 30, 2013, was $2,363.2 million, comprising $1,458.9 million in floating-to-fixed swaps, $395.7 million in fixed-to-fixed swaps, and $508.6 million in basis swaps. The outstanding notional total as of June 30, 2012, was $2,410.7 million, comprising $1,493.3 million in floating-to-fixed swaps, $400.4 million in fixed-to-fixed swaps, and $517.0 million in basis swaps.

Interest Rate Swap Analysis
as of June 30, 2013 and 2012

Swap#	Interest Rate Swap Description	Associated Variable Rate Bonds or Amended Swaps	County Pays	County Receives	Effective Date	Maturity Date	Initial Notional Amount (000)	Counterparty	Counterparty Ratings Moody's	Counterparty Ratings S&P	Counterparty Ratings Fitch	Outstanding Notional June 30, 2013 (000)	Outstanding Notional June 30, 2012 (000)
01	Floating-to-Fixed	1993A	6.6900%	Bond Rate	6/1/1993	7/1/2012	$ 259,700	AIG Financial Products Corp.	N/A	N/A	N/A	$ -	$ 34,400
02	Basis Swap	N/A	SIFMA Swap Index - 0.41%	72.5% of USD LIBOR - 0.410%	8/23/2001	7/1/2036	185,855	Citigroup Financial Products Inc.	Baa2	A-	A	80,542	81,318
03 *	Floating-to-Fixed	N/A	5.4900% to 7/2010, 3.0000% to maturity	69.0% of USD LIBOR + 0.350%	4/4/2005	7/1/2022	259,900	Citigroup Financial Products Inc.	Baa2	A-	A	-	-
04	Basis Swap	N/A	SIFMA Swap Index	68.0% of USD LIBOR + 0.435%	7/1/2003	7/1/2025	200,000	Citigroup Financial Products Inc.	Baa2	A-	A	128,025	135,663
05 *	Floating-to-Fixed	N/A	4.9700% to 7/2010, 3.0000% to maturity	62.6% of USD LIBOR + 0.330%	3/19/2008	7/1/2025	60,175	Citigroup Financial Products Inc.	Baa2	A-	A	-	-
06	Basis Swap	N/A	SIFMA Swap Index	62.2% of USD LIBOR + 0.300% to 7/2010, 62.2% of USD LIBOR + 1.052% to maturity	9/1/2004	7/1/2025	300,000	Citigroup Financial Products Inc.	Baa2	A-	A	300,000	300,000
07A ‡	Floating-to-Fixed	2008 A-2, 2011 B-2	4.3057% to 7/2017, 0.2500% to maturity	64.7% of USD LIBOR + 0.280%	7/1/2008	7/1/2022	150,000	JPMorgan Chase Bank, N.A.	Aa3	A+	A+	150,000	150,000
07B ‡	Floating-to-Fixed	2008 B-2, 2011 B-1	4.3057% to 7/2017, 0.2500% to maturity	64.7% of USD LIBOR + 0.280%	7/1/2008	7/1/2022	150,000	UBS AG	A2	A	A	150,000	150,000
08A	Floating-to-Fixed	2008C	4.0000% to 7/2015, 3.0000% to maturity	82.0% of USD LIBOR - 0.460% to 7/2009, 82.0% of 10 year CMS - 0.936% to maturity	3/19/2008	7/1/2040	151,200	Citigroup Financial Products Inc.	Baa2	A-	A	151,200	151,200
08B	Floating-to-Fixed	2008C	4.0000% to 7/2015, 3.0000% to maturity	82.0% of USD LIBOR - 0.460% to 7/2009, 82.0% of 10 year CMS - 0.936% to maturity	3/19/2008	7/1/2040	31,975	JPMorgan Chase Bank, N.A.	Aa3	A+	A+	31,975	31,975
08C	Floating-to-Fixed	2008C	4.0000% to 7/2015, 3.0000% to maturity	82.0% of USD LIBOR - 0.460% to 7/2009, 82.0% of 10 year CMS - 0.936% to maturity	3/19/2008	7/1/2040	31,975	UBS AG	A2	A	A	31,975	31,975
09A	Floating-to-Fixed	2008D-1	5.0000% to 7/2015, 1.2100% to maturity	82.0% of USD LIBOR - 0.560% to 7/2009, 82.0% of 10 year CMS - 1.031% to maturity	3/19/2008	7/1/2036	41,330	Citigroup Financial Products Inc.	Baa2	A-	A	41,330	41,330
09B	Floating-to-Fixed	2008D-1	5.0000% to 7/2015, 1.2100% to maturity	82.0% of USD LIBOR - 0.560% to 7/2009, 82.0% of 10 year CMS - 1.031% to maturity	3/19/2008	7/1/2036	8,795	JPMorgan Chase Bank, N.A.	Aa3	A+	A+	8,795	8,795
09C	Floating-to-Fixed	2008D-1	5.0000% to 7/2015, 1.2100% to maturity	82.0% of USD LIBOR - 0.560% to 7/2009, 82.0% of 10 year CMS - 1.031% to maturity	3/19/2008	7/1/2036	8,795	UBS AG	A2	A	A	8,795	8,795
10A *	Floating-to-Fixed	N/A	4.0030% to 7/2015, 2.2700% to maturity	62.0% of USD LIBOR + 0.280%	3/19/2008	7/1/2040	139,735	Citigroup Financial Products Inc.	Baa2	A-	A	-	-
10B	Floating-to-Fixed	2008 D-2A, 2008 D-2B	4.0030% to 7/2015, 2.2700% to maturity	62.0% of USD LIBOR + 0.280%	3/19/2008	7/1/2040	29,935	JPMorgan Chase Bank, N.A.	Aa3	A+	A+	29,935	29,935
10C	Floating-to-Fixed	2008 D-2A, 2008 D-2B	4.0030% to 7/2015, 2.2700% to maturity	62.0% of USD LIBOR + 0.280%	3/19/2008	7/1/2040	29,935	UBS AG	A2	A	A	29,935	29,935
11 *	Floating-to-Fixed	N/A	4.7420% to 7/2010, 1.2120% to maturity	62.0% of USD LIBOR + 0.280%	4/4/2008	7/1/2029	122,865	Citigroup Financial Products Inc.	Baa2	A-	A	-	-
12A	Floating-to-Fixed	2008 D-2A, 2008 D-2B, 2008 D-3	5.6260% to 7/2017, 0.2500% to maturity	64.7% of USD LIBOR + 0.280%	7/1/2009	7/1/2026	200,000	Citigroup Financial Products Inc.	Baa2	A-	A	200,000	200,000
12B †	Floating-to-Fixed	2008C, 2008 D-3, 2010 F-2 PFC, 2012 A-1, 2012 A-2	6.0000% to 7/2017, 1.4550% to maturity	64.7% of USD LIBOR + 0.280%	7/1/2009	7/1/2038	350,000	Citigroup Financial Products Inc.	Baa2	A-	A	350,000	350,000
13 *	Floating-to-Fixed	N/A	6.0000% to 7/2017, 1.9130% to maturity	61.9% of USD LIBOR + 0.270%	7/1/2010	7/1/2040	150,000	Citigroup Financial Products Inc.	Baa2	A-	A	-	-
14A **	Floating-to-Fixed	2008A G.O.	3.8860%	64.4% of USD LIBOR + 0.280%	7/1/2011	7/1/2030	73,025	UBS AG	A2	A	A	73,025	73,025
14B **	Floating-to-Fixed	2008A G.O., 2012 A-1, 2012 A-2	3.8810%	64.4% of USD LIBOR + 0.280%	7/1/2011	7/1/2037	201,975	Citigroup Financial Products Inc.	Baa2	A-	A	201,975	201,975
Remaining portions of swaps after April 6, 2010 terminations													
15	Fixed-to-Fixed	swap #03 (amended and restated)	1.0200% until 7/1/2010	1.4700% starting at 7/1/2010	4/6/2010	7/1/2022	N/A	Citigroup Financial Products Inc.	Baa2	A-	A	55,261	59,879
16	Fixed-to-Fixed	swap #05 (amended and restated)	1.3700% until 7/1/2010	0.6000% starting at 7/1/2010	4/6/2010	7/1/2025	N/A	Citigroup Financial Products Inc.	Baa2	A-	A	50,650	50,750
17	Fixed-to-Fixed	swap #10A (amended and restated)	0.8730% until 7/1/2015	0.8600% starting at 7/1/2015	4/6/2010	7/1/2040	N/A	Citigroup Financial Products Inc.	Baa2	A-	A	139,735	139,735
18	Fixed-to-Fixed	swap #13 (amended and restated)	2.4930% until 7/1/2017	1.5940% starting at 7/1/2017	4/6/2010	7/1/2040	N/A	Citigroup Financial Products Inc.	Baa2	A-	A	150,000	150,000
							$ 3,137,170					$ 2,363,153	$ 2,410,685

Source: The PFM Group

* On April 6, 2010, the Department terminated the "on market" (at-market coupon) portion of its floating-to-fixed swaps #03, #05, #10A, #11, and #13. To fund the terminations, the Department fully terminated the "off-market" (step-coupon) portion of swap #11 and partially terminated $162.2M of $229.9M notional of the "off-market" portion of swap #03. The agreements related to swaps #03, #05, #10A, and #13 were amended and restated, and the new terms of the swap agreements are presented in the table above as swaps #15, #16, #17, and #18, respectively.

† On November 4, 2010, the Department refunded the outstanding principal of its Series 2005 A-1 and A-2 PFC bonds with the Series 2010 F-1 and F-2 PFC bonds. Upon refunding, swap #12B was re-associated with the cash flows of the $100 million of outstanding principal of the Series 2010 F-2 PFC bonds and became an investment instrument. The remaining $250 million was re-associated with the 2008 C and 2008 D-3 bonds along with the 2010 E-2 notes. The 2010 E-2 notes were subsequently refinanced by the 2012 A-2 notes, which in turn were subsequently refinanced by the 2013 C-2 notes.

‡ On August 3, 2011, the Department refunded the outstanding principal of its Series 2008 A-1 and B-1 bonds with the Series 2011 B-1 and B-2 bonds, respectively. Upon refunding, swap #7B was re-associated with the cash flows of the $100 million of outstanding principal of the Series 2011 B-1 bonds, and swap #7A was re-associated with the cash flows of the $100 million of outstanding principal of the Series 2011 B-2 bonds.

** On July 1, 2011, forward swaps 14A and 14B, both with a trade date of April 17, 2007, became effective as scheduled. $4.48 million of the entire notional amount of swap 14A, $73.025 million, was associated with the 2008A general obligation bonds, with the excess notional balance classified as an investment derivative. The entire notional amount of swap 14B, $201.975 million, was associated both with the principal of the 2008A general obligation bonds remaining after the association of swap 14A and with the 2010 E-2 notes and 2011A notes, which were subsequently refinanced by the 2012 A-1 and 2012 A-2 notes, respectively, which in turn were subsequently refinanced with the 2013 C-1 and 2013 C-2 notes. Although the notes are deemed to mature in perpetuity, the 2008A general obligation bond matures on July 1, 2027, a date in advance of the maturities of swaps 14A and 14B, which occur on July 1, 2030 and July 1, 2037, respectively. Therefore, those portions of swaps 14A and 14B associated with these excess maturities were classified as investment derivatives.

(b) Derivative Instruments

As indicated in the previous section, the Department entered into various interest rate swap agreements to hedge financial risks associated with the cost of borrowing and the cash flows associated with the Department's variable interest rate debt. In accordance with the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, the Department is required to report the fair value of all derivative instruments on the Statements of Net Position. In addition, GASB Statement No. 53 requires that all derivatives be classified into two basic categories: (1) hedging and (2) investment. Hedging derivatives are derivative instruments that significantly reduce an identified financial risk by substantially offsetting changes in the cash flows or fair values of an associated hedgeable item. Hedging derivatives are required to be tested for their effectiveness. Effectiveness of hedging derivatives is first tested using the consistent critical terms method. If critical terms analysis fails because the critical terms of the hedged item and the hedging instrument do not match, a quantitative method is employed, typically regression analysis. On an annual basis and consistent with the fiscal year end, the Department uses an external consulting firm to perform this evaluation. Investment derivatives are either derivative instruments entered into primarily for income or profit purposes or derivative instruments that do not meet the criteria of an effective hedging derivative instrument. Changes in the fair value of hedging derivative instruments are presented as deferred inflows of resources or deferred outflows of resources on the Statements of Net Position, and changes in the fair value of investment derivative instruments are recognized as gains or losses on the Statements of Revenues, Expenses, and Changes in Net Position.

The tables below provide the fair values and the changes in fair value of the Department's interest rate swap agreements for the fiscal years ended June 30, 2013 and 2012. For the fiscal year ended June 30, 2013, no derivative instruments were reclassified from hedging derivative instruments to investment derivative instruments. The valuation of all outstanding swap agreements as of June 30, 2013 and 2012, being $(56.5) million and $(197.6) million, respectively.

Interest Rate Swap Fair Value and Changes in Fair Values
for the fiscal year ended June 30, 2013

		Outstanding Notional, Classification, and Fair Value as of June 30, 2013			Changes in Fair Value for the Twelve Months Ended June 30, 2013		
Swap#	Description	Outstanding Notional (000)	Derivative Instrument Classification	Fair Value (000)	Increase (Decrease) in Deferred Inflows (000)	Increase (Decrease) in Deferred Outflows (000)	Net Change (000)
Hedging derivative instruments							
01	Floating-to-Fixed Interest Rate Swap	$ -		$ -	$ -	$ (11)	$ 11
03 *	Floating-to-Fixed Interest Rate Swap	-		-	-	-	-
05 *	Floating-to-Fixed Interest Rate Swap	-		-	-	-	-
07A ‡	Floating-to-Fixed Interest Rate Swap	150,000	Non-current liability	(5,508)	-	(5,777)	5,777
07B ‡	Floating-to-Fixed Interest Rate Swap	150,000	Non-current liability	(5,499)	-	(5,779)	5,779
10A *	Floating-to-Fixed Interest Rate Swap	-		-	-	-	-
10B	Floating-to-Fixed Interest Rate Swap	29,935	Non-current liability	(743)	-	(3,602)	3,602
10C	Floating-to-Fixed Interest Rate Swap	29,935	Non-current liability	(743)	-	(3,602)	3,602
11 *	Floating-to-Fixed Interest Rate Swap	-		-	-	-	-
12A	Floating-to-Fixed Interest Rate Swap	200,000	Non-current liability	(7,390)	-	(17,661)	17,661
12B †	Floating-to-Fixed Interest Rate Swap	250,000	Non-current liability	(15,455)	-	(40,831)	40,831
13 *	Forward Floating-to-Fixed Interest Rate Swap	-		-	-	-	-
14A **	Floating-to-Fixed Interest Rate Swap	4,480	Non-current liability	(769)	-	(305)	305
14B **	Floating-to-Fixed Interest Rate Swap	201,975	Non-current liability	(39,740)	-	(19,692)	19,692
Total hedging derivative activities		1,016,325		(75,847)	-	(97,260)	97,260
Investment derivative instruments					Gain (Loss) on Investment (000)	Deferred Inflows (Outflows) Included in Gain (Loss) (000)	
02	Basis Rate Swap	80,542	Non-current liability	(3,677)	$ 490	$ -	490
04	Basis Rate Swap	128,025	Non-current asset	934	(55)	-	(55)
06	Basis Rate Swap	300,000	Non-current asset	13,798	(3,759)	-	(3,759)
08A	Floating-to-Fixed Interest Rate Swap	151,200	Non-current liability	(10,924)	18,690	-	18,690
08B	Floating-to-Fixed Interest Rate Swap	31,975	Non-current liability	(2,311)	3,952	-	3,952
08C	Floating-to-Fixed Interest Rate Swap	31,975	Non-current liability	(2,311)	3,951	-	3,951
09A	Floating-to-Fixed Interest Rate Swap	41,330	Non-current asset	2,887	4,899	-	4,899
09B	Floating-to-Fixed Interest Rate Swap	8,795	Non-current asset	614	1,042	-	1,042
09C	Floating-to-Fixed Interest Rate Swap	8,795	Non-current asset	614	1,042	-	1,042
12B †	Floating-to-Fixed Interest Rate Swap	100,000	Non-current asset	1,008	465	-	465
14A **	Floating-to-Fixed Interest Rate Swap	68,545	Non-current liability	(14,272)	7,507	-	7,507
14B **	Floating-to-Fixed Interest Rate Swap	-	Non-current liability	(6,888)	7,105	-	7,105
*Remaining portions of swaps after April 6, 2010 terminations							
15	Fixed-to-Fixed Swap (formerly Swap #03)	55,261	Non-current asset	3,685	(815)	-	(815)
16	Fixed-to-Fixed Swap (formerly Swap #05)	50,650	Non-current asset	3,026	(369)	-	(369)
17	Fixed-to-Fixed Swap (formerly Swap #10A)	139,735	Non-current asset	14,788	(267)	-	(267)
18	Fixed-to-Fixed Swap (formerly Swap #13)	150,000	Non-current asset	18,333	(101)	-	(101)
Total investment derivative activities		1,346,828		19,304	43,777	-	43,777
Total		$ 2,363,153		$ (56,543)			$ 141,037

* On April 6, 2010, the Department terminated the "on market" (at-market coupon) portion of its floating-to-fixed swaps #03, #05, #10A, #11, and #13. To fund the terminations, th Department fully terminated the "off-market" (step-coupon) portion of swap #11 and partially terminated $162.2M of $229.9M notional of the "off-market" portion of swap #03. The agreements related to swaps #03, #05, #10A, and #13 were amended and restated, and the new terms of the swap agreements are presented in the table above as swaps #15, #16, #17, and #18, respectively.

† Hedging component or investment component, as applicable. On November 4, 2010, the Department refunded the outstanding principal of its Series 2005 A-1 and A-2 PFC bo with the Series 2010 F-1 and F-2 PFC bonds. Upon refunding, swap #12B was re-associated with the cash flows of the $100 million of outstanding principal of the Series 2010 F-2 PFC bonds and became an instrument. The remaining $250 million was re-associated with the 2008 C and 2008 D-3 bonds along with the 2010 E-2 notes. The 2010 E-2 notes were subsequently refinanced by the 2012 A-2 notes, which in turn were subsequently refinanced by the 2013 C-2 notes.

‡ On August 3, 2011, the Department refunded the outstanding principal of its Series 2008 A-1 and B-1 bonds with the Series 2011 B-1 and B-2 bonds, respectively. Upon refunding, swap #7B was re-associated with the cash flows of the $100 million of outstanding principal of the Series 2011 B-1 bonds, and swap #7A was re-associated with the cash flows of the $100 million of outstanding principal of the Series 2011 B-2 bonds.

** Hedging component or investment component, as applicable. On July 1, 2011, forward swaps 14A and 14B, both with a trade date of April 17, 2007, became effective as scheduled. $4.48 million of the entire notional amount of swap 14A, $73.025 million, was associated with the 2008A general obligation bonds, with the excess notional balance classified as an investment. The entire notional amount of swap 14B, $201.975 million, was associated both with the principal of the 2008A general obligation bonds rem after the association of swap 14A and with the 2010 E-2 notes and 2011A notes, which were subsequently refinanced by the 2012 A-1 and 2012 A-2 notes, respectively, which in turn were subsequently refinanced with the 2013 C-1 and 2013 C-2 notes. Although the notes are deemed to mature in perpetuity, the 2008A general obligation bond matures on July 1, 2027, a date in advance of the maturities of swaps 14A and 14B, which occur on July 1, 2030 and July 1, 2037, respectively. Therefore, those portions of swaps 14A and 14B associated with these excess maturities were classified as investment derivatives.

Interest Rate Swap Fair Value and Changes in Fair Values
for the fiscal year ended June 30, 2012

		Outstanding Notional, Classification, and Fair Value as of June 30, 2012			Changes in Fair Value for the Twelve Months Ended June 30, 2012		
Swap#	Description	Outstanding Notional (000)	Derivative Instrument Classification	Fair Value (000)	Increase (Decrease) in Deferred Inflows (000)	Increase (Decrease) in Deferred Outflows (000)	Net Change (000)
Hedging derivative instruments							
01	Floating-to-Fixed Interest Rate Swap	$ 34,400	Non-current liability	$ (11)	$ -	$ (2,199)	$ (2,199)
03 *	Floating-to-Fixed Interest Rate Swap	-		-	-	-	-
05 *	Floating-to-Fixed Interest Rate Swap	-		-	-	-	-
07A ‡	Floating-to-Fixed Interest Rate Swap	150,000	Non-current liability	(11,285)	-	(332)	(332)
07B ‡	Floating-to-Fixed Interest Rate Swap	150,000	Non-current liability	(11,278)	-	(331)	(331)
10A *	Floating-to-Fixed Interest Rate Swap	-		-	-	-	-
10B	Floating-to-Fixed Interest Rate Swap	29,935	Non-current liability	(4,345)	(239)	4,345	4,584
10C	Floating-to-Fixed Interest Rate Swap	29,935	Non-current liability	(4,345)	(239)	4,345	4,584
11 *	Floating-to-Fixed Interest Rate Swap	-		-	-	-	-
12A	Floating-to-Fixed Interest Rate Swap	200,000	Non-current liability	(25,051)	-	13,666	13,666
12B †	Floating-to-Fixed Interest Rate Swap	250,000	Non-current liability	(56,285)	-	43,746	43,746
13 *	Forward Floating-to-Fixed Interest Rate Swap	-		-	-	-	-
14A **	Floating-to-Fixed Interest Rate Swap	4,480	Non-current liability	(1,074)	-	(10,092)	(10,092)
14B **	Floating-to-Fixed Interest Rate Swap	201,975	Non-current liability	(59,432)	-	26,274	26,274
Total hedging derivative activities		1,050,725		(173,106)	(478)	79,422	79,900
					Gain (Loss) on Investment (000)	Deferred Inflows (Outflows) Included in Gain (Loss) (000)	
Investment derivative instruments							
02	Basis Rate Swap	81,318	Non-current liability	(4,167)	$ (232)	$ -	(232)
04	Basis Rate Swap	135,663	Non-current asset	989	918	-	918
06	Basis Rate Swap	300,000	Non-current asset	17,557	6,700	-	6,700
08A	Floating-to-Fixed Interest Rate Swap	151,200	Non-current liability	(29,613)	(33,315)	-	(33,315)
08B	Floating-to-Fixed Interest Rate Swap	31,975	Non-current liability	(6,262)	(7,046)	-	(7,046)
08C	Floating-to-Fixed Interest Rate Swap	31,975	Non-current liability	(6,262)	(7,046)	-	(7,046)
09A	Floating-to-Fixed Interest Rate Swap	41,330	Non-current liability	(2,012)	(6,552)	-	(6,552)
09B	Floating-to-Fixed Interest Rate Swap	8,795	Non-current liability	(428)	(1,394)	-	(1,394)
09C	Floating-to-Fixed Interest Rate Swap	8,795	Non-current liability	(428)	(1,394)	-	(1,394)
12B †	Floating-to-Fixed Interest Rate Swap	100,000	Non-current asset	543	(628)	-	(628)
14A **	Floating-to-Fixed Interest Rate Swap	68,545	Non-current liability	(21,779)	(21,779)	-	(21,779)
14B **	Floating-to-Fixed Interest Rate Swap	-	Non-current liability	(13,993)	(13,993)	-	(13,993)
*Remaining portions of swaps after April 6, 2010 terminations							
15	Fixed-to-Fixed Swap (formerly Swap #03)	59,879	Non-current asset	4,500	(589)	-	(589)
16	Fixed-to-Fixed Swap (formerly Swap #05)	50,750	Non-current asset	3,395	75	-	75
17	Fixed-to-Fixed Swap (formerly Swap #10A)	139,735	Non-current asset	15,055	5,150	-	5,150
18	Fixed-to-Fixed Swap (formerly Swap #13)	150,000	Non-current asset	18,434	12,137	-	12,137
Total investment derivative activities		1,359,960		(24,471)	(68,988)	-	(68,988)
Total		$ 2,410,685		$ (197,577)			$ 10,912

* On April 6, 2010, the Department terminated the "on market" (at-market coupon) portion of its floating-to-fixed swaps #03, #05, #10A, #11, and #13. To fund the terminations, the Department fully terminated the "off-market" (step-coupon) portion of swap #11 and partially terminated $162.2M of $229.9M notional of the "off-market" portion of swap #03. The agreements related to swaps #03, #05, #10A, and #13 were amended and restated, and the new terms of the swap agreements are presented in the table above as swaps #15, #16, #17, and #18, respectively.

† Hedging component or investment component, as applicable. On November 4, 2010, the Department refunded the outstanding principal of its Series 2005 A-1 and A-2 PFC bonds with the Series 2010 F-1 and F-2 PFC bonds. Upon refunding, swap #12B was re-associated with the cash flows of the $100 million of outstanding principal of the Series 2010 F-2 PFC bonds and became an instrument. The remaining $250 million was re-associated with the 2008 C and 2008 D-3 bonds along with the 2010 E-2 notes. The 2010 E-2 notes were subsequently refinanced by the 2012 A-2 notes.

‡ On August 3, 2011, the Department refunded the outstanding principal of its Series 2008 A-1 and B-1 bonds with the Series 2011 B-1 and B-2 bonds, respectively. Upon refunding, swap #7B was re-associated with the cash flows of the $100 million of outstanding principal of the Series 2011 B-1 bonds, and swap #7A was re-associated with the cash flows of the $100 million of outstanding principal of the Series 2011 B-2 bonds.

** Hedging component or investment component, as applicable. On July 1, 2011, forward swaps 14A and 14B, both with a trade date of April 17, 2007, became effective as scheduled. $4.48 million of the entire notional amount of swap 14A, $73.025 million, was associated with the 2008A general obligation bonds, with the excess notional balance classified as an investment. The entire notional amount of swap 14B, $201.975 million, was associated both with the principal of the 2008A general obligation bonds remaining after the association of swap 14A and with the 2010 E-2 notes and 2011A notes, which were subsequently refinanced by the 2012 A-1 and 2012 A-2 notes. Although the notes are deemed to mature in perpetuity, the 2008A general obligation bond matures on July 1, 2027, a date in advance of the maturities of swaps 14A and 14B, which occur on July 1, 2030 and July 1, 2037, respectively. Therefore, those portions of swaps 14A and 14B associated with these excess maturities were classified as investment derivatives.

On April 6, 2010, the Department terminated the "on-market" (at-market coupon) portion of its floating-to-fixed swaps #3, #5, #10A, #11, and #13, with then-current notional amounts totaling $693.4 million. To fund the terminations, the Department fully terminated $122.9 million of the "off-market" (step-coupon) portion of swap #11 and partially terminated $162.2 million of $229.9 million of the "off-market" (step-coupon) portion of swap #3. The net termination payment was $0. As a result of this transaction, the agreements relating to swaps #3, #5, #10A, and #13 were amended and restated, and the remaining "off-market" (step-coupon) portion, with then-current notional totaling $408.2 million, is presented in the tables above as swaps #15, #16, #17, and #18, respectively.

On November 4, 2010, the Department refunded the outstanding principal of its Series 2005 A-1 and A-2 PFC bonds with the Series 2010 F-1 and F-2 PFC bonds. Prior to the refunding, swap #12B served as a hedge to the cash flows associated with $100 million in principal of the Series 2005 A-1 PFC bonds. Upon execution of the refunding, swap #12B was re-associated with the cash flows of the $100 million of outstanding principal of the Series 2010 F-2 PFC bonds, and the fair value of swap #12B was revalued using the forward rates in effect at the time of the refunding. This created an asset, a deferred loss on imputed debt, and an offsetting liability, imputed debt from termination of hedges, in the amount of $12.4 million, and this deferred loss on imputed debt and corresponding imputed debt from termination of hedges are amortized against each other on a straight-line basis over the remaining life of the swap. In addition, the term life of the cash flows associated with $100 million in outstanding notional for swap #12B exceeded the term life of the cash flows associated with the outstanding principal of the Series 2010 F-2 PFC bonds; therefore, the portion of the fair value of swap #12B whose term life matched that of the Series 2010 F-2 PFC bonds was classified as a hedging derivative, and the remaining portion of the fair value of swap #12B was classified as an investment derivative. Specifically, $1.2 million of swap #12B was reclassified from being a hedging derivative to being an investment derivative.

On July 1, 2011, forward floating-to-fixed swaps #14A and #14B, both with a trade date of April 17, 2007, became effective as scheduled. $4.48 million of the entire notional amount of swap #14A, $73.025 million, was associated with the 2008A general obligation bonds, with the excess notional balance of $68.545 million classified as an investment derivative. The entire notional amount of swap #14B, $201.975 million, was associated both with the principal of the 2008A general obligation bonds remaining after the association of swap #14A and with the 2010 E-2 Note and 2011A Note. Although these two notes are deemed to mature in perpetuity, the 2008A general obligation bonds mature on July 1, 2027, a date in advance of the maturities of swaps #14A and #14B, which occur on July 1, 2030 and July 1, 2037, respectively. Therefore, those portions of swaps #14A and #14B associated with these excess maturities were classified as investment derivatives. On June 19, 2012, the Department paid down the 2011A Note.

On August 3, 2011, the Department refunded the Series 2008 B-1 bonds and the Series 2008 A-1 bonds with the Series 2011 B-2 bonds and the Series 2011 B-1 bonds, respectively. At the time of the refunding, swap #7A, with a notional amount of $150 million, hedged both the 2008 A-2 bonds, with principal of $50 million, and the 2008 B-1 bonds, with principal of $100 million. Also at the time of the refunding, swap #7B, with a notional amount of $150 million, hedged both the 2008 B-2 bonds, with principal of $50 million, and the 2008 A-1 bonds, with principal of $100 million. Upon refunding, the $100 million notional component of swap #7A and the $100 million notional component of swap #7B were re-associated with the 2011 B-2 bonds and the 2011 B-1 bonds, respectively. This re-association resulted in a revaluation of swaps #7A and #7B to adjust the overall swap rates of each swap to the market rate, which created an asset, a deferred loss on imputed debt, and an offsetting liability, imputed debt from termination of hedges, in the amount of $10.7 million for swap #7A and in the amount of $10.7 million for swap #7B. This deferred loss on imputed debt and corresponding imputed debt are amortized against each other on a straight-line basis over the remaining lives of the swaps.

On July 1, 2012, the Department refunded the $200 million 2010 E-2 Note by issuing the 2012 A-1 Subordinate Lien Revenue Notes for $180 million, along with a contribution by the Department of $23 million, and obtained $120 million in new proceeds with the issuance of the Series 2012 A-2 Subordinate Lien Revenue Notes. When this refunding occurred, the notional components of swaps #12B and #14B that were associated with the 2010 E-2 Note and the 2011A Note were re-associated with the 2012 A-1 Note and the 2012 A-2 Note.

(c) Hedging Derivative Instruments

On June 30, 2013 and 2012, the Department had eight and nine outstanding floating-to-fixed interest rate swap agreements, respectively, considered to be hedging derivative instruments in accordance with the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.

Objective

As a means of lowering its borrowing costs when compared against fixed-rate bonds at the time of issuance, the Department executed floating-to-fixed interest rate swaps in connection with its issuance of variable rate bonds. The intention of implementing these swaps was to convert the Department's variable interest rates on the bonds to synthetic fixed rates. As of June 30, 2013 and 2012, the Department had six outstanding hedging swaps that had been structured with step-down coupons to reduce the cash outflows of the fixed leg of those swaps in the later years of the swap.

Forward Starting Swap Agreements

On January 3, 2006, the Department entered into five swap agreements (swaps #7A, #7B, #12A, #12B, and #13) to hedge future variable rate debt as a means to lower its borrowing costs and to provide favorable synthetically fixed rates for financing the construction of T3 and other related projects. Swap #7A, with a notional amount of $150 million, hedged both the 2008 A-2 bonds, with principal of $50 million, and the 2008 B-1 bonds, with principal of $100 million, while swap #7B, with a notional amount of $150 million, hedged both the 2008 B-2 bonds, with principal of $50 million, and the 2008 A-1 bonds, with principal of $100 million. Swaps #12A and #12B, with notional amounts totaling $550 million, became effective July 1, 2009; and swap #13, with a notional amount totaling $150 million, was scheduled to become effective July 1, 2010. Due to the attractive market rates for fixed rate bonds, together with the favorable provisions of ARRA, the Department chose to refinance its outstanding bond anticipation notes and issue fixed rate bonds to complete financing for the construction of T3. As a result, the planned $550 million of 2009 Series A and B variable rate bonds was not issued on July 1, 2009. In addition, to better match its outstanding notional of floating-to-fixed interest rate swaps to the cash flows associated with its outstanding variable rate bonds, on April 6, 2010, the Department terminated $543.3 million in notional amounts of its outstanding floating-to-fixed interest rate swaps (swaps #3, #5, #10A, and #11) and $150 million in the notional amount of the July 1, 2010, forward starting swap #13. On April 17, 2007, the Department entered into two additional forward starting swaps, swaps #14A and

#14B, with notional amounts totaling $275 million, which became effective on July 1, 2011, as scheduled.

Terms, Notional Amounts, and Fair Values

The terms, notional amounts, and fair values of the Department's hedging derivatives at June 30, 2013 and 2012, are included in the table below. The notional amounts of the swap agreements match the principal portions of the associated debt and contain reductions in the notional amounts that are expected to follow the reductions in principal of the associated debt, except as discussed in the section on rollover risk.

Hedging Derivative Instruments - Terms, Notional Amounts, and Fair Values
As of June 30, 2013

Swap#	Interest Rate Swap Description	Associated Variable Rate Bonds	Effective Date	Outstanding Notional Amount (000)	County Pays	County Receives	Fair Value (000)	Maturity Date
07A	Floating-to-Fixed	2008 A-2, 2011 B-2	7/1/2008	$ 150,000	4.3057% to 7/2017, 0.2500% to maturity	64.7% of USD LIBOR + 0.280%	$ (5,508)	7/1/2022
07B	Floating-to-Fixed	2008 D-2, 2011 B-1	7/1/2008	150,000	4.3057% to 7/2017, 0.2500% to maturity	64.7% of USD LIBOR + 0.280%	(5,499)	7/1/2022
10B	Floating-to-Fixed	2008 D-2A, 2008 D-28	3/19/2008	29,935	4.0030% to 7/2015, 2.2700% to maturity	62.0% of USD LIBOR + 0.280%	(743)	7/1/2040
10C	Floating-to-Ffixed	2008 D-2A, 2008 D-28	7/1/2009	29,935	4.0030% to 7/2015, 2.2700% to maturity	62.0% of USD LIBOR + 0.280%	(743)	7/1/2040
12A	Floating-to-Ffixed	2008 D-2A, 2008 D-2B, 2008 D-3	7/1/2009	200,000	5.6260% to 7/2017, 0.2500% to maturity	64.7% of USD LIBOR + 0.280%	(7,390)	7/1/2026
12B †	Floating-to-Ffixed	2008 C, 2008 D-3, 2010 F-2 PFC, 2012 A-1, 2012 A-2	7/1/2011	250,000	6.0000% to 7/2017, 1.4550% to maturity	64.7% of USD LIBOR + 0.280%	(15,455)	7/1/2038
14A **	Floating-to-Ffixed	2008A G.O.	7/1/2011	4,480	3.8860%	64.4% of USD LIBOR + 0.280%	(769)	7/1/2030
14B **	Floating-to-Ffixed	2008 A G.O., 2012 A-1, 2012 A-2	7/1/2011	201,975	3.8810%	64.4% of USD LIBOR + 0.280%	(39,740)	7/1/2037
				$ 1,016,325			$ (75,847)	

† Hedging component only
** Hedging component only

Hedging Derivative Instruments - Terms, Notional Amounts, and Fair Values
As of June 30, 2012

Swap#	Interest Rate Swap Description	Associated Variable Rate Bonds	Effective Date	Outstanding Notional Amount (000)	County Pays	County Receives	Fair Value (000)	Maturity Date
01	Floating-to-Fixed	1993A Non-AMT	6/1/1993	$ 34,400	6.6900%	Bond Rate	$ (11)	7/1/2012
07A	Floating-to-Fixed	2008 A-2 AMT / 2008 B-2 AMT	7/1/2008	150,000	4.3057% to 7/2017; 0.2500% to maturity	64.7% of USD LIBOR + 0.280%	(11,285)	7/1/2022
07B	Floating-to-Fixed	2008 B-2 AMT / 2011 B-1 AMT	7/1/2008	150,000	4.3057% to 7/2017; 0.2500% to maturity	64.7% of USD LIBOR + 0.280%	(11,278)	7/1/2022
10B	Floating-to-Fixed	2008 D-2 AMT	3/19/2008	29,935	4.0030% to 7/2015; 2.2700% to maturity	62.0% of USD LIBOR + 0.280%	(4,345)	7/1/2040
10C	Floating-to-Fixed	2008 D-2 AMT	3/19/2008	29,935	4.0030% to 7/2015; 2.2700% to maturity	62.0% of USD LIBOR + 0.280%	(4,345)	7/1/2040
12A	Floating-to-Fixed	2008 D-2A, 2008 D-2B AMT / 2008 D-3 AMT	7/1/2009	200,000	5.6260% to 7/2017; 0.2500% to maturity	64.7% of USD LIBOR + 0.280%	(25,051)	7/1/2026
12B †	Floating-to-Fixed	2008C / 2008 D-2 / 2010 F-2 / 2010 E-2 / 2011A	7/1/2009	250,000	6.0000% to 7/2017; 1.4550% to maturity	64.7% of USD LIBOR + 0.280%	(56,286)	7/1/2038
14A **	Floating-to-Fixed	2008A	7/1/2011	4,480	3.8860%	64.4% of USD LIBOR + 0.280%	(1,074)	7/1/2030
14B **	Floating-to-Fixed	2008A / 2010 E-2 / 2011A	7/1/2011	201,975	3.8810%	64.4% of USD LIBOR + 0.280%	(59,432)	7/1/2037
				$ 1,050,725			$ (173,107)	

† Hedging component only
** Hedging component only

Due to a decrease in variable rates during FY 2013, none of the Department's hedging derivatives had positive fair values as of June 30, 2013. The fair values are estimated using the methodology discussed above under Subnote (a), "Interest Rate Swaps."

Associated Debt Cash Flows

The net cash flows for the Department's hedging derivative instruments for the year ended June 30, 2013, are provided in the table below.

Swap#	Interest Rate Swap Description	Associated Variable Rate Bonds	Counterparty Swap Interest (000) (Pay)	Receive	Net	Interest to Bondholders (000)	Net Interest Payments (000) 2013	2012
01	Floating-to-Fixed	1993A	$ -	$ -	$ -	$ (211)	$ (211)	$ (2,616)
03 *	Floating-to-Fixed	N/A	-	-	-	-	-	-
05 *	Floating-to-Fixed	N/A	-	-	-	-	-	-
07A	Floating-to-Fixed	2008 A-2, 2011 B-2	(6,459)	663	(5,796)	(554)	(6,350)	(6,408)
07B	Floating-to-Fixed	2008 B-2, 2011 B-1	(6,459)	664	(5,795)	(559)	(6,354)	(6,462)
10A *	Floating-to-Fixed	N/A	-	-	-	-	-	-
10B	Floating-to-Fixed	2008 D-2A, 2008 D-2B	(1,198)	131	(1,067)	(49)	(1,116)	(1,104)
10C	Floating-to-Fixed	2008 D-2A, 2008 D-2B	(1,198)	131	(1,067)	(49)	(1,116)	(1,104)
11 *	Floating-to-Fixed	N/A	-	-	-	-	-	-
12A	Floating-to-Fixed	2008 D-2A, 2008 D-2B, 2008 D-3	(11,252)	886	(10,366)	(340)	(10,706)	(10,662)
12B †	Floating-to-Fixed	2008C, 2008 D-3, 2010 F-2 PFC, 2012 A-1, 2012 A-2	(15,000)	1,107	(13,893)	(6,847)	(20,740)	(24,353)
13 *	Floating-to-Fixed	N/A	-	-	-	-	-	-
14A **	Floating-to-Fixed	2008A G.O.	(145)	17	(128)	(29)	(157)	(688)
14B **	Floating-to-Fixed	2008A G.O., 2012 A-1, 2012 A-2	(6,881)	761	(6,120)	(1,874)	(7,994)	(3,445)
			$ (48,592)	$ 4,360	$ (44,232)	$ (10,512)	$ (54,744)	$ (56,842)

* Terminated on April 6, 2010
† Hedging component only, pro-rated over swap notional
** Hedging component only, pro-rated over swap notional

Credit Risk

The Department is exposed to credit risk in the amount of the hedging derivatives' positive fair values. Since none of the hedging derivatives had a positive fair value as of June 30, 2013, the Department was exposed to no credit risk for these derivatives. Nonetheless, as described earlier, a CSA is in place to provide collateral to protect the value of the swaps under specific circumstances. The counterparty credit ratings for the Department's hedging derivative instruments at June 30, 2013, are included in the table below.

Swap#	Interest Rate Swap Description	Counterparty	Counterparty Ratings Moody's	S&P	Fitch	Credit Risk Exposure (000)
03 *	Floating-to-Fixed	Citigroup Financial Products Inc.	Baa2	A-	A	$ -
05 *	Floating-to-Fixed	Citigroup Financial Products Inc.	Baa2	A-	A	-
07A	Floating-to-Fixed	JPMorgan Chase Bank, N.A.	Aa3	A+	A+	-
07B	Floating-to-Fixed	UBS AG	A2	A	A	-
10A *	Floating-to-Fixed	Citigroup Financial Products Inc.	Baa2	A-	A	-
10B	Floating-to-Fixed	JPMorgan Chase Bank, N.A.	Aa3	A+	A+	-
10C	Floating-to-Fixed	UBS AG	A2	A	A	-
11 *	Floating-to-Fixed	Citigroup Financial Products Inc.	Baa2	A-	A	-
12A	Floating-to-Fixed	Citigroup Financial Products Inc.	Baa2	A-	A	-
12B †	Floating-to-Fixed	Citigroup Financial Products Inc.	Baa2	A-	A	-
13 *	Floating-to-Fixed	Citigroup Financial Products Inc.	Baa2	A-	A	-
14A **	Floating-to-Fixed	UBS AG	A2	A	A	-
14B **	Floating-to-Fixed	Citigroup Financial Products Inc.	Baa2	A-	A	-
						$ -

* Terminated April 6, 2010
† Hedging component only
** Hedging component only

Basis and Interest Rate Risk

All the hedging derivative swaps are subject to basis risk and interest rate risk should the relationship between the LIBOR rate and the Department's bond rates converge. If a change occurs that results in the rates moving to convergence, the expected cost savings and expected cash flows of the swaps may not be realized.

Tax Policy Risk

The Department is exposed to tax risk if a permanent mismatch (shortfall) occurs between the floating rate received on the swap and the variable rate paid on the underlying variable rate bonds due to tax law changes such that the federal or state tax exemption of municipal debt is eliminated or its value is reduced.

Termination Risk

The Department is exposed to termination risk if either the credit rating of the bonds associated with the swap or the credit rating of the swap counterparty falls below the threshold defined in the swap agreement, i.e. if an ATE occurs. If at the time of the ATE the swap has a negative fair value, the Department would be liable to the counterparty for a payment equal to the swap's fair value. For all swap agreements, except for swaps #06, #08A, and #09A, the Department is required to designate a day between 5 and 30 days to provide written notice following the ATE date. For the exceptions, the designated date is 30 days after the ATE date.

Rollover Risk and Other Risk

There exists the possibility that the Department may undertake additional refinancing with respect to its swaps to improve its debt structure or cash flow position and that such refinancing may result in hedging swap maturities that do not extend to the maturities of the associated debt, in hedging swaps becoming decoupled from associated debt, in the establishment of imputed debt, or in the creation of losses.

(d) Investment Derivative Instruments

As of June 30, 2013 and 12, the Department has 13 outstanding interest rate swaps considered to be investment derivative instruments in accordance with the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. In addition to these 13 swaps, components of swaps #12B, #14A, and #14B are designated as investment derivatives in accordance with the provisions of GASB Statement No. 53.

Terms, Notional Amounts, and Fair Values

The terms, notional amounts, and fair values of the Department's investment derivatives at June 30, 2013 and 2012, are included in the table below.

Investment Derivative Instruments - Terms, Notional Amounts, and Fair Values

Swap#	Interest Rate Swap Description	Associated Variable Rate Bonds	Effective Date	Outstanding Notional (000)	County Pays	County Receives	Fair Value (000)	Maturity Date
02	Basis Swap	N/A	8/23/2001	$ 80,542	SIFMA Swap Index - 0.41%	72.5% of USD LIBOR - 0.410%	$ (3,677)	7/1/2036
04	Basis Swap	N/A	7/1/2003	128,025	SIFMA Swap Index	68.0% of USD LIBOR + 0.435%	934	7/1/2025
06	Basis Swap	N/A	9/1/2004	300,000	SIFMA Swap Index	62.2% of USD LIBOR + 0.300% to 7/2010, 62.2% of USD LIBOR + 1.052% to maturity	13,798	7/1/2025
08A	Floating-to-Fixed	2008C	3/19/2008	151,200	4.0000% to 7/2015, 3.0000% to maturity	82.0% of USD LIBOR - 0.460% to 7/2009, 82.0% of 10 year CMS - 0.936% to maturity	(10,924)	7/1/2040
08B	Floating-to-Fixed	2008C	3/19/2008	31,975	4.0000% to 7/2015, 3.0000% to maturity	82.0% of USD LIBOR - 0.460% to 7/2009, 82.0% of 10 year CMS - 0.936% to maturity	(2,311)	7/1/2040
08C	Floating-to-Fixed	2008C	3/19/2008	31,975	4.0000% to 7/2015, 3.0000% to maturity	82.0% of USD LIBOR - 0.460% to 7/2009, 82.0% of 10 year CMS - 0.936% to maturity	(2,311)	7/1/2040
09A	Floating-to-Fixed	2008D-1	3/19/2008	41,330	5.0000% to 7/2015, 1.2100% to maturity	82.0% of USD LIBOR - 0.560% to 7/2009, 82.0% of 10 year CMS - 1.031% to maturity	2,887	7/1/2036
09B	Floating-to-Fixed	2008D-1	3/19/2008	8,795	5.0000% to 7/2015, 1.2100% to maturity	82.0% of USD LIBOR - 0.560% to 7/2009, 82.0% of 10 year CMS - 1.031% to maturity	614	7/1/2036
09C	Floating-to-Fixed	2008D-1	3/19/2008	8,795	5.0000% to 7/2015, 1.2100% to maturity	82.0% of USD LIBOR - 0.560% to 7/2009, 82.0% of 10 year CMS - 1.031% to maturity	614	7/1/2036
12B †	Floating-to-Fixed	2008C, 2008 D-3, 2010 F-2 PFC, 2012 A-1, 2012 A-2	7/1/2009	100,000	6.0000% to 7/2017, 1.4550% to maturity	64.7% of USD LIBOR + 0.280%	1,008	7/1/2038
14A **	Floating-to-Fixed	2008A G.O.	7/1/2011	68,545	3.8860%	64.4% of USD LIBOR + 0.280%	(14,272)	7/1/2030
14B **	Floating-to-Fixed	2008A G.O., 2012 A-1, 2012 A-2	7/1/2011	-	3.8810%	64.4% of USD LIBOR + 0.280%	(6,888)	7/1/2037
Remaining portions of swaps after April 6, 2010 terminations								
15	Fixed-to-Fixed	swap #03 (amended and restated)	4/6/2010	55,261	1.0200% until 7/1/2010	1.4700% starting at 7/1/2010	3,685	7/1/2022
16	Fixed-to-Fixed	swap #05 (amended and restated)	4/6/2010	50,650	1.3700% until 7/1/2010	0.6000% starting at 7/1/2010	3,026	7/1/2025
17	Fixed-to-Fixed	swap #10A (amended and restated)	4/6/2010	139,735	0.8730% until 7/1/2015	0.8600% starting at 7/1/2015	14,788	7/1/2040
18	Fixed-to-Fixed	swap #13 (amended and restated)	4/6/2010	150,000	2.4930% until 7/1/2017	1.5940% starting at 7/1/2017	18,333	7/1/2040
				$ 1,346,828			$ 19,304	

† Investment component only
** Investment component only

Investment Derivative instruments - Terms, Notional Amounts, and Fair Values
As of June 30, 2012

Swap#	Interest Rate Swap Description	Associated Variable Rate Bonds	Effective Date	Outstanding Notional (000)	County Pays	County Receives	Fair Value (000)	Maturity Date
02	Basis Swap	2004B AMT	8/23/2001	$ 81,318	SIFMA Swap Index - 0.41%	72.5% of USD LIBOR - 0.410%	$ (4,167)	7/1/2036
04	Basis Swap	2001B / 1998A / 2003B Non-AMT	7/1/2003	135,663	SIFMA Swap Index	68.0% of USD LIBOR + 0.435%	989	7/1/2025
06	Basis Swap	2004 A-1 AMT, 2004 A-2 Non-AMT	9/1/2004	300,000	SIFMA Swap Index	62.2% of USD LIBOR + 0.300% to 7/2010; 62.2% of USD LIBOR +1.052% to maturity	17,557	7/1/2025
08A	Floating-to-Fixed	2008C AMT	3/19/2008	151,200	4.0000% to 7/2015; 3.0000% to maturity	82.0% of USD LIBOR - 0.460% to 7/2009; 82.0% of 10 year CMS - 0.936% to maturity	(29,613)	7/1/2040
08B	Floating-to-Fixed	2008C AMT	3/19/2008	31,975	4.0000% to 7/2015; 3.0000% to maturity	82.0% of USD LIBOR - 0.460% to 7/2009; 82.0% of 10 year CMS - 0.936% to maturity	(6,262)	7/1/2040
08C	Floating-to-Fixed	2008C AMT	3/19/2008	31,975	4.0000% to 7/2015; 3.0000% to maturity	82.0% of USD LIBOR - 0.460% to 7/2009; 82.0% of 10 year CMS - 0.936% to maturity	(6,262)	7/1/2040
09A	Floating-to-Fixed	2008D-1 AMT	3/19/2008	41,330	5.0000% to 7/2015; 1.2100% to maturity	82.0% of USD LIBOR - 0.560% to 7/2009; 82.0% of 10 year CMS - 1.031% to maturity	(2,011)	7/1/2036
09B	Floating-to-Fixed	2008D-1 AMT	3/19/2008	8,795	5.0000% to 7/2015; 1.2100% to maturity	82.0% of USD LIBOR - 0.560% to 7/2009; 82.0% of 10 year CMS - 1.031% to maturity	(428)	7/1/2036
09C	Floating-to-Fixed	2008D-1 AMT	3/19/2008	8,795	5.0000% to 7/2015; 1.2100% to maturity	82.0% of USD LIBOR - 0.560% to 7/2009; 82.0% of 10 year CMS - 1.031% to maturity	(428)	7/1/2036
12B †	Floating-to-Fixed	2008C / 2008 D-2 / 2010 F-2 / 2010 E-2 / 2011A	7/1/2009	100,000	6.0000% to 7/2017; 1.4550% to maturity	64.7% of USD LIBOR + 0.280%	543	7/1/2038
14A **	Floating-to-Fixed	2008A	7/1/2011	68,545	3.8860%	64.4% of USD LIBOR + 0.280%	(21,779)	7/1/2030
14B **	Floating-to-Fixed	2008A / 2010 E-2 / 2011A	7/1/2011	-	3.8810%	64.4% of USD LIBOR + 0.280%	(13,993)	7/1/2037
Remaining portions of swaps after April 6, 2010 terminations								
15	Fixed Rate Basis Swap	swap #03 (amended and restated)	4/6/2010	59,879	1.0200% until 7/1/2010	1.4700% starting at 7/1/2010	4,500	7/1/2022
16	Fixed Rate Basis Swap	swap #05 (amended and restated)	4/6/2010	50,750	1.3700% until 7/1/2010	0.6000% starting at 7/1/2010	3,395	7/1/2025
17	Fixed Rate Basis Swap	swap #10A (amended and restated)	4/6/2010	139,735	0.8730% until 7/1/2015	0.8600% starting at 7/1/2015	15,054	7/1/2040
18	Fixed Rate Basis Swap	swap #13 (amended and restated)	4/6/2010	150,000	2.4930% until 7/1/2017	1.5940% starting at 7/1/2017	18,434	7/1/2040
				$ 1,359,960			$ (24,471)	

† Investment component only
** Investment component only

Credit Risk

The Department is exposed to credit risk on the ten interest rate swaps with positive fair values totaling $59.7 million. The Department is not exposed to credit risk on the remaining interest rate swaps with negative fair values. Should forward interest rates change such that the fair values of those swaps become positive, the Department would then be exposed to credit risk in the amount of those derivatives' fair values. As described earlier, a CSA is in place to provide collateral to protect the value of the swap under specific circumstances. The counterparty credit ratings for the Department's investment derivative swaps at June 30, 2013, are included in the table below.

Swap#	Interest Rate Swap Description	Counterparty	Counterparty Ratings Moody's	S&P	Fitch	Credit Risk Exposure (000)
02	Basis Swap	Citigroup Financial Products Inc.	Baa2	A-	A	$ -
04	Basis Swap	Citigroup Financial Products Inc.	Baa2	A-	A	934
06	Basis Swap	Citigroup Financial Products Inc.	Baa2	A-	A	13,798
08A	Floating-to-Fixed	Citigroup Financial Products Inc.	Baa2	A-	A	-
08B	Floating-to-Fixed	JPMorgan Chase Bank, N.A.	Aa3	A+	A+	-
08C	Floating-to-Fixed	UBS AG	A2	A	A	-
09A	Floating-to-Fixed	Citigroup Financial Products Inc.	Baa2	A-	A	2,887
09B	Floating-to-Fixed	JPMorgan Chase Bank, N.A.	Aa3	A+	A+	614
09C	Floating-to-Fixed	UBS AG	A2	A	A	614
12B †	Floating-to-Fixed	Citigroup Financial Products Inc.	Baa2	A-	A	1,008
14A **	Floating-to-Fixed	UBS AG	A2	A	A	-
14B **	Floating-to-Fixed	Citigroup Financial Products Inc.	Baa2	A-	A	-
Remaining portions of swaps after April 6, 2010 terminations						
15	Fixed-to-Fixed	Citigroup Financial Products Inc.	Baa2	A-	A	3,685
16	Fixed-to-Fixed	Citigroup Financial Products Inc.	Baa2	A-	A	3,026
17	Fixed-to-Fixed	Citigroup Financial Products Inc.	Baa2	A-	A	14,788
18	Fixed-to-Fixed	Citigroup Financial Products Inc.	Baa2	A-	A	18,333
						$ 59,687

† Investment component only
** Investment component only

Interest Rate Risk

Swaps #02, #04, and #06 are subject to interest rate risk should the relationship between the LIBOR rate and the SIFMA rate converge. If a change occurs that results in the rates moving to convergence, the expected cost savings and expected cash flows of the swaps may not be realized.

Swaps #08A, #08B, and #08C and swaps #09A, #09B, and #09C are subject to interest rate risk should the relationship between the 10-year CMS rate (Constant Maturity Swap rate) and the LIBOR rate converge. If a change occurs that results in the rates moving to convergence, the expected cost savings and expected cash flows of the swaps may not be realized.

Swaps #12B, #14A, and #14B are subject to interest rate risk should the relationship between the LIBOR rate and the Department's variable bond rates converge. If a change occurs that results in the rates moving to convergence, the expected cost savings and expected cash flows of the swaps may not be realized.

The investment components of swaps #15 through #18 are not subject to interest rate risk, since there is no variable rate component.

Foreign Currency Risk

None of the Department's interest rate swaps are subject to foreign currency risk.

(e) Projected Maturities and Interest on Variable Rate Bonds, Bond Anticipation Notes, and Swap Payments

Using the rates effective on June 30, 2013, the approximate maturities and interest payments of the Department's variable rate debt and bond anticipation notes plus the net payment projections on the floating-to-fixed interest rate swaps are presented in the following table.

	Variable Rate Bonds		Bond Anticipation Notes			
Due for the Fiscal Year Ended June 30,	Principal (000)	Interest (000)	Principal (000)	Interest (000)	Net Swap Payments (000)	Total (000)
FY2014	$ 100	$ 1,273	$ 7,405	$ 5,179	$ 62,787	$ 76,744
FY2015	100	1,273	118,310	5,540	62,787	188,010
FY2016	3,865	1,269	174,285	2,179	60,012	241,610
FY2017	14,130	1,247	-	-	57,032	72,409
FY2018	23,620	1,217	-	-	37,599	62,436
FY2019-2023	419,925	4,900	-	-	91,149	515,974
FY2024-2028	191,815	3,066	-	-	89,242	284,123
FY2029-2033	165,325	1,230	-	-	69,633	236,188
FY2034-2038	167,065	634	-	-	27,098	194,797
FY2039-2043	104,350	79	-	-	1,920	106,349
Total	$ 1,090,295	$ 16,188	$ 300,000	$ 12,898	$ 559,259	$ 1,978,640

10.) PAYMENTS TO CLARK COUNTY

The Department reimburses the County for providing the Airport System with fire services, police services, legal services, administrative services, and certain maintenance services based on its actual cost. The total amounts billed for these services were $31.5 million and $29.2 million for the fiscal years ended June 30, 2013 and 2012, respectively.

11.) COMMITMENTS AND CONTINGENCIES

(a) Federal Grants

As of June 30, 2013, the County has remaining commitments from the FAA for grant awards of $18.3 million for land acquisitions and certain other airport improvements. Such funds are generally available for reimbursement upon the acquisition of the specific asset and are generally accrued as receivables at the time the acquisition costs are incurred.

(b) Construction in Progress

As of June 30, 2013, the Department's management estimates that construction in progress will require an additional outlay of approximately $201.4 million to bring related projects to completion.

(c) Litigation and Claims

General Litigation

There is no controversy of any nature now pending against the County or, to the knowledge of its respective officers, threatened, seeking to restrain or enjoin the ability to offer notes or bonds or in any way contesting or affecting the validity of existing notes or bonds, nor are there any proceedings against the County with respect to existing notes or bonds.

Resolved Inverse Condemnation Litigation

The County is a party to actions concerning Airport System operations in which inverse condemnation damages and other damages are being sought against the County. Although the facts and circumstances of each case differ, the County believes the ultimate outcomes of all cases summarized below will be affected by the decision rendered by the Nevada Supreme Court case *McCarran Int'l Airport v. Sisolak*, 122 Nev. 645, 137 P.3d 1110 (2006), affirming *Steve Sisolak v. McCarran Int'l Airport and Clark County*, Clark County Eighth Judicial District Case No. A434337.

In *Sisolak*, the District Court found for plaintiff's inverse condemnation claim, holding that a "per se taking" had occurred as a result of the County's enactment of airport height zoning ordinances. On appeal, the Nevada Supreme Court, on July 13, 2006, affirmed the District Court's ruling that a "per se taking" had occurred as a result of the County's airport height zoning ordinance. The County petitioned the U.S. Supreme Court for a writ of certiorari based on federal law, but the petition was denied. 459 U.S. 1206 (2007). *Sisolak* is currently the controlling law in Nevada.

The County also believes that the ultimate outcomes of all cases summarized below will be affected by the Nevada Supreme Court's 2010 rulings on the statute of limitations in *David Johnson, Trustee of the Joseph W. Huntsman 1983 Trust v. McCarran International Airport and Clark County* and *70 Limited Partnership, Tertia Dvorchak as Special Administratrix of the Estate of Thomas T. Beam, Deceased v. McCarran International Airport and Clark County*, discussed below.

In both *Johnson* and *Dvorchak*, plaintiffs filed complaints alleging that the imposition of zoning height restrictions over the plaintiffs' properties constituted a "per se taking." The County successfully filed motions to dismiss each case based upon the statute of limitations. The Nevada Supreme Court upheld both lower court decisions that per se regulatory takings claims filed more than 15 years after the adoption of airport-related zoning regulations were time-barred. In both *Johnson* and *Dvorchak*, all seven Supreme Court Justices unanimously decided in favor of affirmance. In particular, the Nevada Supreme Court found that its decision in *White Pine Lumber v. City of Reno*, 106 Nev. 778, 801 P.2d 1370 (1990), which recognized a fifteen-year limitations period in inverse condemnation cases, was applicable and that the per se regulatory takings claims accrued upon the adoption of airport-related zoning regulations.

Because these decisions were decided unanimously by all seven Supreme Court Justices, there is a strong likelihood that the Nevada Supreme Court would continue to uphold dismissals of other inverse condemnation airspace takings cases that were filed more than 15 years after the adoption of Clark County Ordinance 1221 (adopted August 1, 1990), Clark County Ordinance 1599 (adopted July 6, 1994), or any other airport-related zoning regulation. Nonetheless, because the orders of affirmance in *Johnson* and *Dvorchak* were not selected for publication, it must be noted that the orders may not be cited as precedent or legal authority under Nevada Supreme Court Rule 123, making it impossible to predict the legal effect of these orders of affirmance.

Pending Inverse Condemnation Litigation

70 Limited Partnership, Tertia Dvorchak as Special Administratrix of the Estate of Thomas T. Beam, Deceased v. McCarran Int'l Airport and Clark County, Case No. A572739. Outside counsel is handling this litigation on behalf of the County. This case was filed on October 1, 2008, alleging that the imposition of zoning height restrictions over the plaintiff's property constitutes a "per se taking." Two ordinances were involved in this case, Ordinance 1221 and Ordinance 1599. The County succeeded in having claims under Ordinance 1221 dismissed based upon the 15-year statute of limitations applicable to inverse condemnation taking claims. Following the decision on the motion to dismiss in the County's favor, the only ordinance that remained as the subject of litigation at the district court level was Ordinance 1599, a claim which belonged to plaintiff 70 Limited Partnership. At the district court level, experts were retained, and the County contended that there was no damage in this case. Once discovery commenced, the plaintiffs located an expert to enhance their damages claims under Ordinance 1599. Utilizing that expert, the plaintiffs then claimed damages in excess of $2.7 billion by Ordinance 1599 alone. Near the close of discovery, the County moved for summary judgment on all claims. The court granted this motion at the March 30, 2010, hearing on dispositive motions. Plaintiff 70 Limited Partnership appealed this action to the Nevada Supreme Court on July 16, 2010. On January 25, 2013, the Nevada Supreme Court filed an unpublished Order of Reversal and Remand which reversed the grant of summary judgment in favor of the County and instructed the trial court to enter partial summary judgment on the issue of liability in favor of the plaintiff. On October 15, 2013, the Board authorized settlement of the case for $38.0 million. Refer to Note 15, "Subsequent Events," for further details.

North American Properties, a Business Entity Formerly Known as Woodbridge Apartments v. McCarran Int'l Airport and Clark County, Case No. A-09-594649. Outside counsel is handling this litigation on behalf of the County. This case was filed July 6, 2009. The plaintiff alleges that the County used airport expansion and the imposition of height restrictions to lower the value of, or take part of, property the plaintiff owns. The County filed a motion to dismiss the plaintiff's amended complaint on January 14, 2011. On February 24, 2011, the district court dismissed the plaintiff's Ordinance 1221 airspace takings claims on the basis that the plaintiff was barred by the 15-year limitations period applicable to inverse condemnation takings claims. The plaintiff and the County continued to litigate the plaintiff's Ordinance 1599 airspace takings claims, which were not barred by the 15-year statute of limitations. The County filed numerous pre-trial motions, including, but not limited to, motions for summary judgment regarding the plaintiff's lack of standing to maintain the inverse condemnation claim and a motion to preclude the plaintiff's proposed expert from opining on a "profit entitlement theory." On September 21, 2012, the district court granted summary judgment in the County's favor, finding, among other things, that the plaintiff lacked standing to maintain the action against the County. On October 24, 2012, the plaintiff appealed this action to the Nevada Supreme Court. As is standard, the Nevada Supreme Court assigned the appeal to the settlement conference program. A settlement judge has been assigned, and a settlement conference is expected to be scheduled soon. The County believes that it has strong legal and factual arguments on appeal, but it cannot predict the outcome of the appeal. The settlement conference has yet to be scheduled. The County has filed for an order granting an extension of time for a status report.

Other Possible Inverse Condemnation/Taking Litigation

It is possible that other litigation will be filed by landowners who are affected by the County's airport height zoning ordinance. It is impossible to predict at this time whether any such litigation will be filed or its ultimate outcome.

Other Litigation

The County is a party to numerous other actions and claims in connection with the ownership and operation of the Airport System, including personal injury claims, employment-related claims, and construction claims, but, in the opinion of the District Attorney, the actions and claims described in this paragraph are not expected, in the aggregate, to have a material adverse effect on the financial condition of the Airport System. Three particular cases of note follow.

Williams Brother, Inc. v. Clark County, Case No. A-10-630397-B. Outside counsel is handling this litigation on behalf of the County. The plaintiff filed a complaint against the County on December 2, 2010, alleging that the County's wrongful conduct caused the plaintiff delays and monetary damages in its efforts to complete the Contract 2367–Reconstruction of Taxiway G project at the Airport. The plaintiff also alleges that the County did not pay the retention amounts as required by Nevada's Prompt Payment law, but, for over 18 months, it failed and refused to produce a claim or identify the amount of damages it was claiming. The County obtained an order from the court compelling the plaintiff to produce requested discovery. In July 2012, the plaintiff submitted a 157-page "claim" for $9.2 million (on a $12.0 million contract), but the purported backup does not sufficiently support either the merit or the amount of damages in the claim. The plaintiff filed bankruptcy, and the plaintiff's surety, Travelers Casualty and Surety Company of America ("Travelers"), filed a motion to substitute into the case as the real party in interest. On October 5, 2012, the court entered an order granting Travelers' motion. To date, neither Travelers nor Williams Brother has produced a claim with any identification of the basis for the claim, but they are required to do so within the next month. Discovery is expected to commence in an orderly manner. The County believes that it has strong legal and factual defenses and intends to vigorously defend this case. It is impossible to predict the outcome of this case at this juncture given the current stage of the present litigation. Judge Denton scheduled a trial date of August 12, 2014.

National Federation of the Blind, et al. vs. Clark County, Nevada, et al., U.S. District Court Case No. 2:11-cv-0474. Outside counsel is handling this litigation on behalf of the County. The plaintiffs filed suit claiming the County has violated federal law by owning and operating common use ticketing kiosks at the Airport which do not provide for access by visually impaired persons. The matter is before the court on a pending motion to dismiss. By court order, the motion to dismiss has recently been amended due to the fact that an amended complaint had been filed. The County has taken the position that this matter will be resolved by regulation through the federal Department of Transportation. In the event that there is ultimately an adverse ruling, the County, through the Department, would be compelled to convert the ticket kiosks at the Airport to be accessible to the blind. Potential costs could be in the range of millions of dollars in retrofitting costs if the technology available to make access to the various participating airlines works on the County's kiosks. The County's other alternative in the event of an adverse ruling would be to remove the kiosks in their entirety so that no one would have access. The County believes that it has strong legal and factual defenses and intends to vigorously defend this case. It is too early to determine the range of liability with respect thereto, if any.

Bombardier Transportation (Holdings) USA, Inc. v. Clark County, Nevada. On or about June 1, 2008, Bombardier Transportation (Holdings) USA, Inc. ("Bombardier") and the County entered into a "Contract for Maintenance of Automated Transit System Equipment CBE-552" ("Contract"), whereby Bombardier agreed to provide maintenance services for the Automated Transit System ("ATS") equipment at the Airport. In early 2010, the Department conducted an analysis to determine whether the County would save money by performing in-house maintenance services on the ATS equipment. The Department's analysis demonstrated that the County could save hundreds of thousands of dollars each year by doing so. As a result, on June 1, 2010, the County's Board of Commissioners voted to exercise the termination for convenience right granted to the County by the Contract. While the County and Bombardier were transitioning the work in-house, Bombardier submitted a termination claim to the County asserting that Bombardier was entitled to termination costs in the amount of $1.0 million, including $0.7 million in alleged lost profits. Subsequently, Bombardier sent a revised termination claim to the County that totaled $5.5 million, including $1.6 million in alleged lost profits. The County acknowledged its responsibility to reimburse Bombardier for legitimate and documented costs which resulted from the termination, but declined to pay to Bombardier any additional costs, including any alleged lost profits. Unable to resolve their differences, the parties agreed to mediate Bombardier's claims. A mediation session was held on December 5, 2012. At the mediation session, the parties reached a tentative agreement which had to be approved or rejected by the Board and by Bombardier on or before January 25, 2013. Pursuant to the tentative agreement, the parties agreed that, among other things, the County would reimburse Bombardier for certain substantiated expenses and that the parties would submit the sole issue of the lost profits that Bombardier would have received had the contract continued in effect through the contract's termination date of June 2013 to binding arbitration conducted by a former judge. Both parties have now approved the agreement, and arbitration is in the process of being established.

There are a number of civil actions alleging personal injury and property damage pending against the Department. Pursuant to the Department's liability insurance coverage, the Department has retained counsel to defend these actions. Any monetary exposure above the deductible in those cases of which the Department is aware would be covered by insurance.

12.) RENTALS AND OPERATING LEASES

The Department derives a substantial portion of its revenue from fees and charges to air carriers and concessionaires. Charges to air carriers are generated from terminal building rentals, gate use fees, and landing fees in accordance with the Lease or with the provisions of the applicable County ordinance. The Department leases land, buildings, and terminal space to various tenants and concessionaires under operating agreements that expire at various times through 2063. Under the terms of these agreements, concession fees are based principally either on a percentage of the concessionaires' gross sales or a stated minimum annual guarantee, whichever is greater, or on other land and building rents that are based on square footage rental rates. The Department received $173.1 million and $105.8 million in the years ended June 30, 2013, and 2012, respectively, for contingent rental payments in excess of the stated annual minimum guarantees.

The following is a schedule of minimum future rental income on non-cancelable operating leases as of June 30, 2013.

Fiscal Year	Minimum Future Rents (000)
2014	$ 254,784
2015	240,404
2016	73,634
2017	54,705
2018	34,919
Thereafter	389,174

13.) RISK MANAGEMENT

The Department is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and customers; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties and County self-insured programs for off-airport auto liability, employee medical benefits, and workers' compensation.

From time-to-time, the Department carries cash and cash equivalents on deposit with financial institutions in excess of federally-insured limits. However, the extent of any future loss to be sustained as a result of uninsured deposits in the event of any failure of a financial institution, if any, is not subject to estimation at this time.

The County has established a fund for self-insurance related to medical benefits provided to employees and covered dependents. An independent claims administrator handles all claims procedures. The County also provides an option for employees to select an independent health maintenance organization for medical benefits.

The County has also established a fund for self-insurance related to workers' compensation claims. The County maintains reinsurance coverage obtained from private insurers for losses in excess of $1.0 million per claim.

The Department reimburses the County at a per capita rate for employee medical benefits and for a percentage of payrolls for workers' compensation coverage. Rates for this coverage are uniform for all County departments and are adjusted based on the overall performance of the self-insured medical benefits fund and the self-insured workers' compensation fund.

As a participant in the County's self-insured programs, the Department is assessed annual fees based on the allocation of each respective fund. These assessments are charged to the Department's expense each year. There is no separate accounting for the Department's claims. Accordingly, information regarding claims liability and payments are not presented in this financial report.

Settled claims from these risks have not exceeded commercial insurance coverage during the past three years.

14.) AIRPORT LAND TRANSFERS

The Southern Nevada Public Land Management Act of 1998, Public Law 105-263, was enacted by Congress in October 1998. A provision of this law provides that the Bureau of Land Management ("BLM"), an agency of the United States Department of the Interior, will transfer approximately 5,000 acres of land to the Department, without consideration, subject to the following:

1. Valid existing rights;

2. The land must be managed in accordance with the law, with Section 47504 of Title 40 of the United States Code (relating to airport noise compatibility planning), and with regulations promulgated pursuant to that section;

3. If any land is sold, leased, or otherwise conveyed by the Department, such sale, lease, or other conveyance shall contain a limitation that requires uses be compatible with the law and with Airport Noise Compatibility Planning provisions; and

4. If any land is sold, leased, or otherwise conveyed by the Department, such sale, lease, or other conveyance shall be at fair market value. The Department contributes 85 percent of the gross proceeds from the sale, lease, or other conveyance of such land directly to the BLM for use in purchasing, improving, or developing other land for environmental purposes. The Department contributes 5 percent of the gross proceeds from the sale, lease, or other conveyance of such land directly to the State for use in its general education program. The remainder is available for use by the Department for the benefit of airport development and the Noise Compatibility Program.

Due to the uncertainty of any future benefit to the Department, a value has not been assigned to, nor was income reported relating to, land not yet sold or leased under the Southern Nevada Public Land Management Act of 1998. Gross proceeds from the sale and lease of Co-operative Management Area ("CMA") land for the year ended June 30, 2013, were $6.6 million, and from inception to that date were $119.6 million. The Department's share of these proceeds was $661.0 thousand for the year ended June 30, 2013, and from inception to that date was $12.0 million. As of June 30, 2013, the Department has paid the BLM and the State of Nevada all amounts due.

15.) SUBSEQUENT EVENTS

Subsequent to June 30, 2013, the following significant events have occurred.

1. On July 1, 2013, the County issued Series 2013 C-1 Note and 2013 C-2 Note for $174.3 million and $118.3 million, respectively. The 2013 C-1 Note is an AMT Fixed Rate Airport System Junior Subordinate Lien Revenue Note, and the 2013 C-2 Note is a Non-AMT Fixed Rate Airport System Junior Subordinate Lien Revenue Note. The 2013 C-1 and C-2 Note proceeds were used to satisfy the outstanding principal and interest balance of the 2012 A-1 and A-2 Airport System Junior Subordinate Lien Notes. The 2013 C-1 Note matures on July 1, 2015, and bears an annual interest rate of 2.50 percent. The 2013 C-2 Note matures on July 1, 2014, and bears an annual interest rate of 2.00 percent.

2. The Governmental Accounting Standards Board ("GASB") has issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("Statement"), which becomes effective for accounting periods beginning after December 15, 2012. The Statement is to be applied retroactively. The Statement requires all line items previously classified as either deferred assets or deferred liabilities to be evaluated as either an asset, a liability, a deferred outflow of resources, a deferred inflow of resources, an outflow of resources, or an inflow of resources. As a result, some assets and liabilities will be reclassified as deferred outflows of resources or deferred inflows of resources, and some assets and liabilities will now be treated as outflows of resources or inflows of resources. The reclassifications between assets and deferred outflows of resources and between liabilities and deferred inflows of resources will not have an impact on net position. However, the reclassifications between assets and outflows of resources and between liabilities and inflows of resources will have an impact on net position and, because the Statement applies retroactively, this impact will be retroactive. The most significant impact involves deferred charges for bond issuance costs and for swap issuance costs. Pursuant to the Statement, these costs are now to be recognized in the period in which they are incurred, except for costs related to bond insurance, which are amortized over the term of the insurance policy. The retroactive impact to net position as of June 30, 2013, would have been a restatement of net position by reducing net investment in capital assets by $33.8 million and increasing the change in net position by $0.9 million.

3. As of June 30, 2013, the Clark County, Nevada, Passenger Facility Charge Refunding Revenue Bonds Series 2010 F-2 were supported by an irrevocable, direct-pay Letter of Credit (“LOC”) agreement with Union Bank. This LOC agreement was scheduled to terminate on November 4, 2013. Effective on August 9, 2013, the Department amended the LOC agreement to extend the terms to August 9, 2016.

4. In September 2013, the Board authorized a settlement of $38.0 million for the plaintiff in *70 Limited Partnership, Tertia Dvorchak as Special Administratrix of the Estate of Thomas T. Beam, Deceased v. McCarran International Airport and Clark County*, Case No. A572739 in the Eighth Judicial District Court of Nevada. This settlement relates to litigation regarding Ordinance 1599 (see Subnote (c), "Litigation and Claims," under Note 11, "Commitments and Contingencies," above). On October 15, 2013, the Board approved the formal settlement agreement. In exchange for the settlement amount, the Department received aerial rights of way to the parcels outlined in the agreement. The settlement amount has been accrued as of June 30, 2013, as an increase in current liabilities under avigation acquisition liability and an increase in capital assets under perpetual avigation easement.

5. The U.S. Office of Management and Budget reported to the U.S. Congress on the sequestration of federal funds for federal fiscal year 2013, as required by section 251A of the Balanced Budget and Emergency Deficit Control Act. As part of the federal sequestration, the subsidy payments for Build America Bonds were reduced.

   On September 30, 2013, the Internal Revenue Service, a division of the U.S. Department of the Treasury, announced for federal fiscal year 2014 a sequestration of funds for Build America Bonds, continuing the federal sequestration of funds applicable to federal fiscal year 2013 and reducing the federal subsidy of these bonds by 7.2 percent. The Department has two outstanding senior lien bonds (Series 2009B and Series 2010C) which are receiving this subsidy and which are subject to both federal fiscal years’ sequestrations. For FY 2014, the estimated impact to the Series 2009B and Series 2010C bonds will be a reduction in subsidy payments of $0.5 million and $0.8 million, respectively.

Required Supplementary Information

Clark County Department of Aviation
Clark County, Nevada

Schedule of Other Postemployment Benefits Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age Normal (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
Self-funded/HPN						
7/1/2008	$ -	$ 60,047,814	$ 60,047,814	$ -	$ 77,526,127	77.5%
7/1/2010	-	95,469,098	95,469,098	-	76,755,580	124.4%
7/1/2012	-	109,026,574	109,026,574	-	75,184,165	145.0%
PEBP plan						
7/1/2008	$ -	$ 17,290,402	$ 17,290,402	$ -	$ -	N/A*
7/1/2010	-	17,417,513	17,417,513	-	-	N/A*
7/1/2012	-	19,890,957	19,890,957	-	-	N/A*

*PEBP no longer has active employees effective 9/1/08.

Supplementary Information

Clark County Department of Aviation
Clark County, Nevada

Schedule of Insurance Coverage
As of June 30, 2013

Amount of Coverage	Description	Limits ($)	Insurer	Expiration
$750M	Airport Liability	$100M	Ace	10/01/2013
	Excess Airport Liability	$650M	Westchester Fire Ins	10/01/2013
$100M	Third Party War Liability	$100M	Ace	10/01/2013
$1.5B	Airport Property Liability	$1.5B	Lexington	10/01/2013
$250M	Terrorism	$250M	Lexington	10/01/2013
$300M	Construction Liability	$300M	Lloyds of London	07/01/2014
$98M	Builder's Risk	$98M	Travelers	07/01/2014
$40M	Pollution and Remediation	$40M	Indian Harbor	03/27/2018
$5M	EPLI	$5M	Zurich	10/01/2013

Clark County Department of Aviation
Clark County, Nevada

Schedule of Airport Revenue Bond Debt Service Coverage
For the Fiscal Years Ended June 30, 2013 and 2012

	Reference	FY 2013 (000)	FY 2012 (000)
Operating revenue		$ 496,572	$ 355,411
Build America Bond subsidy payments received		17,282	-
Interest income		505	5,622
Total revenue	1	514,359	361,033
Other available funds:			
Senior lien coverage		17,776	7,918
Subordinate lien coverage	2	14,980	4,205
Total other available funds		32,756	12,123
Total revenue and other available funds		547,115	373,156
Operating expenses	3	(234,098)	(222,336)
Net revenues available for debt service	4	313,017	150,820
PFC revenue		79,933	79,648
PFC fund interest income		225	1,040
Total PFC revenue	5	80,158	80,688
Senior lien debt service	6	71,102	31,670
Subordinate lien debt service		153,560	46,155
Shortfall / (excess) pledged PFC revenue*		(3,756)	(4,102)
Total subordinate lien debt service	7	149,804	42,053
Senior and subordinate lien debt service	8	220,906	73,723
Subordinate PFC debt service	9	76,402	76,586
(Shortfall) / excess pledged PFC revenue*		3,756	4,102
Total subordinate PFC debt service		$ 80,158	$ 80,688
Coverage achieved:			
Net revenue (informational only)	(1-3)/6	3.94	4.38
Senior lien including other available funds (1.25 required)	(4-2)/6	**4.19**	**4.63**
Senior and subordinate lien including other available funds (1.10 required)	4/8	**1.42**	**2.05**
Subordinate lien after payment of senior lien	(4-6)/7	1.61	2.83
Subordinate PFC bonds (informational only)	5/9	1.05	1.05

* PFC pledged excess revenues are used for subordinate lien debt service on bonds whose proceeds were used for approved PFC projects.

Clark County Department of Aviation
Clark County, Nevada

Schedule of Cash Receipts and Disbursements - Restricted Accounts
As of and for the yearended June 30, 2013

	Construction (000)	Passenger Facility Charge (000)	Current Debt Service (000)	Debt Service Reserve (000)	Working Capital and Contingency Reserve (000)	Capital and Rate Stabilization Reserve (000)	Total (000)
Cash and investments, beginning of fiscal year	$ 166,102	$ 15,542	$ 293,868	$ 203,816	$ 18,664	$ 20,765	$ 718,757
Cash Receipts:							
Passenger Facility Charges	-	79,994	-	-	-	-	79,994
Jet Aviation Fuel Tax	-	-	-	11,008	-	-	11,008
FAA Grants	7,125	-	-	-	-	-	7,125
Bond proceeds	120,000	-	-	-	-	-	120,000
Interest received	52	38	2,735	1,046	45	53	3,969
Proceeds from capital asset disposal	-	134	-	-	-	-	134
Transfers in	-	-	381,415	-	828	10,411	392,654
Total Receipts	127,177	80,166	384,150	12,054	873	10,464	614,884
Total cash and investments available	293,279	95,708	678,018	215,870	19,537	31,229	1,333,641
Cash disbursements:							
Deposits to refunding escrow	-	-	88,176	-	-	-	88,176
Bond issuance costs	-	-	2,328	-	-	-	2,328
Project costs	101,627	-	-	-	-	-	101,627
Principal payments	-	-	105,535	-	-	-	105,535
Interest payments	-	-	244,282	-	-	-	244,282
Transfers out	18,822	78,241	-	10,907	98	55	108,123
Total cash disbursements	120,449	78,241	440,321	10,907	98	55	650,071
Cash and investments, end of fiscal year	$ 172,830	$ 17,467	$ 237,697	$ 204,963	$ 19,439	$ 31,174	$ 683,570

Clark County Department of Aviation
Clark County, Nevada

Schedule of Operating Revenues and Expenses by Cost Center
Actual and Budget for Fiscal Year Ended June 30, 2013
(With Comparative Totals for the Fiscal Year Ended June 30, 2012)

	Terminal Building (000)	Airfield Area (000)	Apron Area (000)	Other Buildings and Areas (000)	Heliport (000)	Ivanpah Airport (000)	Terminal Area (000)	Reliever Airports (000)	Consolidated Car Rental Facility (000)	General and Administrative (000)	Year Ended June 30, 2013 Actual Total (000)	Year Ended June 30, 2013 Budgeted Total (000)	Actual Year Ended June 30, 2012 (000)
Operating Revenues:													
Landing fees	$ -	$ 53,451	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 53,451	$ 56,910	$ 38,460
Other aircraft fees	-	5,990	-	-	-	-	-	4,842	-	-	10,832	15,499	11,219
Building rentals	181,207	170	28,151	2,610	-	-	-	602	36,166	-	248,906	243,813	130,620
Land rentals	-	7,050	1,663	9,505	-	-	-	1,352	187	-	19,757	16,741	18,852
Ground transportation fees	-	-	-	-	-	-	15,419	68	29,563	-	45,050	45,162	43,371
Gaming revenue	23,624	-	-	-	-	-	-	-	241	-	23,865	28,272	25,719
Terminal concessions	59,839	105	1,950	-	-	-	-	145	133	-	62,172	59,226	56,634
Parking	-	-	-	-	-	-	30,432	28	81	-	30,541	30,544	28,778
Other	136	24	-	27	-	-	116	379	147	1,169	1,998	1,608	1,758
Total Operating Revenues	264,806	66,790	31,764	12,142	-	-	45,967	7,416	66,518	1,169	496,572	497,775	355,411
Operating Expenses:													
Salaries, wages and benefits	54,027	9,258	11,242	3,404	-	-	16,786	6,334	1,372	16,278	118,701	118,267	111,195
Professional fees	20,352	5,991	1,562	6,174	-	-	5,188	134	8,091	6,467	53,959	54,981	51,130
Repairs and maintenance	14,481	441	21	1,154	-	-	1,509	657	2,118	589	20,970	23,239	21,424
Utilities and communication	9,345	944	744	2,288	-	-	5,590	805	1,503	1,782	23,001	27,922	20,970
Materials and supplies	8,836	530	337	12	-	-	336	215	1,657	568	12,491	12,357	12,806
Administrative	313	33	-	106	-	-	599	555	6	835	2,447	2,911	2,528
Insurance	1,133	340	158	155	-	-	276	71	157	239	2,529	2,840	2,283
Total Operating Expenses	108,487	17,537	14,064	13,293	-	-	30,284	8,771	14,904	26,758	234,098	242,517	222,336
Allocation percentage of general and administrative	52.3%	8.5%	6.8%	6.4%	0.0%	0.0%	14.6%	4.2%	7.2%		100.0%		100%
Allocation of general and administrative costs	14,001	2,263	1,815	1,716	-	-	3,908	1,132	1,923	(26,758)	-		
Total Operating Expenses After Allocation	122,488	19,800	15,879	15,009	-	-	34,192	9,903	16,827	-	234,098	242,517	222,336
Loss or Gain from Operations	$ 142,318	$ 46,990	$ 15,885	$ (2,867)	$ -	$ -	$ 11,775	$ (2,487)	$ 49,691	$ 1,169	$ 262,474	$ 255,258	$ 133,075

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Statistical Section

Overview of Information Provided in Statistical Section

The information provided in the statistical section has not been audited. It is intended to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess the Department's economic condition.

Financial trend data has been provided to assist users in understanding and assessing how the Department's financial position has changed over time. The financial trend data provided includes summaries of trends in operating revenues, expenses, and changes in net positions for the last ten years of the Department's operations. This section also includes detailed information on operating income before depreciation and non-operating income and expenses. Also included in this section is detailed information on operating expenses by type such as wages, maintenance, professional services, security and fire services, utilities, materials and supplies, insurance, and other expenses.

Revenue capacity information has been provided to assist users in understanding and assessing the factors affecting the Department's ability to generate its own source revenues. Revenue capacity information provided includes revenues by type such as rentals, fees, and airport concessions as well as summary information on restricted revenues for the same period.

Debt capacity information has been provided to assist users in understanding and assessing the Department's debt burden as well as its ability to service existing debt and issue additional debt. Schedules of bond debt service coverage are included to provide trends in coverage for senior lien, subordinate lien, and passenger facility charge revenue bonds issued by the Department.

Demographic and economic information has been provided to assist users in understanding the socioeconomic environment within which the Department operates and to provide information that facilitates comparisons of financial statement information over time. Demographic and economic indicators provided include schedules of metropolitan service area visitor volume, room occupancy rates, and convention attendance statistics as well as population, labor source, and unemployment rates of the surrounding community.

Operating information has been provided to assist users with contextual information about the Department's operations and resources and to assist the reader in using financial statement information to understand and assess the Department's economic condition. Included in this section is passenger enplanement statistics, cargo tonnage, and aircraft landed weights for the last ten years of the Department's operations; airline market share information by airline for the last three years of airport operations; and an analysis of per passenger concession revenues, expenses, bond debt service coverage, and airline costs for the last ten years of the Department's operations.

This section is intended to be viewed in conjunction with the financial statements as a whole and to enhance the usefulness of the financial information contained therein.

Clark County Department of Aviation
Clark County, Nevada

Summary of Changes in Net Position
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Operating Revenue (000)	Percentage of Increase/ Decrease	Operating Expenses (000)	Percentage of Increase/ Decrease	Income Before Depreciation (000)	Percentage of Increase/ Decrease	Depreciation (000)	Percentage of Increase/ Decrease	Operating Income (000)	Percentage of Increase/ Decrease	Net Non-Operating Income (expense) (000)	Percentage of Increase/ Decrease	Income before Capital Conributions (000)	Percentage of Increase/ Decrease	Capital Contributions (000)	Percentage of Increase/ Decrease	Change in Net Position (000)	Percentage of Increase/ Decrease
2004	$ 243,043	8.0%	$ 122,947	-1.4%	$ 120,096	19.6%	$ 64,850	2.8%	$ 55,246	48.2%	$ (18,099)	-268.9%	$ 37,147	-22.6%	$ 20,846	-5.1%	$ 57,993	-17.1%
2005	261,566	7.6%	140,347	14.2%	121,219	0.9%	66,048	1.8%	55,171	-0.1%	2,200	-112.2%	57,371	54.4%	62,335	199.0%	119,706	106.4%
2006	290,979	11.2%	156,977	11.8%	134,002	10.5%	70,853	7.3%	63,149	14.5%	35,587	1517.6%	98,736	72.1%	116,187	86.4%	214,923	79.5%
2007	323,418	11.1%	207,443	32.1%	115,975	-13.5%	85,821	21.1%	30,154	-52.2%	50,097	40.8%	80,251	-18.7%	25,057	-78.4%	105,308	-51.0%
2008	375,888	16.2%	247,726	19.4%	128,162	10.5%	81,014	-5.6%	47,148	56.4%	34,338	-31.5%	81,486	1.5%	22,316	-10.9%	103,802	-1.4%
2009	379,215	0.9%	244,396	-1.3%	134,819	5.2%	122,688	51.4%	12,131	-74.3%	(40,369)	-217.6%	(28,238)	-134.7%	41,235	84.8%	12,997	-87.5%
2010	362,451	-4.4%	227,694	-6.8%	134,757	0.0%	134,369	9.5%	388	-96.8%	(40,236)	-0.3%	(39,848)	41.1%	22,914	-44.4%	(16,934)	-230.3%
2011	392,554	8.3%	217,353	-4.5%	175,201	30.0%	136,104	1.3%	39,097	9976.5%	(25,597)	-36.4%	13,501	-133.9%	16,761	-26.9%	30,262	-278.7%
2012	355,411	-9.5%	222,336	2.3%	133,075	-24.0%	137,052	0.7%	(3,977)	-110.2%	(165,645)	547.1%	(169,622)	-1356.4%	36,752	119.3%	(132,870)	-539.1%
2013	496,572	39.7%	234,098	5.3%	262,474	97.2%	199,528	45.6%	62,946	-1682.8%	(96,469)	-41.8%	(33,523)	-80.2%	10,467	-71.5%	(23,056)	-82.6%
Average of Annual Increase (Decrease)		8.9%		7.1%		13.7%		13.6%		807.9%		139.7%		-157.7%		25.2%		-110.2%

This summary includes information on operating revenues and expenses, operating income before depreciation, non-operating income and changes in net position. It provides a summary of trends in operating revenues, expenses and changes in Net Position for the last ten years of the Departments operations.

Clark County Department of Aviation
Clark County, Nevada

Schedule of Revenues, Expenses, and Changes in Net Position
Budget vs. Actual for Fiscal Year Ended June 30, 2013
(with Comparative Totals for Fiscal Year Ended June 30, 2012)

	FY 2013			FY 2012
	Budget (000)	Actual (000)	Variance-Positive (Negative) (000)	Actual (000)
Operating Revenues				
Landing fees	$ 56,909	$ 53,451	$ (3,458)	$ 38,460
Other aircraft fees	7,000	5,997	(1,003)	6,459
Terminal concessions fees	59,226	62,047	2,821	56,550
Building rental	243,814	248,210	4,396	130,078
Public and employee parking fees	30,544	30,540	(4)	28,778
Gaming fees	28,272	23,865	(4,407)	25,719
Rental car concession fees	31,180	29,957	(1,223)	29,848
Land rental	20,360	20,119	(241)	18,817
Ground transportation fees	13,982	15,092	1,110	13,524
Other	6,488	7,294	806	7,178
Total Operating Revenue	497,775	496,572	(1,203)	355,411
Operating Expenses				
Salaries and wages	81,497	77,395	4,102	72,296
Employee benefits	41,170	41,306	(136)	38,899
Contracted and professional services	59,981	53,959	6,022	51,130
Repairs and maintenance	23,239	20,970	2,269	21,424
Utiliites and communications	30,922	23,001	7,921	20,970
Materials and supplies	25,731	12,491	13,240	12,806
Administrative expenses	5,751	4,976	775	4,811
Total Operating Expenses	268,291	234,098	34,193	222,336
Operating income before depreciation	229,484	262,474	32,990	133,075
Depreciation/Amortization	204,648	199,528	5,120	137,052
Operating income or (loss)	24,836	62,946	38,110	(3,977)
Non-operating Revenues (Expenses)				
Passenger Facility Charges	81,139	79,933	(1,206)	79,648
Jet A Fuel Taxes	7,447	11,268	3,821	7,425
Interest and investment income	(12,500)	48,248	60,748	(59,272)
Interest expense	(249,075)	(235,311)	13,764	(160,446)
Capital contributions	22,000	10,467	(11,533)	36,752
Net loss from disposition of capital assets	(3,500)	(607)	2,893	(33,000)
Total non-operating revenues (expenses)	(154,489)	(86,002)	68,487	(128,893)
Change in net position	(129,653)	(23,056)	106,597	(132,870)
Net position, beginning of year	1,411,698	1,411,698	-	1,544,568
Net position, end of year	$ 1,282,045	$ 1,388,642	$ 106,597	$ 1,411,698

Clark County Department of Aviation
Clark County, Nevada

Summary of Non-operating Income and Expenses
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Passenger Facility Charges (000)	Percentage of Increase/ Decrease	Customer Facility Charges (000)	Percentage of Increase/ Decrease	Jet - A Fuel Taxes (000)	Percentage of Increase/ Decrease	Interest and Investment Income (000)	Percentage of Increase/ Decrease	Interest Expense (000)	Percentage of Increase/ Decrease	Gain/(loss) Disposition of Assets (000)	Percentage of Increase/ Decrease	Other Income (Expense) (000)	Percentage of Increase/ Decrease	Total Non-operating Inc. / (Exp.) (000)	Percentage of Increase/ Decrease
2004	$ 50,758	12.9%	$ -	0.0%	$ 9,530	-19.0%	$ 14,694	-63.8%	$ 89,720	2.2%	$ -	0.0%	$ (3,361)	-376.4%	$ (18,099)	-268.9%
2005	73,390	44.6%	-	0.0%	9,362	-1.8%	26,866	82.8%	105,806	17.9%	-	0.0%	(1,612)	-52.0%	2,200	-112.2%
2006	85,969	17.1%	11,413	100.0%	9,271	-1.0%	36,129	34.5%	113,460	7.2%	-	0.0%	6,265	-488.6%	35,587	1517.6%
2007	89,358	3.9%	10,470	-8.3%	9,310	0.4%	54,323	50.4%	112,533	-0.8%	-	0.0%	(831)	-113.3%	50,097	40.8%
2008	79,475	-11.1%	50,844	385.6%	9,498	2.0%	60,636	11.6%	157,604	40.1%	(8,693)	100.0%	182	-121.9%	34,338	-31.5%
2009	75,335	-5.2%	-	-100.0%	8,388	-11.7%	22,405	-63.1%	137,254	-12.9%	(8,921)	2.6%	(322)	-276.9%	(40,369)	-217.6%
2010	77,309	2.6%	-	0.0%	7,799	-7.0%	45,777	104.3%	164,499	19.9%	(6,622)	-25.8%	-	-100.0%	(40,236)	-0.3%
2011	77,949	0.8%	-	0.0%	7,318	-6.2%	51,334	12.1%	162,162	-1.4%	(35)	-99.5%	-	0.0%	(25,597)	-36.4%
2012	79,648	2.2%	-	0.0%	7,425	1.5%	(59,272)	-215.5%	160,446	-1.1%	(33,000)	94185.7%	-	0.0%	(165,646)	547.1%
2013	79,933	0.4%	-	0.0%	11,268	51.8%	48,248	-181.4%	235,311	46.7%	(607)	-98.2%	-	0.0%	(96,469)	-41.8%
Average of Annual Increase (Decrease)		6.8%		N/A		0.9%		-22.8%		11.8%		N/A		N/A		N/A

This summary includes information on non-operating income and expenses by source and/or activity.

Clark County Department of Aviation
Clark County, Nevada

Schedule of Airport Revenue Bond Debt Service Coverage
From Operating Revenues and Interest Income Available for Debt Service
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	(1) Total Revenue Available for Senior Debt Service (000)	(2) Total Revenue Available for Subordinate Debt Service (000)	(3) Less: Operating and Maintenance Expenses (000)	(4) (1) minus (3) Net Revenue Available for Senior Debt Service (000)	(5) (2) minus (3) Net Revenue Available for Subordinate Debt Service (000)	(6) Senior Lien Debt Service (000)	(4)/(6) Senior Lien Coverage (1.25 Required *)	(7) Subordinate Lien Debt Service (000)	(5)/(7) Senior and Subordinate Lien Coverage (1.10 Required*)
2004	$ 243,334	$ 245,581	$ 122,947	$ 120,387	$ 122,634	$ 35,010	3.44	$ 22,469	2.13
2005	276,862	280,155	140,347	136,515	139,808	34,958	3.91	32,930	2.06
2006	322,650	326,726	156,977	165,673	169,749	42,807	3.87	40,760	2.03
2007	358,586	363,336	207,443	151,143	155,893	40,371	3.74	47,505	1.77
2008	412,806	418,566	256,419	156,387	162,147	39,934	3.92	57,602	1.66
2009	408,260	413,052	244,396	163,864	168,656	43,066	3.80	47,919	1.85
2010	385,465	390,260	227,694	157,771	162,566	60,674	2.60	47,950	1.50
2011	413,762	419,503	217,353	196,409	202,150	63,194	3.16	57,407	1.68
2012	368,951	373,156	222,336	146,615	150,820	31,670	4.63	42,053	2.05
2013	532,135	547,115	234,098	298,037	313,017	71,102	4.19	149,804	1.42
Average Annual Increase (Decrease)	9.1%	9.3%	7.4%	10.6%	11.0%	8.2%	3.73	23.5%	1.81

* Required by Master Indenture of Trust, dated May 1, 2003, as amended

Schedule of Passenger Facility Charge (PFC) Revenue Bond Debt Service Coverage
From PFC Revenues and PFC Interest Income Available for Debt Service
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	PFC Revenue (000)	PFC Debt Service (000)	PFC Coverage (none Required)
2004	$ 51,709	$ 54,984	0.94
2005	73,390	43,756	1.68
2006	90,442	50,442	1.79
2007	93,756	79,970	1.17
2008	95,079	95,204	1.00
2009	81,271	89,456	0.91
2010	81,805	81,804	1.00
2011	78,997	82,187	0.96
2012	80,688	76,586	1.05
2013	80,158	76,402	1.05
Average Annual Increase (Decrease)	5.0%	3.7%	1.16

This schedule provides trends in coverage requirements for senior lien and subordinate lien debt service as are defined in the Master Indenture of Trust, dated May 1, 2003.
For illustration purposes, this analysis also provides calculated coverage for passenger facility charge revenue bonds issued by the Department.

Clark County Department of Aviation
Clark County, Nevada

Summary of Operating Revenues
Last Ten Fiscal Years
(Unaudited)

			Other								Concessions									
Fiscal Year	Total Operating Revenue (000)	Percentage of Increase/ Decrease	Landing Fees (000)	Percentage of Increase/ Decrease	Aircraft Fees (000)	Percentage of Increase/ Decrease	Building Rentals (000)	Percentage of Increase/ Decrease	Land Rentals (000)	Percentage of Increase/ Decrease	Transport (000)	Percentage of Increase/ Decrease	Gaming (000)	Percentage of Increase/ Decrease	Terminal (000)	Percentage of Increase/ Decrease	Parking (000)	Percentage of Increase/ Decrease	Misc (000)	Percentage of Increase/ Decrease
2004	$ 225,042	3.4%	$ 27,619	-2.6%	$ 4,162	3.8%	$ 66,683	0.5%	$ 13,460	33.9%	$ 26,809	3.8%	$ 32,881	2.3%	$ 30,696	3.7%	$17,469	2.1%	$ 5,263	27.2%
2005	243,043	8.0%	29,878	8.2%	4,677	12.4%	68,356	2.5%	13,119	-2.5%	29,871	11.4%	37,560	14.2%	34,349	11.9%	19,077	9.2%	6,156	17.0%
2006	261,566	7.6%	32,496	8.8%	4,617	-1.3%	70,466	3.1%	13,992	6.7%	34,883	16.8%	37,608	0.1%	39,132	13.9%	22,317	17.0%	6,057	-1.6%
2007	290,977	11.2%	23,947	-26.3%	10,164	120.1%	88,037	24.9%	15,132	8.1%	38,375	10.0%	39,624	5.4%	45,111	15.3%	26,261	17.7%	4,326	-28.6%
2008	375,888	29.2%	35,778	49.4%	28,681	182.2%	105,512	19.8%	15,753	4.1%	66,398	73.0%	38,470	-2.9%	54,490	20.8%	27,893	6.2%	2,872	-33.6%
2009	379,215	0.9%	51,422	43.7%	29,087	1.4%	123,557	17.1%	16,870	7.1%	40,443	-39.1%	30,573	-20.5%	53,349	-2.1%	27,490	-1.4%	6,424	123.7%
2010	362,451	-4.4%	51,722	0.6%	5,220	-82.1%	138,989	12.5%	17,985	6.6%	37,858	-6.4%	25,659	-16.1%	51,925	-2.7%	26,618	-3.2%	2,098	-67.3%
2011	392,554	8.3%	57,655	11.5%	5,619	7.6%	150,799	8.5%	17,693	-1.6%	40,614	7.3%	25,908	1.0%	53,023	2.1%	28,326	6.4%	2,845	35.6%
2012	355,411	-9.5%	38,460	-33.3%	6,459	14.9%	128,642	-14.7%	17,891	1.1%	43,371	6.8%	25,719	-0.7%	56,550	6.7%	28,778	1.6%	3,287	15.5%
2013	496,572	39.7%	53,451	39.0%	5,997	-7.1%	241,707	87.9%	19,134	6.9%	45,049	3.9%	23,865	-7.2%	62,047	9.7%	30,540	6.1%	3,343	1.7%
Average of Annual Increase (Decrease)		9.4%		9.9%		25.2%		16.2%		7.0%		8.8%		-2.4%		7.9%		6.2%		9.0%

This trend analysis provides operating income by revenue type: rentals, fees and concessions for the last ten years of the Department operations.

Clark County Department of Aviation
Clark County, Nevada

Summary of Restricted Revenues
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Jet Aviation Fuel Tax (000)	Percentage of Increase/ Decrease	Jet A Fuel Tax Per Enplaned Passenger (000)	Passenger Facility Charge (000)	Percentage of Increase/ Decrease	PFC Per Enplaned Passenger (000)	Customer Facility Charge (000)	Percentage of Increase/ Decrease	CFC Per Enplaned Passenger (000)
2004	$ 9,530	-19.0%	$ 0.67	$ 50,758	12.9%	$ 2.55	$ -	-	$ -
2005	9,362	-1.8%	0.49	73,390	44.6%	2.61	-	-	-
2006	9,271	-1.0%	0.44	85,969	17.1%	3.42	11,413	100.00%	0.51
2007	9,310	0.4%	0.41	89,358	3.9%	3.96	10,470	-8.3%	0.46
2008	9,499	2.0%	0.40	79,475	-11.1%	3.36	50,844	385.6%	2.15
2009	8,388	-11.7%	0.36	75,335	-5.2%	3.78	-	-	-
2010	7,799	-7.0%	0.39	77,309	2.6%	3.87	-	-	-
2011	7,318	-6.2%	0.36	77,949	0.8%	3.85	-	-	-
2012	7,425	1.5%	0.35	79,648	2.2%	3.80	-	-	-
2013	11,268	51.8%	0.54	79,933	0.4%	3.83	-	-	-
Average of Annual Increase (Decrease)		0.9%			6.8%				

This schedule provides trends in restricted revenues for capital project funding collected from fuel taxes and passenger fees during the last ten years of the Department operations.

Clark County Department of Aviation
Clark County, Nevada

Ratios of Airport Revenue Bond Debt Service to Total Operating Revenues and Expenses
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Senior Lien Debt Service (000)	Subordinate Lien Debt Service (000)	Total Debt Service (000)	Operating Revenues (000)	Ratio of Debt Service to Revenues	Operating Expenses (000)	Ratio of Debt Service to Expenses
2004	$ 35,010	$ 22,911	$ 57,921	$ 243,043	4.20	$ 122,947	2.12
2005	34,958	32,930	67,888	261,566	3.85	140,347	2.07
2006	42,807	40,760	83,567	290,977	3.48	156,977	1.88
2007	40,371	47,505	87,876	323,418	3.68	207,443	2.36
2008	39,934	57,602	97,536	375,888	3.85	247,726	2.54
2009	43,066	47,919	90,985	379,215	4.17	244,396	2.69
2010	60,674	47,950	108,624	362,451	3.34	227,694	2.10
2011	63,194	57,407	120,601	392,554	3.25	217,353	1.80
2012	31,670	42,053	73,723	355,411	4.82	222,336	3.02
2013	71,102	149,804	220,906	496,572	2.25	234,098	1.06
Average Annual Increase(Decrease)	8.2%	23.2%	16.0%	8.3%	-6.7%	7.4%	-7.4%

This schedule provides bond debt service ratio trends for operating revenue and operating expense for the last ten years of the Department operations.

Clark County Department of Aviation
Clark County, Nevada

Summary of Operating Expenses
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Total (000)	Percentage of Increase/ Decrease	Wages and Benefits (000)	Percentage of Increase/ Decrease	Professional Services (000)	Percentage of Increase/ Decrease	Utilities (000)	Percentage of Increase/ Decrease	Repairs, Supplies and Maintenance (000)	Percentage of Increase/ Decrease	Insurance (000)	Percentage of Increase/ Decrease	Other (000)	Percentage of Increase/ Decrease
2004	$ 122,947	-1.4%	$ 59,233	5.6%	$ 25,314	2.5%	$12,799	-3.8%	$ 16,954	-1.5%	$ 5,624	14.7%	$ 3,023	-64.3%
2005	140,346	14.2%	63,329	6.9%	32,346	27.8%	16,166	26.3%	20,802	22.7%	5,249	-6.7%	2,454	-18.8%
2006	156,977	11.8%	67,128	6.0%	33,535	3.7%	17,732	9.7%	30,943	48.8%	5,879	12.0%	1,760	-28.3%
2007	207,443	32.1%	82,254	22.5%	49,786	48.5%	22,622	27.6%	43,909	41.9%	5,889	0.2%	2,983	69.5%
2008	247,726	19.4%	98,753	20.1%	68,868	38.3%	22,526	-0.4%	47,004	7.0%	5,762	-2.2%	4,813	61.3%
2009	244,396	-1.3%	112,281	13.7%	64,085	-6.9%	22,222	-1.3%	39,716	-15.5%	4,686	-18.7%	1,406	-70.8%
2010	227,694	-6.8%	109,214	-2.7%	56,464	-11.9%	21,072	-5.2%	35,694	-10.1%	2,812	-40.0%	2,438	73.4%
2011	217,353	-4.5%	111,186	1.8%	49,203	-12.9%	20,199	-4.1%	31,128	-12.8%	2,314	-17.7%	3,323	36.3%
2012	222,336	2.3%	111,195	0.0%	51,130	3.9%	20,970	3.8%	34,230	10.0%	2,283	-1.3%	2,528	-23.9%
2013	234,098	5.3%	118,701	6.8%	53,959	5.5%	23,001	9.7%	33,461	-2.2%	2,529	10.8%	2,447	-3.2%
Average Annual Increase (Decrease)	7.4%		8.0%		8.8%		6.7%		7.8%		-8.5%		-2.3%	

The summary provides trends in operating expenses by type for wages, maintenance, independent services, security and fire, utilities, repairs and maintenance, insurance and other expenses for the last ten years of the Department operations.

Clark County Department of Aviation
Clark County, Nevada

Passenger and Operating Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Aircraft Operations (Departures)	Percentage of Increase/ Decrease	Landed Weight (Pounds per 000)	Percentage of Increase/ Decrease	Total Enplaned Passengers	Percentage of Increase/ Decrease	Cargo Tons	Percentage of Increase/ Decrease
2004	193,860	8.2%	24,878,724	7.8%	19,449,065	10.2%	92,857	3.8%
2005	213,035	9.9%	27,066,272	8.8%	21,439,652	10.2%	107,252	15.5%
2006	227,445	6.8%	27,526,493	1.7%	22,546,814	5.2%	112,352	4.8%
2007	257,743	13.3%	28,831,044	4.7%	23,628,484	4.8%	104,761	-6.8%
2008	260,343	1.0%	28,941,564	0.4%	23,525,862	-0.4%	100,929	-3.7%
2009	230,925	-11.3%	25,973,079	-10.3%	20,739,408	-11.8%	90,746	-10.1%
2010	218,706	-5.3%	24,306,053	-6.4%	19,952,800	-3.8%	90,248	-0.5%
2011	224,386	2.6%	24,288,033	-0.1%	20,266,091	1.6%	95,555	5.9%
2012	227,206	1.3%	24,855,800	2.3%	20,962,087	3.4%	96,173	0.6%
2013	221,755	-2.4%	24,314,564	-2.2%	20,872,526	-0.4%	105,100	9.3%
Average Annual Increase (Decrease)	1.5%		-0.3%		0.8%		1.4%	

Clark County Department of Aviation
Clark County, Nevada

Visitor, Convention and Room Statistics
Last Ten Calendar Years
(Unaudited)

Calendar Year	Total Visitor Volume	Percentage of Increase/ Decrease	Convention Attendance	Percentage of Increase/ Decrease	Total Available Hotel-Motel Rooms	Percentage of Increase/ Decrease	Occupancy Rates	Percentage of Increase/ Decrease	Labor Force	Percentage of Increase/ Decrease
2004	37,388,781	5.2%	5,724,864	1.2%	131,503	0.8%	88.6%	4.2%	830,951	3.1%
2005	38,566,717	3.2%	6,166,194	7.7%	133,186	1.3%	89.2%	0.7%	872,410	5.0%
2006	38,914,889	0.9%	6,307,961	2.3%	132,605	-0.4%	89.7%	0.6%	911,492	4.5%
2007	39,196,761	0.7%	6,209,253	-1.6%	132,947	0.3%	90.4%	0.8%	933,770	2.4%
2008	37,481,552	-4.4%	5,899,725	-5.0%	140,529	5.7%	86.0%	-4.9%	970,643	3.9%
2009	36,351,469	-3.0%	4,492,275	-23.9%	148,941	6.0%	81.5%	-5.2%	982,509	1.2%
2010	37,335,436	2.7%	4,473,134	-0.4%	148,935	0.0%	80.4%	-1.3%	998,437	1.6%
2011	38,928,708	4.3%	4,865,272	8.8%	150,161	0.8%	83.8%	4.2%	998,907	0.0%
2012	39,727,022	2.1%	4,944,014	1.6%	150,481	0.2%	84.4%	0.7%	992,403	-0.7%
2013	not available		not available		not available		not available		not available	
Average Annual Increase / (Decrease)	0.8%		-1.8%		1.7%		-0.6%		2.2%	

Source: *Las Vegas Convention and Visitors Authority*
Clark County Department of Comprehensive Planning
Nevada Employment Security Research Division

This analysis provides visitor, room and convention statistics for the Las Vegas metropolitan area for the last ten years of the Department operations. Forty-three percent of the visitors arriving in Las Vegas arrive through the Airport. In addition, prior to FY 2008 the Airport had seen a strong correlation between hotel room growth and the growth in total Airport passengers.

Clark County Department of Aviation
Clark County, Nevada

Market Share of Air Carriers
Last Three Fiscal Years
(Unaudited)

	FY 2013			FY 2012			FY 2011		
	Enplaned Passengers			Enplaned Passengers			Enplaned Passengers		
Airline	Number	Percent of Total	Increase/ Decrease	Number	Percent of Total	Increase/ Decrease	Number	Percent of Total	Increase/ Decrease
Southwest	8,288,333	39.7%	3.1%	8,039,571	38.4%	0.7%	7,981,142	39.4%	2.5%
Delta	2,048,982	9.8%	-5.9%	2,177,895	10.4%	-3.6%	2,258,869	11.1%	21.0%
United	2,037,287	9.8%	81.5%	1,122,248	5.4%	-14.5%	1,311,957	6.5%	-7.9%
American	1,270,726	6.1%	4.4%	1,216,828	5.8%	1.7%	1,196,867	5.9%	-44.8%
Allegiant	1,132,607	5.4%	0.7%	1,124,930	5.4%	14.1%	985,576	4.9%	-12.8%
US Airways	956,276	4.6%	-17.2%	1,154,665	5.5%	-16.7%	1,385,557	6.8%	40.7%
Spirit	937,568	4.5%	15.6%	811,124	3.9%	196.2%	273,878	1.4%	-70.6%
Alaska	621,321	3.0%	-3.5%	643,730	3.1%	6.2%	606,341	3.0%	12.2%
JetBlue	515,254	2.5%	-4.3%	538,629	2.6%	27.7%	421,676	2.1%	10.8%
Virgin America	324,536	1.6%	8.9%	298,007	1.4%	22.3%	243,690	1.2%	-9.1%
Frontier	277,318	1.3%	-15.8%	329,260	1.6%	-1.9%	335,801	1.7%	-1.7%
Hawaiian Air	252,138	1.2%	-5.2%	265,989	1.3%	3.6%	256,849	1.3%	109.6%
AirTran	159,881	0.8%	-36.7%	252,658	1.2%	-10.4%	282,116	1.4%	100.0%
Sun Country †	80,230	0.4%	14.2%	70,243	0.3%	5.9%	66,337	0.3%	100.0%
Great Lakes	5,104	0.0%	-41.3%	8,702	0.0%	56.7%	5,552	0.0%	-97.5%
Continental *	-	0.0%	-100.0%	1,038,138	5.0%	4.3%	995,281	4.9%	344.0%
International Carriers	1,459,101	7.0%	7.2%	1,361,660	6.5%	20.4%	1,131,290	5.6%	4.6%
Charter Airlines	53,624	0.3%	-17.3%	64,878	0.3%	-14.0%	75,480	0.4%	17.5%
General Aviation & Other	452,240	2.2%	2.1%	442,932	2.1%	-2.0%	451,832	2.2%	8.6%
Total Enplanements	20,872,526	100.0%	-0.4%	20,962,087	100.0%	3.4%	20,266,091	100.0%	1.6%

* Merged with United in July 2012
† Independent from Delta beginning September 2010

This analysis provides market share information by Air Carrier for the last three years of Airport operations.

Clark County Department of Aviation
Clark County, Nevada

Per Passenger Calculations
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Concessions: Ground Trsp.	Concessions: Gaming	Concessions: Terminal	Concessions: Parking	Concession Revenue per Enplanement	Operating Expenses per Enplanement	Airport Revenue Bond Debt Service	Airline Cost per Enplanement
2004	$ 1.54	$ 1.93	$ 1.77	$ 0.98	$ 6.22	$ 6.32	$ 2.48	$ 4.76
2005	1.63	1.75	1.83	1.04	6.25	6.55	3.17	4.71
2006	1.70	1.76	2.00	1.16	6.62	6.96	3.71	4.62
2007	2.81	1.73	2.04	1.19	7.77	8.78	3.79	5.50
2008	3.08	1.64	2.32	1.19	8.23	10.90	4.46	6.22
2009	3.38	1.47	2.57	1.33	8.75	12.21	4.56	7.67
2010	3.26	1.29	2.60	1.33	8.48	11.41	5.44	7.54
2011	3.59	1.28	2.62	1.40	8.89	10.72	5.79	8.46
2012	3.69	1.23	2.70	1.37	8.99	10.61	3.52	8.51
2013	3.89	1.14	2.97	1.46	9.47	11.22	9.76	12.22
Average	$ 2.86	$ 1.52	$ 2.34	$ 1.25	$ 7.97	$ 9.57	$ 3.99	$ 7.02

This is a trend analysis of per enplaned passenger concession revenues, expenses, bond debt service coverage and airline costs for the last ten years of the Department's operations.

Clark County Department of Aviation
Clark County, Nevada

Schedule of Net Position
Fiscal Years 2005 through 2013
(Unaudited)

Fiscal Year	Net investment in capital assets (000)	Restricted for capital projects (000)	Restricted for debt service (000)	Restricted for other (000)	Unrestricted net position (000)	Total net position (000)
2005	$ 95,981	$ 329,096	$ 329,192	$ -	$ 304,817	$ 1,059,086
2006	333,719	385,654	382,100	-	172,535	1,274,008
2007	(309,417)	1,101,867	426,797	-	160,068	1,379,315
2008	1,074,836	55,413	148,712	27,619	202,243	1,508,823
2009	1,096,995	39,432	163,390	34,570	214,584	1,548,971
2010	1,060,641	32,509	220,753	20,101	180,302	1,514,306
2011	1,021,835	25,881	197,681	29,423	269,748	1,544,568
2012	954,546	29,105	191,675	50,240	186,132	1,411,698
2013	893,519	34,861	152,972	63,631	243,659	1,388,642
Average Annual Increase/(Decrease)	32.2%	-24.5%	-9.1%	18.2%	-2.8%	3.4%

This is a trend analysis of the Department's net position: net investment in capital asset, restricted for capital projects, restricted for debt service, restricted for other, net position since the fiscal year ended June 30, 2005, as required by GASB 34.

Clark County Department of Aviation
Clark County, Nevada

Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)

Calendar Year	Clark County Population (1)	Percentage of Increase/ Decrease	Personal Income (2) (000)	Percentage of Increase/ Decrease	Per Capita Personal Income (2)	Percentage of Increase/ Decrease	School Enrollment (3)	Percentage of Increase/ Decrease	Unemployment Rates (4)	Percentage of Increase/ Decrease
2004	1,747,025	6.4%	$ 54,465,871	8.8%	$ 33,959	7.5%	268,357	5.1%	4.5%	-16.7%
2005	1,815,700	3.9%	64,181,422	17.8%	37,109	9.3%	280,795	4.6%	4.7%	4.4%
2006	1,912,654	5.3%	68,874,056	7.3%	38,183	2.9%	291,329	3.8%	4.3%	-8.5%
2007	1,996,542	4.4%	73,040,160	6.0%	39,105	2.4%	302,547	3.9%	4.7%	9.3%
2008	1,986,145	-0.5%	74,279,798	1.7%	38,842	-0.7%	308,745	2.0%	7.0%	48.9%
2009	2,006,347	1.0%	67,781,415	-8.7%	34,950	-10.0%	311,221	0.8%	11.9%	70.0%
2010	2,036,358	1.5%	67,738,308	-0.1%	34,668	-0.8%	309,442	-0.6%	14.2%	19.3%
2011	1,966,630	-3.4%	70,289,097	3.8%	35,680	2.9%	309,899	0.1%	13.5%	-4.9%
2012	2,008,654	2.1%	not available		not available		308,377 *	-0.5%	11.2%	-17.0%
2013	not available		not available		not available		not available			
Average Annual Increase (Decrease) to Latest Year of Availability	1.8%		3.7%		0.7%		1.8%		12.1%	

Source: *(1) Clark County Department of Comprehensive Planning*

(2) Bureau of Economic Analysis

*(3) Clark County School District (in fiscal year format) * estimated*

(4) Nevada Workforce

Clark County Department of Aviation
Clark County, Nevada

Principal Employers - Clark County Nevada
Current Year and Nine Years Ago
(Unaudited)

	2013			2004		
Principal Employer	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Clark County School District	35,000	1	3.91%	28,500	1	3.59%
Clark County, Nevada	8,250	2	0.92%	9,250	2	1.17%
Wynn Las Vegas, LLC	8,250	3	0.92%			
Bellagio, LLC	7,750	4	0.87%			
MGM Grand Hotel/Casino	7,750	5	0.87%			
Aria Resort and Casino, LLC	7,250	6	0.81%			
Mandalay Bay Resort and Casino	6,750	7	0.75%	6,750	3	0.85%
Caesars Palace	6,250	8	0.70%	4,750	8	0.60%
University of Nevada-Las Vegas	5,250	9	0.59%	5,250	6	0.66%
Las Vegas Metropolitan Police	4,750	10	0.53%	4,750	7	0.60%
The Mirage Casino Hotel				5,750	4	0.72%
Rio Suite Hotel				4,250	9	0.54%
State of Nevada				5,250	5	0.66%
Flamingo Hilton				3,750	10	0.47%
Total principal employers	97,250		10.86%	78,250		9.86%
Total employment	895,800			793,900		

Source: *State of Nevada - Department of Employment, Training and Rehabilitation*

Note: Number of employees estimated using midpoint range.

Clark County Department of Aviation
Clark County, Nevada

Full Time Equivalent Employees
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Total
2004	962
2005	954
2006	1,143
2007	1,347
2008	1,363
2009	1,387
2010	1,365
2011	1,321
2012	1,469
2013	1,481
Average Annual Increase (Decrease)	4.9%

Clark County Department of Aviation
Clark County, Nevada

Nature, Volume, and Usage of Capital Assets
For the Fiscal Years Ended June 30,
(Unaudited)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Indicators of the level of demand for services										
Airlines:	44	39	36	35	36	38	39	36	37	34
Destinations served:	150 nonstop (including 27 international)	158 nonstop (including 26 international)	150 nonstop (including 21 international)	141 nonstop (including 20 international)	146 nonstop (including 22 international)	155 nonstop (including 21 international)	147 nonstop (including 19 international)	137 nonstop (including 18 international)	121 nonstop (including 17 international)	105 nonstop (including 15 international)
Daily flight operations:	1,429	1,465	1,423	1,383	1,453	1,685	1,667	1,688	1,658	1,429
Daily commercial operations:	929	959	942	943	1010	1117	1108	1098	1079	937
Annual passengers:	41,681,296	41,874,993	40,495,125	39,858,750	41,359,585	46,983,189	47,375,064	44,988,031	42,859,885	37,314,455
McCarran International Airport										
Site:	2,820 acres	2,820 acres	2,820 acres	2,820 acres	2,820 acres	2,820 acres	2,820 acres	2,820 acres	2,820 acres	2,820 acres
Runways:	25R*/7L: 14,510' X 150' 25L*/7R: 10,526' X 150' 19R/1L*: 8,985' X 150' 19L/1R: 9,775' X 150' * ILS equipped	25R*/7L: 14,510' X 150' 25L*/7R: 10,526' X 150' 19R/1L*: 8,985' X 150' 19L/1R: 9,775' X 150' * ILS equipped	25R*/7L: 14,510' X 150' 25L*/7R: 10,526' X 150' 19R/1L*: 8,985' X 150' 19L/1R: 9,775' X 150' * ILS equipped	25R*/7L: 14,510' X 150' 25L*/7R: 10,526' X 150' 19R/1L*: 8,985' X 150' 19L/1R: 9,775' X 150' * ILS equipped	25R*/7L: 14,510' X 150' 25L*/7R: 10,526' X 150' 19R/1L*: 8,985' X 150' 19L/1R: 9,775' X 150' * ILS equipped	25R*/7L: 14,510' X 150' 25L*/7R: 10,526' X 150' 19R/1L*: 8,985' X 150' 19L/1R: 9,775' X 150' * ILS equipped	25R*/7L: 14,510' X 150' 25L*/7R: 10,526' X 150' 19R/1L*: 8,985' X 150' 19L/1R: 9,775' X 150' * ILS equipped	25R*/7L: 14,510' X 150' 25L*/7R: 10,526' X 150' 19R/1L*: 8,985' X 150' 19L/1R: 9,775' X 150' * ILS equipped	25R*/7L: 14,510' X 150' 25L*/7R: 10,526' X 150' 19R/1L*: 8,985' X 150' 19L/1R: 9,775' X 150' * ILS equipped	25R*/7L: 14,510' X 150' 25L*/7R: 10,526' X 150' 19R/1L*: 8,985' X 150' 19L/1R: 9,775' X 150' * ILS equipped
Gates	110	110	104	104	104	94	94	94	94	83
Terminal buildings:										
Rentable Space	1,996,464	1,996,464	1,017,254	1,017,254	897,035	897,035	897,035	897,035	897,035	799,151
Public Space	1,273,671	1,273,671	767,805	767,805	732,752	732,752	732,752	732,752	732,752	689,768
Total Usable Space	3,270,135	3,270,135	1,785,059	1,785,059	1,629,787	1,629,787	1,629,787	1,629,787	1,629,787	1,488,919
Administration	394,807	394,807	381,530	381,530	364,991	364,991	364,991	364,991	364,991	339,374
Mechanical/Utilities	292,386	292,386	182,613	182,613	168,985	168,985	168,985	168,985	168,985	156,586
Total Space	3,957,328	3,957,328	2,349,202	2,349,202	2,163,763	2,163,763	2,163,763	2,163,763	2,163,763	1,984,879
Parking:										
Short-term	1,381	1,381	791	764	852	894	894	900	900	900
Valet	1,530	1,530	932	922	866	866	866	700	700	700
Long-Term	7,363	7,363	3,432	3,432	3,431	3,434	3,434	3,540	3,540	3,640
Surface Lot(s)	624	624	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Terminal 2 Public	N/A	N/A	272	272	225	272	272	272	272	270
Economy	5,100	5,100	5,100	5,100	5,100	-	-	4,082	4,082	3,644
Remote	1,954	1,954	1,984	1,954	1,954	4,007	4,007	N/A	N/A	N/A
Total Public Parking Spaces	17,952	17,952	12,511	12,444	12,428	9,473	9,473	9,494	9,494	9,154
Consolidated Car Rental Facility:										
Customer Service Building (Sq. Ft.)	111,000	111,000	111,000	111,000	111,000	111,000	111,000	N/A	N/A	N/A
Garage (Sq. Ft.)	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	N/A	N/A	N/A
Vehicle Capacity	5,000+	5,000+	5,000+	5,000+	5,000+	5,000+	5,000+	N/A	N/A	N/A
Shuttle Bus Fleet (units)	50	50	50	50	50	50	40	N/A	N/A	N/A

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KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Board of County Commissioners
Clark County Department of Aviation
Clark County, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Clark County Department of Aviation, Clark County, Nevada (the "Department"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated October 24, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kafoury, Armstrong & Co.

Las Vegas, Nevada
October 24, 2013

CLARK COUNTY DEPT OF AVIATION
CLARK COUNTY, NEVADA
AUDITOR'S COMMENTS
JUNE 30, 2013

CURRENT YEAR STATUTE COMPLIANCE

The Clark County Department of Aviation conformed to all significant statutory constraints on its financial administration during the year.

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

The Department of Aviation monitored all significant constraints during the year ended June 30, 2013.

PRIOR YEAR RECOMMENDATIONS

We did not note any financial weaknesses of a magnitude to justify inclusion within the prior year report.

CURRENT YEAR RECOMMENDATIONS

We did not note any financial weaknesses of a magnitude to justify inclusion within this report.

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APPENDIX C

DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE SERIES INDENTURE

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE

Following is a summary of certain provisions of the Master Indenture. This summary is not intended to be definitive and is qualified in its entirety by reference to the Master Indenture.

The terms set forth below have the same meanings in the Master Indenture, this Official Statement and this Appendix except as otherwise noted. Unless the context otherwise requires, the terms defined under this caption will, for all purposes of this Official Statement, have the meanings herein specified. All defined terms used herein and not otherwise defined herein shall have the respective meanings given to such terms in the Master Indenture.

"Additional Project" means (a) any additions, betterments, extensions, other improvements, or equipment of or related to the Airport System, and (b) any airport or airport related facility hereafter constructed, or otherwise acquired, or operated and maintained by the County at any site or sites other than the site of the Airport and any additions, betterments, extensions, or other improvements of any such airport or airport facilities; but excluding any Special Facilities.

"Aggregate Debt Service Requirements" means, for any Bond Year, the sum of the Debt Service Requirements of any Senior Lien Revenue Securities payable from the Net Revenues, which payment is secured by a pledge of and lien on the Net Revenues of the Airport System.

"Airport Facilities" or "Airport System" means all of the County's airport facilities, including, without limitation (a) the presently existing airport system consisting of the McCarran International Airport, Henderson Executive Airport, North Las Vegas Air Terminal, Overton Airfield and Jean Airfield; (b) all land, buildings, structures, and other facilities of such airports or related thereto of whatsoever character and wherever situated, within the County, and all future enlargements thereof and other improvements thereto, however financed and wherever located, or any substitute facilities; and (c) all properties, real, personal, mixed or otherwise, now owned or hereafter acquired by the County, through purchase, construction or otherwise, and used in connection with the Airport Facilities and in any way pertaining thereto; but excluding (a) Special Facilities until the end of the respective terms of the Net Rent Leases pertaining to such Special Facilities and (b) any additional airfields or other independent airport facilities (other than the Airport System or any part thereof) which are excluded from the Airport Facilities at the option and by order of the Board pursuant to the Master Indenture.

"Airport Management Consultant" means an independent airport management consultant or airport management consulting firm, as from time to time appointed and compensated by the Board on the behalf and in the name of the County, (a) who has a wide and favorable reputation for special skill and knowledge in methods of the development, operation and management of airports and airport facilities and (b) who is selected and retained by the Board, in the name of the County, and is compensated thereby, but who is not in the regular employ or control of the County.

"Board" means the Board of County Commissioners of Clark County, in the State of Nevada, including any successor of the County.

"Bond Year" means the 12 months commencing on July 2 of any calendar year and ending on July 1 of the next succeeding calendar year.

"Book-Entry System" means the system maintained by the Securities Depository and described in Appendix D attached hereto.

"Chairman" means the de jure or de facto chairman of the Board, or his successor in functions, if any.

"Clerk" means the de jure or de facto county clerk of the County and designated as such by the County, or his successor in functions, if any.

"Commercial Bank" means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation and of the Federal Reserve System, which has a capital and surplus of $25,000,000 or more, and which is located within the United States; and such term includes, without limitation, any "Trust Bank."

"Comparable Bond Year" means, in connection with any Fiscal Year, the Bond Year which commences in the Fiscal Year.

"Consulting Engineer" means any registered or licensed professional engineer, any firm of such engineers, any licensed professional architect, or any firm of such architects, as from time to time determined by the County, which Person or Persons (a) have a wide and favorable reputation for skill and experience in the field of designing, preparing plans and specifications for, and supervising construction of, airports and airport facilities, (b) are entitled to practice and are practicing as such under the laws of the State, and (c) are selected, retained and compensated by the Board, in the name and on behalf of the County, and who may be in the regular employ or control of the County.

"Debt Service Requirements" or "Securities Requirements," means, for any Fiscal Year, as applied to any series of Senior Lien Revenue Securities, the sum of (a) the amount required to pay the interest on all Outstanding Senior Lien Revenue Securities of such series which is payable during the Comparable Bond Year, but if the Revenue Bonds or Revenue Securities of any series bear interest at a variable rate of interest, then except as provided in the Master Indenture with respect to Revenue Bonds subject to a Qualified Swap, the interest rate used will be the prevailing interest rate on such Revenue Bonds or Revenue Securities at the time of calculation, but neither greater than any maximum interest rate pertaining to such variable interest rate nor less than any minimum interest rate pertaining to such variable interest rate; (b) the amount required to pay the principal of all Outstanding Serial Senior Lien Revenue Securities and any prior redemption premiums due in connection therewith of such series which is payable in the Comparable Bond Year; (c) the Sinking Fund Requirements of the Outstanding Term Senior Lien Revenue Securities of such series for such Bond Year (other than Term Senior Lien Revenue Securities constituting Senior Guaranteed Obligations); and (d) the amount of any Senior Guaranteed Obligation Requirements for any Senior Guaranteed Obligations due in the Comparable Bond Year. Any computation of the Debt Service Requirements is made for the computation of the Senior Lien Revenue Securities as the Debt Service Requirements fall due (other than by a call of securities for prior redemption at the County's option except as specifically provided in the Master Indenture) during any one succeeding Bond Year, but in any computation of the Debt Service Requirements preliminary to the issuance of an additional series of Senior Lien Revenue Securities, the computation may pertain to the 12-month period (as opposed to Fiscal Year) as provided under clause A under Additional Revenue Bonds. (See "Master Indenture—Issuance of Additional Senior Lien Revenue Securities.")

"Defeasance Securities" means (a) Federal Securities which are not callable for redemption prior to their maturity by any Person other than the owner thereof and (b) other Investment Securities permitted under the Master Indenture (i) which either are not callable for redemption prior to their maturities by any Person other than the owner thereof or for which an option to redeem prior to maturity has previously been irrevocably exercised (or an irrevocable covenant to exercise such option has previously been made by the Person entitled to exercise such option) and the redemption date of such securities has thereby been irrevocably fixed prior to the use of any such securities as Defeasance Securities, and (ii) which at the time of their initial use as Defeasance Securities are rated in the highest generic rating category by Standard & Poor's or Moody's.

"Director" means the de jure or de facto director of aviation of the County and designated as such by the County, and means the de jure or de facto chief assistant of that official or the acting director of aviation, if any, of the County whenever the director of aviation is unable to act in such capacity, or the successor of the director of aviation in functions, if any.

"Federal Securities" means bills, certificates of indebtedness, notes, bonds or similar securities which are direct obligations of, or the principal and interest of which are unconditionally guaranteed by, the United States.

"Financial Consultant" means the firm which is retained by the County to render to it fiscal advice and to perform financial advisory services in connection with a series of bonds and the Airport Facilities.

"Fiscal Year" means the 12 months commencing on July 1 of any calendar year and ending on June 30 of the next succeeding calendar year; and if the Nevada legislature changes the statutory fiscal year relating to the County, the Fiscal Year will conform to such modified statutory fiscal year from the time of each such modification, if any.

"General Obligation Securities" means general obligation bonds, notes or other securities issued for purposes pertaining to the Airport System payable from general (ad valorem) taxes and for the payment of which the County pledges its full faith and credit, which payment may be additionally made from the Net Revenues deposited to the Capital Fund created by the Master Indenture; but if the payment of such General Obligation Securities is additionally secured by a pledge for and lien on the Net Revenues, such Revenue Securities are to be paid from the Subordinate Securities Fund.

"Governing Body" means the Board.

"Gross Revenues" means all income and revenues derived directly or indirectly by the County from the operation and use of and otherwise pertaining to the Airport System, or otherwise, and includes all revenues received by the County from the Airport System, including, without limitation, all rentals, rates, fees and other charges for the use of the Airport System, or for any service rendered by the County in the operation thereof, revenues from any gaming at the Airport System, interest and other realized gain from any investment of moneys accounted for in various accounts of the Airport System Fund, and to the extent provided in the Master Indenture, any account into which revenues are transferred from the Revenue Fund, but excluding (i) any Revenue Bond proceeds and any other money credited to the Construction Fund or any like account for financing the acquisition of capital improvements and pertaining to any Additional Project under the Master Indenture, other than any surplus Revenue Bond proceeds or other unrestricted surplus moneys in the Construction Fund or other such account remaining after the completion of and payment for the project pertaining thereto, (ii) any moneys received as grants, appropriations or gifts, the use of which is limited by the grantor or donor to the construction of capital improvements for the Airport Facilities, except to the extent any such moneys shall be received as payments for the use of the Airport Facilities, (iii) any revenues derived from any Special Facilities (other than ground lease rentals pertaining to such Special Facilities and any moneys paid to the County in lieu of such rentals), (iv) insurance proceeds other than loss of use or business interruption proceeds, (v) interest and other gain from any investment of moneys in the Debt Service Reserve Fund so long as the amount of such Fund is less than the Reserve Requirements for all Senior Lien Revenue Securities, (vi) the proceeds of any passenger head tax or other per-passenger charge fixed and collected by the County in accordance with law; and (viii) any amounts paid to the County pursuant to a Qualified Swap.

"Guaranteed Obligation Requirements" means, with respect to any Guaranteed Obligations pertaining to any series of Senior Lien Revenue Securities or Subordinate Revenue Securities, regardless of whether any calculation of the designated requirements for inclusion in any Debt Service Requirements for any Bond Year and pertaining to any reserve account, any earnings test for the issuance of additional securities, the rate maintenance covenant in the Master Indenture or any other rate maintenance covenant which in turn pertains to any Subordinate Revenue Securities, is made prior to, on or after the maturity date of such Guaranteed Obligations, the sum of the amounts to be accumulated in the Bond Fund or Subordinate Securities Fund, as the case may be, by the County in each Fiscal Year for payment by the County in the Comparable Bond Year to a Qualified Bank, as compensation for the payment from the proceeds of its Letter of Credit of at least wholly or in part the principal amount of the Guaranteed Obligations in accordance with the related Letter of Credit Agreement, but subject to the following provisions:

(a) In the case of any calculation made prior to the fixed maturity date of the Guaranteed Obligations for each Comparable Bond Year, (i) in the calculation for the period from the date of the calculation to and including the fixed maturity date of such obligations, (a) there shall be excluded from the calculation the principal amount of the Guaranteed Obligations, but (b) the interest thereon shall be included in the calculation as a part of the interest as the same becomes due on and before that fixed maturity date, and (ii) for the period after such maturity date there shall be included in the calculation for each Bond Year the maximum amount required to be paid by the County to the Qualified Bank (whether by reason of scheduled payments, payments required to be made at the option or demand of the Qualified Bank or otherwise) pursuant to the Letter of Credit Agreement as if the Letter of Credit had been drawn upon its full amount to pay the Guaranteed Obligations on the fixed maturity date thereof; and

(b) In the case of any calculation made on or after the fixed maturity date of the Guaranteed Obligations, there shall be included in the calculation for each Bond Year the amount required to be paid by the County to the Qualified Bank (whether by reason of scheduled payments, payments required to be made at the option or demand of the Qualified Bank or otherwise) as compensation in accordance with the terms of the Letter of Credit Agreement, if at the time of or prior to the calculation the Letter of Credit shall have been drawn upon wholly or in part to pay the principal of the Guaranteed Obligations, or both the principal thereof and the interest thereon, as the case may be.

"Guaranteed Obligations" means either Senior Guaranteed Obligations or Subordinate Guaranteed Obligations, or both of the foregoing, as the context requires.

"Investment Securities" means:

(a) Bills, certificates of indebtedness, notes, bonds, or similar securities which are direct obligations of, or the principal and interest of which securities are unconditionally guaranteed by, the United States;

(b) If the laws of the State permit any of the following investments to be made at the time the investment is made, any of the following investments:

(i) Interest bearing bank time deposits evidenced by certificates of deposit issued by banks incorporated under the laws of any State or the Federal Government, including the State of Nevada, or any national banking association that are members of the Federal Deposit Insurance Corporation, and interest bearing savings and loan association time deposits evidenced by certificates of deposit issued by savings and loan associations which are members of the Federal Deposit Insurance Corporation, if either (a) the capital and surplus of such bank or savings and loan association is at least equal to $10,000,000 or (b) such time deposits in any bank or savings and loan association are secured by obligations described in subparagraphs (a) and (if then so permitted by law) (b) (ii) of this definition or by tax-exempt unlimited general obligation bonds of a state or municipal government rated "A" or better by one or more nationally recognized rating agencies, in the aggregate having at all times a market value (exclusive of accrued interest) at least equal to such time deposits so secured, including accrued interest (or by any combination of such securities);

(ii) Bonds, debentures, or notes, or other evidences of indebtedness issued or guaranteed by any of the following agencies; Federal Farm Credit Banks; the Export-Import Bank of the United States; Federal Land Banks; the Federal National Mortgage Association; the Tennessee Valley Authority; the Government National Mortgage Association; the Federal Financing Bank; the Farmers Home Administration; the Federal Home Loan Bank; or any agency or instrumentality of the Federal Government which shall be established for the purposes of acquiring the obligations of any of the foregoing or otherwise providing financing therefor;

(iii) Repurchase agreements or reverse repurchase agreements with banks described in subparagraph (b)(i) of this definition or as otherwise described in the Master Indenture and government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which such agreements are secured by securities which are obligations described in subparagraph (a) of this definition;

(iv) Repurchase agreements or reverse repurchase agreements with banks described in subparagraph (b)(i) of this definition or as otherwise described in the Master Indenture and government bond dealers reporting and trading with the Federal Reserve Bank of New York, which such agreements are secured (if then so permitted by law) by securities which are obligations described in subparagraph (b)(ii) of this definition;

(v) Banker's acceptances endorsed and guaranteed by banks described in subparagraph (b)(i) of this definition or as otherwise described in the Master Indenture which have a capital and surplus of $25,000,000 or more;

(vi) New housing authority bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an Annual Contributions Contract or Contracts with the Federal Government; or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the Federal Government;

(vii) Any bond or other obligation the interest on which is excluded from gross income under Section 103 of the Tax Code which has a rating in one of the two highest generic rating categories from Moody's or Standard & Poor's;

(viii) Money market funds registered under the Federal Investment Company Act of 1940, as amended, whose shares are registered under the Federal Securities Act of 1933, as amended, and having a rating by Standard & Poor's of AAAm-G, AAAm, or AAm and if rated by Moody's, rated Aaa, Aa1 or Aa2; and

(ix) Any other security or account in which the Treasurer of, or any municipality corporation in, the State is from time to time authorized to invest public funds.

"Letter of Credit" means an irrevocable and unconditional letter of credit issued to the Trustee by a Qualified Bank which is issued to secure payment of Guaranteed Obligations on their maturity date or is used to fund all or a portion of the Debt Service Reserve Fund created by the Master Indenture.

"Letter of Credit Agreement" means the agreement between the County and the Qualified Bank pursuant to which the Qualified Bank agrees to issue a Letter of Credit and which sets forth the repayment obligation of the County to the Qualified Bank on account of any draw under the Letter of Credit, which agreement shall be authorized by the County in the Series Indenture which also authorizes the issuance of the Guaranteed Obligations or the funding of all or a part of the Debt Service Reserve Fund created by the Master Indenture with a Letter of Credit.

"Moody's" means Moody's Investors Service, Inc. or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency (other than Standard & Poor's) as may be designated in writing by the County and, with respect to any particular series of Revenue Bonds, approved in writing by any bond insurer insuring payment of principal of and interest on such Revenue Bonds.

"Net Rent Lease" means a lease of property or facilities pertaining to the Airport System or Special Facilities entered into by the County pursuant to which the lessee or licensee agrees to pay to the County rentals during the term thereof, and to pay in addition all operations and maintenance expenses pertaining to the leased facilities, including, without limitation, maintenance costs, insurance and all property taxes and assessments now or hereafter lawfully levied, commonly known in the real estate business as a "100% net rental lease."

"Net Revenues" means the Gross Revenues remaining after the deduction of the Operation and Maintenance Expenses of the Airport System.

"Operation and Maintenance Expenses" means all reasonable and necessary current expenses of the County, paid or accrued, of operating, maintaining and repairing the Airport System, including, without limitation, overhead expenses relating to the administration, operation and maintenance of the Airport System; insurance and fidelity bond premiums; payments to pension and certain other funds and to any self-insurance fund not in excess of premiums which would otherwise be required for such insurance; any general and excise taxes or other governmental charges; the reasonable charges of paying agents and depository banks; costs of contractual and professional services, labor, materials and supplies for current operations; cost of issuance of securities relating to the Airport System (except to the extent paid from securities proceeds); fiduciary costs; cost of collecting and refunding Gross Revenues; utility costs; any lawful refunds of any Gross Revenues; and all other administrative, general and commercial expenses, but excluding: (a) any allowance for depreciation; (b) costs of improvements; (c) reserves for major capital replacements, Airport System operations, maintenance or repair; (d) any allowance for redemption of or payment of interest or premium on securities; (e) any liabilities incurred in acquiring or improving properties of the Airport System; (f) expenses of lessees or licensees under Net Rent Leases; (g) Operation and

Maintenance Expenses pertaining to Special Facilities; and (h) liabilities based upon the County's negligence or other ground not based on contract.

"Other Available Funds" means, with respect to the Master Indenture, for any Fiscal Year, the smallest amount of unencumbered funds at any time in the Fiscal Year on deposit in the Capital Fund in excess of the Minimum Capital Reserve; but in no event shall such amount exceed 25% of the Aggregate Debt Service Requirements for the Senior Lien Revenue Securities then Outstanding for the Comparable Bond Year.

"Outstanding" when used with reference to any Revenue Bonds or any other designated Revenue Securities and as of any particular date means all the Revenue Bonds or any such other Revenue Securities payable from Gross Revenues or otherwise pertaining to the Airport System, as the case may be, in any manner theretofore and thereupon being executed and delivered: except (a) any Revenue Bond or other Revenue Security canceled by the County, by the Paying Agent or otherwise on the County's behalf, at or before such date; (b) any Revenue Bond or other Revenue Security for the payment or the redemption of which moneys at least equal to its Bond Requirements to the date of its maturity or any Redemption Date, whichever date is earlier, if any, shall have theretofore been deposited with a Trust Bank in escrow or in trust for that purpose, as provided in the Master Indenture; and (c) any Revenue Bond or other Revenue Security in lieu of or in substitution for which another Revenue Bond or other Revenue Security shall have been executed and delivered pursuant to the Master Indenture.

"Paying Agent" means The Bank of New York Mellon Trust Company, N.A., or any successor Commercial Bank which may be appointed from time to time as paying agent for Revenue Securities.

"Person" means a corporation, firm, other body corporate (including, without limitation, the federal government, the State, or any other body corporate and politic other than the County) partnership, association or individual, and also includes an executor, administrator, trustee, receiver or other representative appointed according to laws.

"Project" means any Additional Project comprised of the enlargement, other improvement and equipment of the Airport System, including, without limitation, the acquisition of land therefor, or any combination thereof, as the Improvement Project or any other project may be modified pursuant to the Master Indenture, in the absence of the defined term expressly including both an Improvement Project and a Refunding Project as to any series of Revenue Bonds or other Revenue Securities as stated in the proceedings pertaining thereto.

"Qualified Bank" means a Commercial Bank organized and in good standing under the laws of the United States or any state thereof, and, insofar as the Letter of Credit of such bank secures the payment of Senior Guaranteed Obligations, whose most recent debt obligations are rated by Moody's or by Standard & Poor's at least one full rating category above the rating on any Senior Lien Revenue Bonds which are not Guaranteed Obligations and which are then Outstanding, but not less than "A" by either agency.

"Qualified Surety Bond" means any surety bond or other insurance policy, which has liquidity features equivalent to a Letter of Credit, or any Letter of Credit deposited in the Debt Service Reserve Fund in lieu of or in partial substitution for monies on deposit therein, the issuer of which is rated in the highest rating category by each Rating Agency.

"Qualified Swap" means any financial arrangement which, in connection with a particular series of Revenue Bonds, has been approved in writing by any bond insurer insuring payment of principal of and interest on such series of Revenue Bonds (i) that is entered into by the County with an entity that is a Qualified Swap Provider at the time the arrangement is entered into; (ii) which provides that the County shall pay to such entity an amount based on the interest accruing at a fixed rate on an amount equal to the designated principal amount of Revenue Bonds Outstanding as described therein, and that such entity shall pay to the County an amount based on the interest accruing on such principal amount at a variable rate of interest computed according to a formula set forth in such arrangement (which need not be the same as the actual rate of interest borne by such Revenue Bonds) or that one shall pay to the other any net amount due under such arrangement; and (iii) which has been designated in writing to the Trustee by the County as a Qualified Swap with respect to such Revenue Bonds.

"Qualified Swap Provider" means with respect to a Qualified Swap, a financial institution whose senior long term debt obligations, or whose obligations under a Qualified Swap are guaranteed by a financial institution whose senior long term debt obligations, are rated (at the time the subject Qualified Swap is entered into) at least A3, in the case of Moody's and A-, in the case of Standard & Poor's, or the equivalent thereto in the case of any successor thereto, and which is approved in writing by any bond insurer insuring payment of principal of and interest on the series of Revenue Bonds to which such Qualified Swap relates.

"Registrar" means The Bank of New York Mellon Trust Company, N.A., or any successor Commercial Bank which may be appointed from time to time as registrar.

"Reserve Requirement" with respect to: (a) 2005A and 2008E Senior Lien Revenue Bonds, means, as of the date of calculation, the Aggregate Debt Service Requirements with respect to such Series as computed for the Bond Year in which such sum is the largest; and (b) each Series of Senior Lien Revenue Bonds issued after the 2008E Senior Lien Revenue Bonds, shall have the meaning set forth in the related Series Indenture, except as the County may elect to secure any such additional Series of Senior Lien Revenue Bonds with the Debt Service Reserve Fund jointly with the 2005A and 2008E Senior Lien Revenue Bonds, so long as the Reserve Requirement for such Series is equal to the Aggregate Debt Service Requirements as computed for the Bond Year in which such sum is the largest.

"Revenue Bonds" (defined as "Bonds" in the Master Indenture) means any bond or bonds issued in accordance with the provisions of the Master Indenture which are payable from the Net Revenues of the Airport System and which payment is secured by a pledge of and lien on the Net Revenues. The term "Revenue Bonds" does not include any special obligation bonds or other special obligation securities designated as Special Facilities Bonds and pertaining to Special Facilities, and such term does not include any Subordinate Revenue Bonds unless the context of the provisions in which the term "Revenue Bonds" is used clearly indicates that term pertains to Subordinate Revenue Bonds. In connection with Revenue Bonds of a series with respect to which a Qualified Swap is in effect or proposed to be in effect, the term "Revenue Bonds" includes, collectively, both such Revenue Bonds and either such Qualified Swap or the obligations of the County under such Qualified Swap, as the context requires, but the Qualified Swap Provider shall not be considered to be an owner of Revenue Bonds for purposes of receiving notices, granting consents or approvals, or directing or controlling any actions, restrictions, rights, remedies or waivers under the Master Indenture, except as expressly provided in the Master Indenture.

"Revenue Securities" (defined as "Securities" in the Master Indenture) means any bond or bonds, note or notes, warrant or warrants, or other similar securities or any book entry obligations, or any certificates whether pertaining to such securities or not or to other securities, authorized by law to be issued by the County in relation to the Airport System and issued in accordance with the Master Indenture which securities are payable from the Net Revenues of the Airport System and which payment is secured by a pledge of and lien on the Net Revenues.

"Securities Depository" means The Depository Trust Company, New York, New York, and its successors and assigns, or any additional or other securities depository designated in a Series Indenture, or: (i) if the then Securities Depository resigns from its functions as depository of the Bonds; or (ii) if the County discontinues use of the Securities Depository pursuant to the Master Indenture, then any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the Bonds and which is selected by the County with the consent of the Trustee.

"Senior Lien Revenue Bonds," "Senior Lien Revenue Securities" or "Senior Securities" (defined as "Parity Bonds" and "Parity Securities" in the Master Indenture) refer to the 2005A Bonds and any other securities or bonds pertaining to the Airport System and payable from Net Revenues on a parity with such Revenue Bonds, including the obligations payable to a Qualified Bank under a Letter of Credit Agreement and in connection with Revenue Bonds or other Revenue Securities with respect to which a Qualified Swap is in effect or proposed to be in effect, the terms "Senior Lien Revenue Bonds" and "Senior Lien Revenue Securities" includes, collectively, both such Revenue Bonds and either such Qualified Swap or the obligations of the County under such Qualified Swap, as the context requires, except as otherwise provided in the Master Indenture.

"Senior Guaranteed Obligations" means one or more Senior Term Securities of any series becoming due on one fixed maturity date, the payment of which Senior Lien Revenue Securities is additionally secured by a Letter of Credit issued by a Qualified Bank pursuant to a Letter of Credit Agreement.

"Serial Senior Lien Revenue Bonds" or "Serial Senior Lien Revenue Securities" means the Revenue Bonds or other Revenue Securities of any series which are stated to mature in consecutive annual installments.

"Series Indenture" means a supplemental instrument providing for the issuance of any particular Series of Bonds or other Securities.

"Sinking Fund Requirements" means, with respect to the Term Bonds or Term Securities for any series other than Guaranteed Obligations and for any Fiscal Year, the amount to be accumulated in the Fiscal Year in the Sinking Fund Account for the payment for the principal amount fixed or computed for the Comparable Bond Year for the retirement of such Term Bonds or Term Securities by purchase, either upon the open market or by calls for tenders for purchase by the County, or by both such types of purchase, or by prior redemption, or by both such purchase and such prior redemption, as follows. The Sinking Fund Requirements for the Term Bonds or Term Securities of each series for each Fiscal Year in which the Sinking Fund Requirements are accumulated in the Sinking Fund Account for payment of Term Bonds or Term Securities are initially the respective principal amounts of the Term Bonds or Term Securities to be redeemed on July 1 of the Comparable Bond Year as fixed in the Series Indenture for such series, or otherwise so retired by purchase not later than 45 days prior to that due date. The aggregate amount of the Sinking Fund Requirements payable for the Term Bonds or Term Securities of each series shall be equal to the aggregate principal amount of the Term Bonds or Term Securities of the series then Outstanding. The Sinking Fund Requirements for the Term Bonds or Term Securities of the same maturity of each series are accumulated by substantially equal monthly deposits in the Sinking Fund Account commencing on the first day of the Fiscal Year which pertains to the Comparable Bond Year on July 1 of which Term Bonds or Term Securities are paid by prior redemption or prior purchase, and ends with the Bond Year which ends one year next preceding the fixed maturity date of each series of such Term Bonds or Term Securities (such final installment being payable on the fixed maturity date). If at the close of any Bond Year the total principal amount of the Term Bonds or Term Securities of any series of the same maturity retired by purchase or prior redemption during the Bond Year shall be greater than the total amount of the Sinking Fund Requirements for such Term Bonds or Term Securities to and including the Bond Year, then the Sinking Fund Requirements for such Term Bonds or Term Securities for all subsequent Bond Years must be reduced by the amount of that excess as determined by the Board. The amount of the reduction in the Sinking Fund Requirements for each subsequent Bond Year shall be as determined by the Board. Once the Board has adjusted the Sinking Fund Requirements for the subsequent Bond Years to reflect the reduction resulting from the excess redemption or purchase in contradistinction to any like excess reduction resulting from an excess redemption or purchase in any of the subsequent Bond Years. If at the close of any Bond Year the total principal amount of the Term Bonds or Term Securities of any series of the same maturity retired by purchase or prior redemption during the Bond Year shall be less than the total amount of the Sinking Fund Requirements for those Term Bonds or Term Securities to and including the Bond Year, then the Sinking Fund Requirement for the Term Bonds or Term Securities expended in the next ensuing Bond Year must be increased by the amount of such deficiency and such event shall be an Event of Default under the Master Indenture. The Board shall, before the first day of each Fiscal Year, recompute, if necessary, the Sinking Fund Requirements for the Comparable Bond Year and all subsequent Bond Years for the Term Bonds or Term Securities of each series then Outstanding. The Sinking Fund Requirements for the Bond Year as recomputed shall continue to be applicable during the Bond Year and no adjustment need be made therein by reason of Term Bonds or Term Securities purchased or called for prior redemption during the Bond Year.

"Special Facilities" means structures, hangars, aircraft overhaul, maintenance or repair shops, heliports, hotels, storage facilities, garages, other facilities, and appurtenances, being a part of or related to the Airport System, the cost of the construction or other acquisition of which Special Facilities is financed with the proceeds of Special Facilities Bonds.

"Special Facilities Bonds" means the bonds or other securities payable solely from all or a portion of the rentals received pursuant to a Net Rent Lease or Net Rent Leases pertaining to Special Facilities as provided in the Master Indenture.

"Standard & Poor's" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency (other than Moody's) as may be designated in writing by the County and approved in writing by any bond insurer insuring payment of principal of and interest on such Revenue Bonds.

"Subordinate Revenue Bonds" or "Subordinate Revenue Securities" (defined as "Subordinate Bond" and "Subordinate Securities" in the Master Indenture) means bonds or other securities pertaining to the Airport System and payable from its Net Revenues subordinate and junior to the lien thereon of the Revenue Bonds and include Swap Termination Payments and any other amounts payable by the County under a Qualified Swap entered into in connection with the proposed issuance of a series of Revenue Bonds in the event that no Revenue Bonds of such series are issued by the date provided in such Qualified Swap.

"Subordinate Guaranteed Obligations" means one or more Subordinate Revenue Securities of any series becoming due on one fixed maturity date, the payment of which Subordinate Revenue Securities is additionally secured by a Letter of Credit issued by a Qualified Bank pursuant to a Letter of Credit Agreement.

"Swap Termination Payment" means an amount payable by the County or a Qualified Swap Provider, in accordance with a Qualified Swap, to compensate the other party to the Qualified Swap for any losses and costs that such other party may incur as a result of the early termination of the obligations, in whole or in part, of the parties under such Qualified Swap. Beginning on the date, if any, that a Swap Termination Payment by the County becomes due and payable, the amount of such Swap Termination Payment shall be taken into account in determining the Debt Service Requirements of the series of Revenue Bonds to which such Qualified Swap relates, except as otherwise specifically provided in the Master Indenture.

"Trustee" means The Bank of New York Mellon Trust Company, N.A., or any successor Commercial Bank which may be appointed from time to time as trustee for Revenue Securities.

"Tax Code" means the Internal Revenue Code of 1986, as amended.

"Term Bonds" or "Term Securities" means the Revenue Bonds or Revenue Securities of a series with a fixed maturity date or dates designated as Term Bonds or Term Securities (other than Guaranteed Obligations) in a Series Indenture, but which fixed maturity date or dates do not constitute consecutive annual installments.

"Treasurer" means the de jure or de facto county treasurer of the County, or his successor in functions, if any.

MASTER INDENTURE

Revenue Pledge

Pursuant to the Master Indenture, the County has irrevocably pledged the Net Revenues of the Airport System to the payment of the Senior Lien Revenue Bonds. The facilities comprising the Airport System, however have not been pledged to secure payment of the Senior Lien Revenue Bonds. The Senior Lien Revenue Bonds are also secured by a pledge of all funds and accounts held under the Master Indenture, subject to the provisions of the Master Indenture permitting disbursements of such amounts at the times and in the manner described therein.

The Senior Lien Revenue Bonds and other Revenue Securities are special obligations of the County payable solely from Net Revenues generated by the Airport System. The Senior Lien Revenue Bonds and other Revenue Securities do not constitute a debt of the County within the meaning of any Constitutional or statutory provision or limitation, or a pledge of the full faith, credit and taxing power of the County.

The Master Indenture creates a special fund designated the Revenue Fund, to which the County is required to set aside and credit all Gross Revenues of the Airport System upon receipt thereof by the County. The Master Indenture requires that moneys or deposits in the Revenue Fund be applied solely in accordance with the order of priorities established by the Master Indenture. The first such priority and charge against the Revenue Fund is the payment of Operation and Maintenance Expenses budgeted and approved pursuant to the Master Indenture, including transfers to the Rebate Accounts established with respect to any series of Revenue Bonds.

Rate Maintenance Covenant

Pursuant to the Master Indenture, the County must at all times fix, charge and collect rentals, rates, fees and other charges for the use of the Airport System, and must revise such as may be necessary or appropriate in order that in each Fiscal Year the Gross Revenues, together with any Other Available Funds, will at all times be at least sufficient:

A. To provide for the payment of Operation and Maintenance Expenses for such Fiscal Year, and

B. To provide for the larger of either:

(i) Subject to the qualification set forth in the next paragraph, the amounts needed for making the required cash deposits in such Fiscal Year to the credit of the Bond Fund, the Debt Service Reserve Fund, the Subordinate Securities Fund, the Working Capital and Contingency Reserve Fund and the Capital Fund, or

(ii) An amount not less than 125% of the Aggregate Debt Service Requirements for the Comparable Bond Year for the Senior Lien Revenue Bonds then Outstanding.

In calculating the amount required to be deposited in the Bond Fund and Subordinate Securities Fund in clause B(i) above, (a) in the case of any Senior Term Securities which constitute Senior Guaranteed Obligations, the amount required to be deposited in the Bond Fund in the Fiscal Year immediately preceding the maturity date of the Senior Guaranteed Obligations shall equal the Senior Guaranteed Obligation Requirements for such Senior Guaranteed Obligations for the Comparable Bond Year, and (b) in the case of any Subordinate Term Securities which constitute Subordinate Guaranteed Obligations, the amount required to be deposited in the Subordinate Securities Fund in the Fiscal Year immediately preceding the maturity date of the Subordinate Guaranteed Obligations shall equal the Guaranteed Obligation Requirements for such Subordinate Guaranteed Obligations for the Comparable Bond Year.

If Gross Revenues in any Fiscal Year, together with any Other Available Funds, are less than the amounts specified above, the County, upon receipt of the annual audit for such Fiscal Year, shall revise its rentals, rates, fees and other charges, its Operation and Maintenance Expenses or the method of operation of the Airport System in order to satisfy as quickly as practicable the foregoing requirements.

If the County complies in good faith with the requirement of the preceding paragraph, it will not constitute an Event of Default pertaining to the County’s non-performance of its duties under the Master Indenture if the resulting Gross Revenues, together with any Other Available Funds, are not sufficient to satisfy the Rate Maintenance Covenant. If, however, the County shall fail to comply in good faith with such requirements, the Trustee may, and upon the request of the owners of not less than 10% in aggregate principal amount of the Senior Lien Revenue Bonds of any series then Outstanding and upon being indemnified to its satisfaction, is required to institute and prosecute in a court of competent jurisdiction an appropriate action to compel the County to satisfy such requirements. The County has covenanted that it will adopt and charge rentals, rates, fees and charges and revise its Operation and Maintenance Expenses or the method of operation of the Airport System in compliance with any final order, decree or judgment entered in any such proceeding or any modification thereof.

Application of Revenues

In addition to the Revenue Fund and the Operation and Maintenance Fund (including the Rebate Accounts of the Operation and Maintenance Fund), which will be held by the County, the Master Indenture creates the following additional funds and accounts held by the County or the Trustee, as the case may be:

Fund or Account	*Held By:*
Bond Fund	Trustee
Interest Account	
Principal Account	
Sinking Fund Account	
Redemption Account	
Debt Service Reserve Fund	Trustee
Subordinate Securities Fund	County
Working Capital and Contingency Reserve Fund	County
Capital Fund	County
Construction Fund	County
Capitalized Interest Account	Trustee

After making the payments each month required to be credited to the Operation and Maintenance Fund, moneys in the Revenue Fund are required to be transferred and credited to the following funds and accounts at the following times and in the following order of priority:

(i) Monthly, to the Interest Account of the Bond Fund, an amount, together with other moneys available therefor from whatever source, including moneys in the Capitalized Interest Account set aside for such payment, equal to 1/6 of the next maturing interest installments on the Senior Lien Revenue Bonds then Outstanding, including any amounts due and payable by the County to a Qualified Swap Provider under the related Qualified Swap at such times as are provided in the Qualified Swap;

(ii) Monthly, to the Principal Account of the Bond Fund, an amount equal to 1/12 of the next maturing principal on the Serial Senior Lien Revenue Bonds the Outstanding;

(iii) Monthly, to the Sinking Fund Account of the Bond Fund, an amount equal to 1/12 of the next Sinking Fund Requirement for the Comparable Bond Year for the Term Bonds then Outstanding;

(iv) Monthly, to the Debt Service Reserve Fund, an amount which, if made as one of 60 equal monthly installments, is sufficient to make the sum of the amount on deposit in the Debt Service Reserve Fund plus the available amount of any Qualified Surety Bonds on deposit therein equal to the Reserve Requirements for the then Outstanding Senior Lien Revenue Bonds; provided that if any moneys are withdrawn from the Debt Service Reserve Fund (other than any amounts the withdrawal of which does not reduce the reserve to an amount less than the Reserve Requirements) or if payment is made under any Qualified Surety Bond in the Debt Service Reserve Fund to pay the Securities Requirements of any Senior Lien Revenue Securities, the amount so withdrawn, except to the extent any such Qualified Surety Bond is reinstated as may be provided therein or in connection therewith, is to be restored therein from Net Revenues available therefor over a 60 month period;

(v) Monthly, to the Subordinate Securities Fund, an amount which is required to provide for the payment of the principal of and interest due on Subordinate Revenue Securities as the same become due, including any reasonable reserves for such securities;

(vi) Monthly, to the Working Capital and Contingency Reserve Fund, an amount equal to 1/12 of 8.333% of the amount designated in the annual Airport System budget then in effect as the annual Operation and Maintenance Expenses for the current Fiscal Year (the "Minimum Working Capital Reserve"), less any money available in such Fund. If the Board, after consultation with the Airport Management Consultant, determines at any time that the aforesaid percentage provides insufficient or excessive revenues for the purpose for which the Working Capital and Contingency Reserve Fund is established, the Chief Financial Officer of the Department of Aviation is to adjust the percentage referred to above as directed by the Board but in no event is such percentage to be reduced below 8.333%. No payment need be made into the Working Capital and Contingency Reserve Fund so long as the moneys therein shall then equal not less than the Minimum Working Capital Reserve. The moneys in the Working Capital and Contingency Reserve Fund are to be accumulated or reaccumulated and maintained as a continuing reserve to be used only to prevent deficiencies in the payment of the Operation and Maintenance Expenses resulting from the failure to deposit into the Operation and Maintenance Fund sufficient funds to pay such expenses as the same accrue and become due. If at any time the moneys credited to the Operation and Maintenance Fund are insufficient to pay Operation and Maintenance Expenses, the County acting by and through the Assistance Director may withdraw such moneys from the Working Capital and Contingency Reserve Fund and transfer them to the credit of the Operation and Maintenance Fund. Any moneys in the Working Capital and Contingency Reserve Fund exceeding the Minimum Working Capital Reserve are to be transferred to the Revenue Fund. In November 1987, by resolution, the Board increased the Minimum Working Capital Reserve to 16.666% of annual Operation and Maintenance Expenses. The Board retains discretion to reduce the Minimum Working Capital Reserve to 8.333% at any time; and

(vii) To the Capital Fund, from any remaining moneys in the Revenue Fund, (i) equal monthly installments or such greater amounts as required to provide for the payment of the principal of, premium, if any, and interest on any General Obligation Securities, except to the extent the County appropriates other funds therefor, during such Fiscal Year or Comparable Bond Year (the "General Obligation Requirements") and (ii) not less infrequently than annually by the end of each Fiscal Year an amount, but in any event not more than $100,000, necessary to accumulate or to reaccumulate in the Capital Fund a reserve in an amount of not less than $1,000,000 (the "Minimum Capital Reserve"). No payment need be made into the Capital Fund during any Fiscal Year so long as the moneys therein shall equal not less than the sum of the Minimum Capital Reserve plus the General Obligation Requirements for such Fiscal Year. In November 1987, by resolution, the Board increased the Minimum Capital Reserve from $1,000,000 to $5,000,000 and made a one-time deposit into the Capital Fund in an amount equal, together with moneys on deposit therein, to $5,000,000. The Board retains discretion to reduce the Minimum Capital Reserve to $1,000,000 at any time.

Moneys in the Capital Fund may be withdrawn in any priority for any one, all, or any combination of the following purposes, as the Board may from time to time determine:

A. Payment of General Obligation Securities. To pay the Securities Requirements of any General Obligation Securities;

B. Capital Costs. To pay the costs of constructing or otherwise acquiring any betterments of, enlargements of, extensions of or any other improvements at the Airport System, or any part thereof, authorized by law;

C. Maintenance Costs. To pay costs of extraordinary and major repairs, renewals, replacements or maintenance items pertaining to any properties of the Airport System of a type not recurring annually or at shorter intervals and not defrayed as Operation and Maintenance Expenses; and

D. Securities Requirements. To pay any securities payable from the Net Revenues, if such payment is necessary to prevent any default in the payment of such Revenue Securities, or otherwise.

If any monthly payment required to be made into any fund or account set forth above is deficient, the County is required to include the amount of such deficiency in the next monthly deposit into such fund or account.

At the end of any Fiscal Year or whenever in any Fiscal Year there shall have been credited to the above funds and accounts all amounts required to be deposited in those funds or accounts for all of that Fiscal Year and in satisfaction of any deficiencies in any prior Fiscal Year, any remaining Net Revenues in the Revenue Fund may be used for any lawful purposes pertaining to the Airport System, as the Board may from time to time determine.

The Master Indenture requires all interest earned or profit or loss realized on investments or deposits of moneys held for all funds and accounts to be credited or charged to the Revenue Fund, except that such earnings, profits or losses derived from any account in the Construction Fund are to be credited or charged to such fund and any earnings or profits derived from the Debt Service Reserve Fund are to be credited thereto until the amount in such fund shall equal the Reserve Requirements for the Senior Lien Revenue Bonds the Outstanding.

Issuance of Additional Senior Lien Revenue Securities

The Master Indenture permits and, in instances where the County has covenanted to complete a Project, requires the County to issue Senior Lien Revenue Securities payable from the Net Revenues of the Airport System on a parity with the Senior Lien Revenue Bonds for the following purposes:

(i) paying the cost of completing the Project or any Additional Project for which any series of Senior Lien Revenue Securities has been issued;

(ii) paying the cost of any Additional Project; and

(iii) refunding all Outstanding Senior Lien Revenue Bonds or Senior Lien Revenue Securities of one or more series, or one or more Outstanding Senior Lien Revenue Bonds or Senior Lien Revenue Securities of one or more series, or one or more maturities within a series, or refunding any Subordinate Revenue Securities.

In connection with the issuance of additional series of Senior Lien Revenue Securities, the "cost" of any Project or Additional Project includes, among other items, the costs of surveys or other plans or specifications, builder's insurance, consultant's fees, construction contingencies, property acquisition costs, the costs of issuance of such series of Senior Lien Revenue Securities, capitalized interest to a date not exceeding one year following the estimated completion date of the Project and the funding of reserves for the payment of the series of Senior Lien Revenue Securities.

Completion Bonds. The County may issue one or more series of Senior Lien Revenue Bonds or other Senior Lien Revenue Securities ("Completion Bonds") to pay the cost of completing the Project or any Additional Project.

Prior to the issuance of any series of Completion Bonds, the County is required to have delivered to the Trustee, among other documents:

A. A certificate of the Consulting Engineer approved by the Director stating that the Project or Additional Project (as the case may be) has not materially changed (except as permitted in the Master Indenture) from the description of the Project in the report of the Consulting Engineer or from the description of the Additional Project as described in any Series Indenture relating to the series of Additional Senior Lien Revenue Securities issued to finance the Additional Project, and setting forth the aggregate cost of the Project which, in the opinion of the signer, has been or will be incurred and cannot be paid from the moneys available at the date of the certificate in the account within the Construction Fund applicable to the Project; and stating that, in the opinion of the signer, issuance of the Completion Bonds is necessary to provide funds for completion of the Project; and

B. A certificate of the Director stating that the previous series of Senior Lien Revenue Securities issued in connection with the Project for which the Completion Bonds are being issued were issued to pay all or the balance of the costs of such Project.

Additional Bonds. One or more Series of Additional Bonds, or other Additional Securities, or both such Bonds and such Securities, may be authorized and delivered for the purpose of paying the Cost of any Additional Project. The Bonds or other Securities of any such Series shall be authorized as Senior Lien Revenue Bonds or other Senior Lien Revenue Securities and pursuant to a Series Indenture; but prior to the delivery of such Series of Bonds or other Securities, the County shall file with the Trustee documents including, without limitation, the following:

A. Earnings Test.

(1) A certification of the Director or Chief Financial Officer of the Department of Aviation that the Net Revenues, together with any Other Available Funds received (i) in the last audited Fiscal Year preceding the delivery of the Series of Additional Bonds or other Additional Securities or (ii) for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the delivery of the Series of Additional Bonds or other Additional Securities were at least sufficient to pay amount equal to the larger of either:

(x) The amount needed for making the required cash deposits in the 12-month period to the credit of the several accounts in the Bond Fund and to the credit of the Debt Service Reserve Fund, the Subordinate Securities Fund, the Working Capital and Contingency Reserve Fund, and the Capital Fund, or

(y) An amount not less than 125% of the Aggregate Debt Service Requirements as computed for the Bond Year in which such sum is the largest (calculated for the period beginning on the date of issuance of the proposed Additional Bonds or other Additional Securities and ending on the final maturity date of the then Outstanding Senior Lien Revenue Bonds and the proposed Additional Bonds or other Additional Securities) of the Outstanding Senior Lien Revenue Bonds and the Additional Bonds or other Additional Securities proposed to be issued; or

(2) A certificate of the Airport Management Consultant setting forth for each of the Fiscal Years commencing with the Fiscal Year following the earlier of either (1) the Fiscal Year in which the Consulting Engineer estimates such Additional Project will be completed, or (2) the last Fiscal Year in which there are no Debt Service Requirements for such Additional Bonds, and ending with the Fiscal Year which is five years after that Fiscal Year following the Fiscal Year in which the Consulting Engineer estimates such Additional Project will be completed, estimates of (i) the Gross Revenues and (ii) the Operation and Maintenance Expenses and other amounts required to be deposited in each of the accounts and subaccounts established under the Master Indenture and each Series Indenture supplemental thereto, and demonstrating that the Net Revenues in each such Fiscal Year shall at least equal the larger of either (a) the amounts needed for making the required deposits to the credit of the several subaccounts (other than the Redemption Account) in the Bond Fund, the Debt Service Reserve Fund, the Subordinate Securities Fund, the Working Capital and Contingency Reserve Fund, and the Capital Fund (such required deposits to the Bond Fund and the Subordinate Securities Fund to be adjusted for any Parity Guaranteed Obligations and any Subordinate Guaranteed Obligations, respectively, among other adjustments herein required or permitted in the manner provided by the definition herein of "Guaranteed Obligation Requirements") or (b) an amount not less than 125% of the Aggregate Debt Service Requirements for the Senior Lien Revenue Bonds then outstanding for the Comparable Bond Year for each such Fiscal Year, in each case after giving effect, among other factors, to the completion of the Additional Project or any completed portion thereof, the increase in rates, fees, rentals or other charges (or any combination thereof) under the Rate Maintenance Covenant described above as a result of the completion of such Additional Project or any such completed portion thereof, and the Debt Service Requirements of the Series of Additional Bonds then to be issued and the Debt Service Requirements, as estimated by the Financial Consultant, with respect to any future Series of Additional Bonds which the Director and the Chief Financial Officer of the Department of Aviation shall estimate (based on the estimate of the Consulting Engineer of the Cost of such Additional Project) will be required to complete payment of the Cost of such Additional Project; and

B. Consulting Engineer's Certificate. If paragraph (A)(2) above is used in connection with the issuance of Additional Bonds, a certificate of the Consulting Engineer setting forth (i) the estimated date of completion for the Additional Project for which such Series of Additional Bonds or other Additional Securities is being issued and for any other uncompleted Project for which the Additional Bonds or other Additional Securities are not being issued, and (ii) an estimate of the Cost of such Additional Project and of any other uncompleted Project; and

C. Absence of Default. A certification of the Director and Chief Financial Officer of the Department of Aviation that at the time of the execution and delivery of the supplemental instrument authorizing the Additional Bonds or other Additional Securities, as the case may be, as provided in the Master Indenture, the County shall not have been in default in making any payments required by the Master Indenture.

In any computation described above there shall be excluded from Gross Revenues any surplus Bond or other Security proceeds and any capital gain resulting from any sale or revaluation of investments in Investment Securities or bank deposits, or both such securities and such deposits, or both such securities and such deposits. If any one or more of the documents required by subparagraphs A, B and C above can not be given with the required results stated therein, the County must not issue the proposed Senior Lien Revenue Bonds or any other Senior Lien Revenue Securities. Nothing contained in this paragraph obligates the County to take any action in violation of any applicable requirements imposed by law, as to any increase in any rentals, rates, fees, and other charges, or otherwise.

Refunding Bonds. Prior to the issuance of any series of Senior Lien Revenue Securities ("Refunding Bonds") to refund one or more series of Senior Lien Revenue Bonds or Senior Lien Revenue Securities or one or more Senior Lien Revenue Bonds or Senior Lien Revenue Securities within a series, or one or more maturities of a series of Senior Lien Revenue Bonds or any series of Senior Lien Revenue Securities, other than for redeeming at their maturity the Term Bonds or Term Securities of a series which mature within one year of such refunding, the County shall have delivered to the Trustee, among other documents, either of the following: (i) a certificate of the Treasurer setting forth (1) the Aggregate Debt Service Requirements for the then current and each future Bond Year to and including the Bond Year ending on the date of the latest maturity of any series of Senior Lien Revenue Bonds or Senior Lien Revenue Securities of any series then Outstanding (a) with respect to the series of Senior Lien Revenue Bonds and Senior Lien Revenue Securities of all series Outstanding immediately prior to the date of delivery of such Refunding Bonds and (b) with respect to the series of Senior Lien Revenue Bonds and Senior Lien Revenue Securities to be Outstanding immediately thereafter, and (2) that the Aggregate Debt Service Requirements set forth for each Bond Year pursuant to (b) above is no greater than that set forth for such Bond Year pursuant to (a) above; or (ii) the certificates required by clauses A through C under "Additional Bonds" above evidencing that such series of Refunding Bonds meets the tests provided for all purposes of such certificate and tests applied as if such series of Refunding Bonds was a series of Additional Bonds. Refunding Bonds of each series issued to refund Subordinate Revenue Securities may be delivered in a principal amount sufficient, together with other moneys available therefor (including investment income thereon), to accomplish such refunding, provided that the County delivers, among other documents, the certificates required by clauses A through C under "Additional Bonds" above if the Subordinate Revenue Securities were originally issued to fund an Additional Project or the certificates required by clauses A and B under "Completion Bonds" above if such Subordinate Revenue Securities were originally issued to fund completion of a Project, such certificates to be prepared as if such series of Refunding Bonds was a series of Additional Bonds or Completion Bonds, as the case may be.

Issuance of Subordinate Revenue Securities and Special Facilities Bonds

The Master Indenture provides that the County may issue junior lien (subordinate) securities. The Master Indenture also includes provisions under which the County may issue Special Facilities Bonds for the purpose of constructing Special Facilities at the Airport for lease on a net rent basis. Any such Special Facilities Bonds shall be payable solely from rentals payable to the County pursuant to such Net Rent Leases, and shall not be a charge or claim against the Revenue Fund or any other account designated in the Master Indenture.

Acquisition of Additional Facilities

The County is not to acquire additional airfields or other independent airport facilities unless, in the written opinion of the Airport Management Consultant, the acquisition, operation and maintenance of such facilities will not materially affect the County's ability to comply with the Rate Maintenance Covenant described above or unless such facilities are excluded from the Airport Facilities at the option of and by order of the Board.

Security for Deposits; Investments

Until such money is invested pursuant to the last paragraph of this section, all money (not including securities) held by the Trustee may be deposited by the Trustee in demand or time deposits in its banking department or with such other Commercial Banks as may be designated by the County and approved by the Trustee. No such money is to be deposited with any Commercial Bank, other than the Trustee, in an amount exceeding 50% of the amount which an officer of such bank shall certify to the Trustee and to the County as the combined capital and surplus of such bank. No such money is to be deposited or remain on deposit with any Commercial Bank, including the Trustee, in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other Federal agency:

A. unless such bank shall have lodged with the trust department of the Trustee or, with the written approval of the Trustee and of the County, pledged to some other Commercial Bank for the benefit of the County and every owner of any Revenue Securities issued under the Master Indenture, as collateral security for the moneys deposited, Federal Securities or such securities as are provided by law for securing a deposit in a Commercial Bank in the State, having a market value (exclusive of accrued interest) at least equal to 110% of the amount of such moneys; or

B. unless, in lieu of such collateral security as to all or any part of such moneys, there shall have been lodged with the trust department of the Trustee for the benefit of the County and every owner of any Revenue Securities issued under the Master Indenture, and remain in full force and effect as security for such moneys or part thereof, the indemnifying bond or bonds of a surety company or companies qualified as surety for deposits of funds of the United States and qualified to transact business in the state in which such Commercial Bank is located in a sum at least equal to the amount of such moneys or part thereof.

Any money in any account or subaccount designated in the Master Indenture (other than any account for the refunding, payment and/or discharge of the Securities Requirements of any Outstanding Revenue Bonds or other Revenue Securities under the defeasance provisions of the Master Indenture, or otherwise), and not required for immediate disbursement and withdrawal is to be invested or reinvested by the Treasurer or the Trustee at the direction of the Director or Chief Financial Officer of the Department of Aviation by deposit in one or more Commercial Banks or in Investment Securities (and subject to an appropriate statutory amendment, other investment securities) which Investment Securities either shall be subject to redemption at any time at a fixed value by the holder thereof, at the option of the holder, or shall mature from the date of such investment or reinvestment neither later than such times as moneys are needed for payments from the respective accounts and subaccounts, nor (1) in the case of the Debt Service Reserve Fund, (i) later than 10 years from the date of investment (unless redeemable at the holder's option), or (ii) later than the last fixed maturity date of the Senior Lien Revenue Securities, nor (2) in the case of the Construction Fund later than the estimated completion date of the Project, nor (3) in the case of the Working Capital and Contingency Reserve Fund in securities with an average maturity exceeding 2½ years. The Investment Securities so purchased as an investment or reinvestment of moneys in any such account or subaccount shall be deemed at all times to be a part of the account or subaccount held in trust therefor.

Defeasance; Modification of the Master Indenture

When all principal, interest and any prior redemption premiums due in connection with Revenue Securities of any series payable from Pledged Revenues have been duly paid, or provision made therefor in accordance with the Master Indenture, the pledge and lien and all obligations under the Master Indenture shall thereby be discharged and such Revenue Securities shall no longer be deemed to be Outstanding. The County may provide for such payment by placing in escrow or in trust with a Trust Bank an amount sufficient, together with the known minimum yield available therefor from any initial investment in Defeasance Securities, to meet all requirements of principal, interest and any prior redemption premiums due, as the same become due to the final maturity of the Revenue Securities or upon any prior redemption date as of which the County shall have exercised or shall have obligated itself to exercise its prior redemption option by the call of the Revenue Securities for payment.

The Master Indenture may be amended or supplemented by instruments executed and delivered by the Board in accordance with the laws of the State upon the written consent of the holders of 66% in principal amount of all Senior Lien Revenue Bonds then Outstanding (excluding any Senior Lien Revenue Bonds held by the County), but no instrument shall have the effect of permitting: (1) a change in the maturity or the terms of redemption of any installment of principal, or interest of any Outstanding Senior Lien Revenue Bond; (2) a reduction of the principal, interest rate or prior redemption premium of any Senior Lien Revenue Bond without the consent of the owner of such Senior Lien Revenue Bond; (3) the creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by the Master Indenture; or (4) a reduction of the principal amount or percentages or otherwise affecting the description of Senior Lien Revenue Bonds or the consent of the owners of which is required for any such modification of or prejudicial effect upon the rights or privileges of the owners of less than all of the Senior Lien Revenue Bonds then Outstanding.

Remedies of Senior Lien Revenue Bondholders

The Master Indenture defines "events of default" as follows: (1) the failure to pay when due the principal of any Senior Lien Revenue Bond, or any prior redemption premium in connection therewith, or any failure to pay installment of interest within 30 days after it is due; (2) the County is rendered incapable of fulfilling its obligations under the Master Indenture; (3) the County fails to perform (or begin the performance of) all acts required of it under any contract relating to the Pledged Revenues, the Airport System or any Special Facilities, continuing 60 days after notice of such failure; (4) the County discontinues, delays or fails to carry out reconstruction or replacement of any part of the Airport System which is destroyed or damaged; (5) an order or decree is entered appointing a receiver for the Airport System or the Pledged Revenues derived therefrom, or if such decree was entered without the consent of the County, it is not vacated, discharged or stayed on appeal within 60 days after entry; (6) the County defaults in the due and punctual performance of any other of the covenants, agreements and provisions contained in any Revenue Securities or in the Master Indenture on its part to be performed, if such default continues for 60 days after written notice specifying such default and requiring the same to be remedied has been given to the County by the owners of 10% in principal amount of the Revenue Securities of any series then Outstanding or by the Trustee of the Revenue Securities; and (7) the County files a petition pertaining to its Airport System and seeking a composition of indebtedness under the Federal Bankruptcy Code, or under any other applicable law or statute of the United States of America or the State. In the event of any default, the Trustee may proceed, and if the owners of not less than 10% in principal amount of any series of Senior Lien Revenue Securities then Outstanding so request, then the Trustee is to proceed, against the County to protect and enforce the rights of the owners of the Senior Lien Revenue Bonds under the Master Indenture by suit, action or special proceedings in equity or at law either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in, or by an award of execution of any power granted in, the Master Indenture or for the enforcement of any proper legal or equitable remedy as such bondholders may deem most effectual to protect and enforce such rights.

Force Majeure

The Trustee shall not be considered in breach of or default in its obligations with respect to any obligations created under the Master Indenture or progress in respect thereto, in the event of enforced delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including but not limited to: acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other like occurrences beyond the control of the Trustee; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SERIES INDENTURE

The following statements are summaries of certain provisions of the Series Indenture but are in addition and complementary to the summaries found under the caption "SECURITY FOR THE SERIES 2014A BONDS."

DEFINITIONS

Unless the context otherwise requires, the terms defined under this caption will, for all purposes of this Official Statement, have the meanings herein specified. All defined terms used herein and not otherwise defined herein shall have the respective meanings given to such terms in the Series Indenture.

"2014A Debt Service Reserve Requirement" means, (a) initially, $25,425,600.00, and (b) thereafter, as of the date of computation, the lesser of the amount stated in clause (a) above and the least of (i) the maximum annual Debt Service Requirements for the Series 2014A Bonds, (ii) 125% of the average annual Debt Service Requirements for the Series 2014A Bonds or (iii) 8% of the aggregate principal amount of the Series 2014A Bonds.

"Aggregate Debt Service Requirements," with respect to the Series 2014A Bonds, and any other Subordinate Securities with a lien on the Net Revenues on a parity with the lien thereon of the Series 2014A Bonds, means, for any Bond Year, the sum of the Debt Service Requirements of the Series 2014A Bonds and any such other Subordinate Securities. "Aggregate Debt Service Requirements" with respect to the Senior Lien Revenue Bonds and Senior Lien Revenue Securities has the meaning given to such term in the Master Indenture.

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

"Bond Insurance Policy" means the municipal bond insurance policy issued by the Bond Insurer guaranteeing the scheduled payment of principal of and interest on the Insured Bonds when due.

"Bond Insurer" means Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company, or any successor thereto or assignee thereof.

"Business Day" means any day other than (i) a Saturday or Sunday or (ii) a day on which banks located in the city or cities in which the Principal Office of the Trustee and the principal office of the Bond Insurer are located, are required or authorized to remain closed.

"Certificate of the County Chief Financial Officer" means the certificate or certificates signed by the Chief Financial Officer of the County relating to the Series 2014A Bonds.

"Commercial Bank" means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation, which has a capital and surplus of $25,000,000 or more and which is located within the United States; and such term includes, without limitation, any "Trust Bank" as herein defined.

"Debt Service Requirements," with respect to the Series 2014A Bonds, and any other Subordinate Securities with a lien on the Net Revenues on a parity with the lien thereon of the Series 2014A Bonds, means "Debt Service Requirements" as defined in the Master Indenture, except that for purposes of the Series Indenture there shall be included in the calculation of "Debt Service Requirements" of the Series 2014A Bonds and any such other Subordinate Securities the interest on, principal of and Sinking Fund Requirements for the Series 2014A Bonds and any other such Subordinate Securities, and the amount of any Guaranteed Obligation Requirements of any Subordinate Guaranteed Obligations with respect thereto due in the Comparable Bond Year. "Debt Service Requirements" with respect to the Senior Lien Revenue Bonds and Senior Lien Revenue Securities has the meaning given to such term in the Master Indenture.

"Insured Bonds" means the Bonds maturing on July 1, 2031.

"Interest Payment Date" means each January 1 and July 1, provided, that if the date for making any payment as provided in this Series Indenture shall not be a Business Day, such payment may be made on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Series Indenture, and no interest shall accrue for the period after such nominal date.

"Other Available Funds" means "Other Available Funds" as defined in the Master Indenture, except that for purposes of the Series Indenture the maximum amount of Other Available Funds taken into account shall be an amount equal to the sum of (i) 25% of the Aggregate Debt Service Payments for the Senior Lien Revenue Bonds then Outstanding for the Comparable Bond Year, plus (ii) 10% of the Aggregate Debt Service Requirements of the Series 2014A Bonds and any other Subordinate Securities (other than Subordinate Securities having a lien on Net Revenues subordinate and junior to the lien thereon of the Series 2014A Bonds) then Outstanding for the Comparable Bond Year.

"Owner" or any similar term, when used in conjunction with any Series 2014A Bonds or any other designated securities, means the registered owner of any such Bond or other security which is registrable for payment if it shall at the time be registered for payment otherwise than to bearer.

"PFC Bonds" means, collectively, those securities designated as the Clark County, Nevada, Las Vegas-McCarran International Airport Passenger Facility Charge Revenue Bonds, 2007 Series A-1 and 2007 Series A-2, the Clark County, Nevada, Las Vegas-McCarran International Airport Passenger Facility Charge Refunding Revenue Bonds, 2008 Series A, the Clark County, Nevada, Las Vegas-McCarran International Airport Passenger Facility Charge Revenue Bonds, 2010 Series A, the Clark County, Nevada, Las Vegas-McCarran International Airport Passenger Facility Charge Refunding Revenue Bonds, 2010 Series F-1 and 2010 Series F-2, and the Clark County, Nevada, Las Vegas-McCarran International Airport Passenger Facility Charge Refunding Revenue Bonds, 2012 Series B.

"PFC Revenues" means all income and revenue received by or required to be remitted to the County from the $4.50 passenger facility charge (but not from any future increase in such charge) per qualifying enplaned passenger imposed by the County pursuant to the Aviation Safety and Capacity Expansion Act of 1990, Pub. L. 101 508, Title IX, Subtitle B, Sections 9110 and 9111, as amended from time to time, the Federal Aviation Regulations issued thereunder, and the authorizing ordinances of the County including any interest earned after such charges have been remitted to the County as provided in such Federal Aviation Regulations.

"Project Act" means the act authorizing the issuance of the Series 2014A Bonds and other securities, cited as NRS 496.010 through 496.290, and designated in Section 496.010 thereof as the Municipal Airports Act, and all laws amendatory thereof.

"Record Date" means the fifteenth day (whether or not a Business Day) of the month next preceding each Interest Payment Date.

"Series" means Series 2014A-1 Bonds or the Series 2014A-2 Bonds, as the case may be.

"Tax Code" means the Internal Revenue Code of 1986, as amended to the date of issuance of the Series 2014A Bonds.

"Trust Bank" means a Commercial Bank which is authorized to exercise and is exercising trust powers, and also means any branch of the Federal Reserve Bank.

SERIES INDENTURE

Set forth below is a summary of certain provisions of the Series Indenture. All capitalized terms used under this caption and not otherwise defined herein have the respective meanings given to such terms in the Series Indenture.

Obligation of County

Bonds Equally Secured. The covenants and agreements set forth in the Series Indenture to be performed on behalf of the County will be for the equal benefit, protection and security of the Owners of any and all of the Outstanding Series 2014A Bonds. All of the Series 2014A Bonds and any other Subordinate Securities with a lien on the Net Revenues on a parity with the lien thereon of the Series 2014A Bonds, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of such Securities over any other thereof as to the Net Revenues, except with respect to any "Third Lien Obligations" or "Junior Lien Obligations" as defined in the respective ordinances or series indentures authorizing the issuance of any such Securities and except as otherwise expressly provided in or pursuant to the Series Indenture.

No Pledge of Property. The payment of the Series 2014A Bonds is not secured by an encumbrance, mortgage or other pledge of property of the County, except the proceeds of the Net Revenues and any other moneys pledged for the payment of the Series 2014A Bonds. No property of the County, subject to such exceptions, shall be liable to be forfeited or taken in payment of the Series 2014A Bonds.

No Recourse Against Officers and Agents. No recourse shall be had for the payment of the Debt Service Requirements of the Series 2014A Bonds or for any claim based thereon or otherwise upon the Series Indenture authorizing their issuance or any other instrument relating thereto, against any individual member of the County or any officer or other agent of the County, past, present or future, either directly or indirectly through the County or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty or otherwise, all such liability, if any, being by the acceptance of the Series 2014A Bonds and as a part of the consideration of their issuance specially waived and released.

Revenue Pledge

The Series 2014A Bonds constitute Subordinate Securities, the payment of which is secured by and is payable from the Net Revenues of the Airport System subordinate and junior to the lien thereon of the 2005A Bonds, the 2008E Bonds, the 2009B Bonds, the 2010C Bonds, the 2010D Bonds and any other Senior Lien Revenue Securities now or hereafter outstanding. Such subordinate lien on the Net Revenues is on a parity with the lien thereon of certain outstanding Subordinate Securities as described under the caption "SECURITY FOR THE SERIES 2014A BONDS – Second Lien Bonds" and of any other additional Subordinate Securities hereafter issued with a lien thereon on a parity with the lien thereon of the Series 2014A Bonds.

The facilities comprising the Airport System have not been pledged to secure payment of the Series 2014A Bonds.

The County may, in its absolute discretion, use any PFC Revenues that are legally available for the purpose, to pay the principal of, premium, if any, and interest on the Series 2014A Bonds; provided, that such PFC Revenues are not and shall not be pledged for such purpose, and neither the Owners of the Series 2014A Bonds nor the Trustee on their behalf shall have any lien on any such PFC Revenues.

2014A Debt Service Reserve Account

Upon delivery of the Series 2014A Bonds, the 2014A Debt Service Reserve Account shall be funded in an amount equal to the 2014A Debt Service Reserve Requirement.

The moneys in the 2014A Debt Service Reserve Account are to be accumulated and maintained as a continuing reserve to be used only to prevent deficiencies in the payment of the Debt Service Requirements of the Series 2014A Bonds resulting from the failure to deposit into the 2014A Subordinate Bond Account sufficient funds to pay such Debt Service Requirements as the same accrues. On any date which is one day prior to any due date for the payment of any Series 2014A Bonds, be the due date a fixed maturity date for the payment of principal or interest, or both, or a mandatory redemption date, if the County shall have failed for any reason to pay into the 2014A Subordinate Bond Account the full amount stated above, then an amount shall be paid on such date which is one day prior to such due date into the 2014A Subordinate Bond Account from any cash or Investment Securities in the 2014A Debt Service Reserve Account, equal to the difference between that paid from Net Revenues and the full amount so stipulated.

Registration, Transfer and Exchange of Bonds

Except as otherwise described in "APPENDIX D—DTC AND BOOK-ENTRY SYSTEM":

Registration and Transfer. Records for the registration and transfer of the Series 2014A Bonds will be kept by the Registrar. Upon the surrender for transfer of any Series 2014A Bond at the Registrar, duly endorsed for transfer or accompanied by an assignment in form satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing, the Registrar shall authenticate and deliver in the name of the transferee or transferees a new Series 2014A Bond or Bonds of a like aggregate principal amount and of the same Series bearing a number or numbers not previously assigned to Series 2014A Bonds. Series 2014A Bonds may be exchanged at the office of the Registrar for an equal aggregate principal amount of Series 2014A Bonds of other Authorized Denominations. The Registrar shall authenticate and deliver the Series 2014A Bonds which the registered owner making the exchange is entitled to receive, bearing a number or numbers not previously assigned. The Registrar will require the payment by the Owner of any Series 2014A Bond requesting exchange or transfer, of any tax or other governmental charge required to be paid with respect to such exchange or transfer and of the cost of preparing (excluding printing) and authenticating a new Series 2014A Bond or Bonds.

Limitations upon Registration. The Registrar will not be required to transfer or exchange (i) any Series 2014A Bond during a period beginning at the opening of business 15 days before the day of the mailing by the Registrar of any notice of prior redemption of Series 2014A Bonds and ending at the close of business on the day of mailing or (ii) any Series 2014A Bond after the mailing of the official notice of redemption calling such Series 2014A Bond, or any portion thereof, for redemption as provided in the Series Indenture.

Effect of Registration. The Person in whose name any Series 2014A Bond shall be registered in the registration records kept by the Registrar, will be deemed and regarded as the absolute owner thereof for the purpose of making payment thereof and for all other purposes; and payment of or on account of either principal or interest on any Series 2014A Bond will be made only to or upon the written order of the registered owner thereof or its legal representative, but such registration may be changed upon transfer of such Series 2014A Bond in the manner and subject to the conditions and limitations provided in the Series Indenture. All such payments shall be valid and effectual to discharge the liability upon such Series 2014A Bond to the extent of the sum or sums so paid.

Events of Default and Remedies of Bondholders

Bondowner's Remedies Generally; Right to Enforce Payment. Each Owner of any Series 2014A Bond will be entitled to all of the privileges, rights and remedies provided or permitted in the Project Act and the Bond Act, and as otherwise provided or permitted by law or in equity or by other statutes, except as provided in the Series Indenture, but subject to the provisions in the Series Indenture concerning the pledge of and the covenants and the other contractual provisions concerning the Net Revenues and the proceeds of the Series 2014A Bonds. Nothing in the Series Indenture affects or impairs the right of any Owner of any Series 2014A Bond to enforce the payment of the Debt Service Requirements due in connection with its Series 2014A Bond or the obligation of the County to pay the Debt Service Requirements of each Series 2014A Bond to the Owner thereof at the time and the place expressed in such Series 2014A Bond.

Events of Default. Each of the following events is hereby declared an "event of default" with respect to the Series 2014A Bonds: (1) payment of the principal of any of the Series 2014A Bonds or any prior redemption premium due in connection therewith, or both, is not made when the same becomes due and payable, either at maturity or by proceedings for mandatory prior redemption, or otherwise; (2) payment of any installment of interest on the Series 2014A Bonds is not made when the same becomes due and payable; (3) the County for any reason is rendered incapable of fulfilling its obligations under the Series Indenture; (4) the County fails to carry out and to perform (or in good faith to begin the performance of) all acts and things lawfully required to be carried out or to be performed by it under any contract relating to the Net Revenues, or otherwise, including, without limitation, the Series Indenture, and such failure continues for 60 days after receipt of notice from the Trustee or the Owners of 10% in principal amount of the Series 2014A Bonds then Outstanding; (5) an order or decree is entered by a court of competent jurisdiction with the consent or acquiescence of the County appointing a receiver or receivers for the Net Revenues and any other moneys subject to the lien to secure the payment of the Series 2014A Bonds, or if an order or decree having been entered without the consent or acquiescence of the County is not vacated or discharged or stayed on appeal within 60 days after entry; and (6) the County makes any default in the due and punctual performance of any other of the representations, covenants, conditions, agreements and other provisions contained in the Series 2014A Bonds or in the Series Indenture on its part to be performed, and if the default continues for 60 days after written notice specifying the default and requiring the same to be remedied is given to the County by Trustee or by the Owners of 10% in principal amount of the Series 2014A Bonds then Outstanding. In determining whether a payment default has occurred or whether a payment on the Insured Bonds has been made under the Series Indenture, no effect shall be given to payments made under the Bond Insurance Policy.

Remedies for Default. Upon the happening and continuance of any of the events of default described or referred to above, the Trustee may proceed (subject to the "Rights of Bond Insurer" described below with respect to Insured Bonds), or if the Owner or Owners or not less than 10% in principal amount of the Bonds then Outstanding so request, then the Trustee shall, proceed, against the County to protect and to enforce the rights of any Owner of Series 2014A Bonds under the Series Indenture by mandamus or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained therein or in an award of execution of any power therein granted for the enforcement of any proper, legal or equitable remedy as the Trustee or the Owner or Owners may deem most effectual to protect and to enforce such rights.

Amendment of the Series Indenture

Privilege of Amendments. The Series Indenture may be amended or supplemented by instruments adopted by the County in accordance with the laws of the State, without receipt by the County of any additional consideration, but (subject to the "Rights of Bond Insurer" described below with respect to Insured Bonds) with the written consent of the Owners of a majority in aggregate principal amount of the Series 2014A Bonds Outstanding at the time such consent is given, excluding any Series 2014A Bonds which may then be held or owned for the account of the County, but including such refunding securities as may be issued for the purpose of refunding any of the Series 2014A Bonds, if the refunding securities are not owned by the County.

Limitations upon Amendments. No such amendment or supplement shall adversely affect the Owners of any Senior Lien Revenue Bonds or other Senior Lien Revenue Securities then Outstanding. No such instrument shall permit without the written consent of all Owners of the Series 2014A Bonds adversely and materially affected thereby:

Changing Payment. A change in the maturity or in the terms of redemption of the principal of any Outstanding Series 2014A Bond, or any installment of interest thereon; or

Reducing Return. A reduction in the principal amount of any Series 2014A Bond, the rate of interest thereon, or any prior redemption premium payable in connection therewith, without the consent of the Owner of the Series 2014A Bond; or

Prior Lien. The creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by the Series Indenture, except as provided in the Master Indenture; or

Modifying any Bond. A reduction of the percentages or otherwise affecting the description of Series 2014A Bonds the consent of the Owners of which is required for any modification or amendment; or

Priorities between Bonds. The establishment of priorities as between Series 2014A Bonds Outstanding under the provisions of the Series Indenture, except as otherwise permitted thereby; or

Partial Modification. The modifications of or otherwise materially and prejudicially affecting the rights or privileges of the Owners of less than all of the Series 2014A Bonds then Outstanding.

Notice of Amendment. Whenever the County proposes to amend or modify the Series Indenture under the provisions thereof, it is to cause notice of the proposed amendment to be given not later than 30 days prior to the date of the proposed enactment of the amendment by mailing to the purchasers of the Series 2014A Bonds, the Trustee, the Paying Agent, the Registrar and the Owner of each of the Series 2014A Bonds Outstanding under such Series Indenture. The notice is to briefly set forth the nature of the proposed amendment and state that a copy of the proposed amendatory instrument is on file in the office of the County Clerk for public inspection.

Time for Amendment. Whenever at any time within one year from the date of the mailing of such notice, there shall be filed in the office of the County Clerk an instrument or instruments executed by the Owners of a majority in aggregate principal amount of the Series 2014A Bonds then Outstanding under the Series Indenture, which instrument or instruments will refer to the proposed amendatory instrument described in the notice and specifically consents to and approves the adoption of the instrument, thereupon, but not otherwise, the County may adopt the amendatory instrument and instrument will become effective.

Binding Consent to Amendment. If the Owners of a majority in aggregate principal amount of the Series 2014A Bonds Outstanding under the Series Indenture, at the time of the adoption of the amendatory instrument, or the predecessors in title of such Owners, shall have consented to and approved the adoption thereof as provided in the Series Indenture, no Owner of any Series 2014A Bond, whether or not the Owner shall have consented to or shall have revoked any consent as provided above, will have any right or interest to object to the adoption of the amendatory instrument or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin the County from taking any action pursuant to the provisions thereof.

Time Consent Binding. Any consent given by the Owner of a Series 2014A Bond pursuant to the provisions of the Series Indenture will be irrevocable for a period of 6 months from the date of the mailing of the notice described above, and will be conclusive and binding upon all future Owners of the same Series 2014A Bond during that period. The consent may be revoked at any time after 6 months from the date of the mailing of the notice by the Owner who gave the consent or by a successor in title by filing notice of the revocation with the County Clerk, but the revocation will not be effective if the Owners of a majority in aggregate principal amount of the Series 2014A Bonds Outstanding under the Series Indenture, before the attempted revocation, consented to and approved the amendatory instrument referred to in the revocation.

Unanimous Consent. Notwithstanding anything contained in the foregoing provisions, the terms and the provisions of the Series Indenture or of any instrument amendatory thereof or supplemental thereto and the rights and the obligations of the County and of the Owners of the Series 2014A Bonds under the Series Indenture may be modified or amended in any respect (other than modifications or amendments that adversely affects the Owners of any Senior Lien Revenue Bonds or other Senior Lien Revenue Securities then Outstanding) upon the adoption by the County and upon the filing with the County Clerk of an instrument to that effect and with the consent of the Owners of all the then Outstanding Series 2014A Bonds, the consent to be given as provided in the Series Indenture; and no notice to Owners of Series 2014A Bonds will be required as provided in the Series Indenture, nor will the time of consent be limited except as may be provided in the consent.

Amendments Not Requiring Bondholders' Consent. The County, acting by and through the Board, and the Trustee, notwithstanding certain other provisions of the Series Indenture, and without the consent of or notice to any Owner of any Series 2014A Bond or other security, will consent to any amendment, change or modification of the Series Indenture as may be required (a) by the provisions of the Series Indenture; (b) for the purpose of curing any ambiguity or formal defect or omission in the Series Indenture; (c) in connection with the issuance and delivery of additional or other securities payable from Net Revenues; (d) to modify or supplement the Series Indenture in such manner as may be necessary or appropriate to qualify the Series Indenture under the Trust Indenture Act of 1939 as then amended, or under any similar federal or state statute enacted after the Series Indenture, including provisions whereby the Trustee accepts such powers, duties, conditions and restrictions under the Series Indenture and the County undertakes such covenants, conditions or restrictions additional to those contained in the Series Indenture as would be necessary or appropriate so to qualify the Series Indenture; (e) to provide for the benefit of some or all of the Series 2014A Bonds one or more bond insurance policies, which may change the provisions for payment, remedies and other matters in a way that affects the Owners of the Series 2014A Bonds; or (f) in connection with any other change in the Series Indenture which is not to the prejudice of the Trustee and which would not materially adversely affect the Owners of the Series 2014A Bonds or other securities.

Rights of Bond Insurer

The Bond Insurer will be treated as the owner of the Insured Bonds for purposes of: (1) consents to amendments as provided in the Series Indenture; and (2) provisions of the Series Indenture governing events of default and remedies, so long as the Bond Insurer has not failed to comply with its payment obligations under the Bond Insurance Policy.

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APPENDIX D

DTC AND BOOK-ENTRY ONLY SYSTEM

The information in this appendix concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy or completeness thereof. The County cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners: (a) payments of interest, principal or premium, if any, with respect to the Series 2014A Bonds; (b) certificates representing ownership interest in or other confirmation or ownership interest in the Series 2014A Bonds; or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2014A Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2014A Bonds. The Series 2014A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2014A Bond will be issued for each series of the Series 2014A Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

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

Purchases of Series 2014A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2014A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2014A 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 Series 2014A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2014A Bonds, except in the event that use of the book-entry system for the Series 2014A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2014A 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 Series 2014A 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 Series 2014A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2014A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2014A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2014A Bonds, such as redemptions, tenders, defaults and proposed amendments to the Series 2014A Bond documents. For example, Beneficial Owners of Series 2014A Bonds may wish to ascertain that the nominee holding the Series 2014A 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.

Redemption notices shall be sent to DTC. If less than all of the Series 2014A Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2014A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2014A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2014A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 2014A Bonds purchased or tendered, through its Participant, to the Remarketing Agent, and shall effect delivery of such Series 2014A Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2014A Bonds, on DTC's records, to the Remarketing Agent. The requirement for physical delivery of Series 2014A Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2014A Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2014A Bonds to the Remarketing Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Series 2014A Bonds at any time by giving reasonable notice to the County or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Series 2014A Bonds are required to be printed and delivered. The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2014A Bonds will be printed and delivered to DTC.

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

Upon issuance of the Series 2014A Bonds, Sherman & Howard L.L.C., Bond Counsel, proposes to render its final approving opinion in substantially the following form:

April 8, 2014

Clark County, Nevada
Clark County Government Center
500 South Grand Central Parkway
Las Vegas, Nevada 89106

Clark County, Nevada
Airport System Subordinate Lien Revenue Bonds
Series 2014A-1 and Series 2014A-2

Ladies and Gentlemen:

We have acted as bond counsel to Clark County, Nevada (the "County"), in connection with the issuance of its Airport System Subordinate Lien Revenue Bonds, Series 2014A-1 in the aggregate principal amount of $95,950,000 (the "2014A-1 Bonds"), and its Airport System Subordinate Lien Revenue Bonds, Series 2014A-2 in the aggregate principal amount of $221,870,000 (the "2014A-2 Bonds" and, together with the 2014A-1 Bonds, the "Bonds"). In such capacity, we have examined the County's certified proceedings and such other documents and such law of the State of Nevada (the "State") and of the United States of America as we have deemed necessary to render this opinion letter. The Bonds are authorized and issued pursuant to the Master Indenture of Trust dated as of May 1, 2003 (as amended, the "Master Indenture"), as supplemented by the 2014 Series A Indenture dated as of April 1, 2014 (the "2014 Series A Indenture" and, together with the Master Indenture, the "Indenture") between the County and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

Regarding questions of fact material to our opinions, we have relied upon the County's certified proceedings and other representations and certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Bonds constitute valid and binding special, limited obligations of the County, constitute Subordinate Securities and are payable solely out of and are secured by a lien on the Net Revenues of the County's Airport System, *i.e.*, the Gross Revenues of the Airport System (which term excludes revenues pertaining to Special Facilities financed with Special Facilities Bonds and certain other revenues as expressly provided in the Indenture) after deduction of Operation and Maintenance Expenses of the Airport System. The lien on the Net Revenues of the Airport System pledged for the security of the Bonds is subordinate and junior to the lien thereon of the Parity Bonds and any other Parity Securities now or hereafter Outstanding and is on a parity with the lien thereon of the Outstanding and hereafter issued Second Lien Subordinate Securities. Except as described in this paragraph, we express no opinion regarding the priority of the lien on the Net Revenues securing the Bonds.

2. The Indenture has been duly authorized by the County, duly executed and delivered by authorized officials of the County and, assuming due authorization, execution and delivery by the Trustee, constitutes a valid and binding obligation of the County enforceable in accordance with its terms.

3. Interest on the Bonds, except for interest on any 2014A-1 Bond for any period during which it is held by a "substantial user" of the facilities financed and refinanced with the 2014A-1 Bonds or a "related person" as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), is excluded from gross income pursuant to Section 103 of the Tax Code; however, interest on the 2014A-1 Bonds is an item of tax preference for purposes of calculating alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, and interest on the 2014A-2 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. The opinions expressed in this paragraph assume continuous compliance with the covenants and representations contained in the County's certified proceedings and in certain other documents and certain other certifications furnished to us.

4. Under laws of the State in effect as of the date hereof, the Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to Chapter 375B of NRS.

The opinions expressed in this opinion letter above are subject to the following:

The obligations of the County pursuant to the Bonds and the Indenture are subject to the application of equitable principles, to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including, without limitation, bankruptcy powers.

We understand that Assured Guaranty Municipal Corp. has issued a Municipal Bond Insurance Policy relating to the Bonds maturing on July 1, 2031. We express no opinion as to the validity or enforceability of such policy or the security afforded thereby.

In expressing the opinions above, we are relying, in part, on a report of independent certified public accountants verifying the mathematical computations of the adequacy of the maturing principal amounts of and interest on the investments and moneys included in the Escrow Fund to pay when due, upon prior redemption, all principal of and interest on the Refunded Bonds.

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not opining upon the accuracy, adequacy or completeness of the Official Statement or any other statements made in connection with any offer or sale of the Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

Upon issuance of the Series 2014A Bonds, the County proposes to enter into a Continuing Disclosure Certificate in substantially the following form:

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Clark County, Nevada (the "Issuer") in connection with the issuance of the Issuer's Clark County, Nevada Airport System Subordinate Lien Revenue Bonds, Series 2014A-1 (AMT) and Series 2014A-2 (Non-AMT) (collectively, the "Bonds"). The Bonds are being issued pursuant to the Master Indenture of Trust, dated as of May 1, 2003 (as amended, the "Master Indenture"), by and between the Issuer and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), and the 2014 Series A Indenture, dated as of April 1, 2014, by and between the Issuer and the Trustee (the "Series Indenture," and together with the Master Indenture, the "Indenture"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities Exchange Commission.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

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

Beneficial Owner. The term "Beneficial Owner" means any person which: (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Bonds for federal income tax purposes.

Dissemination Agent. The term "Dissemination Agent" means, initially, the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

EMMA. "EMMA" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system, which can be found at http://emma.msrb.org.

Fiscal Year. The term "Fiscal Year" means the one-year period beginning on July 1 of each year and ending on the last day of June of the succeeding year, or such other fiscal year of the Issuer designated by the Issuer.

Listed Events. The term "Listed Events" means any of the events listed in Section 5 of this Disclosure Certificate.

Participating Underwriter. The term "Participating Underwriter" means any underwriter of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

Rule. The term "Rule" means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than nine (9) months following the end of its Fiscal Year, commencing nine (9) months following the end of Fiscal Year 2014, provide to EMMA an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to EMMA an Annual Report by the date required in subsection (a), the Issuer shall or shall cause the Dissemination Agent to send a notice to EMMA in the manner prescribed by the Municipal Securities Rulemaking Board.

(c) If the Dissemination Agent is other than the Issuer, the Dissemination Agent shall file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate and stating the date that it was provided to EMMA.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board and audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

(b) An update of the information of the type contained in the tables identified by a double asterisk (**) under the heading "TABLES" found on page (iii) of the Official Statement for the Bonds, as set forth on Exhibit A hereto.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from EMMA. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Significant Events. Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

1. principal and interest payment delinquencies;

2. unscheduled draws on debt service reserves reflecting financial difficulties;

3. unscheduled draws on credit enhancements reflecting financial difficulties;

4. substitution of credit or liquidity providers, or their failure to perform;

5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB);

6. tender offers;

7. defeasances;

8. ratings changes; and

9. bankruptcy, insolvency, receivership or similar proceedings.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. unless described in Section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds;

2. modifications to the rights of Bond holders;

3. optional, unscheduled or contingent Bond redemptions;

4. release, substitution or sale of property securing repayment of the Bonds;

5. non-payment related defaults;

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

7. appointment of a successor or additional trustee or the change of the name of a trustee.

(c) If the Issuer determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the Issuer shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) Business Days after the event.

SECTION 6. Customarily Prepared and Public Information. Upon request, the Issuer shall provide to any person financial information and operating data regarding the Issuer which is customarily prepared by the Issuer and is publicly available.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the earlier of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, without the consent of the holders of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to EMMA.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Ordinance, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

No holder or Beneficial Owner of the Bonds may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the Issuer satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the Issuer shall have refused to comply therewith within a reasonable time.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter, the holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

DATED: April __, 2014

CLARK COUNTY, NEVADA

____

Director of Aviation

EXHIBIT A

TABLES

CLARK COUNTY, NEVADA, DEPARTMENT OF AVIATION
Statement of Historical and Projected Revenues and Expenses[1]

CLARK COUNTY, NEVADA, DEPARTMENT OF AVIATION
Historical Passenger Facility Charge Collections[1]

HISTORICAL AIRLINE TRAFFIC
McCarran International Airport

AIRLINE MARKET SHARES
McCarran International Airport Fiscal Years 2013, 2012 and 2000

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[1] Only historical information in these tables will be updated pursuant to the County's Continuing Disclosure Certificate.

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APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS: $ in aggregate principal amount of

Policy No: -N

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

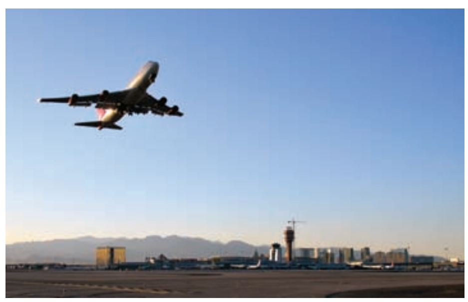
This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By __________________________________
Authorized Officer

Form 500NY (5/90)



CLARK COUNTY, NEVADA • AIRPORT SYSTEM SUBORDINATE LIEN REVENUE BONDS, SERIES 2014A-1 (AMT) AND SERIES 2014A-2 (NON-AMT)

McCarran
INTERNATIONAL AIRPORT

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Las Vegas, NV 89119
www.mccarran.com

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