

**NEW ISSUE
BOOK ENTRY ONLY**

**RATINGS:
Moody's "Baa2"
Standard & Poor's "A-"
(See "RATINGS" herein)**

In the opinion of The Godfrey Firm, PLC, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2009 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), except that no opinion is expressed as to the status of interest on any Series 2009 Bond for any period that a Series 2009 Bond is held by a "substantial user" of the facilities financed by such bonds or by a "related person" within the meaning of Section 147(a) of the Code. In the further opinion of Bond Counsel, interest on the Series 2009 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes and such interest is not included in adjusted current earnings when calculating corporate alternative minimum taxable income. In the opinion of Bond Counsel, interest on the Series 2009 Bonds is exempt from all taxation for state, parish, municipal or other purposes in the State of Louisiana. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2009 Bonds. See "TAX MATTERS" herein.

NEW ORLEANS AVIATION BOARD



\$96,515,000

**New Orleans Aviation Board
Gulf Opportunity Zone CFC Revenue Bonds
(Consolidated Rental Car Project)
Series 2009 A (Non-AMT)**

Dated: Date of Delivery

Due: January 1, as shown on inside cover

The \$96,515,000 New Orleans Aviation Board Gulf Opportunity Zone CFC Revenue Bonds (Consolidated Rental Car Project), Series 2009 A (Non-AMT) (the "Series 2009 Bonds") are being issued by the New Orleans Aviation Board (the "Issuer" or the "Aviation Board") to (i) provide amounts to reimburse the Aviation Board for previously expended costs or paying costs of planning, designing, equipping, and constructing a consolidated rental car facility consisting of a multi-story customer service building which includes customer service areas, rental car company administrative areas, ready/return car parking areas and multiple separate service areas for the storage, refueling, and cleaning of motor vehicles, (collectively the "Consolidated Facility") certain related improvements and certain other improvements to be included in the same construction contract, including all immovable equipment, furnishings, fixtures and facilities incidental or necessary therewith that are allowed to be financed under the Gulf Opportunity Zone Act of 2005 located within Jefferson Parish, Louisiana (collectively with the Consolidated Facility the "Initial CFC Projects") (ii) pay the costs of issuance of the Series 2009 Bonds and (iii), provide a Debt Service Reserve Fund for the Series 2009 Bonds. Capitalized terms used but not defined herein shall have the meaning assigned to them in the CFC Master Indenture (as defined herein) and/or in the First Supplemental Indenture (as herein defined).

Pursuant to the Gulf Opportunity Zone Act of 2005, the Series 2009 Bonds have been designated "Qualified Gulf Opportunity Zone Bonds."

The Series 2009 Bonds will be issued as fully registered bonds without coupons and will be initially registered only in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2009 Bonds. Purchase of the beneficial interests in the Series 2009 Bonds will be made in book-entry only form (without certificates) in denominations of \$5,000 or integral multiples thereof. Interest on the Series 2009 Bonds will be payable January 1 and July 1 of each year, commencing July 1, 2010. Principal of and premium, if any, on the Series 2009 Bonds will be payable at the corporate trust office of The Bank of New York Mellon Trust Company, N.A., New Orleans, Louisiana, as the Trustee (the "Trustee"). So long as DTC or its nominee is the registered owner of the Series 2009 Bonds, payments of the principal of and premium, if any, and interest on the Series 2009 Bonds will be paid directly to DTC or its nominee. See "DESCRIPTION OF THE SERIES 2009 BONDS" – "Book-Entry Only System" herein. The Series 2009 Bonds are subject to optional, mandatory sinking fund, and other redemption as described herein.

See the inside cover page for maturities, principal amounts, interest rates and prices or yields.

THE SERIES 2009 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AVIATION BOARD PAYABLE FROM AND SECURED BY (i) REVENUES (AS DEFINED HEREIN) PRIMARILY TO BE DERIVED FROM A CUSTOMER FACILITY CHARGE IMPOSED BY THE AVIATION BOARD AND SECONDARILY FROM CONTINGENT RENT DERIVED FROM THE INITIAL FACILITIES LEASES EXECUTED BY THE COMPANIES AND OTHER SUPPLEMENTAL FACILITY CHARGES, IF ESTABLISHED PURSUANT TO THE CFC MASTER INDENTURE (AS SUCH TERMS ARE DEFINED HEREIN), (ii) THE PROCEEDS OF ANY RESERVE ASSET AS FURTHER DESCRIBED HEREIN, AND (iii) AMOUNTS ON DEPOSIT IN THE PLEDGED FUNDS (AS DESCRIBED HEREIN). **NO OTHER AIRPORT PROPERTIES INCLUDING ANY PART OF THE CONSOLIDATED FACILITY ARE PLEDGED AS PART OF THE SECURITY FOR THE SERIES 2009 BONDS. THE GENERAL AIRPORT REVENUES OF THE AVIATION BOARD ARE NOT PLEDGED TO THE PAYMENT OF THE SERIES 2009 BONDS. IN ADDITION, THE SERIES 2009 BONDS ARE NOT AN INDEBTEDNESS OF THE CITY OF NEW ORLEANS (THE "CITY") OR THE STATE OF LOUISIANA (THE "STATE") FOR WHICH THE CITY'S OR THE STATE'S GENERAL CREDIT OR TAXING POWER IS PLEDGED OR WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER LIMITATIONS. THE AVIATION BOARD HAS NO TAXING POWER. ADDITIONALLY, THE SERIES 2009 BONDS ARE NOT A DEBT OR OBLIGATION OF THE RENTAL CAR COMPANIES USING THE CONSOLIDATED FACILITY (OTHER THAN TO THE EXTENT OF THEIR OBLIGATION TO PAY CONTINGENT RENT OR ANY OTHER SUPPLEMENTAL FACILITY CHARGES UNDER THE INITIAL FACILITIES LEASES) OR ANY OTHER USERS OF THE AIRPORT INCLUDING ANY AIR CARRIERS SERVICING THE AIRPORT.**

The Series 2009 Bonds are offered when, as and if issued and received by the Underwriters, subject to the approving legal opinion of The Godfrey Firm, PLC, New Orleans, Louisiana, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Orrick, Herrington & Sutcliffe, LLP and Haley & McKee, L. L. C., Co-Underwriters' Counsel. Certain legal matters will be passed upon for the Aviation Board by its General Counsel, Courtney Courseault Thornton and for The Bank of New York Mellon Trust Company, N.A., as Trustee, by Gregory A. Pletsch & Associates. It is expected that the Series 2009 Bonds in definitive form will be available for delivery in New Orleans, Louisiana, on or about December 9, 2009.

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

Morgan Keegan & Company, Inc.

Melvin Securities LLC

J.P. Morgan

Jackson Securities

Dated: November 20, 2009

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES OR YIELDS

\$96,515,000
NEW ORLEANS AVIATION BOARD
Gulf Opportunity Zone CFC Revenue Bonds
(Consolidated Rental Car Project)
Series 2009 A (Non-AMT)

<u>Maturity</u> <u>(January 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>Cusip</u> <u>Number</u>
2015	\$1,670,000	4.625%	4.850%	98.997%	64763 XA D2
2016	\$1,745,000	5.000%	5.100%	99.480%	64763 XA E0
2017	\$1,830,000	5.125%	5.350%	98.687%	64763 XA F7
2018	\$1,925,000	5.250%	5.550%	98.067%	64763 XA G5
2019	\$2,025,000	5.500%	5.700%	98.595%	64763 XA H3
2020	\$2,140,000	5.750%	5.850%	99.243%	64763 XA J9

\$12,745,000 Term Bond Maturing January 1, 2025 Rate 6.000% Yield 6.220% Price 97.864% Cusip No. 64763XAB6
\$17,140,000 Term Bond Maturing January 1, 2030 Rate 6.250% Yield 6.470% Price 97.542% Cusip No. 64763XAC4
\$55,295,000 Term Bond Maturing January 1, 2040 Rate 6.500% Yield 6.720% Price 97.169% Cusip No. 64763XAA8

NO DEALER, BROKER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED BY EITHER THE ISSUER OR THE UNDERWRITERS TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SERIES 2009 BONDS OR THE MATTERS DESCRIBED HEREIN, 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 EITHER THE ISSUER OR THE UNDERWRITERS. THIS OFFICIAL STATEMENT AND THE APPENDICES HERETO DO NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THE SERIES 2009 BONDS, BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION, OR SALE. THE INFORMATION DESCRIBED HEREIN HAS BEEN OBTAINED FROM SOURCES WHICH ARE BELIEVED TO BE RELIABLE, BUT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS. THE INFORMATION SET FORTH HEREIN CONCERNING THE DEPOSITORY TRUST COMPANY ("DTC"), THE FEASIBILITY REPORT PRODUCED BY UNISON CONSULTING, INC., (THE "FEASIBILITY CONSULTANT" OR "UNISON"), THE AIRPORT TRAFFIC REPORT PREPARED BY RICONDO & ASSOCIATES, INC. (THE "AVIATION CONSULTANT") HAVE BEEN FURNISHED BY DTC, UNISON AND THE AVIATION CONSULTANT, RESPECTIVELY, AND NO REPRESENTATION IS MADE BY EITHER THE ISSUER OR THE UNDERWRITERS AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. THIS OFFICIAL STATEMENT IS SUBMITTED IN CONNECTION WITH THE SALE OF THE SERIES 2009 BONDS REFERRED TO HEREIN AND MAY NOT BE REPRODUCED OR USED, IN WHOLE OR IN PART, FOR ANY OTHER PURPOSE.

Upon issuance, the Series 2009 Bonds will not be registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended, any state securities commission, or any other federal, state, municipal or other governmental entity or agency, nor has the Indenture been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such act.

THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE SERIES 2009 BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS AFTER THE SERIES 2009 BONDS ARE RELEASED FOR SALE, AND THE SERIES 2009 BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE SERIES 2009 BONDS INTO INVESTMENT ACCOUNTS. IN CONNECTION WITH THE OFFERING OF THE SERIES 2009 BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2009 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

This Official Statement is marked with a dated date and speaks only as of that dated date. The information and expressions 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 implication that there has been no change in the matters or affairs of any of the parties described herein since the date hereof. Readers are cautioned not to assume that any information has been updated beyond the dated date except as to any portion of the Official Statement that expressly states that it constitutes an update concerning specific recent events occurring after the dated date of the Official Statement. Any information contained in the portion of the Official Statement indicated to concern recent events speaks only as of its date. The Issuer expressly disclaims any duty to provide an update of any information contained in this Official Statement, except as agreed upon by the Issuer pursuant to the Continuing Disclosure Certificate included herein as Appendix "I." This Official Statement does not constitute a contract between any of the parties described herein and any one or more of the purchasers or registered owners of the Series 2009 Bonds.

The Issuer will undertake to provide continuing disclosure pursuant to the Continuing Disclosure Certificate included herein as Appendix "I" on a periodic basis for the benefit of the owners of the Series 2009 Bonds pursuant to the requirements of section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. Part 240, §40.15c2-12) (the "Rule," See "CONTINUING DISCLOSURE" herein and Appendix "I" hereto).

The information contained in this Official Statement (including, but not limited to, the Air Traffic Report of the Aviation Consultant, attached as Appendix “E” and the Feasibility Report of Unison Consulting attached as Appendix “F”) may include forward-looking statements by using forward-looking words such as “may,” “will,” “should,” “expects,” “believes,” “anticipates,” “estimates” or others. You are cautioned that forward-looking statements are subject to a variety of uncertainties that could cause actual results to differ from the projected results. Those risks and uncertainties include general economic and business conditions, and various other factors which are beyond the Issuer’s control. Because the Issuer cannot predict all factors that may affect future decisions, actions, events or financial circumstances, what actually happens may be different from what the Issuer includes in forward-looking statements.

The following Official Statement contains a general description of the Series 2009 Bonds, the Aviation Board, the Airport System, the Consolidated Facility and its construction, operation and management, the Initial CFC Projects, the leases among each of the rental car companies and the Aviation Board relating to the Consolidated Facility (the “Initial Facilities Leases”) and Management Discussion of Financial Information and sets forth certain provisions of the CFC Master Indenture, the First Supplemental Indenture, the Feasibility Report by Unison, and the Air Traffic Report of the Aviation Consultant. The descriptions and summaries herein do not purport to be complete. Persons interested in purchasing the Series 2009 Bonds should review carefully the Appendices attached hereto as well as copies of such documents, which are held by the Trustee at its principal office.

IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2009 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE NEW ORLEANS AVIATION BOARD*

Daniel F. Packer, Jr.	Chairman
David B. Campbell	Vice Chairman
Douglas M. Evans	Member
Nelita Manego-Ramey, R.N.	Member
Ti Adelaide Martin	Member
Lea M. Polk Montgomery	Member
Nolan V. Rollins	Member
Henry A. Smith, Jr.	Member

*There is presently one vacancy on the Aviation Board

STAFF OF THE LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT

Patricia C. Malone	Interim Director of Aviation*
Carolyn Carlton - Lowe	Deputy Director of Commercial Development
Don Mauras	Acting Deputy Director of Planning and Development
Maggie Woodruff	Deputy Director of Community and Governmental Affairs
Deanna P. Felder	Airport Financial Manager
Courtney Courseault Thornton	General Counsel for the Aviation Board

*Ms. Malone is serving as Interim Director of Aviation during (i) the leave of absence taken by Sean C. Hunter who served as Director of Aviation until taking a leave of absence for personal reasons commencing June 26, 2009 and (ii) during the period of a search for a new Director of Aviation resulting from Mr. Hunter's resignation submitted on September 15, 2009, to be effective October 15, 2009 which was accepted on September 16, 2009. Prior to being appointed Interim Director of Aviation, Ms. Malone served as Deputy Director of Finance and Administration.

CONSULTANTS

The Godfrey Firm, PLC	Bond Counsel
Unison Consulting, Inc.	Feasibility Consultant
Ricondo & Associates, Inc.	Aviation Consultant
TMG Consulting	Consultant to the Aviation Board
Postlethwaite & Netterville	Auditors
Fullerton & Friar, Inc.	Co-Financial Advisor
Yenrab, Inc.	Co-Financial Advisor
The Godfrey Firm, PLC	Official Statement Preparation

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APPENDIX “D”	Summary of Certain Provisions of the CFC Resolution
APPENDIX “E”	Air Traffic Report of the Aviation Consultant
APPENDIX “F”	Feasibility Report of Unison Consulting, Inc.
APPENDIX “G”	Form of Opinion of Bond Counsel
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OFFICIAL STATEMENT

INTRODUCTION

\$96,515,000
New Orleans Aviation Board
Gulf Opportunity Zone CFC Revenue Bonds
(Consolidated Rental Car Project)
Series 2009 A (Non-AMT)

This Official Statement, including the cover page and the Appendices hereto, furnishes information regarding: (i) Louis Armstrong New Orleans International Airport (the “Airport”), and (ii) the \$96,515,000 aggregate principal amount of New Orleans Aviation Board Gulf Opportunity Zone CFC Revenue Bonds (Consolidated Rental Car Project) Series 2009 A Bonds (Non-AMT) (the “Series 2009 Bonds”). The Series 2009 Bonds are issued pursuant to the provision of that certain Customer Facility Charge Master Revenue Bond Trust Indenture among the New Orleans Aviation Board (the “Aviation Board”), the City of New Orleans (the “City”) and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”), dated as of December 1, 2009 (the “CFC Master Indenture”) as supplemented and amended by that certain First Supplemental Indenture among the same parties and dated as of the same date (the “First Supplemental Indenture” and collectively with the CFC Master Indenture the “Indenture”).

Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the definitions contained in the CFC Master Indenture, the First Supplemental Indenture, the Initial Facilities Leases and the CFC Resolution (all as defined herein) as set forth in Appendix “A” – “MASTER DEFINITION LISTING” hereto.

There follows in this Official Statement descriptions of the Aviation Board, the Airport and certain information relating to the sources of payment for the Series 2009 Bonds, an Air Traffic Report of Ricondo & Associates, Inc., the Aviation Consultant (the “Air Traffic Report”), and a Feasibility Report by Unison Consulting, Inc., the Feasibility Consultant (the “Feasibility Report”), together with summaries of the terms of the Series 2009 Bonds, the CFC Resolution, the CFC Master Indenture, the First Supplemental Indenture and the Initial Facilities Leases. All references herein to agreements or documents are qualified in their entirety by references to the definitive forms thereof, and all references to the Series 2009 Bonds are further qualified by reference to the information with respect thereto contained in the CFC Master Indenture and the First Supplemental Indenture.

The Aviation Board and the Airport

The Airport is owned by the City and operated by the Aviation Board. Pursuant to the Home Rule Charter of the City, the Aviation Board consists of nine members appointed by the Mayor with the approval of the Council for terms of five years, so arranged that the term of one or two members shall expire each year. As a matter of custom, the Mayor appoints one member who is designated by the City of Kenner (the city in which the largest portion of the Airport is located), and another designated by the President of the Parish of St. Charles (the parish in which a small portion of the Airport is located). Established in 1943, the Aviation Board is empowered to administer, operate and maintain all airports and aviation facilities within or without the corporate limits of the City and owned by the City, except for the Lakefront Airport, a general aviation facility with no scheduled commercial airline service located on Lake Pontchartrain, which is owned by the Orleans Levee District and is presently operated by the

Division of Administration of the State of Louisiana (the “State”). Besides the Airport, the only other facility subject to Aviation Board control is the New Orleans Heliport, established by the Federal Aviation Administration (“FAA”) as one of four (4) prototype inner-city heliports. The Heliport has been operational since January 1986, but is not included as part of the Airport System. The Airport is currently operated as an independent system (the “Airport System”) under the control of the Aviation Board.

Act “927” of the 2008 Regular Session of the Louisiana Legislature (“Act 927”) created the Southeast Regional Airport Authority (the “Southeast Airport Authority”) as a political subdivision and body corporate of the State. Act 927 allows the Southeast Airport Authority to acquire any airport located within its geographic area and the Airport is included within such area. Act 927 includes certain prerequisites for the Southeast Airport Authority’s acquisition of the Airport. See “THE AIRPORT” – “The Aviation Board” – *“Legislation Regarding Possible Transfer of the Airport”* herein. Also the Aviation Board has filed a preliminary application for privatization of the Airport with the FAA which was approved by the FAA on September 8, 2009. See “THE AIRPORT” – “The Aviation Board” – *“Application to FAA for Privatization of the Airport”* herein. The First Supplemental Indenture provides the Series 2009 Bonds are subject to special mandatory redemption on or before February 1, 2015 but not thereafter in whole but not in part in the event of any transfer of the Airport to another entity either that does not have the authority to continue the imposition and collection of the CFC or that does have such authority, but fails to satisfy certain conditions. See “DESCRIPTION OF THE SERIES 2009 BONDS” – “Redemption Provisions” – *“Special Mandatory Redemption Upon Transfer of the Airport”* herein. Also see Appendix “B-II” – “SUMMARY OF PROVISIONS OF THE FIRST SUPPLEMENTAL INDENTURE” – “Section 3.01(c) of the First Supplemental Indenture” hereto.

The Airport is the scheduled air carrier airport serving an area that extends approximately 90 miles from the mouth of the Mississippi River in the southeastern corner of the State including the New Orleans Metropolitan Area, the largest metropolitan area in the State. The Air Trade Area (as defined herein) consists of the following parishes: Jefferson, Orleans, Plaquemines, St. Bernard, St. Charles, St. John the Baptist, St. James, and St. Tammany.

The FAA classifies the Airport as a medium hub. The Airport primarily serves passengers whose travel originates or terminates in the Air Trade Area. In 2004, the last full calendar year prior to the occurrence of Hurricane Katrina, 4,862,525 passengers were enplaned at the Airport, ranking New Orleans forty-first (41st) among the nation’s commercial airports in terms of total passengers enplaned and deplaned. As a result of the decrease in enplanements resulting from Katrina, the Airport in 2006 ranked fifty-fourth (54th) among the nation’s commercial airports, in 2007 it ranked fifty-first (51st) and in 2008 it ranked forty-ninth (49th) based on preliminary data. See “INTRODUCTION” – “Hurricane Katrina” herein. As of July 2005, immediately prior to Katrina, the Airport was served by six (6) legacy/mainline carriers, six (6) low-cost carriers, four (4) regional/commuter carriers, two (2) foreign flag carriers, one (1) scheduled charter, and three (3) all-cargo carriers. In 2005, the Airport was on pace to exceed five million enplanements for the first time in history; however, it did not due to the impacts of Katrina. The Airport did exceed the five million level of enplanements for the 12-month period immediately prior to Katrina. Enplanements drastically decreased in the final four (4) months of calendar year 2005 following Katrina and totaled only 3,904,366 for 2005. For 2006, enplanements reached 3,108,617. Total enplanements for 2007 were 3,766,005 and for 2008 were 3,973,167 and are projected by the Aviation Consultant to reach approximately 3.89 million in 2009, which would be an approximate 2.1% decline from enplanements for 2008. The Aviation Consultant projects that the Airport will reach about 93% of its pre-Katrina enplanement levels or approximately 4.5 million by 2013. Beyond 2013, the Aviation Consultant projects that enplanements will grow at an assumed rate of approximately 2.5%, which is relatively consistent with historical trends for the Airport. As of July 2009, the Airport is served by six

(6) legacy/mainline carriers, three (3) low-cost carriers, thirteen (13) regional airlines, one (1) international carrier and three (3) all-cargo carriers. See Appendix “E” – “AIR TRAFFIC REPORT OF THE AVIATION CONSULTANT” hereto.

Prior to 2004, the last full year prior to Katrina, no single airline accounted for more than 35% of all enplaned passengers at the Airport, with Southwest being the largest carrier. For 2008, the largest carrier was Southwest with 28.4% of the enplaned passengers. For 2009 through the month of August, Southwest accounted for 30.4% of the enplaned passengers at the Airport. Airline service at the Airport, for a representative pre-Katrina weekday of July 21, 2005, included one hundred sixty-six (166) daily scheduled departures with non-stop departures to thirty-seven (37) cities across the United States and internationally. On July 16, 2009, airline service at the Airport included one hundred and nineteen (119) scheduled daily departures to twenty-eight (28) cities nationwide. See “THE AIRPORT” herein.

The Aviation Board generates revenues to pay the costs of operating and maintaining the Airport System, including debt service on bonds issued for the benefit of the Airport, from four principal sources: landing fees; terminal building fees and charges; parking and other concessions revenues; and non-operating income (“General Airport Revenues”). The General Airport Revenues are not pledged to the payment of the Series 2009 Bonds.

Hurricane Katrina

Hurricane Katrina (the “Hurricane,” “Katrina,” or “Hurricane Katrina”) was one of the strongest storms to hit the United States during the last 100 years. It reached Category 5 winds (over 156 miles per hour) on Sunday, August 28, 2005 when it was approximately 200 miles southeast of the mouth of the Mississippi River. At approximately 6:10 a.m. Central Daylight Time (CDT) on August 29, Hurricane Katrina made landfall near Buras, Louisiana in Plaquemines Parish with recorded wind speeds of 140 miles per hour. These hurricane-force winds extended an estimated 190 miles from the storm center. The strength of the wind field resulted in a storm surge that was greater than any previously recorded, and that reached nearly 20 feet against levees in Plaquemines Parish.

Because portions of the City are built on drained wetlands that have subsided to below sea level, New Orleans is inherently vulnerable to flooding and is surrounded by flood-protection levees. When sections of the levee system breached on August 29, 2005, 80% of the City was flooded and water reached a depth of 20 feet in some locations. Major flooding also occurred in Jefferson, Plaquemines, St. Bernard, and St. Tammany Parishes, all of which are located within the Air Trade Area.

Katrina disrupted normal operations at the Airport until September 13, 2005, when it reopened to commercial flights. In the days after the storm, approximately 5,000 military and civilian personnel were based at the Airport. During this period, activity was restricted to humanitarian flights and rescue missions, and one Airport concourse was used as a makeshift medical center to treat sick and injured evacuees.

An estimated 450,000 people in the Air Trade Area were initially displaced by the catastrophe, and an estimated 183,000 Air Trade Area homes were destroyed or made uninhabitable. Prior to the storm, the Air Trade Area’s population was approximately 1.3 million. This number fell to approximately 1.0 million as of mid-2006. The rate of repopulation has been paced, but steady. As of June 2009, an estimated 76.4% of Orleans Parish households were actively receiving mail as compared to July 2005; this represents a 54.3% increase over the level in August 2006. Population growth in the Air Trade Area

increased by more than 53,000 between 2006 and 2008 from 1,011,937 to 1,065,432. The population of the Air Trade Area is projected to reach approximately 1.09 million in 2010 and 1.16 million in 2015.

The post-Katrina Air Trade Area labor force increased from approximately 487,000 in 2006 to approximately 507,000 in 2007, and to approximately 533,000 in 2008, a compounded annual growth rate of 4.6%. According to preliminary June 2009 data, the Air Trade Area had recovered 86.7% of its pre-Katrina job base.

The Air Trade Area's tourist industry and convention business were completely disrupted by the storm and all meetings and conventions scheduled for the following nine months were canceled. The first major convention to occur after Katrina was the American Librarian Association convention held in June of 2006. Between September 2005 and May 2006, 450 meetings and conventions were canceled, representing 2.25 million room nights for the lodging industry in New Orleans. Visitors to the New Orleans region reached 7.1 million in 2007, nearly double the 3.7 million visitors for 2006, and which number equals 71% of the typical pre-Katrina number of visitors of approximately 10 million. In 2008, visitors equaled 7.6 million which constitutes 76% of pre-Katrina visitor levels.

Katrina and the evacuation of the City had a devastating effect on commercial airline service at the Airport. In order to gauge the recovery the Airport is making from Katrina, much of the data contained herein relating to operations at the Airport is compared to fiscal year 2004 ending on December 31, 2004, the last full year prior to Katrina and to various monthly periods in fiscal years 2005, 2006, 2007 and 2008. (References listed in the AIR TRAFFIC REPORT OF THE AVIATION CONSULTANT, Appendix "E" hereto). In 2007, enplanements increased 21.0% over 2006 and increased by another 5.51% in 2008. According to FAA data, the Airport was the fastest growing airport in terms of enplaned passengers for all large and medium hub airports in the U. S. in both 2007 and 2008 (preliminary data). The Aviation Consultant projects that annual enplanement levels at the Airport will recover to approximately 93% of pre-Katrina levels by 2013. See Appendix "E" – "AIR TRAFFIC REPORT OF THE AVIATION CONSULTANT" hereto.

2008 Hurricane Season

Hurricane Gustav

On August 30, 2008, a mandatory evacuation order for the City was issued as a result of the impending arrival of Hurricane Gustav. Gustav made landfall west of Grand Isle in eastern Terrebonne Parish, Louisiana on September 1, 2008 as a Category 3 hurricane with maximum sustained winds of nearly 115 miles per hour. Nearly two million people from the coastal areas of Louisiana evacuated. Gustav resulted in power outages across portions of Louisiana. Evacuation of vulnerable populations was successful and hurricane-related crime was essentially non-existent. Evacuees were allowed to return to the City September 4.

Commercial air operations were stopped at the Airport at 6:00 p.m. on August 31 and resumed on the morning of September 3. An estimated nine hundred (900) flights (arrivals and departures) were cancelled. The property damage sustained by the Airport and required repairs were valued at approximately \$750,000. None of such damage is covered by insurance as a result of the applicable deductible. Such damage did not and will not have any significant effect on the operations of the Airport.

Hurricane Ike

On September 9, 2008, Hurricane Ike entered the Gulf of Mexico as a Category 1 hurricane. It made land fall at Galveston, Texas. Normal commercial air operations were not interrupted at the Airport as a result of Hurricane Ike. However, approximately eighty (80) flights from the Airport to Houston, Texas were canceled over a period of five (5) days. (Source: Louisiana Economic Development Department (“LED”) Hurricane Gustav and Ike Impact Assessment, Sept., 18, 2008 and New Orleans Aviation Board).

The costs for evacuation transportation, debris removal, road and bridge repair, disaster food stamps and other response expenditures for Hurricane Gustav and Hurricane Ike is estimated by the Division of Administration of the State at \$511.8 million. The State is seeking 100% reimbursement for federal cost share for all categories of FEMA assistance. According to LED, Hurricanes Gustav and Ike caused a combined \$5.5 billion to \$14.5 billion in property damage to Louisiana, including insured and uninsured losses to commercial and residential real estate, vehicles, personal property and inventory.

Damage to the Air Trade Area by Hurricane Ike did not make a lasting material impact on operations at the Airport.

The Consolidated Facility

During late 2007, the Aviation Board determined to build the Consolidated Facility and the other Initial CFC Projects. The Consolidated Facility shall consist of (i) a multi-story customer service building which includes customer service areas and rental car company administrative areas, (ii) an attached 1800 space multi-story vehicle garage to serve as ready/return car parking areas (items (i) and (ii) being collectively referred to as the “CONRAC”) and (iii) four separate ground vehicle parking lots to be used to refuel, service, and maintain rental cars each of which will be used by a separate Company (the “Service Centers”) and all related improvements in order to accomplish several purposes including (i) a better use of Airport property, (ii) facilitate passengers’ access to rental cars by locating rental cars much closer to the terminals of the Airport and (iii) eliminate the need for the rental car companies to utilize individual bussing to transport their customers to the locations of the rental cars.

Authorization of Series 2009 Bonds

The Series 2009 Bonds are being issued under the authority of Article VI, Section 37 of the Louisiana Constitution of 1974, as amended, Part XIV of Chapter 4 of Subtitle II of Title 39 of the Louisiana Revised Statutes of 1950, as amended, in particular Sections 1034(D) thereof, together with other constitutional and statutory authority supplemental thereto, including, without limitation, the provisions of Chapter 13 of Subtitle III, in particular Section 1430 thereof, of Title 39 of the Louisiana Revised Statutes of 1950, as amended (collectively, the “Act”), the Gulf Opportunity Zone Act of 2005 (the “GO Zone Act”) and the 2009 Reinvestment and Recovery Act, Section 1503 and under and pursuant to resolutions adopted by the Aviation Board on February 25, 2008, November 19, 2008, May 13, 2009 and approved by the Council of the City on April 3, 2008 by its resolution No. R-08-153 and May 21, 2009 by its resolutions No. R-09-232 and R-09-233 and a supplemental resolution adopted by the Aviation Board on November 20, 2009. Prior to the enactment of the GO Zone Act, a consolidated rental car facility could not be financed with tax exempt bonds. The State Bond Commission approved the issuance of the Series 2009 Bonds and designated the Series 2009 Bonds as “qualified Gulf Opportunity Zone Bonds” on June 18, 2009. The Series 2009 Bonds are being issued pursuant to the Indenture. The

issuance, sale and delivery of the Series 2009 Bonds have been approved by the City Council and the State Bond Commission.

Purpose of the Series 2009 Bonds

The Series 2009 Bonds are being issued to provide a portion of the amounts needed to (i) reimburse the Aviation Board for previously expended costs and to pay costs of planning, designing, equipping, and constructing the Consolidated Facility and the other items included within the Initial CFC Projects, (ii) pay the costs of issuance of the Series 2009 Bonds and (iii) provide a Debt Service Reserve Fund for the Series 2009 Bonds. Other amounts used to pay the costs of the Initial CFC Projects include (i) previously collected CFC Revenues and (ii) future CFC Revenues. See “THE PROJECT” – “Design, Construction and Project Costs” and “PLAN OF FINANCING” herein.

The Series 2009 Bonds

The Series 2009 Bonds shall be originally dated the date of their initial delivery to the first owners thereof and thereafter upon transfer shall be dated the Interest Payment Date next preceding their date of authentication, unless such date of authentication is an Interest Payment Date, in which case the Series 2009 Bonds shall be dated as of such Interest Payment Date. See “DESCRIPTION OF THE SERIES 2009 BONDS” herein.

The Series 2009 Bonds shall mature on the dates and in the principal amounts and shall bear interest, payable on each Interest Payment Date commencing July 1, 2010, at the rates per annum set forth herein. In addition, the Series 2009 Bonds are subject to redemption as provided herein. See “DESCRIPTION OF THE SERIES 2009 BONDS” herein.

Security for the Series 2009 Bonds

The Series 2009 Bonds are special, limited obligations of the Aviation Board payable from and secured by (i) the Revenues (as defined in the CFC Master Indenture) which includes the CFC Revenues, Contingent Rent and other Supplemental Facility Charges, if any, which are due by the rental car companies operating on the Airport pursuant to concession agreements and which have executed a lease for space in the CONRAC (as defined in the CFC Master Indenture) and for a Service Center (the “Companies”) under the Initial Facilities Leases under certain circumstances when the CFC Revenues are not sufficient to pay estimated CFC Costs or actual CFC Costs, (ii) the amounts due by the Companies pursuant to the Facilities Leases, excluding Ground Rentals, (iii) all moneys and securities in the CFC Collection Account, the Series 2009 Construction Fund, the Series 2009 Debt Service Account and the Series 2009 Debt Service Reserve Account of the Debt Service Fund, the Coverage Fund and the Surplus Fund (the “Pledged Funds”) pledged by the granting clauses of either the CFC Master Indenture or the First Supplemental Indenture and (iv) the other items of the Trust Estate as defined in the First Supplemental Indenture. All moneys and securities deposited or credited to the Administrative Costs Fund, Arbitrage Rebate Fund, Series 2009 Bonds Costs of Issuance Fund, the Maintenance Reserve Fund and the Insurance and Condemnation Proceeds Fund (the “Not Pledged Funds” as defined in the CFC Master Indenture) are not pledged to the payment of and do not secure the Series 2009 Bonds.

The CFC Revenues are all the gross revenues received by the Aviation Board from the imposition and collection of a customer facility charge (the “CFC”) imposed by the Aviation Board on the lessors of rental cars rented at the Airport pursuant to a resolution adopted on July 16, 2008 which was amended on two (2) occasions and then amended and restated on May 13, 2009 so as to increase the rate of the CFC to

its present level of \$6.20 per Transaction Day (collectively the “CFC Resolution”). Any Off-Airport Rental Car Customer CFC (as such term is defined in the CFC Resolution) or similar transportation fee that may be imposed by the Aviation Board in the future (neither are currently imposed) are not included within the definition of Revenues.

No Airport properties, including the Consolidated Facility, are mortgaged as part of the security for the Series 2009 Bonds. Further, the General Airport Revenues derived by the Aviation Board from the operation of the Airport are not pledged for the payment of and do not constitute security for the Series 2009 Bonds.

In addition, the Series 2009 Bonds are not an indebtedness of the City for which the City’s general credit or taxing power is pledged or within the meaning of any constitutional, statutory or charter limitations. The Aviation Board has no taxing power. Additionally, the Series 2009 Bonds are not a debt or obligation of the Companies or any other user of the Airport including the air carriers servicing the Airport.

The Aviation Board has covenanted pursuant to Section 402(c) of the CFC Master Indenture that at least 30 days prior to the end of each Bond Year the Director of Aviation or the Aviation Board, as required by the provisions of the CFC Resolution will establish (i) the per Transaction Day (as defined in the CFC Resolution) rate of the CFC or the rate of such other method of calculating the CFC as shall then be provided for in the CFC Resolution, (ii) the amount of Contingent Rent, if any, (iii) the amount and rate of Supplemental Facility Charges, if any or (iv) a combination of any thereof, for the ensuing Bond Year so that the collections of the CFC Revenues, Contingent Rent, other Supplemental Facility Charges or a combination thereof will result in Revenues for such ensuing Bond Year which will at least equal both (1) CFC Costs and (2) calculated separately, an amount equal to 135% of Aggregate Debt Service on all outstanding CFC Bonds for the ensuing Bond Year after taking into account the amounts on deposit in the Coverage Fund which do not exceed 25% of Maximum Annual Debt Service on the last Business Day of the ninth calendar month of the then current Bond Year.

The Aviation Board has also covenanted that upon the occurrence of (i) an unscheduled draw on the Coverage Fund or any Debt Service Reserve Account, (ii) the actual CFC Costs exceeded by 10% or more the monthly projected CFC Costs or (iii) the monthly CFC Revenues actually received were 90% or less of the monthly amounts projected for such Bond Year for a period of not less than three (3) consecutive calendar months the latest of which three (3) months is within the first eight (8) months of a single Bond Year, the Trustee with respect to item (i) and the Director of Aviation with respect to items (ii) and (iii) shall immediately notify the others of the Trustee, the Director of Aviation and the Companies and then the Director of Aviation shall cause the Independent Airport Consultant to prepare an interim report recommending an adjustment to the CFC, implementation or increases in Contingent Rent and/or Supplemental Facility Charges or a combination of any thereof sufficient to restore the withdrawn amounts and remedy the increased CFC Costs or decreased CFC Revenues. Pursuant to the CFC Master Indenture, however, the Independent Airport Consultant shall not recommend an increase in the CFC rate which would in its opinion result in a reduction in annual Transaction Days of greater than 25%. See Appendix “B-I” – “SUMMARY OF CERTAIN PROVISIONS OF THE CFC MASTER INDENTURE” – “Section 402. Rate Covenant” hereto.

Coverage Fund

The CFC Master Indenture establishes a Coverage Fund which shall be funded upon delivery of the Series 2009 Bonds from CFC Revenues collected prior to delivery of the Series 2009 Bonds. The

Coverage Fund shall be maintained at the Coverage Fund Requirement, an amount equal to 25% of the Maximum Annual Debt Service on all outstanding CFC Bonds. For any other CFC Bonds, the Coverage Fund Requirement shall be derived from the sources specified in the resolutions and indentures relating to such future series including amounts in the Surplus Fund or from the proceeds of each future Series of CFC Bonds. The amounts in the Coverage Fund may only be used by the Trustee to pay the principal of and interest on the CFC Bonds at such time as such principal and interest are due and there is not sufficient money in the Debt Service Accounts and the Surplus Fund for such purposes.

Reserve Fund

The First Supplemental Indenture provides that the Series 2009 Bonds shall be Reserve Bonds and establishes within the Debt Service Reserve Fund established, pursuant to the CFC Master Indenture, a Series 2009 Debt Service Reserve Account to be held by the Trustee and used to make payments of principal of, premium, if any, and interest on the Series 2009 Bonds to the extent that the amounts in the Series 2009 Debt Service Account of the Debt Service Fund are not sufficient to pay in full the interest, principal or premium due on the Series 2009 Bonds. The Series 2009 Debt Service Reserve Account is required to be funded in an amount equal to the Series 2009 Reserve Requirement, initially \$7,694,175. See Appendix “B” – “SUMMARY OF CERTAIN PROVISIONS OF THE CFC MASTER INDENTURE AND THE FIRST SUPPLEMENTAL INDENTURE” hereto.

Air Traffic Report

The Aviation Board retained Ricondo & Associates, Inc. (the “Aviation Consultant”) to prepare the Air Traffic Report dated October 13, 2009, included as Appendix “E” hereto. The Air Traffic Report of the Aviation Consultant should be read in its entirety for an understanding of the analysis contained therein. See “AIR TRAFFIC REPORT OF THE AVIATION CONSULTANT” herein and Appendix “E” hereto.

Feasibility Report

The Aviation Board retained Unison Consulting, Inc. (the “Feasibility Consultant”) to prepare the Feasibility Report dated October 13, 2009, included as Appendix “F” hereto. The Feasibility Report should be read in its entirety for an understanding of the analysis contained therein. See “FEASIBILITY REPORT” herein and Appendix “F” hereto.

PLAN OF FINANCING

Purpose of Financing

The Series 2009 Bonds are being issued in order to provide amounts to be used together with unspent prior and future collections of CFC Revenues to (i) reimburse the Aviation Board for previously expended costs related to the Initial CFC Projects and paying costs of planning, designing, equipping, and constructing the Initial CFC Projects including the Consolidated Facility which includes the CONRAC and the Service Centers, (ii) pay the costs of issuance of the Series 2009 Bonds and (iii) provide a Debt Service Reserve Fund for the Series 2009 Bonds. See “THE PROJECT” – “Design, Construction and Project Costs” herein.

Uses of Bond Proceeds

The proceeds of the Series 2009 Bonds are expected to be used as set forth in the following table:

SOURCES AND USES OF BOND PROCEEDS

<u>Sources of Funds:</u>	<u>Series 2009 Bonds</u>
Par Amount of Bonds	\$96,515,000.00
Net Original Issue Discount	<u>(\$2,390,649.15)</u>
Total Sources of Funds	\$94,124,350.85
<u>Uses of Funds:</u>	
Deposit to Construction Fund	\$84,554,685.19
Deposit to Reserve Account	\$7,694,175.00
Cost of Issuance ⁽¹⁾	<u>\$1,875,490.66</u>
Total Uses of Funds	\$94,124,350.85

(1) Includes all of costs of issuance and underwriters' discount paid from bond proceeds. Total Costs of all such items equals \$1,875,490.66 Does not equal total costs of the project as additional amounts derived from CFC Revenues collected before and after the issuance of the Series 2009 Bonds are to be utilized. See "THE PROJECT" – "Design, Construction and Project Costs" herein.

In addition to the Funds and Accounts funded with proceeds from the Series 2009 Bonds, an amount equal to the Coverage Fund Requirement derived from collections of the CFC prior to the delivery of the Series 2009 Bonds will be deposited into the Coverage Fund upon delivery of the Series 2009 Bonds. See "INTRODUCTION" – "Coverage Fund" herein.

DESCRIPTION OF THE SERIES 2009 BONDS

The Series 2009 Bonds are being issued under the CFC Master Indenture and the First Supplemental Indenture. Reference is hereby made to the CFC Master Indenture and the First Supplemental Indenture in their entirety for the detailed provisions applicable to each separate series of Series 2009 Bonds.

General

The Series 2009 Bonds will be issued solely as fully registered bonds without coupons (initially in the book-entry only system) in denominations of \$5,000 or any integral multiple thereof. The Series 2009 Bonds will be dated the date of delivery and will bear interest at the rates and mature on the dates set forth on the cover of this Official Statement. Interest accruing to the maturity or prior redemption of the Series 2009 Bonds will be payable semi-annually on January 1 and July 1 of each year, commencing July 1, 2010 (each an "Interest Payment Date"), computed on the basis of a 360-day year (consisting of 12 months of 30 days each). Principal of, premium, if any, and interest on the Series 2009 Bonds will be payable in the manner described herein under "Book-Entry Only System."

Redemption Provisions

Redemption of the Series 2009 Bonds may be made in the manner described below.

Optional Redemption

The Series 2009 Bonds maturing on or after January 1, 2020 are subject to redemption, otherwise than from mandatory Sinking Fund Payments, at the option of the Aviation Board, on or after January 1, 2019, as a whole or in part at any time, and if in part, in minimum aggregate principal amounts of \$5,000 in such order of maturity as the Aviation Board shall determine and within any maturity by lot, at the Redemption Price of par of such Series 2009 Bonds or portions thereof to be redeemed, together with accrued interest to the date fixed for redemption. Notice of any such redemption shall be given to each Owner of any Series 2009 Bonds as provided in Section 3.02 of the First Supplemental Indenture. See Appendix “B-II” – “SUMMARY OF CERTAIN PROVISIONS OF THE FIRST SUPPLEMENTAL INDENTURE” – “Section 3.02 Notice of Redemption” hereto.

Mandatory Sinking Fund Redemption

The Series 2009 Bonds maturing on January 1 of 2025, 2030 and 2040, are subject to mandatory redemption, in part by lot from mandatory Sinking Fund Payments, on January 1 in each of the years and in the respective principal amounts set forth below, at a Redemption Price equal to the principal amount thereof to be redeemed plus accrued interest to the date of redemption:

Series 2009 A Term Bond Maturing January 1, 2025

<u>Year</u> <u>(January 1)</u>	<u>Principal</u> <u>Amount</u>
2021	\$2,260,000
2022	\$2,395,000
2023	\$2,540,000
2024	\$2,695,000
2025*	\$2,855,000

*Final Maturity.

Series 2009 A Term Bond Maturing January 1, 2030

<u>Year</u> <u>(January 1)</u>	<u>Principal</u> <u>Amount</u>
2026	\$3,025,000
2027	\$3,215,000
2028	\$3,415,000
2029	\$3,630,000
2030*	\$3,855,000

*Final Maturity.

Series 2009 A Term Bond Maturing January 1, 2040

<u>Year</u> <u>(January 1)</u>	<u>Principal</u> <u>Amount</u>
2031	\$4,100,000
2032	\$4,365,000
2033	\$4,650,000
2034	\$4,950,000
2035	\$5,270,000
2036	\$5,615,000
2037	\$5,980,000
2038	\$6,365,000
2039	\$6,780,000
2040*	\$7,220,000

*Final Maturity.

To the extent any of the Series 2009 Bonds have been called for optional redemption in part prior to any scheduled mandatory Sinking Fund Payment date, the Aviation Board may elect by written notice given to the Trustee at least forty-five (45) days prior to any such date to: (i) pay any scheduled mandatory Sinking Fund Payment in full, (ii) reduce any scheduled mandatory Sinking Fund Payment proportionately or (iii) use the full principal amount of each such optional redemption to reduce the mandatory Sinking Fund Payments scheduled subsequent to such optional redemption in chronological order of such mandatory Sinking Fund Payments.

Special Mandatory Redemption Upon Transfer of the Airport

The Series 2009 Bonds are subject to special mandatory redemption on any date selected by the Aviation Board on or before February 1, 2015 but not thereafter in whole but not in part in the event of any transfer of the Airport to another entity that either (i) does not have the authority to continue the imposition and collection of the CFC, or (ii) does have the authority to continue the imposition and collection of the CFC but the entity does not agree to all of (1) continuing the imposition and collection of the CFC in accordance with the terms of the Indenture, (2) assuming the Aviation Board's and the City's obligations pursuant to the Indenture and all CFC Bonds then outstanding, including the Series 2009 Bonds, and (3) indemnifying and holding harmless the Aviation Board and the City from all such obligations on a date not more than ninety (90) days subsequent to such transfer and the Aviation Board does not obtain a Favorable Tax Opinion with respect to such transfer. In such event, the special mandatory redemption price shall be equal to (i) 105% of the outstanding principal balance of the Series 2009 Bonds or (ii) with respect to Series 2009 Bonds originally issued at a premium, 105% of their outstanding principal balance plus an amount equal to the unamortized premium thereon as of the date fixed for redemption as calculated by the Aviation Board by a straight line amortization of the original issue premium between the date of issue and the date fixed for such special mandatory redemption together with in either case interest to the date of such redemption.

Extraordinary Mandatory Redemption Resulting From Construction Delays

During the period the Series 2009 Bonds are not subject to optional redemption, the Series 2009 Bonds are subject to extraordinary mandatory redemption in whole but not in part on a date to be selected by the Aviation Board as provided for in the Indenture and described in the last sentence of this

paragraph (the “Extraordinary Redemption Date”) (i) upon the occurrence of any event which prevents the Aviation Board from accepting or awarding the construction contract for the Initial CFC Projects or (ii) upon the occurrence of any event after the acceptance and award by the Aviation Board of the construction contract relating to the Initial CFC Projects (1) which delays the commencement of construction beyond the time period for which the unaccepted bids are or the bid deemed by the Aviation Board to be the lowest responsive bid is binding as such time period may be extended by agreement of the bidders or successful bidder, and (2) in the opinion of the Aviation Consultant at or before the time all impediments to commencing construction have been removed and the Aviation Board is prepared to commence construction, the Rate Requirement for the Series 2009 Bonds would not be able to be met with a CFC Rate of \$7 per Transaction Day. In such event, the extraordinary mandatory redemption price shall be equal to (i) 105% of the outstanding principal balance of the Series 2009 Bonds or (ii) with respect to Series 2009 Bonds originally issued at a premium, 105% of their outstanding principal balance plus an amount equal to the unamortized premium thereon as of the Extraordinary Redemption Date as calculated by the Aviation Board by a straight line amortization of the original issue premium between the date of issue and the Extraordinary Redemption Date together with in either case interest to the Extraordinary Redemption Date (the “Extraordinary Redemption Price”). The Extraordinary Redemption Date may be any date selected by the Aviation Board upon which in its reasonable judgment sufficient moneys will be held in all of the funds and accounts created by the Indenture (other than the Arbitrage Rebate Fund) to pay the Extraordinary Redemption Price, which date shall not be limited to the sixty (60) day period following sending notice of such redemption provided for in Section 3.02(a) of the First Supplemental Indenture. See “THE PROJECT” – “Possible Construction Delays” – “Extraordinary Mandatory Redemption” herein.

Selection of Series 2009 Bonds to be Redeemed

If less than all of the Series 2009 Bonds shall be called for redemption under any provision of the First Supplemental Indenture permitting such partial redemption, the particular Series 2009 Bonds or portions thereof to be redeemed shall be selected in such order of maturity as the Aviation Board shall determine and within any maturity by lot. In selecting Series 2009 Bonds for redemption, the Trustee shall treat each Series 2009 Bonds as representing that number of Series 2009 Bonds which is obtained by dividing the principal amount of such Series 2009 Bonds by the minimum Authorized Denomination. If it is determined that one or more, but not all, of the integral multiples of the Authorized Denomination of principal amount represented by any Series 2009 Bonds is to be called for redemption, then, upon notice of intention to redeem such integral multiple of an Authorized Denomination, the Owner of such Series 2009 Bonds shall forthwith surrender such Series 2009 Bonds to the Trustee for (a) payment to such Owner of the Redemption Price of the integral multiple of the Authorized Denomination of principal amount called for redemption, and (b) delivery to such Owner of a new Series 2009 Bonds or Series 2009 Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of such Series 2009 Bonds. New Series 2009 Bonds representing the unredeemed balance of the principal amount of such Series 2009 Bonds shall be issued to the Owner thereof without charge therefor.

Non-presentment Series 2009 Bonds

In the event any Series 2009 Bonds shall not be presented for payment when the principal thereof becomes due, whether at maturity, at the date fixed for redemption or otherwise, if moneys sufficient to pay such Series 2009 Bonds shall have been made available to the Trustee for the benefit of the Owner thereof, subject to the provisions of the immediately following paragraph, all liability of the Aviation Board to the Owner thereof for the payment of such Series 2009 Bonds shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such moneys,

without liability for interest thereon, for the benefit of the Owner of such Series 2009 Bonds who shall thereafter be restricted exclusively to such moneys, for any claim of whatever nature on his or her part under the Indenture or on, or with respect to such Series 2009 Bonds.

Any moneys so deposited with and held by the Trustee not so applied to the payment of Series 2009 Bonds within two years after the date on which the same shall have become due shall be repaid by the Trustee to the Aviation Board, and thereafter the Owners of such Series 2009 Bonds shall be entitled to look only to the Aviation Board for payment, and then only to the extent of the amount so repaid, and all liability of the Trustee with respect to such moneys shall thereupon cease, and the Aviation Board shall not be liable for any interest thereon and shall not be regarded as a trustee of such moneys. The obligation of the Trustee under the Indenture to pay any such funds to the Aviation Board shall be subject, however, to any provisions of law applicable to the Trustee or to such funds providing other requirements for disposition of unclaimed property.

Notice of Redemption

Except as hereinafter described, the Indenture provides that a copy of the notice of the call for any redemption identifying the Series 2009 Bonds to be redeemed shall be given by first class mail, postage prepaid, not less than 15 nor more than 60 days prior to the date fixed for redemption to the Owners of the Series 2009 Bonds to be redeemed at their addresses as shown on the Bond Register. Such notice shall specify the date fixed for redemption, the Redemption Price, the place and manner of payment, and that from the date fixed for redemption interest will cease to accrue on the Series 2009 Bonds which are the subject of such notice, and shall include such other information as the Trustee shall deem appropriate or necessary at the time such notice is given to comply with any applicable law, regulation or industry standard. Other than in connection with a mandatory sinking fund redemption pursuant to Section 3.01(b) of the First Supplemental Indenture, prior to the date that the redemption notice is first given as aforesaid, funds shall be placed with the Trustee to pay such Series 2009 Bonds, any premium thereon, and accrued interest thereon to the date fixed for redemption, or such notice shall state that any redemption is conditional on such funds being deposited on the date fixed for redemption, and that failure to deposit such funds shall not constitute an Event of Default under the Indenture; any funds so deposited with the Trustee shall be invested solely in Federal Obligations maturing no later than the date fixed for redemption. Notice of extraordinary mandatory redemption for construction delays pursuant to section 3.01(d) of the First Supplemental Indenture may be given more than 60 days in advance of the Extraordinary Redemption Date.

Failure to give notice in the manner prescribed with respect to any Series 2009 Bonds, or any defect in such notice, shall not affect the validity of the proceedings for redemption for any Series 2009 Bonds with respect to which notice was properly given. Upon the happening of the above conditions and if sufficient moneys are on deposit with the Trustee on the applicable date fixed for redemption to redeem the Series 2009 Bonds to be redeemed and to pay interest due thereon and premium, if any, the Series 2009 Bonds thus called shall not, after the applicable date fixed for redemption, bear interest, be protected by the Indenture or be deemed to be Outstanding under the provisions of the Indenture.

Payment of Principal and Interest

As long as DTC or its nominee is the registered Owner of the Series 2009 Bonds, payments of the principal of and interest on the Series 2009 Bonds shall be made directly to DTC or its nominee, as the case may be; disbursement of such payments to the DTC participants ("Participants") will be the responsibility of DTC (and not the responsibility of the Trustee or the Aviation Board) and disbursement of

such payments to the Beneficial Owners thereof will be the responsibility of the DTC participants. Upon the Aviation Board discontinuing the maintenance of the Series 2009 Bonds in book-entry form with the then current Securities Depository, the replacement Series 2009 Bonds will be payable as to interest on the Interest Payment Dates of the Series 2009 Bonds by check or draft mailed to each Owner at the address of such Owner as it appears on the bond registration books maintained by the Aviation Board for such purpose at the designated corporate trust office of the Trustee or, at the option of any Owner of not less than \$1,000,000 principal amount of Series 2009 Bonds, by wire transfer to any address in the continental United States of America on such Interest Payment Date to such Owner as of such Record Date, if such Owner provides the Trustee with written notice of such wire transfer address not later than the Record Date (which notice may provide that it will remain in effect with respect to subsequent Interest Payment Dates unless and until changed or revoked by subsequent notice). Principal and redemption premium, if any, on the replacement Series 2009 Bonds are payable only upon presentation and surrender of such replacement Series 2009 Bonds or Series 2009 Bonds at the designated corporate trust office of the Trustee.

The Trustee has a principal corporate trust office in New Orleans, Louisiana. On the date of issuance of the Series 2009 Bonds, the "Principal Office" of the Trustee means The Bank of New York Mellon Trust Company, N.A., 601 Poydras Street, New Orleans, Louisiana.

Transfer and Ownership of Series 2009 Bonds

Subject to certain limitations set forth below, Series 2009 Bonds may be exchanged at such times at such designated corporate trust office of the Trustee upon surrender thereof together with an assignment duly executed by the Owner thereof or such Owner's attorney in such form and with guarantee of signature as shall be satisfactory to the Trustee for an equal aggregate principal amount of Series 2009 Bonds of like date and tenor of any Authorized Denomination as the Series 2009 Bonds surrendered for exchange, bearing numbers not contemporaneously outstanding. The execution by the Aviation Board of any Series 2009 Bonds of any Authorized Denomination shall constitute full and due authorization of such Authorized Denomination, and the Trustee shall thereby be authorized to authenticate and deliver such registered Series 2009 Bonds.

No service charge shall be imposed upon the Owners for any exchange or transfer of Series 2009 Bonds. The Aviation Board and the Trustee may, however, require payment by the person requesting an exchange or transfer of Series 2009 Bonds of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto, except in the case of the issuance of Series 2009 Bonds for the unredeemed portion of Series 2009 Bonds surrendered for redemption in part.

The Trustee shall not be required to transfer or exchange such Series 2009 Bonds during the period commencing on the Record Date next preceding any Interest Payment Date of such Series 2009 Bonds and ending on such Interest Payment Date, or to transfer or exchange such Series 2009 Bonds after the mailing of notice calling such Series 2009 Bonds for redemption has been made as herein provided or during the period of 15 days next preceding the giving of notice of redemption of Series 2009 Bonds of the same Stated Maturity and interest rate. The Trustee shall not be required to exchange or register the transfer of such Series 2009 Bonds after the mailing of notice calling such Series 2009 Bonds for redemption has been made as herein provided.

Series 2009 Bonds delivered upon any registration of transfer or exchange shall be valid limited obligations of the Aviation Board, evidencing the same debt as the Series 2009 Bonds surrendered, shall

be secured by the Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Series 2009 Bonds surrendered.

The Aviation Board and the Trustee may treat the Owner of any Series 2009 Bonds as the absolute owner thereof for all purposes, whether or not such Series 2009 Bonds shall be overdue, and shall not be bound by any notice to the contrary. All payments of or on account of the principal of, premium, if any, and interest on any such Series 2009 Bonds as provided in the Indenture shall be made only to or upon the written order of the Owner thereof or such Owner's legal representative, but such registration may be changed as provided in the Indenture. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2009 Bonds to the extent of the sum or sums so paid.

The Series 2009 Bonds are special, limited obligations of the Aviation Board and are not an indebtedness of the City for which the City's general credit or taxing power is pledged or within the meaning of any constitutional, statutory or charter limitation. The Aviation Board has no taxing power. Additionally, the Series 2009 Bonds are not a debt or obligation of the Companies or any other user of the Airport including the air carriers servicing the Airport.

Book-Entry Only System

The Series 2009 Bonds, when, as and if issued, will be initially issued solely in book-entry form to be held in the book-entry only system maintained by DTC, New York, New York. So long as such book-entry system is used, only DTC will receive or have the right to receive physical delivery of the Series 2009 Bonds and Beneficial Owners will not be or be considered to be, and will not have any right as, owners or holders of the Series 2009 Bonds under the CFC Master Indenture or the First Supplemental Indenture, which, for purposes of the section only regarding DTC, shall be referred to as the "Bond Resolution."

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2009 Bonds (the "Securities"). The Securities 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 Security certificate will be issued for each series of the Securities, each in the aggregate principal amount of such series, and will be deposited with DTC.

DTC, the world's largest 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 2.2 million issues of U.S. and non-U.S. equity, 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also

subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities 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 Securities with DTC and their registration in the name of Cede & Co. or such other nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities 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 Securities may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners; in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Securities 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 such other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose

accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Securities 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 Issuer or 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 [nor its nominee], Agent, or Issuer, 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 Issuer or Agent; disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The Issuer may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

THE AVIATION BOARD, THE TRUSTEE AND THE UNDERWRITERS CANNOT AND DO NOT GIVE ANY ASSURANCES THAT THE DTC PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2009 BONDS (i) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE SERIES 2009 BONDS, (ii) CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2009 BONDS, OR (iii) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNERS OF THE SERIES 2009 BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC, DTC PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND 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.

NEITHER THE AVIATION BOARD, THE TRUSTEE NOR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DTC PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (2) THE PAYMENT BY ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OR INTEREST ON THE SERIES 2009 BONDS; (3) THE DELIVERY BY ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS

REQUIRED OR PERMITTED UNDER THE TERMS OF THE BOND RESOLUTION TO BE GIVEN TO BONDHOLDERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC; none of the Aviation Board and its counsel, the Underwriters and their counsel, or Bond Counsel takes any responsibility for the accuracy thereof.

Special Consideration

Because DTC can only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants and certain banks, the ability of a Beneficial Owner to pledge the Series 2009 Bonds to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such Series 2009 Bonds, may be limited due to the lack of a physical certificate for such Series 2009 Bonds.

Under its current procedures, DTC does not automatically forward notices to its Participants who have Series 2009 Bonds credited to their accounts. Rather, a notice that DTC has received a notice is entered onto an electronic computer network which DTC shares with its Direct Participants, and such Direct Participants may obtain the full text of such notices upon request. The Aviation Board and the Trustee have no control over whether or how timely notices are made available by DTC to its Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners of the Series 2009 Bonds.

Discontinuation of Book-Entry Only System

The beneficial owners of the Series 2009 Bonds have no right to a securities depository for the Series 2009 Bonds. DTC or any successor securities depository may resign as securities depository for the Series 2009 Bonds by giving notice to the Aviation Board or the Trustee and discharging its responsibilities under applicable law. In addition, the Aviation Board may remove DTC or a successor securities depository at any time. In such event, the Aviation Board shall (i) appoint a securities depository qualified to act as such under Section 17(a) of the Securities Exchange Act of 1934, notify the prior securities depository of the appointment of such successor securities depository and transfer one or more separate bond certificates to such successor securities depository or (ii) notify the securities depository of the availability through the securities depository of bond certificates and transfer one or more separate bond certificates to Direct Participants having Series 2009 Bonds credited to their accounts at the securities depository. In such event, such Series 2009 Bonds shall no longer be restricted to being registered in the Bond Register in the name of the securities depository or its nominee, but may be registered in the name of the successor securities depository or its nominee, or in whatever name or names the Direct Participants receiving such Series 2009 Bonds shall designate, in accordance with the provisions of the Indenture.

If no qualified securities depository is a registered owner of the Series 2009 Bonds, the beneficial owners will be paid by the Trustee in the manner described under "BOOK ENTRY ONLY SYSTEM" – "Provisions Applicable if Book-Entry Only System is Terminated" herein.

Provisions Applicable if Book-Entry Only System is Terminated

Purchasers of Series 2009 Bonds will receive principal and interest payments, and may transfer and exchange Series 2009 Bonds pursuant to the following provisions only if the book-entry only system

is terminated. Otherwise, payments and transfers will be made only as described above under “Book-Entry Only System.”

If the book-entry only system is terminated, the principal of and premium, if any, on each Series 2009 Bond, upon maturity or prior redemption, will be payable at the principal office of the Trustee. Payment of the interest on each Series 2009 Bond which is payable, and is punctually paid or duly provided for, on any Interest Payment Date, will be paid to the person in whose name that Series 2009 Bond is registered at the close of business on the Record Date for such interest by check or draft mailed on such Interest Payment Date by the Trustee, provided that the Owners of \$1,000,000 or more in aggregate principal amount of Series 2009 Bonds may request payment by wire transfer if such Owners have requested such payment in writing to the Trustee, which request shall be made no later than the Record Date and shall include all relevant bank account information and shall otherwise be acceptable to the Trustee. Such notice shall be irrevocable until a new notice is delivered not later than a Record Date.

Series 2009 Bonds may be exchanged at the principal office of the Trustee for a like aggregate principal amount of fully registered Series 2009 Bonds of the same maturity and interest rate in denominations authorized by the Indenture. The Aviation Board shall execute and the Trustee shall authenticate and deliver Bonds which the Bondholder making the exchange is entitled to receive, bearing numbers not contemporaneously outstanding. The execution by the Aviation Board of any fully registered Series 2009 Bond of any authorized denomination shall constitute full and due authorization of such denomination and the Trustee shall thereby be authorized to authenticate and deliver such fully registered Bond.

The Trustee shall require the payment by any Bondholder requesting exchange or transfer of Series 2009 Bonds of any tax or other governmental charge required to be paid with respect to such exchange or transfer. The Aviation Board shall, under the Indenture, be liable to pay all other expenses and charges of the Aviation Board and of the Trustee in connection with such exchange or transfer.

CUSIP Numbers

It is anticipated that the American Bankers’ Association Committee on Uniform Security Identification Procedures (“CUSIP”) identification numbers will be printed on the Series 2009 Bonds. The Series 2009 Bonds will be numbered from R-1 upwards. Neither the failure to print such numbers on any Series 2009 Bond nor error with respect thereto shall constitute cause for failure or refusal by the Underwriters to accept delivery of and pay for the Series 2009 in accordance with the terms of the Bond Purchase Agreement. All expenses in relation to printing of CUSIP numbers on the Series 2009 Bonds shall be paid by the Aviation Board; provided however, that the fee of the CUSIP Service Bureau for the assignment of said numbers shall be the responsibility of and shall be paid for by the Underwriters.

SECURITY FOR THE SERIES 2009 BONDS

Pledge of Revenues

The Series 2009 Bonds are special, limited obligations of the Aviation Board, payable from the “Revenues” as such term is defined in the CFC Master Indenture. The primary item included within Revenues is the CFC which is currently fixed and imposed by the Aviation Board at the rate of \$6.20 per Transaction Day (the “CFC Revenues”). Transaction Day means generally a twenty-four (24) hour period or fraction thereof for which a rental car customer is provided the use of a rental car for

compensation regardless of the duration or length of the rental term with certain exceptions. See Appendix “D” – “SUMMARY OF CERTAIN PROVISIONS OF THE CFC RESOLUTION” hereto. “Revenues” also includes Contingent Rent and Supplemental Facility Charges authorized to be collected under certain circumstances pursuant to the Initial Facilities Leases executed by the Companies occupying portions of the Consolidated Facility and authorized to be imposed under certain circumstances by the CFC Master Indenture and interest earned on certain Funds and Accounts of the Indenture.

Definition of Revenues

Revenues are defined by the CFC Master Indenture to mean (a) all proceeds from the CFC, Contingent Rent and the other Supplemental Facility Charges, if any, but does not include any Off-Airport Rental Car Customer CFC or similar transportation fee, (b) all earnings on moneys and investments in the Revenue Fund, the Surplus Fund, the Debt Service Fund, the Coverage Fund and such earnings in other Funds and Accounts that are required to be transferred to the Revenue Fund or the Surplus Fund pursuant to Section 314(g) of the CFC Master Indenture, and (c) all investment earnings required to be transferred to the Revenue Fund or the Debt Service Accounts by the CFC Master Indenture or the applicable Supplemental Indenture for any Series of CFC Bonds; PROVIDED, HOWEVER, the Aviation Board may in the future pledge any Off-Airport Rental Car Customer CFC or any transportation fee as additional security for one or more series of CFC Bonds, Section 208 Obligations (generally payment obligations due any providers of Credit Facilities and Liquidity Facilities of CFC Bonds) or Section 209 Obligations (generally payment obligations due to a counterparty to a hedging transaction) or other obligations issued pursuant to the CFC Master Indenture and the amount of any such pledged Off-Airport Rental Car Customer CFC or similar transportation fee deposited into Revenue Fund or a sub-account created therein, or the Debt Service Fund or any account or sub-account created therein, or any account or sub-account created within any fund or account created under the CFC Master Indenture or created by the applicable Supplemental Indenture for a particular Series of CFC Bonds, Section 208 Obligations, Section 209 Obligations or any other obligation by the applicable Supplemental Indenture authorizing such any thereof shall constitute CFC Revenues with respect to the rate covenant set forth in Section 402 of the CFC Master Indenture; “Revenues” does not include (i) O & M Payments, (ii) any amounts held in the Administrative Costs Fund and earnings on amounts attributable to the Administrative Costs Fund, (iii) any amounts held in the Maintenance Reserve Fund and earnings on amounts attributable to the Maintenance Reserve Fund, (iv) earnings on amounts attributable to the Costs of Issuance Fund or the Construction Fund, until said amounts are required to be transferred to the Surplus Fund pursuant to Section 314(g) of the CFC Master Indenture, (v) all proceeds from drawings on Credit Facilities or Liquidity Facilities, and (vi) any amounts held in the Insurance and Condemnation Proceeds Fund and any earnings on amounts attributable to the Insurance and Condemnation Proceeds Fund.

The CFC Master Indenture pledges the Revenues to the payment of all CFC Bonds issued on a *pari passu* basis with the Series 2009 Bonds which requires compliance with the additional bonds tests of the CFC Master Indenture. See “SECURITY FOR THE SERIES 2009 BONDS” – “Additional Bonds” – “*Additional Bonds Test Under the CFC Master Indenture*” herein.

The Series 2009 Bonds will be the initial bonds issued pursuant to the CFC Master Indenture and accordingly there are no other CFC Bonds outstanding issued pursuant to the CFC Master Indenture or secured by the Trust Estate.

The Series 2009 Bonds are further secured by the moneys and securities held in the CFC Collection Account, the Series 2009 Construction Fund, the Series 2009 Debt Service Account and the

Series 2009 Debt Service Reserve Account created in the Debt Service Fund, the Coverage Fund, and the Surplus Fund created by the First Supplemental Indenture and the CFC Master Indenture, which are collectively referred to herein as the “Pledged Funds” by the CFC Master Indenture. However, the Administrative Costs Fund, Arbitrage Rebate Fund, any Costs of Issuance Fund including the Series 2009 Cost of Issuance Fund, the Maintenance Reserve Fund and the Insurance and Condemnation Proceeds Fund, which are collectively defined as the “Not Pledged Funds” in the CFC Master Indenture, are not pledged or held for the benefit of the Owners of the CFC Bonds including the Series 2009 Bonds and do not constitute part of the Trust Estate. See “SECURITY FOR THE SERIES 2009 BONDS” – “Reserve Fund” herein.

No Airport properties, including the Consolidated Facility, are mortgaged as part of the security for the Series 2009 Bonds. Further, the General Airport Revenues derived by the Aviation Board from the operation of the Airport are not pledged for the payment of and do not constitute security for the Series 2009 Bonds.

The Series 2009 Bonds are special, limited obligations of the Aviation Board and do not constitute an indebtedness of the City for which the City’s general credit or taxing power is pledged or within the meaning of any constitutional, statutory or charter limitations. The Aviation Board has no taxing power. Additionally, the Series 2009 Bonds are not a debt or obligation of the Companies or the air carriers servicing the Airport.

For the historical collections of CFC Revenues from November 1, 2008, the date of commencement of collection through August 2009, see “RENTAL CAR COMPANY OPERATIONS” – “CFC Collections” herein.

The Aviation Board’s ability to generate sufficient Revenues to pay debt service on the Series 2009 Bonds is dependent upon a number of factors. See “INVESTMENT CONSIDERATIONS” herein.

Parity Obligations

The Series 2009 Bonds are the initial bonds to be issued pursuant to the CFC Master Indenture so there are no parity CFC Bonds, Subordinated CFC Bonds or Subordinated CFC Obligations outstanding as of the date hereof. The Aviation Board has the right to issue parity debt, such as Additional Bonds, including Completion CFC Bonds, Section 208 Obligations and Section 209 Obligations on a parity with the Series 2009 Bonds pursuant to the CFC Master Indenture. See Appendix “B-I” – “SUMMARY OF CERTAIN PROVISIONS OF THE CFC MASTER INDENTURE” hereto.

Authorized but Unissued Debt

As of the date hereof, the Aviation Board has no present plans to issue and has not authorized the issuance of any CFC Bonds other than the Series 2009 Bonds or Subordinated CFC Bonds. The Aviation Board does have the right to issue Additional Bonds including Completion CFC Bonds if it complies with the provisions of the CFC Master Indenture. See “SECURITY FOR THE SERIES 2009 BONDS” – “Additional Bonds” – “*Additional Bonds Tests Under the CFC Master Indenture*” herein.

Subordinated CFC Bonds may be issued by the Aviation Board pursuant to the CFC Master Indenture without regard to any additional subordinate bonds test or limitation.

Swap Information

The Aviation Board has no present intention to enter any hedging transaction with respect to the Series 2009 Bonds.

Rate Covenant under the CFC Master Indenture

The Aviation Board has covenanted under the CFC Master Indenture generally that Revenues must equal at least both (i) CFC Costs and (ii) calculated separately an amount equal to 135% of Aggregate Debt Service for the applicable Bond Year after taking into account the amounts in the Coverage Fund which do not exceed 25% of Maximum Annual Debt Service, on the last Business Day of ninth (9th) calendar month of any Bond Year with respect to the next ensuing Bond Year (the "Rate Requirement"). The CFC Master Indenture provides for the following procedures regarding establishing rates and amounts for the CFC, Contingent Rent and other Supplemental Facility Charges:

(a) The CFC shall continue until adjusted in accordance with the provisions of the CFC Resolution and the provisions of Section 402 of the CFC Master Indenture.

(b) At least one hundred and twenty (120) days prior to the end of each Bond Year commencing with the Bond Year ending December 31, 2010, the Aviation Board shall prepare and deliver to the Trustee and the Companies its estimate of CFC Revenues and CFC Costs for the next Bond Year, make its determination as to whether the Rate Requirement was met for the then current Bond Year and will be met for the next ensuing Bond Year. If the Aviation Board projects CFC Revenues for the ensuing Bond Year are to be insufficient to meet the Rate Requirement for the ensuing Bond Year without further increasing the then existing rate at which the CFC is imposed (a "CFC Deficit"), then the Aviation Board shall engage an Independent Airport Consultant to recommend actions to be taken to cure such projected CFC Deficit. If required to be engaged pursuant to the foregoing sentence, not less than ninety (90) days prior to the end of each Bond Year, the Independent Airport Consultant shall prepare and present to the Director, the Aviation Board, the Trustee and the Companies the Rate Consultant's Report recommending one or more of (i) an increase in the per Transaction Day rate or the rate of such other method of calculating the CFC as shall then be provided for in the CFC Resolution, (ii) implementing Contingent Rent, (iii) imposing other Supplemental Facility Charges or (iv) implementing any combination thereof for the ensuing Bond Year. If the Rate Consultant's Report determines that the required increase in the CFC rate will result in a reduction in annual Transaction Days greater than 25%, the Independent Airport Consultant shall recommend elimination of the CFC Deficit through the implementation of Contingent Rent or any combination of Contingent Rent, implementing any other Supplemental Facility Charges and increasing the rate of the CFC. In making such recommendation the Independent Airport Consultant shall consider, among other factors: (i) the historical and projected origination and destination traffic at the Airport; (ii) historical and projected Transaction Days at the Airport; (iii) the Annual Debt Service requirements; (iv) the budgeted Administrative Costs and the actual Administrative Costs; (v) the estimated CFC Costs, (vi) the amounts required to be deposited to the Funds and Accounts and any existing or projected deficiencies therein; (vii) information provided by the Companies; and (viii) such other factors deemed relevant by the Independent Airport Consultant. Not less than sixty (60) days prior to the end of the then current Bond Year, the Companies shall provide written notice to the Director and the Independent Airport Consultant if any thereof object to any portion of the Rate Consultant's Report. The Director or the Aviation Board as appropriate under the then CFC Resolution shall make a final determination regarding the plan to fund the estimated CFC Deficit for the next Bond Year.

(c) Subject to the provisions of the CFC Master Indenture described in (d) below, the Director of Aviation or the Aviation Board, as required by the provisions of the CFC Resolution at least 30 days prior to the end of each Bond Year will establish and give notice to the Trustee and each of the Companies of (i) the per Transaction Day rate of the CFC or the rate of such other method of calculating the CFC as shall then be provided for in the CFC Resolution, (ii) the amount of Contingent Rent, if any (iii) the amount and rate of other Supplemental Facility Charges or (iv) a combination of any thereof, for the ensuing Bond Year. The per Transaction Day rate or the rate of such other method of calculating the CFC shall be established by the Director of Aviation or the Aviation Board as appropriate under the CFC Resolution as then in effect so that the collections of the CFC Revenues, Contingent Rent, Supplemental Facility Charges or a combination there will result in Revenues for such ensuing Bond Year together with the amounts then on deposit in the Coverage Fund which do not exceed 25% of Maximum Annual Debt Service on the last Business Day of the ninth (9th) calendar month of the then current Bond Year, if any, will at least equal the Rate Requirement for such ensuing Bond Year. At the option of the Aviation Board, the CFC shall be imposed by the Aviation Board calculated as either a per diem rate expressed in dollars or as a percentage of the daily gross rentals paid by the lessors of Motor Vehicles.

(d) Upon the occurrence of (i) an unscheduled draw on the Coverage Fund or any Debt Service Reserve Account, (ii) the actual CFC Costs exceeding by 10% or more the monthly projected CFC Costs or (iii) the monthly CFC Revenues actually received equaling 90% or less of the monthly amounts projected for such Bond Year for a period of not less than three (3) consecutive calendar months the latest of which three (3) months is within the first eight (8) months of a single Bond Year, the Trustee with respect to item (i) and the Director of Aviation with respect to items (ii) and (iii) shall immediately notify the others of the Trustee, the Director of Aviation and the Companies and the Director of Aviation shall cause the Independent Airport Consultant to prepare an interim report recommending an adjustment to the CFC, implementation or increases in Contingent Rent and/or other Supplemental Facility Charges or a combination of any thereof sufficient to restore the withdrawn amounts and remedy the increased CFC Costs or decreased CFC Revenues. However, the Independent Airport Consultant shall not recommend an increase in the CFC rate which would in his opinion result in a reduction in annual Transaction Days of greater than 25%. Upon receipt of such report, the Director of Aviation, as soon as reasonably practicable, shall take the actions required to increase Revenues by adjusting the rate of the CFC, implementing or increasing Contingent Rent and/or the other Supplemental Facility Charge or implementing a combination thereof for the remainder of such Bond Year to the rates and amounts required so that Revenues for the then current Bond Year together with the amounts then on deposit in the Coverage Fund which do not exceed 25% of Maximum Annual Debt Service, will at least equal the Rate Requirement for the current Bond Year plus the amount necessary to replenish the Coverage Fund or the respective Debt Service Reserve Accounts for the amounts transferred to the applicable Debt Service Accounts. The Director of Aviation shall notify the Companies and On-Airport Rental Car Companies who are not Lessee(s), if any, of such adjustment and the date as of which such new CFC rate, Contingent Rent and/or Supplemental Facility Charges shall be charged and collected by the Companies and On-Airport Rental Car Companies, if all are not included within the term Companies, with 30 days prior written notice.

See Appendix “B” – “SUMMARY OF CERTAIN PROVISIONS OF THE CFC MASTER INDENTURE AND THE FIRST SUPPLEMENTAL INDENTURE” hereto.

Additional Bonds

No Additional Bonds or other obligations may be issued pursuant to the First Supplemental Indenture. Additional Bonds other than the Series 2009 Bonds may be issued in accordance with the provisions of the CFC Master Indenture, or if such Additional Bonds are Dual Bonds both the CFC Master Indenture and the then effective general revenue bond indenture providing for the issuance of bonds secured by both CFC Revenues and the General Airport Revenues of the airport.

Additional Bonds Test Under the CFC Master Indenture

The test for issuing Additional Bonds under the CFC Master Indenture is as follows:

(a) Under the terms of the CFC Master Indenture, Additional Bonds may be issued by the Aviation Board only upon delivering either (i) a Certificate of an Independent Airport Consultant stating that, based upon reasonable assumptions set forth therein, Revenues are projected to be not less than that required to satisfy the Rate Requirement as set forth in 402 of the CFC Master Indenture, including taking into account the amounts in the Coverage Fund not to exceed 25% of Maximum Annual Debt Service (disregarding any CFC Bonds that have been paid or discharged or will be paid or discharged immediately after the issuance of the Series proposed to be issued) for each of the next three Fiscal Years following the issuance of such CFC Bonds or, if later, for each Fiscal Year from the issuance of such Series through the two (2) Fiscal Years immediately following completion of the CFC Projects financed by such CFC Bonds; or (ii) a Certificate of an Authorized Board Representative stating that Revenues in the most recent completed Fiscal Year for which audited financial statements have been prepared satisfied the rate covenant set forth in Section 402 of the CFC Master Indenture, including taking into account the amounts in the Coverage Fund not to exceed 25% of Maximum Annual Debt Service, assuming for such purpose that Aggregate Debt Service for the Bond Year commencing during such Fiscal Year includes the Maximum Annual Debt Service on the CFC Bonds proposed to be issued. In making the calculations described in item (i) or (ii) of this paragraph, if the Aviation Board has adopted, implemented and imposed a higher per Transaction Day rate for the CFC or otherwise increased the rate for the CFC, or imposed or increased Contingent Rent or any other Supplemental Facility Charge prior to the date of the issuance of a series of Additional Bonds, the calculation of Revenues may be made assuming such increased per Transaction Day rate or other increase in the CFC, imposed or increased Supplemental Facility Charge or Contingent Rent had been in effect during such period.

(b) Completion Bonds may be issued by the Aviation Board upon delivery of a certificate of an Authorized Board Representative stating (i) that the Series of CFC Bonds proposed to be issued are being issued to finance the costs of one or more CFC Projects initially financed in whole or in part by CFC Bonds, and (ii) that the additional cost of the CFC Projects being financed by such Series does not exceed 15% of the aggregate cost thereof previously financed. Prior to the delivery of any Completion CFC Bonds, the Aviation Board shall file with the Trustee a certificate of a Consulting Engineer (1) stating that the CFC Projects have not materially changed from their description in the Supplemental Indenture creating the Series of CFC Bonds initially issued to finance the cost of such CFC Projects, (2) estimating the revised aggregate cost of the CFC Projects, (3) stating that the revised aggregate cost of such CFC Projects cannot be paid with available moneys and (4) stating that, in the opinion of the Consulting Engineer, the issuance of Completion CFC Bonds is necessary to provide funds to complete the subject CFC Projects.

(c) Refunding CFC Bonds may be issued by the Aviation Board for the purpose of refunding all or any part of the bonds of one or more Series of Outstanding CFC Bonds upon receipt by the Trustee

of a certificate of an Authorized Board Representative substantially to the effect that either (1) after the issuance of the proposed CFC Refunding Bonds the Aggregate Debt Service on all Outstanding CFC Bonds (including the proposed CFC Refunding Bonds) will be less than that for each Bond Year within which any of the refunded CFC Bonds would have been Outstanding but for their having been refunded or (2) the refunding will reduce the total debt service payments on the refunded CFC Bonds on a present value basis. Alternatively, Refunding CFC Bonds may be issued by complying with the provisions of the CFC Master Indenture described in paragraph (a) above.

See Appendix “B” – “SUMMARY OF CERTAIN PROVISIONS OF THE CFC MASTER INDENTURE AND THE FIRST SUPPLEMENTAL INDENTURE” hereto.

Reserve Fund

The Series 2009 Bonds are designated as Reserve Bonds by the First Supplemental Indenture. Accordingly, the Aviation Board, the City and the Trustee shall maintain the Debt Service Reserve Fund Requirement for the Series 2009 Bonds (the “Series 2009 Reserve Requirement”) in the Series 2009 Debt Service Reserve Account created by the First Supplemental Indenture to be established in the Debt Service Reserve Fund established by the CFC Master Indenture. The initial Series 2009 Reserve Requirement for the Series 2009 Bonds shall be an amount calculated by determining the least of:

- (i) the Maximum Annual Debt Service coming due in any Bond Year;
- (ii) 125% of average annual Aggregate Debt Service; or
- (iii) 10% of the original principal amount.

PROVIDED HOWEVER, the Series 2009 Reserve Requirement shall not exceed the amount obtained by subtracting the Coverage Fund Requirement for the Series 2009 Bonds from an amount equal to 15% of (i) the original principal amount of the Series 2009 Bonds or (ii) the issue price of the Series 2009 Bonds if sold at more than a *de minimis* discount or premium. The Series 2009 Reserve Requirement shall be calculated as of the issuance date of the Series 2009 Bonds, initially \$7,694,175 and recalculated upon any refunding of less than all the then Outstanding Series 2009 Bonds.

In case of such recalculation, the Debt Service Reserve Requirement for the unrefunded Outstanding Series 2009 Bonds and the Series of Refunding CFC Bonds which refunded a portion of the Series 2009 Bonds may be calculated on the basis of a single Debt Service Reserve Requirement for both the applicable Series of Refunding CFC Bonds and the unrefunded Outstanding Series 2009 Bonds, provided the Supplemental Indenture authorizing the applicable Series of Refunding CFC Bonds, (a) provides that such Series of Refunding CFC Bonds are Reserve Bonds, (b) establishes a common Debt Service Reserve Account for both the Series of Refunding CFC Bonds and the unrefunded Outstanding Series 2009 Bonds and (c) the common Debt Service Reserve Requirement for the applicable Series of Refunding CFC Bonds and the unrefunded Outstanding Series 2009 Bonds are established at an amount equal to the least of items (i), (ii) and (iii) above calculated separately for the (1) unrefunded Series 2009 Bonds and Tax-Exempt Refunding CFC Bonds and (2) taxable Refunding CFC Bonds and then summing the results; PROVIDED HOWEVER, the Debt Service Reserve Fund Requirement for the combined unrefunded Series 2009 Bonds and Refunding CFC Bonds shall not exceed the amount obtained by subtracting the Coverage Fund Requirement attributable to the unrefunded Series 2009 Bonds and Refunding CFC Bonds from an amount equal to 15% of the outstanding principal amount of the unrefunded Series 2009 Bonds and original principal amount of the Refunding CFC Bonds.

Refunding CFC Bonds from an amount equal to 15% of the outstanding principal amount of the unrefunded Series 2009 Bonds and original principal amount of the Refunding CFC Bonds.

However, in no event shall the Debt Service Reserve Requirement for any Series of Tax-Exempt Bonds calculated or recalculated at the times required above exceed the maximum amount permitted under the Code as a reasonable required reserve for Tax-Exempt Bonds.

The Series 2009 Debt Service Reserve Account is to be held by the Trustee and used to pay the principal of and interest on the Series 2009 Bonds at such time as such principal and interest are due and there is not sufficient money in the Series 2009 Debt Service Account, the Surplus Fund and the Coverage Fund for such purpose. Amounts so withdrawn shall be derived as set forth in the First Supplemental Indenture with respect to the Series 2009 Bonds for which such withdrawal is to be made and if no other express provision governs them as provided in Article III of the CFC Master Indenture. See Appendix “B-I” – “SUMMARY OF CERTAIN PROVISIONS OF THE CFC MASTER INDENTURE” hereto.

Reserve Assets

The CFC Master Indenture provides that all or a portion of the Debt Service Reserve Requirement for any Series of CFC Bonds designated as “Reserve Bonds” may be satisfied by (i) one or more Debt Service Reserve Account Surety Policies which may consist of a letter of credit, surety bond or non-cancelable insurance policy issued by a domestic or foreign bank, insurance company or other financial institution whose debt obligations are rated at the time of their original delivery by at least one Rating Agency either “Aa” or better by Moody’s, or “AA” or better by Fitch or S&P, (ii) Qualified Investments, or (iii) a combination thereof, at the election of the Aviation Board. See Appendix “B” – “SUMMARY OF CERTAIN PROVISIONS OF THE CFC MASTER INDENTURE AND THE FIRST SUPPLEMENTAL INDENTURE” hereto.

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**DEBT SERVICE REQUIREMENTS
FOR THE
SERIES 2009 A BONDS**

Bond Year Ending Jan. 1	Principal	Interest	Debt Service
2010			
2011		6,392,014	6,392,014
2012		6,023,888	6,023,888
2013		6,023,888	6,023,888
2014		6,023,888	6,023,888
2015	1,670,000	6,023,888	7,693,888
2016	1,745,000	5,946,650	7,691,650
2017	1,830,000	5,859,400	7,689,400
2018	1,925,000	5,765,613	7,690,613
2019	2,025,000	5,664,550	7,689,550
2020	2,140,000	5,553,175	7,693,175
2021	2,260,000	5,430,125	7,690,125
2022	2,395,000	5,294,525	7,689,525
2023	2,540,000	5,150,825	7,690,825
2024	2,695,000	4,998,425	7,693,425
2025	2,855,000	4,836,725	7,691,725
2026	3,025,000	4,665,425	7,690,425
2027	3,215,000	4,476,363	7,691,363
2028	3,415,000	4,275,425	7,690,425
2029	3,630,000	4,061,988	7,691,988
2030	3,855,000	3,835,113	7,690,113
2031	4,100,000	3,594,175	7,694,175
2032	4,365,000	3,327,675	7,692,675
2033	4,650,000	3,043,950	7,693,950
2034	4,950,000	2,741,700	7,691,700
2035	5,270,000	2,419,950	7,689,950
2036	5,615,000	2,077,400	7,692,400
2037	5,980,000	1,712,425	7,692,425
2038	6,365,000	1,323,725	7,688,725
2039	6,780,000	910,000	7,690,000
2040	7,220,000	469,300	7,689,300
Totals	96,515,000	127,922,189	224,437,189

DESCRIPTIONS OF FLOW OF REVENUES FOR THE SERIES 2009 BONDS

Article III of the CFC Master Indenture provides how the Revenues shall be collected, held, transferred and credited among its various Funds and Accounts as follows:

(1) All receipts of Revenues, including Contingent Rent or other Supplemental Facility Charges shall be deposited daily as received by the Aviation Board into the CFC Collection Account. The Aviation Board shall cause the bank at which the CFC Collection Account is held to automatically transfer not less frequently than once a month on the 25th calendar day of each month or if not a Business Day on the next succeeding Business Day and on other days as selected by the Aviation Board at its sole option the amounts deposited/credited to the CFC Collection Account to the Revenue Fund to be held and applied by Trustee as provided in section 302(2) of the CFC Master Indenture. The CFC Master Indenture provides that on or before the third-to-last Business Day of each month, the Trustee shall transfer moneys then credited to the Revenue Fund in the following order of priority:

(a) The Trustee shall transfer to the Series 2009 Debt Service Account of the Debt Service Fund established pursuant to the First Supplemental Indenture (i) amounts sufficient to pay one-sixth of the interest due on the Series 2009 Bonds on the next succeeding Interest Payment Date, provided that payments prior to the first Interest Payment Date after the issuance of the Series 2009 Bonds shall be adjusted to the extent necessary so that the total amount of interest due on the Series 2009 Bonds on that Interest Payment Date will have been paid into the Series 2009 Debt Service Account in equal installments prior to that Interest Payment Date, and (ii) amounts sufficient to pay one-twelfth of the principal amount of the Series 2009 Bonds coming due on the next succeeding Principal Payment Date, provided that payments prior to the first Principal Payment Date after the issuance of the Series 2009 Bonds shall be adjusted to the extent necessary so that the total amount of principal due on the Series 2009 Bonds on that Principal Payment Date will have been paid into the Series 2009 Debt Service Account in equal installments prior to that Principal Payment Date.

(b) The Trustee shall transfer to the Coverage Fund amounts necessary to cause the amount on deposit therein to equal the Coverage Fund Requirement. To the extent amounts in the Coverage Fund are used to satisfy a deficiency in the Series 2009 Debt Service Account pursuant to Section 302(3) of the CFC Master Indenture, the Trustee shall transfer moneys in substantially equal monthly installments over a period of twelve months for deposit to the Coverage Fund so that at the end of such twelve month period, the amount transferred to the Coverage Fund equals the Coverage Fund Requirement.

(c) The Trustee shall transfer to the Series 2009 Debt Service Reserve Account amounts necessary (i) to cause the amount on deposit therein to equal the Series 2009 Debt Service Reserve Requirement (taking into account any related Debt Service Reserve Account Surety Policy) and (ii) to the extent applicable, to provide for the reimbursement of a Debt Service Reserve Account Surety Policy provider in accordance with the terms of the related Debt Service Reserve Account Surety Policy; provided, however, that in the event there are insufficient funds to make all such transfers, the Trustee shall make such transfers on a pro rata basis.

(d) The Trustee shall transfer to the Administrative Costs Fund all moneys until there shall have been deposited thereto an amount equal to the then budgeted Administrative Costs for such Bond Year. Thereafter, no additional transfers to the Administrative Costs Fund shall be made during such Bond Year unless (i) the Aviation Board directs the Trustee to transfer an amount from the

Surplus Fund sufficient to satisfy any deficiency within the Administrative Costs Fund or (ii) the Aviation Board amends the budgeted Administrative Costs for such Bond Year and such amendment increases the budgeted Administrative Costs for such Bond Year. In the event of the latter, the Trustee shall transfer to the Administrative Costs Fund all moneys until there shall have been deposited thereto an amount equal to the increased budgeted Administrative Costs for such Bond Year. Moneys credited to the Administrative Costs Fund shall be used to pay Administrative Costs as defined in the CFC Master Indenture.

(e) (1) The Trustee shall transfer to the Construction Fund created for any Series of CFC Bonds the amounts commencing on the dates and ending on the dates specified in the applicable Supplemental Indenture, if any.

(2) The first Supplemental Indenture provides in Section 5.02(c) that with respect to the Series 2009 Bonds from the date of issuance thereof until the Completion Date of the Initial CFC Projects, the Trustee shall transfer all amounts remaining in the Revenue Fund after making the transfers provided for in items (a) through (d) of Section 302(2) of the CFC Master Indenture to the Series 2009 Construction Fund and not make the transfers referred to in items (f) thorough (h) of Section 302(2) of the CFC Master Indenture. The Revenues transferred from the Revenue Fund to the Series 2009 Construction Fund shall be credited by the Trustee first to the Ineligible Sub-Account, until an amount equal to the Ineligible Amount, as the same shall be established from time to time by the Aviation Board initially \$789,046.83, has been credited thereto (but not necessarily remains therein), then to the Pay/Revenues Account until the Completion Date of the Initial CFC Projects. After the Completion Date of the Initial CFC Projects no amounts shall be transferred by the Trustee from the Revenue Fund to the Series 2009 Construction Fund pursuant to the provisions of said item (e) and the Trustee shall commence making the transfers provided for in items (f) through (h) of Section 302(2) of the CFC Master Indenture. Completion Date is defined by the CFC Master Indenture as the date determined by the Aviation Board in a Certificate as the date upon which any CFC Project for which CFC Bonds have been issued shall be or was complete (as opposed to substantially complete) as such term is defined and used in section 309(2) of the CFC Master Indenture.

(f) Commencing with the month of January, 2013, the Trustee shall transfer to the Maintenance Reserve Fund amounts in substantially equal monthly installments over a period of 60 months so that at the end of such 60-month period, the amounts credited to the Maintenance Reserve Fund equal the Maintenance Reserve Fund Requirement. To the extent amounts in the Maintenance Reserve Fund are transferred and used by the Aviation Board for any of the purposes described in Section 307(1) of the CFC Master Indenture, the Trustee shall transfer to the Maintenance Reserve Fund amounts in substantially equal monthly installments over a period of twelve months so that at the end of such twelve month period, the amount credited to the Maintenance Reserve Fund equals said amount used by the Aviation Board pursuant to Section 307(1) of the CFC Master Indenture.

(g) The Trustee shall transfer to the Arbitrage Rebate Fund the amounts calculated to be due to the Internal Revenue Service as arbitrage rebate for the Series 2009 Bonds in accordance with any arbitrage rebate calculation provided to the Trustee with respect to the Series 2009 Bonds.

(h) After the Completion Date of any CFC Project for which a Construction Fund is created, the Trustee shall transfer to the Surplus Fund all moneys remaining in such Construction Fund.

(2) If two Business Days before any Interest Payment Date or Principal Payment Date the amounts on deposit in the Series 2009 Debt Service Account established pursuant to the First

Supplemental Indenture are insufficient to pay the interest or the principal or Redemption Price payable on the Series 2009 Bonds as the same shall become due, moneys held in the following Funds or Accounts shall be transferred by the Trustee from said Funds or Accounts in the following order to the Series 2009 Debt Service Account as applicable on a pro rata basis in order to satisfy said deficiency therein:

- (a) First, the Trustee shall transfer to the Series 2009 Debt Service Account moneys in the Surplus Fund;
- (b) Second, if moneys in the Surplus Fund are insufficient to satisfy the deficiency, the Trustee shall transfer to the Series 2009 Debt Service Account moneys in the Coverage Fund; and
- (c) Third, if moneys in the Surplus Fund and Coverage Fund are insufficient to satisfy the deficiency, the Trustee shall transfer to the Series 2009 Debt Service Account moneys in the Series 2009 Debt Service Reserve Account;

provided, however, that if moneys in the Surplus Fund and the Coverage Fund are insufficient to satisfy the deficiency, the Trustee shall immediately notify the Director of Aviation and the Director of Aviation shall cause an interim report of the Independent Airport Consultant to be prepared in accordance with Section 402(d) of the CFC Master Indenture and the Director of Aviation shall either, as soon as reasonably practicable, (i) adjust the Facility Charges for the remainder of the Bond Year to an amount equal to the CFC Costs plus the amount necessary to replenish the Coverage Fund for the amount transferred by the Trustee to the Series 2009 Debt Service Account pursuant to subsection (b) of the above paragraph (1), or (ii) collect the Contingent Rent or Supplemental Facility Charges from the Lessee(s) pursuant to the terms of the Facilities Lease(s).

If moneys are withdrawn and transferred from the Surplus Fund, the Coverage Fund, and/or the Series 2009 Debt Service Reserve Account to pay principal of or interest on the Series 2009 Bonds as described in paragraph (2) of this section, the Trustee shall notify the Aviation Board and any Credit Provider of the amount of such withdrawals and transfers. See Appendix “B” – “SUMMARY OF CERTAIN PROVISIONS OF THE CFC MASTER INDENTURE AND THE FIRST SUPPLEMENTAL INDENTURE” hereto.

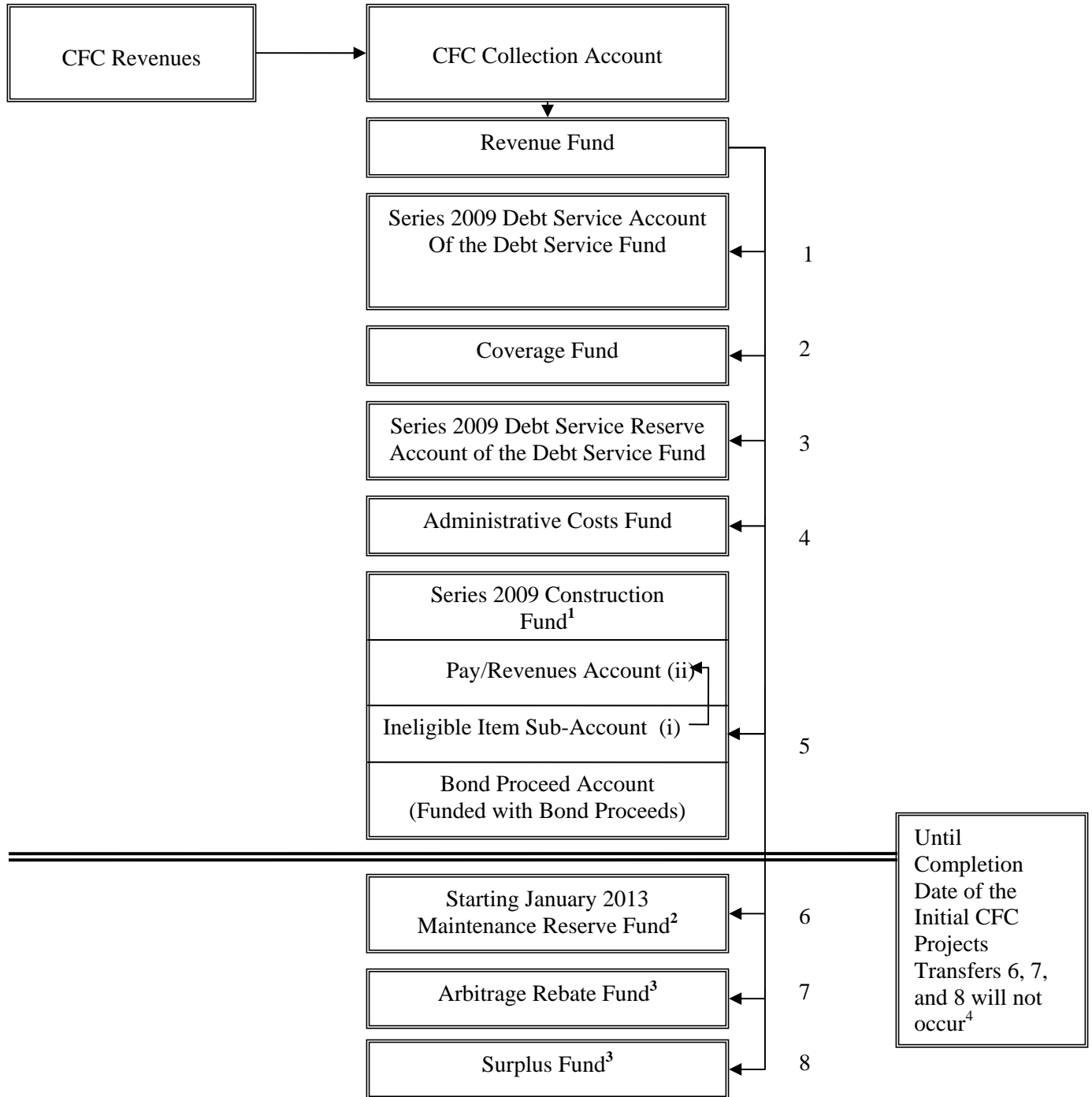
Moneys credited from time to time to the Surplus Fund are to be used for any of the following purposes and except for items (i) and (ii) which shall be given preference not in any order of priority: (i) commencing with the end of the first Bond Year after DBO of the CONRAC within which Companies pay O & M Expenses to the Manager and continuing thereafter as long as the Initial Facilities Leases and any other Facilities Lease(s) which contain similar provisions for reimbursement to the Manager of the O & M Payments are effective by the Trustee, not more than 30 days after receipt of the unaudited financial statements for the prior Bond Year of the Aviation Board, the Manager and the CONRAC which reflect the CFC Revenues, application thereof, the O & M Budget of the Manager, and the O & M Payments made by the Companies to the Manager, to pay to the Manager an amount equal to the lesser of 1) the excess of actual CFC Revenues for such prior Bond Year over actual CFC Costs for such prior Bond Year or 2) the actual O & M Expenses for such prior Bond Year (the “O & M Repayment Amount”) which the Manager shall use to reimburse each of the Companies for all or a portion of the O & M Payments made by each to the Manager pursuant to Sections 404 and 603 of the Initial Facilities Leases for such prior Bond Year, (ii) commencing with the end of the first Bond Year after DBO of the CONRAC within which the Companies pay Ground Rentals pursuant to the Initial Facilities Leases, to the extent that actual CFC Revenues for any prior Bond Year exceeded 1) the actual CFC Costs for such prior Bond Year plus 2) the O & M Expenses paid by the Companies for such prior Bond Year, an amount equal to the lesser of (A) such excess or (B) the amount of Ground Rentals paid by all of the Companies for such prior Bond Year (such lesser amount being the “Ground Rental Repayment Amount”) shall be paid by the Trustee

from amounts available in the Surplus Fund to the Companies with each Company being paid the portion of the Ground Rental Repayment Amount equal to the percentage resulting from dividing the Ground Rentals paid by each Company for such prior Bond Year by the total of all Ground Rentals paid by all the Companies for such prior Bond Year such payment to be made within 30 days of receipt of unaudited financial statements of the Board, the Trustee and the Manager relating to the CFC Revenues, O & M Expenses of the CONRAC, the CFC Costs for such Bond Year, the O & M Repayment Amount, and the Ground Rentals, (iii) at the discretion of an Authorized Board Representative to make a deposit to the Administrative Cost Fund for the payment of Administrative Costs when said fund has a deficiency, (iv) to fund repairs and replacements for the CFC Projects, (v) to reimburse the Board for amounts expended by it from its lawfully available funds with respect to planning, financing and constructing or operating the Consolidated Facility and any other CFC Projects, (vi) expand the CFC Projects, (vii) to purchase, defease or retire CFC Bonds, or (viii) for any other lawful purpose of the Board with respect to the Consolidated Facility and any other CFC Projects, the CFC Bonds and any ground transportation project benefiting or facilitating motor vehicular traffic at the Airport. See Appendix “B-I” – “SUMMARY OF CERTAIN PROVISIONS OF THE CFC MASTER INDENTURE” – “Section 308. Surplus Fund” hereto.

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A diagram showing the flow of funds for the Series 2009 Bonds is set forth below:

Flow Chart Reflecting Application of Revenues within the CFC Master Indenture and Supplemental Indenture



- 1) Only Until Completion Date of the Initial CFC Projects with respect to the Series 2009 Bonds only
- 2) Deposits to the Maintenance Reserve Fund commence January 2013
- 3) After Completion Date of the Initial CFC Projects with respect to the Series 2009 Bonds only
- 4) With respect to the Series 2009 Bonds only

There are also created under the CFC Master Indenture and the First Supplemental Indenture, certain Funds in which a portion of the proceeds from the Series 2009 Bonds are to be deposited. Those funds are as follows:

Series 2009 Construction Fund

A portion of the proceeds from the Series 2009 Bonds will be deposited in the Proceeds Account of the Series 2009 Construction Fund. Additionally prior to the Completion Date of the Initial CFC Projects all amounts remaining in the Revenue Fund after the transfers required to be made to the Series 2009 Debt Service Account, Coverage Fund, Series 2009 Debt Service Reserve Account and the Administrative Costs Fund by items (a) through (d) of Section 302(2) of the CFC Master Indenture shall first be placed into the Ineligible Sub-Account of the Pay/Revenues Account of the Series 2009 Construction Fund until the Ineligible Amount has been credited/deposited therein and thereafter shall be deposited into the Pay/Revenues Account of the Series 2009 Construction Fund. The amounts in the Ineligible Sub-Account may only be used to pay the costs of items which cannot be financed with the Series 2009 Bonds. The amounts in the Proceeds Account and Pay/Revenues Account of the Series 2009 Construction Fund are to be used to reimburse the Aviation Board for or pay costs of the Initial CFC Projects and provide an amount of \$5,000,000 as a construction cost reserve. Such moneys deposited into the various Funds, Accounts and Sub-Account of the Series 2009 Construction Fund are to be used solely for the payment, or to reimburse the payment, of the costs of the Initial CFC Projects as provided in Section 309 of the CFC Master Indenture and Section 5.08 of the First Supplemental Indenture. The amounts in the Series 2009 Construction Fund are pledged to the payment of the Series 2009 Bonds. After determination by the Aviation Board of the Completion Date of the Initial CFC Projects any balance remaining in the Series 2009 Construction Fund shall be transferred to the Surplus Fund.

Series 2009 Costs of Issuance Fund

A portion of the proceeds of the Series 2009 Bonds are to be deposited into the Series 2009 Costs of Issuance Fund. Moneys deposited into the Series 2009 Costs of Issuance Fund are to be used solely for the payment of Costs of Issuance of the Series 2009 Bonds as provided in Section 310 of the CFC Master Indenture. Any surplus amounts remaining in the Costs of Issuance Fund are to be deposited to the Series 2009 Construction Fund. The amounts in the Series 2009 Bonds Costs of Issuance Fund are not pledged to the payment of the Series 2009 Bonds.

Coverage Fund

A portion of the CFC Revenues collected prior the issuance of the Series 2009 Bonds equal to the Coverage Fund Requirement with respect to the Series 2009 Bonds are to be deposited upon delivery of the Series 2009 Bonds into the Coverage Fund.

See Appendix “B” – “SUMMARY OF CERTAIN PROVISIONS OF THE CFC MASTER INDENTURE AND THE FIRST SUPPLEMENTAL INDENTURE” hereto.

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THE AIRPORT

The Air Trade Area

The region served by the Airport, the Air Trade Area, is an area that extends approximately 90 miles from the mouth of the Mississippi River in the southeastern corner of the State of Louisiana (Louisiana). The Air Trade Area consists of the following parishes: Jefferson, Orleans, Plaquemines, St. Bernard, St. Charles, St. John the Baptist, St. James, and St. Tammany.

The Airport, which is located in both Jefferson Parish and St. Charles Parish, is approximately 14 miles west of downtown New Orleans. Other FAA-designated small hub airports that potentially serve the Air Trade Area include Baton Rouge Metropolitan Airport, Gulfport-Biloxi International Airport, and Jackson-Evers International Airport. The Airport generally offers more air service than these other airports in the region and is the largest airport within over a 300-mile driving radius of the City. William P. Hobby Airport and George Bush International Airport (both located in Houston, Texas) are located approximately 340 and 350 miles, respectively, to the west; Memphis International Airport is located approximately 380 miles to the north; and Hartsfield-Jackson Atlanta International Airport is located approximately 470 miles to the northeast of the Airport.

Based on location, accessibility and air service available at other commercial service airports within nearby service areas, it is recognized that the area served by the Airport extends to a secondary air trade area. This secondary air trade area generally extends out to an 80-mile radius of the Airport and includes an additional eight parishes in Louisiana and four counties in Mississippi. Combined, this total region encompasses a 20-parish/county area. However, the economic activity within the eight-parish Air Trade Area is generally considered the primary driver of airport transportation for the Airport.

The economy of the New Orleans region has historically depended on three major economic drivers: (i) tourism and conventions; (ii) petroleum, exploration, production and shipping; and (iii) the Port of New Orleans. Prior to Hurricane Katrina, health and educational services were also major contributors to the local economy. See Appendix “E” – “AIR TRAFFIC REPORT OF THE AVIATION CONSULTANT” hereto.

The City

The City of New Orleans, located on the Mississippi River, 110 miles from its mouth, occupies an area of approximately 363.5 square miles, of which approximately 199.4 square miles are land and approximately 164.1 square miles are water.

The City’s developed area consists of approximately 65 square miles. New Orleans has a subtropical climate. The New Orleans Metropolitan Statistical Area “MSA” includes Jefferson, Orleans, St. Bernard, St. Charles, Plaquemines, St. John the Baptist and St. Tammany Parishes. The Air Trade Area is composed of the MSA as well as St. James Parish.

New Orleans was founded in 1718 and incorporated in 1805. The City’s system of government is provided for in its Home Rule Charter which became effective in 1954. The City is required to operate under a balanced budget. The City’s Home Rule Charter may be amended only by the vote of a majority of the qualified voters in the City voting at an election called by the City Council on its own initiative or upon receipt by it of a petition of not less than ten thousand registered voters. The Louisiana Constitution of 1974 prohibits the State legislature from enacting any law affecting the structure, organization or distribution of the power and functions of any local political subdivision which operates under a home rule charter.

The City has a mayor-council plan of government. The Mayor, the chief executive officer of the City, is elected for a four-year term. The mayor appoints the Chief Administrative Officer, his principal assistant and the budget officer for the City. The Chief Administrative Officer appoints all department heads subject to the Mayor's approval, except the City Attorney, who is appointed by the Mayor, and the Director of the Civil Service Department, who is appointed by the Civil Service Commission. There are numerous executive departments and affiliated boards and commissions in the City's budget.

The Council is the governing body of City government comprised of seven Councilmembers (five elected from districts and two elected at large) who all serve for four year terms. The Council has authority to legislate, to levy taxes subject to State law, and is required to adopt an annual capital and operating budget. Ordinances of the Council may be vetoed by the Mayor. Vetoes may be overridden by a two-thirds vote of the Council.

The Aviation Board

Aviation Board-Operations

The Airport is owned by the City and operated by the Aviation Board. Pursuant to the Home Rule Charter of the City, the Aviation Board consists of nine members appointed by the Mayor with the approval of the Council for terms of five years, so arranged that the term of one or two members shall expire each year. As a matter of custom, the Mayor appoints one member who is designated by the City of Kenner (the city in which the largest portion of the Airport is located), and another designated by the President of the Parish of St. Charles (the parish in which a portion of the Airport is located). Established in 1943, the Aviation Board is empowered to administer, operate and maintain all airports and aviation facilities within or without the corporate limits of the City and owned by the City, except for the Lakefront Airport, a general aviation facility on Lake Pontchartrain, which is owned by the Orleans Levee District and currently operated by the Division of Administration of the State with the assistance and cooperation of the Orleans Levee District staff.

Legislation Regarding Possible Transfer of the Airport

Act 927 enacted Louisiana Revised Statute 2:701 through 710 creating the Southeast Regional Airport Authority (the "Southeast Authority") as a body politic and corporate and a political subdivision of the State and provides for its functions, powers and authority. Act 927 expressly provides that it shall not be construed in a manner allowing the Southeast Authority to intervene in the administration or operation of any existing airport, such as the Airport. The Southeast Authority does have the authority to acquire by agreement any airport located within its geographic boundaries. The Airport is located within the geographic boundaries of the Southeast Authority. It has the power and authority to acquire, construct, lease, operate, maintain or manage airports within its geographic boundaries. Further, it has the power and authority to "hold, encumber, control, acquire by donation, purchase, or condemnation . . . immovable and movable property within its boundaries for the location or protection of airports and airport facilities . . . or for any other necessary purpose . . ." Act 927 expressly provides that any sale, transfer or conveyance of the Airport to the Southeast Authority (i) shall be approved by a two-thirds vote of the members of the City Council of New Orleans, and (ii) by the majority of voters voting in a local referendum of the citizens of the City.

The Southeast Authority is governed by a nine (9) member board: one appointed by the mayor of the City who shall be a resident of the City; one appointed by the mayor of Kenner, Louisiana, who is a resident of Kenner; one appointed by the president of Jefferson Parish who shall be a resident of Jefferson Parish; one appointed by the president of St. Charles Parish who shall be a resident of St. Charles Parish

with the concurrence of two-thirds vote of the St. Charles Parish Council but if concurrence is not obtained within a defined period of time, then by the Governor of the State and five (5) appointed by the Governor (not including the one to be appointed by the Governor if no timely concurrence is reached between the President of St. Charles Parish and the St. Charles Parish Council).

All appointments have been made to the Southeast Authority and it has commenced meeting. The domicile of the Southeast Authority is to be within Jefferson Parish.

It is likely that the Southeast Authority may desire to acquire the Airport. Whether it will be permitted to do so is subject to (i) with respect to a voluntary acquisition, the requirements described in (i) and (ii) of the next to last sentence of the first paragraph of this section or (ii) a legal decision interpreting Act 927 to grant the Southeast Authority the right to acquire the Airport by condemnation.

In the event of a voluntary transfer to the Southeast Authority or its acquisition of the Airport by condemnation the Series 2009 Bonds would be subject to special mandatory redemption if the Southeast Authority either does not have the authority to impose and collect the CFC or does have such authority but fails to satisfy certain conditions. See “DESCRIPTION OF THE SERIES 2009 BONDS” – “Redemption Provisions” – “*Special Mandatory Redemption Upon Transfer of the Airport*” herein.

Application to FAA for Privatization of the Airport

The Aviation Board and the City Council approved resolutions authorizing the submittal of a preliminary application to the FAA for privatization of the Airport pursuant to its pilot program for privatization of airports on November 19 and 20, 2008. The formal preliminary application was received by the FAA on August 5, 2009 and accepted by the FAA on September 8, 2009. Preliminary discussions on the matter have taken place among the Aviation Board and the commercial airlines operating at the Airport and will continue during the period of September 2009 through July 2010.

The Aviation Board expects to issue on or about November 2, 2009 a request for qualifications (“RFQ”) to potential bidders to serve as operator of the Airport pursuant to a long term lease/concession agreement. It is contemplated that responses to the RFQ will be required to be submitted by approximately January 19, 2010. The responses from the potential bidders are expected to be evaluated on or about February 12, 2010 by the Aviation Board in order to establish a list of qualified bidders. A confidential information memorandum will be prepared by the Aviation Board and made available to the qualified bidders.

The Aviation Board expects to have an informational meeting with all qualified bidders on or about March 16, 2010 to provide details concerning the bidding process and the Aviation Board’s expectations for submittals and to issue a request for bids (“RFB”) to the qualified bidders on or about March 24, 2010 with responses being due on or about June 21, 2010. After review of the responses to the RFB on or about July 15, 2010, the Aviation Board and the City Council will determine whether it will proceed further with the process and file its final application for privatization. If the process is continued, the Aviation Board and the City will then adopt a resolution and an ordinance respectively authorizing the acceptance of the best offer, determining to file a final application for privatization with the FAA and authorizing taking all required collateral actions to complete the privatization process.

The Aviation Board’s present criteria for selecting the successful bidder is the bidder offering to pay the largest concession payment for entering a proposed long term lease/concession agreement which is deemed a responsible bidder whose bid is responsive to the bid specifications. It is anticipated that a closing of the privatization of the Airport would take place during the first half of 2011.

The FAA maintains a web site where the proceedings regarding applications for the privatization pilot program may be viewed at http://www.faa.gov/airport_complaine/privatization/. No website mentioned in this Official Statement is intended to be part of this Official Statement and readers should not rely upon any other information presented on any such website in determining whether to purchase the Series 2009 Bonds. Inactive textual references to any website mentioned in this Official Statement are not hyperlinks and do not incorporate such websites by reference.

The FAA pilot privatization program includes just one slot for airports of the size of the Airport and at present that slot is available. The City and the Aviation Board were motivated in part by a desire to secure that one privatization slot while it goes through the process of considering privatization. The City and the Aviation Board have not yet made a formal policy decision that privatization will be finalized. A successful conclusion to the privatization process is dependant upon a number of factors which are beyond the control of the Aviation Board. The following factors are not now known: (i) how the airlines operating at the Airport will react to privatization of the Airport, (ii) whether any private airport operator will desire to operate the Airport pursuant to a long term lease/concession agreement, (iii) how much a private operator will be willing to pay for the right to operate the Airport and the terms and conditions required by such a private operator and (v) what consideration the City and the Aviation Board would deem sufficient to cause them to contract with a private operator and whether the terms and conditions required by them would be acceptable to any private operator.

The FAA web site indicates that to date six (6) formal preliminary or final applications have been filed not including that of the Aviation Board. Four (4) of the applications were withdrawn or terminated prior to completing the privatization pilot program. Brown Field Municipal Airport of California, Niagara Falls International Airport of New York, and Rafael Hernandez Airport of Aguadilla, Puerto Rico, all withdrew applications in 2001. New Orleans Lakefront Airport of Louisiana had its application terminated in 2008. One (1) airport is presently in the final application process. Chicago Midway International Airport of Chicago, Illinois, submitted a final application on October 14, 2008 and is presently revising a timetable that will be submitted to the FAA. One (1) airport successfully completed the privatization pilot program. Stewart International Airport of Newburgh, New York, successfully completed the FAA privatization pilot program and functioned under a private operator for a period before withdrawing from the privatization program. Stewart International Airport is now operated by the Port Authority of New York and New Jersey who bought the remaining years of the lease from the private operator in 2007.

In the event of a successful completion of the FAA final privatization process before February 1, 2015, the Series 2009 Bonds will be subject to special mandatory redemption on or before February 1, 2015 but not thereafter in the event of a transfer of the Airport to another entity that either (i) does not have the authority to continue the imposition and collection of the CFC, or (ii) does have the authority to continue the imposition and collection of the CFC but does not satisfy certain conditions. See “DESCRIPTION OF THE SERIES 2009 BONDS” – “Redemption Provisions” – “*Special Mandatory Redemption Upon Transfer of the Airport*” herein.

Aviation Board Members

Daniel F. Packer, Jr., Chairman was appointed to the Aviation Board in June 2002. Mr. Packer has an engineering degree from Tuskegee University and an MBA from Tulane University. He has been employed by Entergy since 1982. In 1998, he was named New Orleans CEO of Entergy New Orleans. Mr. Packer is the Louisiana NFL Stadium Advisory Blue Ribbon Commission Chairman, serves on the board of the National Football League Youth Education Town, and is chairman of the capital campaign of the Dryades YMCA. In 2001, Mr. Packer held the position of Chairman of the New Orleans Regional Chamber of Commerce. He is the first African American to hold that title. Mr. Packer serves as a board

member or advisory board member of several organizations, such as the New Orleans Metro Area United Way campaign, Foundation for Children Charities, The Audubon Institute, UNO Business of Higher Education Council, Bureau of Governmental Research, and the College Fund/UNCF. He was also the National Chairman of the American Association of Blacks in Energy, which focuses on energy-related issues in America.

David B. Campbell, Vice Chairman joined the Aviation Board in October 2000 and is Managing Partner of Lamarque Investments.

Douglas M. Evans, a member of the Aviation Board since May 1988, is the General Director of the Dryades YMCA and a Board Member of the Mississippi River Bridge Authority.

Nelita Manego-Ramey was appointed to the Aviation Board in February 1994. Ms. Manego-Ramey is a registered nurse and a member of the National Spinal Cord Injury Association - Louisiana Chapter. She is also a member of the Louisiana Coalition of Citizens with Disabilities and the American Association for Spinal Cord Injury Nurses. Mrs. Manego-Ramey received a BS in pre-medicine/zoology from LSU, a RN degree from Touro Infirmary School of Nursing, and a MSW from Southern University in New Orleans.

Ti Adelaide Martin was appointed to the Aviation Board in February 2007. Mrs. Martin is the co-owner of Commander's Palace and its family of restaurants. She is presently engaged in the day to day operations of Commander's Palace and the other restaurants included within the Commander's family. She graduated from Southern Methodist University, Dallas, Texas, received a Masters in Business Administration from Tulane University and an honorary Doctor of Business degree from Loyola University, New Orleans. She was the founder of Creole Cravings a food products company sold to McCormick and co-founder of the Palace Café and Café Adelaide. She is the co-author of the James Beard nominated "Commander's Kitchen" cookbook. She has been involved in many civic activities including serving as a board member of the Greater New Orleans Metropolitan and Convention Bureau, the Urban League of New Orleans, and the Bureau of Governmental Research.

Lea M. Polk Montgomery joined the Aviation Board in August 2004. Mrs. Montgomery received a BS from Southern University. She is a financial consultant with Smith Barney, Inc. Mrs. Montgomery serves on the Southern University Board of Supervisors and the New Orleans East Business Park Board. Mrs. Montgomery has received numerous honors including YWCA Role Model (2002) and City Business Women of the Year (2000).

Nolan V. Rollins was appointed to the Aviation Board in December 2008. Mr. Rollins holds a Bachelor of Science degree in Public Administration from Virginia State University; a Master of Arts degree in Legal Ethics and Historical Studies from the University of Baltimore; and a Juris Doctorate from Florida Coastal School of Law. Mr. Rollins has served in numerous capacities with the Urban League including Senior Vice President of Economic and Community Development for its Baltimore affiliate, Eastern Region Vice President and Treasurer of the National Urban League Young Professionals ("NULYP"). Mr. Rollins additionally served as President of the NULYP from 2005-2007 and founded the NULYP chapter in Baltimore. He has also represented the NULYP on the National Urban League Board of Trustees. Mr. Rollins is also active on boards and committees of several civic, cultural and philanthropic organizations including the Walters Art Museum's African American Steering Committee, One World Cultural Arts Center Board of Directors, Alpha Phi Alpha Fraternity, Inc., and Henry Simmons Lodge #379.

Henry A. Smith, Jr. is the longest serving Aviation Board member, appointed in July of 1985. Mr. Smith is a retired construction executive and former member of numerous construction related

associations. He serves as the treasurer of the Louisiana Democratic Party and is a member of its executive committee.

Presently one vacancy exists on the Aviation Board as a result of the resignation of David A. White, Sr. A new board member is expected to be appointed within the immediate future.

Aviation Board Management

The Aviation Board appoints a Director of Aviation and Deputy Directors who are responsible for day-to-day operations and planning for the Airport. The Director of Aviation heads a full-time staff of professional and technical personnel located at the Airport.

Sean C. Hunter served as the Interim Director of Aviation from May 2006 to May 2007 when he was selected to serve as Director of Aviation. On June 26, 2009 Mr. Hunter was granted a leave of absence as Director of Aviation at his request for personal reasons. On September 15, 2009 Mr. Hunter submitted his resignation effective October 15, 2009 which was accepted by the Aviation Board on September 16, 2009.

Ms. Patricia C. Malone has served as Interim Director of Aviation during Mr. Hunter's absence and she will continue to serve as Interim Director until the Aviation Board selects a replacement for Mr. Hunter. The Aviation Board intends to immediately conduct a search for a new Director of Aviation.

Following are brief biographies for key members of the staff of the Airport:

Patricia C. Malone was named Interim Director of Aviation on June 26, 2009. Prior to that, she served as Deputy Director of Finance and Administration since November 1992. Ms. Malone joined the City of New Orleans in 1974 and the Airport staff in 1983. Prior to appointment as Interim Director of Aviation, Ms. Malone supervised and managed all financial and budgetary, human resources, management information systems and training functions of the Airport. Ms. Malone holds a Bachelors degree in Psychology from the University of New Orleans and is a member of the American Association of Airport Executives and the Louisiana Government Finance Officers Association.

Don Mauras joined the Airport staff in 1990. Mr. Mauras was named Acting Deputy Director of Planning and Development in February 2009. As Acting Deputy Director for Planning and Development, Mr. Mauras is responsible for the oversight of all planning, construction, and land management activities of the NOAB. Primary areas of responsibility are: Airport Planning and Land Use Compatibility, Architecture/Engineering and Development/Project Management. Mr. Mauras is responsible for the Airport's Capital Facilities Program, all in-house construction activity and oversight of the Airport's Program Management contractor. Mr. Mauras has served in various positions within the Airport's Planning and Development Division since 1990. Mr. Mauras holds a Bachelor's degree in Architecture from Louisiana State University and is an Architect registered in the State of Louisiana.

Carolyn Carlton-Lowe joined the Airport staff in December 2002. As Deputy Director of Commercial Management, Ms. Lowe is responsible for the oversight of all business development and analysis, properties and real estate activities at the Airport. She is responsible for generating the maximum revenues from airport tenants and users consistent with the Airport's public service goals. She conducts aviation marketing and governmental affairs programs, performs air service analysis and coordinates economic development activities for the Airport. She researches and analyzes air service, federal and governmental affairs issues, and prepares proposals for businesses and industries wishing to locate to the Airport. Ms. Lowe was employed by American Airlines, Inc. for 17 years as Real Estate

Counsel prior to coming to the Airport. Ms. Lowe holds a Bachelors degree from Tift College and a Juris Doctorate from the Nashville School of Law.

Deanna P. Felder joined the Airport staff in 1987. Effective July 26, 2008, Ms. Felder was appointed Acting Airport Financial Manager. She was named Airport Financial Manager effective October 29, 2008. From 2002 to July 2008, she served as Assistant Airport Financial Manager. Ms. Felder joined the Airport's accounting staff in 1987. She holds a Bachelors of Science degree in Accounting from Xavier University.

Courtney Courseault Thornton holds the position of In-House Legal Counsel to the Aviation Board. She joined the Airport staff in 1998. Ms. Thornton is responsible for the management of the Airport Legal Department and is heavily involved in contract negotiations and regulatory compliance. Ms. Thornton received a Juris Doctorate from Loyola University School of Law and holds a Bachelors of Science degree in Political Science from Xavier University.

Maggie Woodruff joined the Airport staff as the Deputy Director for Community and Governmental Affairs in December 2002. Ms. Woodruff was employed by the New Orleans Regional Chamber of Commerce for 6 years prior to joining the Aviation Board staff. Ms. Woodruff holds a Bachelors degree in Business Administration and Masters degree of Urban and Regional Planning from the University of New Orleans.

Airport Facilities

The Airport has been serving the Air Trade Area for more than 60 years. The site was originally known as Moisant Field and was first used to support World War II military operations. Commercial air transportation service began in 1946 when the site was returned to the City for civilian use. In 1962, the Airport was renamed the "New Orleans International Airport" and it was re-designated the "Louis Armstrong New Orleans International Airport" in 2001.

The Airport, which is owned by the City, is located 14 miles west of the City and outside the City limits. The Airport is situated on approximately 1,500 acres of land within the City of Kenner, which is in Jefferson Parish, and an adjoining 200 acres of land in St. Charles Parish. The present terminal building complex (the "Terminal") comprises approximately one million square feet and accommodates a total of 41 useable aircraft gates. The Terminal incorporates airline ticketing, operations and baggage claim facilities; car rental and ground transportation areas; concessions, banking and consumer services; public waiting and seating areas; and offices of the Aviation Board, the United States Weather Bureau, the United States Immigration and Naturalization Service, the United States Customs Service and the United States Department of Agriculture.

The Airport runway system accommodates all types of aircraft and includes two air carrier runways (Runway 10/28 and Runway 01/19, which are 10,104 and 7,001 feet in length, respectively) and one general aviation runway (Runway 06/24). The Airport is fully equipped for all-weather flying and has a Category III instrument landing system capability on the approach to Runway 10.

Air Traffic and Rental Car Activity

The Customer Facility Charge is imposed by the Board upon the lessors of rental cars rented at the Airport to be collected by the On-Airport Rental Car Companies and remitted to the Board as set forth in the CFC Resolution. As discussed in the Feasibility Report and based on the assumptions therein, the Feasibility Consultant concludes that passenger activity, measured by number of enplanements at the Airport, is highly correlated to demand for rental cars and, therefore, to the number of Transaction Days.

The Feasibility Consultant in its Feasibility Report relies upon the conclusions and projections (which constitute forward looking statement) of the Aviation Consultant contained in its Air Traffic Report dated October 13, 2009 with respect to commercial air service and enplanements at the Airport. For purposes of the Feasibility Report, enplanements are passengers embarking on an airplane, representing approximately 50% of total passengers enplaning and deplaning at the Airport. The following section provides historical information regarding passenger enplanements at the Airport.

The Feasibility Consultant also concludes, based on historical rental car data and based on the assumptions set forth in the Feasibility Report and in reliance upon the Air Traffic Report of the Aviation Consultant, that the number of Transaction Days at the Airport is primarily a function of the number of “origin and destination passengers.” “Origin and destination passengers” are passengers beginning or ending their trips at the Airport, in contrast to passengers connecting through the Airport to other cities. The following section also provides historical information regarding origin and destination traffic at the Airport.

Enplanements

Enplanements at the Airport increased from 4.48 million in 1998 to 4.86 million in 2004 (the last complete year prior to Hurricane Katrina) with a peak of 4.94 million in 2000. Enplanements grew at a compounded annual growth rate (“Growth Rate”) of 5.0% for the period of 1998 through 2000. This period of growth was followed by a 3.2% Growth Rate decrease in enplanements for the period of 2000-2002. The decrease in enplanements, which was experienced not only at the Airport but also nationwide, was primarily due to the terrorist attacks of September 11, 2001 and the nationwide economic recession. After 2002, enplanements trended upward with the Growth Rate being 2.5% for the period 2002 through 2004. Enplanements equaled 3,455,649 for the period January through August 2005. As a result of Hurricane Katrina, there were no commercial airline operations at the Airport from August 29, 2005 through September 12, 2005. Total enplanements for 2005 were 3,904,366, for 2006 were 3,108,617, for 2007 were 3,766,005, for 2008 were 3,973,167 and for 2009 are projected to be 3.89 million. In 2007 enplanements increased 21.1% over 2006, in 2008 enplanements increased an additional 5.5% over 2007, and according to FAA data, the Airport was the fastest growing airport in terms of enplaned passengers for all large and medium hub airports in the U.S for both 2007 and 2008 (preliminary). Enplanements for the period from January through August 2009 were 2,640,140. Enplanements for each of the first eight (8) months in 2009 decreased compared to each respective month in 2008. However, the Airport is faring better than the national trend. While the number of U.S. Domestic Enplanements from January through June fell 8.8% compared to the same period in 2008, the number of enplanements at the Airport for that period only fell 7.0%. For further information see Appendix “E” – “AIR TRAFFIC REPORT OF THE AVIATION CONSULTANT” hereto.

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Historical amounts of enplaned passengers over such period are depicted in the following chart:

**HISTORICAL ENPLANEMENTS
LOUIS ARMSTRONG NEWORLEANS INTERNATIONAL AIRPORT**

<u>Fiscal Year</u>	<u>Airport Enplanements</u> ¹	<u>Airport Growth</u>	<u>U.S. Domestic Enplanements</u> ²	<u>U.S. Growth</u>	<u>Airport Share of U.S.</u>
1998	4,476,612	3.4%	590,400,000	2.2%	0.758%
1999	4,729,808	5.7%	610,900,000	3.5%	0.774%
2000	4,940,011	4.4%	641,200,000	5.0%	0.770%
2001	4,788,957	-3.1%	625,800,000	-2.2%	0.764%
2002	4,624,301	-3.4%	575,100,000	-8.3%	0.805%
2003	4,640,093	0.3%	587,800,000	2.3%	0.789%
2004	4,862,525	4.8%	628,500,000	6.7%	0.775%
2005	3,904,366	-19.7%	669,500,000	6.5%	0.583%
2006	3,108,617	-20.4%	668,400,000	-0.2%	0.465%
2007	3,766,005	21.1%	690,100,000	3.2%	0.546%
2008	3,973,167	5.5%	679,600,000 ³	-1.5%	0.585%
<u>Fiscal YTD</u>					
2008 (Jan – August)	2,833,779	--	333,588,000 ⁴	--	N/A
2009 (Jan – August)	2,640,140	-6.8%	304,267,000 ⁴	-8.8%	N/A
<u>Compounded Annual Growth Rate</u>					
1998 - 2000		5.0%		4.2%	
2000 - 2002		-3.2%		-5.3%	
2002 - 2004		2.5%		4.5%	
2004 - 2008		-4.9%		2.0%	
1998 -2008		-1.2%		1.4%	

¹ 12-month period ending December 31.

² 12-month period ending September 30.

³ U.S. domestic enplanements for 2008 were estimated by the FAA.

⁴ Bureau of Transportation Statistics, Domestic Revenue Passenger Enplanements, accessed July 29, 2009.

Data available is only through June 2009; thus, Fiscal YTD figures for U.S. Domestic are for Jan-June 2009.

Sources: New Orleans Aviation Board

FAA (U.S. Domestic Enplanements)

See Appendix “E” – “AIR TRAFFIC REPORT OF THE AVIATION CONSULTANT” hereto.

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Monthly Enplanements comparing various monthly periods after Katrina to the monthly periods of September 2004 through August 2005 (the last month of operations prior to Katrina) and the resulting decreases in enplanements is reflected in the following chart:

**Monthly Periods Comparison Post-Katrina to Pre-Katrina
Louis Armstrong New Orleans International Airport**

Month	Periodic Enplanements					Percentage Change			
	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	04/05 vs. 05/06	04/05 vs. 06/07	04/05 vs. 07/08	04/05 vs. 08/09
September ¹	313,389	23,232	232,149	264,086	185,790	-92.6%	-25.9%	-15.7%	-40.7%
October ¹	448,904	96,797	296,917	336,265	315,988	-78.4%	-33.9%	-25.1%	-29.6%
November	426,201	151,337	298,288	336,595	318,453	-64.5%	-30.0%	-21.0%	-25.3%
December	379,782	177,351	292,865	313,732	319,157	-53.3%	-22.9%	-17.4%	-16.0%
January	392,500	183,954	283,681	324,094	295,341	-53.1%	-27.7%	-17.4%	-24.8%
February	413,317	193,827	283,577	334,062	312,201	-53.1%	-31.4%	-19.2%	-24.5%
March	471,579	240,982	335,275	386,622	344,786	-48.9%	-28.9%	-18.0%	-26.9%
April	450,095	248,055	315,637	352,328	350,381	-44.9%	-29.9%	-21.7%	-22.2%
May	501,320	291,842	352,471	400,626	363,085	-41.8%	-29.7%	-20.1%	-27.6%
June	425,347	292,610	318,960	355,368	334,737	-31.2%	-25.0%	-16.5%	-21.3%
July	440,196	283,163	335,165	363,139	352,304	-35.7%	-23.9%	-17.5%	-20.0
August	361,295	253,965	290,561	317,540	286,342	-29.7%	-19.6%	-12.1%	-20.7
Total (12-month)	5,023,925	2,437,115	3,635,546	4,084,457	3,778,565	-51.5%	-27.6%	-18.7%	-24.8

¹ Activity for the months of September 2008 and October 2008 were adversely impacted by Hurricanes Gustav and Ike.
Source: New Orleans Aviation Board

Airline Service

As of August 2009, scheduled air service at the Airport is provided by six (6) legacy/mainline carriers, three (3) low cost carriers, thirteen (13) regional/commuter carriers, one (1) foreign flag carrier and three (3) all-cargo carriers. In July 2005, prior to Hurricane Katrina, scheduled air service at the Airport was provided by (i) six (6) legacy/mainline carriers, six (6) low cost carriers, four (4) regional/commuters, two (2) foreign flag carriers, one (1) scheduled charter carrier, and three (3) all-cargo carriers. A comparison of the carriers operating at the airport pre-Katrina to post-Katrina is depicted in the following chart:

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**COMPARISON OF SCHEDULED CARRIERS
PRE-KATRINA TO POST-KATRINA
LOUIS ARMSTRONG NEWORLEANS INTERNATIONAL AIRPORT**

Pre-Katrina ¹	Post-Katrina ²
Legacy/Mainline (6)	Legacy/Mainline (6)
American	American
Continental	Continental
Delta	Delta
Northwest	Northwest
United	United
US Airways/America West	US Airways
Low-Cost Carrier (6)	Low-Cost Carrier (3)
Air Tran	AirTran
Frontier	--
jetBlue	jetBlue
Midwest	--
Southwest	Southwest
Ted ³	
Regional (4)	Regional (13)
--	Air Wisconsin (dba US Airways Express)
--	American Eagle
--	Atlantic Southeast Airlines (dba Delta Connection)
--	Chautauqua (dba American Connection) ⁴
--	Chautauqua (dba Continental Express) ⁴
Chautauqua (dba Delta Connection) ⁴	Chautauqua (dba Delta Connection) ⁴
Chautauqua (dba United Express) ⁴	--
Comair (dba Delta Connection)	Comair (dba Delta Connection)
ExpressJet (dba Continental Express)	ExpressJet (dba Continental Express) ⁵
--	GoJet (dba United Express)
--	Mesaba (dba Northwest Airlink)
--	Pinnacle (dba Delta Connection)
--	Republic (dba US Airways Express)
--	Shuttle America (dba Delta Connection) ⁴
--	Shuttle America (dba United Express) ⁴
--	SkyWest (dba Delta Connection)
Trans States (dba American Connection)	Trans States (dba American Connection)
Foreign Flag (2)	Foreign Flag (1)
Air Canada ⁶	AeroMexico ⁷
TACA	--
Scheduled Charter/Other (1)	Scheduled Charter/Other (0)
TransMeridian ⁸	--
All-Cargo Carriers (3)	All-Cargo Carriers (3)
DHL	DHL
Federal Express	Federal Express
United Parcel Service	United Parcel Service

¹ As of July 2005.

² As of August 2009.

³ Subsidiary of United. In August 2008, United retired the Ted brand.

⁴ These airlines currently serve the Airport as a code-sharing partner with multiple airlines. It is only counted once in the total for Regional/Commuter.

⁵ ExpressJet Airlines ceased its branded commercial passenger flight operations on September 2, 2008. However, it continues to operate at the Airport as Continental Express.

⁶ Includes operations by Air Canada's low-cost carrier affiliate, Jazz, which started service at the Airport.

⁷ Commenced service at the Airport in July 2009.

⁸ Ceased all operations in September 2005.

Source: New Orleans Aviation Board

Prepared by: Ricondo & Associates, Inc., August 2009.

The market share by enplaned passengers for the last five (5) complete fiscal years and the current fiscal year to date is tabulated as follows:

Historical Enplanements by Carrier

Airline ¹	FY 2004		FY 2005		FY 2006		FY 2007		FY 2008		FY 2009 YTD ⁶	
	Enplanements	Share	Enplanements	Share	Enplanements	Share	Enplanements	Share	Enplanements	Share	Enplanements	Share
Southwest	1,508,644	31.0%	1,123,721	28.8%	752,662	24.2%	954,360	25.3%	1,129,495	28.4%	714,223	30.4%
Delta	744,999	15.3%	557,915	14.3%	415,612	13.4%	465,533	12.4%	511,494	12.9%	299,783	12.7%
American	592,147	12.2%	484,588	12.4%	525,243	16.9%	570,710	15.2%	520,698	13.1%	297,837	12.7%
Continental	529,083	10.9%	467,268	12.0%	528,144	17.0%	569,781	15.1%	555,869	14.0%	332,112	14.1%
US Airways/ America West	434,867	8.9%	378,811	9.7%	226,704	7.3%	346,868	9.2%	364,982	9.2%	212,134	9.0%
United ²	462,395	9.5%	338,472	8.7%	289,614	9.3%	336,497	8.9%	353,738	8.9%	221,340	9.4%
Northwest	265,903	5.5%	245,580	6.3%	165,079	5.3%	173,137	4.6%	158,824	4.0%	108,138	4.6%
AirTran	127,653	2.6%	113,206	2.9%	104,289	3.4%	165,069	4.4%	157,701	4.0%	86,256	3.7%
jetBlue	84,535	1.7%	97,171	2.5%	90,337	2.9%	90,976	2.4%	122,618	3.1%	78,215	3.3%
ExpressJet ³	0	0.0%	0	0.0%	0	0.0%	79,769	2.1%	82,784	2.1%	0	0.0%
Frontier	52,173	1.1%	39,724	1.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Taca International	19,281	0.4%	13,054	0.3%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
AeroMexico	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	839	0.0%
Air Canada ⁴	19,150	0.4%	9,539	0.2%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Midwest	935	0.0%	22,287	0.6%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
All Others ⁵	20,760	0.4%	13,030	0.3%	10,933	0.4%	13,305	0.4%	14,964	0.4%	2,651	0.1%
AIRPORT TOTAL	4,862,525	100.0%	3,904,366	100.0%	3,108,617	100.0%	3,766,005	100.0%	3,973,167	100.0%	2,352,689	100.0%

¹ Includes regional affiliate partners, as applicable.

² Includes operations by United's low-cost carrier affiliate, Ted, which started service at the Airport in February 2004; however, the brand was retired in August 2008.

³ ExpressJet suspended branded commercial operations on September 2, 2008. However, it continues to operate at the Airport as Continental Express.

⁴ Includes operations by Air Canada's low-cost carrier affiliate, Jazz, which started service at the Airport in June 2004.

⁵ Consists of airlines no longer serving the Airport and/or charter airlines.

⁶ Through August 2009.

Source: New Orleans Aviation Board

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THE PROJECT

General

The Series 2009 Bonds are being issued to provide a portion of the costs required to construct the Initial CFC Projects including the Consolidated Facility. All of the Initial CFC Projects are presently intended to be included within a single construction contract. The Consolidated Facility includes the CONRAC and the four (4) Service Centers. The CONRAC consists of (i) a garage consisting of three covered parking levels with ready/return car parking areas accommodating in total approximately 1,800 rental cars; (ii) a three (3) story customer service building containing a lobby area, rental car company office space, restrooms, and escalator and elevator access and (iii) certain infrastructure improvements to property, such as roadway improvements related to the construction and operation of such facilities.

The Service Centers are separate ground areas with improvements to be used for the storage, refueling, and cleaning of rental motor vehicles. Each Service Center will be shared by all rental car companies having common ownership such a group being commonly referred to as a rental car family. The four (4) Service Centers will contain a total of nine (9) car wash bays, thirteen (13) service bays, twenty (20) fuel pumps, employee parking, and rental car spaces to supplement the ready/return spaces in the CONRAC.

The CONRAC will replace the present locations in the baggage-claim area of the Airport terminal currently being used by the individual rental car companies. As a result of the location of the CONRAC in close proximity to the passenger terminals of the Airport, access by air travelers to the CONRAC will be by covered pedestrian walk way. Accordingly, the Companies will be able to terminate their present need to bus their customers from the baggage reclaim areas of the terminals of the Airport to their individual and separate ready/return operating areas. The elimination of busing will decrease the operating expenses of the Companies through reductions in busing equipment, fuel, employee and insurance costs. Construction of the Initial CFC Projects is anticipated to begin in early 2010 and completed by the end of 2012. The anticipated date of occupancy of the Service Centers is May 2011 and the CONRAC is May 2012.

The Consolidated Facility will be located on land belonging to the City within the premises of the Airport. Pursuant to the Initial Facilities Leases the Companies will pay Ground Rentals to the Aviation Board at the initial annual rate of \$0.48 per square foot for the Ground upon which the CONRAC is located and at the initial annual rate of \$0.30 per square foot for the Ground upon which the Service Centers are located. The initial annual Ground Rentals will increase in accordance with the provisions of the Initial Facilities Leases. Ground Rentals are not pledged as security for the Series 2009 Bonds. See Appendix "C" – "SUMMARY OF CERTAIN PROVISIONS OF THE INITIAL FACILITIES LEASES" – "Section 602. Ground Rentals" hereto.

The Aviation Board previously had a hazardous material inspection of the site and a report thereof made dated April 15, 2009. Such report indicated that levels of constituents of concern were below thresholds which would require abatement, removal or remediation.

Design, Construction and Project Costs

The Initial CFC Projects including the Consolidated Facility were designed by the architectural firm of Coover-Clark & Associates, Inc., of Denver, Colorado (hereinafter "Coover-Clark"). Coover-Clark has participated in the design of consolidated rental car facilities at Phoenix Sky Harbor Airport, San Jose International Airport, Anchorage International Airport, Oklahoma Will Rogers World Airport, and as Design Architect at the Kansas City International Airport.

Coover-Clark produced 65% complete construction documents for the Initial CFC Projects dated March 27, 2009 (the "65% Complete Plans") for the purpose of obtaining an independent construction costs estimate of the Initial CFC Projects. The 65% Complete Plans were used by Capstone Planning & Control Inc. (hereinafter "Capstone") to prepare its "65% Design Development Costs Estimate" dated April 10, 2009 (the "65% Cost Estimate"). The Companies and the Aviation Board desired the 65% Cost Estimate in order to prepare a financial feasibility analysis for the Initial CFC Projects prior to proceeding further with its design, financing and construction. The result of the 65% Complete Plans analysis indicated a total project cost of \$98,955,300. The 65% Cost Estimate did not take into account professional fees, building permits and fees, inspections and tests, furniture, fixtures and equipment except as noted, construction change orders, contractor bonding and hazardous material abatement/removal. The Aviation Board then estimated that excluded fees plus construction program management (the "Fees and Program Management") would add approximately 15% to the construction costs bringing the total costs for the project including Fees and Program Management to \$113,798,595 under the 65% Complete Plans Analysis.

Coover-Clark produced 90% complete construction documents for the Initial CFC Projects dated June 15, 2009 (the "90% Complete Plans"). The 90% Complete Plans were used by Capstone to prepare its "Final Statement of Estimated Construction Costs" dated June 26, 2009 (the "Final Costs Estimate"). The Final Costs Estimate reflected a total cost for the Initial CFC Projects of \$101,287,726 which included a construction change order contingency but not Fees and Program Management. The total costs for the Initial CFC Projects including Fees and Program Management based upon the Final Costs Estimate equaled \$116,480,885.

Receipt of Bids on October 29, 2009 and Their Rejection

On October 29, 2009 nine (9) bids were received from contractors for the Initial CFC Projects. The lowest bid (base bid plus alternates) received was \$61.154 million, the second lowest bid received was \$61.554 million, the highest bid received was \$81.999 million and the average of all of the bids received was \$68.132 million.

On November 2, 2009 the Aviation Board was advised by its counsel that all nine (9) bids received were non-responsive for various reasons, which under Louisiana law cannot be waived by the Aviation Board and therefore such bids should not be accepted. At its November 6, 2009 board meeting, the Aviation Board rejected all bids as being non-responsive and announced that the Initial CFC Projects would be re-advertised for bids. It is expected that the second set of bids will be received during early January 2010.

The Aviation Board has received public records requests from two of the three contractors that submitted the three lowest bids which were rejected and under applicable law they are not required to

divulge their reasons for any such request. By letter dated November 16, 2009 Citadel Anderson Joint Venture (“Citadel”), which had submitted the second lowest bid, made formal demand upon the Aviation Board “to award the contract for the Project (the Initial CFC Projects) to Citadel within ten days of the date . . .” of the November 16, 2009 letter. On November 17, 2009, the Aviation Board delivered a letter to Citadel stating that the Aviation Board believes Citadel’s claim is without merit. The Aviation Board believes it is likely that Citadel will nonetheless file suit challenging the rejection of their bid and demanding that the construction contract be awarded to Citadel. Similar suits have been filed within the State in similar instances by contractors who desired to challenge rejection of their bids or award of a contract pursuant to another bid.

Potential investors are cautioned to evaluate the purchase of Series 2009 A Bonds based upon the assumption that one or more of the contractors which submitted a rejected bid will file suit seeking to require the Aviation Board to award the contract for construction of the Initial CFC Projects to such plaintiff in accordance with its rejected bid and commencement of construction will be delayed. See “LITIGATION” – “Possible Litigation Resulting From Rebidding the Initial CFC Projects” and “INVESTMENT CONSIDERATIONS” – “Construction Delays” – *“Resulting from Rejection of Bids”* herein.

Under relevant law, in order to claim damages for the Aviation Board’s alleged wrongful rejection of an allegedly responsive bid, a contractor plaintiff must timely seek a preliminary injunction preventing the Aviation Board from letting the subject contract to another contractor. Although there is no statutory period presenting a bright line test for the time within which such a proceeding must be filed, jurisprudence seems to have established the time limit for seeking injunctive relief as being before another contractor has signed a contract for such work pursuant to another bid or mobilized with respect to the subject construction project.

Because all of the bids were rejected and no contractor selected pursuant to the rejected bids, the rejected bidders in the October 29 bidding process would be able to file suit until a contractor is selected pursuant to a second round of bidding currently anticipated to require submittal of the bids during the period January 11 through 15, 2010. Normally the execution of a contract would be expected to occur within about 90 days of the receipt of bids and mobilization for the work would be within approximately 30 days after execution of a contract. Accordingly, one could assume a timely injunction proceeding could be brought until approximately May 15, 2010.

Such suits typically seek a preliminary injunction, asking the court to order the public entity not to execute a contract until at least the trial of a motion for a preliminary injunction. While the injunctive process is designed to proceed at a quick pace, appeals and other delays can extend the period for a final resolution of such disputes. In a recent case, final resolution took three years, although a more normal pace would involve a delay in the range of six to 18 months.

The predominant consequence from a three year delay is the risk that construction costs could increase substantially as a result of many factors including increases in the costs of materials and labor required for construction of the Initial CFC Projects and the number of other construction projects available for contractors to bid on at such time. Such increase in costs and availability of other projects could result in the subsequent bids being higher than the rejected bids.

However, during any such delay, the CFC Revenues will continue to be collected and any amounts in excess of the debt service requirements and administrative expenses for the Series 2009 Bonds will be deposited into the Pay/Revenues Account of the Series 2009 Construction Fund. Such excess amounts, if any, will be available to cover any increased costs reflected in the bids received after termination of any such litigation. The Feasibility Report in Table V-5 found at page V-13 projects the CFC Revenues plus interest earned in Years 2010, 2011, 2012, 2013 and 2014 to exceed debt service and administrative expenses respectively in the amounts of \$3,287,524, \$3,673,124, \$4,120,724, \$4,088,524 and \$2,615,724. See Table V-5 at page V-13 of Appendix "F" hereto. Accordingly in order for any delay in commencing construction to affect the financial feasibility of the Initial CFC Projects, construction prices would have to increase at a rate that resulted in actual increases in the costs of the Initial CFC Projects on an annual basis of more than the amount of CFC Revenues exceeding debt service assuming the CFC rate remains at \$6.20 per Transaction Day. The financial analysis included within the Feasibility Report projected debt service based upon a total project cost including Fees and Program Management for the Initial CFC Projects of \$116,480,885. See Table V-2 page V-10 of the Feasibility Report attached as Appendix "F" hereto. The excess of CFC Revenues over debt service and administrative expenses on the Series 2009 Bonds would be substantially more if the total costs plus Fees and Program Management for the Initial CFC Projects were reduced to the amount of \$93,448,450, the amount that results from using the total costs of the Initial CFC Projects the average of the nine (9) rejected bids. See "THE PROJECT" – "Construction and Project Costs Based Upon Average of Bids Rejected" below. The Director of Aviation has the ability to raise the CFC rate to \$7.00 per Transaction Day during year 2010 without any further approvals. In the event of extraordinary mandatory redemption because of delay in construction, CFC Revenues that exceed debt service and administrative expenses will be available to be applied to the extraordinary redemption of the Series 2009 Bonds. See "THE PROJECT" – "Possible Construction Delays" – "Extraordinary Mandatory Redemption" herein.

The Director of Aviation has the authority under the CFC Resolution to raise the CFC up to a level of \$7.00 per Transaction Day during 2010 in order to meet the Rate Requirement of the CFC Master Indenture without any further action from the Aviation Board or approval from the City Council.

The Series 2009 Bonds are subject to extraordinary mandatory redemption if the Board is prevented from awarding a construction contract and at or before the time all impediments to commencing construction have been removed and the Aviation Board is prepared to commence construction, and in the opinion of the Aviation Consultant the Rate Requirement of the CFC Master Indenture would not be able to be met with a \$7.00 per Transaction Day CFC rate. In such event the redemption price would be (i) 105% of the outstanding principal balance of the Series 2009 Bonds or (ii) with respect to Series 2009 Bonds originally issued at a premium, 105% of their outstanding principal balance plus an amount equal to the unamortized premium thereon as of the Extraordinary Redemption Date. See "DESCRIPTION OF THE 2009 BONDS" – "Redemption Provisions" – "*Extraordinary Mandatory Redemption Resulting From Construction Delays*" and "LITIGATION" – "Possible Litigation Resulting From Rebidding the Initial CFC Projects" and "INVESTMENT CONSIDERATIONS" – "Construction Delays" – "*Resulting from Rejection of Bonds*" and "*Extraordinary Mandatory Redemption for Construction Delays*" herein.

Construction and Project Costs Based Upon Average of Bids Rejected

Coover-Clark, after review of the nine (9) rejected bids, advised the Aviation Board it should size the Series 2009 Bonds not based upon the Capstone Final Cost Estimate but rather by using the average

of the rejected bids of \$68,132,444.00. A summary of the costs of the Initial CFC Projects utilizing the average of the nine (9) rejected bids is as follows:

Summary of Costs of Initial CFC Projects Resulting From Average of Rejected Bids

Element	Costs
Average of 9 Bids Rejected	\$68,132,444
Iafrate Site Demolition (not included in bids)	\$1,518,159
Construction Change Order Contingency	\$10,219,867
Total Project Costs	\$79,870,470.00

The rejected bids do not take into account professional fees, building permits and fees, inspections and tests, and furniture, fixtures and equipment except as noted in the bids. Based upon the advice of Coover-Clark the Aviation Board estimates the Fees and Program Management will add approximately 17% to the construction costs set forth above bringing the total costs for the Initial CFC Projects including fees and program management to \$93,448,450.

The sources of the payment of the total project costs of \$93,448,450 are as follows:

Sources of Project Cost Funding	
<u>Source</u>	<u>Amount</u>
Series 2009 Bonds	\$84,565,366
CFC Collections	\$7,500,000
Interest Earned	\$1,383,084
Total	\$93,448,450

Schedule for Construction

It is anticipated that the Series 2009 Bonds will be delivered to their original purchasers on or about December 9, 2009. The date for receipt of bids resulting from the rebidding is expected to be on or about January 15, 2009. The lowest bid will be accepted after review which should occur within about 5 days of receipt. It is anticipated that construction will commence approximately 30 days thereafter or by approximately February 22, 2010. The date of occupancy of the four (4) Service Centers is expected to be May 2011 and the date of occupancy of the CONRAC is expected to be May 2012. The Completion Date for the Initial Projects is estimated to be in late calendar year 2012.

Possible Construction Delays Building Permit;

The Initial CFC Projects are to be located on portions of the Airport which are within the City of Kenner, Louisiana (hereinafter "Kenner"). Accordingly, in order to proceed with construction of the Initial CFC Projects, the contractor for the Initial CFC Projects must obtain a conditional use permit (commonly referred to as a building permit) from Kenner. An ordinance was introduced at the Kenner City Council to approve the conditional use required for the Initial CFC Projects. A subsequent ordinance was introduced which amended the original ordinance as introduced by adding the following language:

That the Consolidated Rental Car Facility and any tenants thereof will be subject to all applicable local taxes, specifically including the special sales tax authorized by La. R. S. 33:2740.17.

The ordinance was adopted with the above quoted language on September 17, 2009.

The sales tax authorized by the cited legislation is limited to the expressly designated areas of the Airport consisting of specified buildings of the Airport terminal and does not include the Consolidated Facility or the land upon which it will be located. Accordingly under the existing provisions of the cited legislation, the sales tax referred to would not likely be held to be applicable to the tenants of the Consolidated Facility. It is not possible to amend the applicable legislation within the time frame contemplated by the construction schedule for the Initial CFC Projects.

The language of the ordinance as finally adopted included the language quoted above. Such language does not expressly condition the issuance of the conditional use permit for the Initial CFC Projects upon the applicability of the sales tax to the tenants of the Consolidated Facility. However, the intent of the Kenner City Council members proposing and voting for such amendment and how the Kenner administrative staff will interpret this language is not presently known. Accordingly, it is possible that Kenner would attempt to refuse to issue the conditional use permit until it was able to change the applicable legislation. Such an attempt would require the Aviation Board to resort to legal proceedings to require the issuance of the conditional use permit which could result in an indeterminate delay.

Extraordinary Mandatory Redemption

Because of the potential for construction delays, the First Supplemental Indenture contains provision for extraordinary mandatory redemption of the Series 2009 Bonds during the period they are not subject to optional redemption (A) upon the occurrence of any event which prevents the Aviation Board from accepting or awarding the construction contract for the Initial CFC Projects or (B) upon the occurrence of any event after the acceptance and award by the Aviation Board of the construction contract relating to the Initial CFC Projects (1) which delays the commencement of construction beyond the time period for which, the un-accepted bids are, or the bid deemed by the Aviation Board to be the lowest responsive bid is binding as such time period may be extended by agreement of the bidders or successful bidder, and (2) in the opinion of the Aviation Consultant at or before the time all impediments to commencing construction have been removed and the Aviation Board is prepared to commence construction, the Rate Requirement for the Series 2009 Bonds cannot be met with a CFC Rate of \$7 per Transaction Day. See “DESCRIPTION OF THE SERIES 2009 BONDS” – “Redemption Provisions” – “*Extraordinary Mandatory Redemption Resulting From Construction Delays*” herein. Also See “INVESTMENT CONSIDERATIONS” – “Construction Delays” herein.

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RENTAL CAR COMPANY OPERATIONS

Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, and Thrifty were operating on the Airport as of November 1, 2008, the date of commencement of collection of the CFC. Alamo, National and Enterprise are owned by Enterprise, a privately-held company; Avis and Budget are owned and operated by Avis Budget Group, Inc.; Dollar and Thrifty are subsidiaries of Dollar Thrifty Automotive Group, Inc; and Hertz is owned by an investor group of private equity firms which recently acquired Advantage. Advantage had no operations at the Airport prior to its being acquired by the owner of Hertz.

The following table presents the gross receipts from operations at the Airport of the Companies for the years 2003 through 2008 and for the months January through June 2009.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT CAR RENTAL – ANNUAL GROSS RECEIPTS 2003 – 2009 YTD

	Alamo	National	Avis	Budget	Dollar	Thrifty	Hertz	Enterprise	Total
2003	\$8,200,595	\$9,935,006	\$17,371,000	\$7,792,000	\$7,214,000	\$1,159,740	\$20,525,610	\$5,160,003	\$77,357,954
2004	\$8,689,406	\$9,184,807	\$16,262,000	\$9,873,000	\$7,615,000	\$1,136,535	\$19,908,312	\$5,724,537	\$78,393,597
2005	\$8,717,221	\$8,529,307	\$15,978,000	\$11,242,000	\$6,176,000	\$2,637,250	\$19,080,906	\$6,059,189	\$78,419,873
2006	\$9,637,753	\$10,537,648	\$20,116,000	\$10,053,000	\$5,515,400	\$4,206,700	\$23,251,377	\$8,019,356	\$91,337,234
2007	\$10,503,250	\$10,814,431	\$17,689,799	\$9,087,398	\$5,082,277	\$3,707,997	\$21,227,854	\$11,246,359	\$89,329,365
2008	\$10,287,129	\$10,951,535	\$18,091,317	\$9,586,804	\$5,168,087	\$3,827,256	\$22,416,053	\$12,916,233	\$93,244,414
2009									
Jan-09	\$571,424	\$785,562	\$1,186,771	\$591,762	\$365,885	\$290,610	\$1,476,333	\$974,524	\$6,242,871
Feb-09	\$700,972	\$855,605	\$1,277,768	\$697,120	\$368,898	\$272,117	\$1,585,809	\$1,030,026	\$6,788,315
Mar-09	\$668,928	\$961,819	\$1,500,346	\$857,810	\$518,494	\$330,128	\$1,750,360	\$1,276,218	\$7,864,102
Apr-09	\$600,716	\$958,064	\$1,521,696	\$931,205	\$540,408	\$362,106	\$1,703,604	\$1,086,216	\$7,704,016
May-09	\$652,962	\$864,398	\$1,514,281	\$876,869	\$519,400	\$357,737	\$1,776,760	\$999,610	\$7,562,016
Jun-09	\$640,794	\$941,571	\$1,219,703	\$580,938	\$413,084	\$310,901	\$1,395,393	\$993,606	\$6,495,990
July-09	\$773,100	\$914,227	\$1,284,342	\$622,609	\$413,031	\$322,365	\$1,508,114	\$1,231,920	\$7,069,707
Aug-09	\$673,961	\$891,673	\$1,151,774	\$521,716	\$377,166	\$289,322	\$1,370,352	\$1,067,148	\$6,343,112
2009									
YTD	\$5,282,857	\$7,172,919	\$10,656,681	\$5,680,029	\$3,516,366	\$2,535,286	\$12,566,725	\$8,659,268	\$56,070,129

Source: New Orleans Aviation Board Finance Department

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CFC Collections

The Aviation Board commenced imposition of the CFC at a level of \$5.50 per Transaction Day on November 1, 2008. The CFC rate was increased to \$6.20 per Transaction Day effective June 1, 2009. The following chart shows the amount of CFC Revenue collected by the Aviation Board from November 1, 2008 through August 2009.

New Orleans Aviation Board Concession Revenue Report CFC Collections

For the Period November 2008 through August 2009

11/2008	12/2008	01/2009	02/2009	03/2009	04/2009	05/2009	06/2009	07/2009	08/2009	Total
\$589,264.50	\$709,989.50	\$706,750.00	\$720,203.00	\$826,353.00	\$783,271.50	\$820,325.00	\$765,611.50	\$833,971.80	\$780,107.90	\$7,535,847.70

Source: New Orleans Aviation Board Accounting Department

The On-Airport Rental Car Companies presently handle customer interface from the area of the Terminal adjacent to the baggage-claim area. Customers are then bussed in individually operated vehicles to and from separately leased sites located on portions of the Airport used by each separate operator as ready/return vehicle space areas and as service areas for maintaining, fueling and repair of rental vehicles. Certain of the On-Airport Rental Car Companies also use off Airport sites for maintenance, fueling, repair and storage of vehicles. Up until August 2009, the On-Airport Rental Car Companies operated pursuant to concession agreements which expired in 2005, but were extended on a month to month basis.

The Aviation Board pursuant to a Request For Bids process initiated in February of 2009 received bids on May 8, 2009 and accepted such bids on May 13, 2009 for new concession agreements pursuant to which each prospective On-Airport Rental Car Company would pay a concession fee based upon a percentage of its Gross Revenues, as defined in the Concession Agreement and which included a statement of minimum annual guaranteed payment of concession fees (the "MAG"). The term of the new concession agreements (the "2009 Concession Agreements") began on October 6, 2009, and shall terminate on the 10th anniversary of the date of occupancy of the CONRAC. However, the Aviation Board reserved the right to terminate, as of the date of occupancy of the Service Centers, the Concession Agreement for any of the successful bidders that does not execute an Initial Facility Lease. In the event the Aviation Board determines to not construct the CONRAC, then the 2009 Concession Agreements shall terminate upon its fifth anniversary date. Each bidder was required to represent that it will cooperate in the development of the Consolidated Facility and will execute an Initial Facility Lease substantially in the form attached to the Request For Bids. As of the date hereof all of the Companies have executed an Initial Facilities Lease. The Request For Bids specified that not less than five nor more than ten 2009 Concession Agreements would be awarded. Four bids were received from the parent entity for the following total five year minimum annual guarantees.

Sum Total 5 Year Minimum Annual Guarantee

	Enterprise/Alamo/National	Avis/ Budget	Hertz/Advantage	Dollar/Thrifty
Total 5 Year MAG Bid	\$13,699,335*	\$12,420,000*	\$8,094,700*	\$2,656,000*

* The concession fees due by the Companies are not pledged to the payment of the Series 2009 Bonds.

Accordingly, four (4) 2009 Concession Agreements were awarded to the parent entity of each of the above four (4) families of brands and four (4) Initial Facilities Leases have been executed.

In order to commence construction of the Consolidated Facility some minimal relocation of previously used service areas will have to occur. After the date of occupancy of the Service Centers expected to occur in February 2011, the Companies will be required to relocate service center operations into each assigned Service Center area. Upon the date of occupancy of the CONRAC the Companies will have to relocate their customer interface areas within the Terminal to their respective areas of the CONRAC. At that point bussing operations by the Companies will no longer be required.

Once the CONRAC is in operation, any rental car companies not operating within the CONRAC (an “Off-Airport Rental Car Company”) serving customers using the Airport will be required to pick up and drop off customers at the Consolidated Facility. The Aviation Board staff is presently considering recommending to the Aviation Board that it impose and collect an Off-Airport Rental Car Company CFC or other transportation charge to be established in accordance with applicable law.

Operation of the CONRAC Common Areas

Pursuant to the Initial Facilities Leases portions of the CONRAC will be leased to one (1) of the Companies on an exclusive use basis (“Exclusive Use Premises”) but other portions and the ground upon which the CONRAC is located will be used in common by all of the Companies (“Common Areas”). Each of the Companies is required to provide for the operation, maintenance and repair of its Exclusive Use Premises. The Common Areas will be operated and maintained at the expense of the Companies by the Manager which shall be caused to be organized by either the Companies or the Aviation Board as either’s agent for the operation and maintenance of the Common Areas prior to the anticipated date of occupancy of the CONRAC. Pursuant to the Initial Facilities Leases the Companies will be required to make O & M Payments periodically to the Manager from which the Manager will pay the O & M Expenses of the CONRAC Common Areas.

The Initial Facilities Leases and the CFC Master Indenture provide commencing with the end of the first Bond Year within which the Companies pay O & M Expenses that to the extent amounts are available in the Surplus Fund because actual CFC collections for any Bond Year exceeded the actual CFC Costs for such Bond Year an amount equal to the lesser of (i) such excess or (ii) the O & M Expenses for such Bond Year (the “O & M Repayment Amount”) shall be paid by the Trustee from amounts available in the Surplus Fund to the Manager. The O & M Repayment Amount shall be used by the Manager to (i) reduce the O & M Payment due by each of the Companies for the remainder of the Bond Year within which such O & M Repayment Amount is received by the Manager and (ii) if the O & M Repayment Amount is sufficient, to reimburse the Companies for the O & M Payments previously made to the

Manager in such Bond Year or in a prior Bond Year. Because of the covenants of the CFC Master Indenture regarding establishing the level of the CFC it is anticipated that commencing with the second Bond Year an O & M Repayment Amount will be made to the Manager. See Appendix “B” “SUMMARY OF CERTAIN PROVISIONS OF THE CFC MASTER INDENTURE AND FIRST SUPPLEMENTAL INDENTURE” – “Section 308 Surplus Fund” hereto.

Further, the Initial Facilities Leases and the CFC Master Indenture provide that commencing within the end of the first Bond Year within which the Companies pay any Ground Rentals, to the extent that actual CFC Revenues for any Bond Year exceeded 1) the actual CFC Costs for such Bond Year plus 2) the O & M Expenses paid by the Companies for such Bond Year, an amount equal to the lesser of (A) such excess or (B) the amount of Ground Rentals paid by all of the Companies for such Bond Year (such lesser amount being the “Ground Rental Repayment Amount”) is to be paid by the Trustee from amounts available in the Surplus Fund to the Companies with each Company being paid the portion of the Ground Rental Repayment Amount equal to the percentage resulting from dividing the Ground Rentals paid by each Company by the total of all Ground Rentals paid by all the Companies for such Bond Year.

Both such payments are to be made within 30 days of receipt of unaudited financial statements of the Aviation Board, the Trustee and the Manager relating to the CFC Revenues, O & M Expenses of the CONRAC, the CFC Costs, the O & M Repayment Amount, and the Ground Rentals for such Bond Year.

The CFC Resolution

On July 16, 2008, the Aviation Board adopted a resolution establishing and imposing a customer facility charge which was amended so as to make the initial rate of the CFC \$5.50 per Transaction Day commencing November 1, 2008 to be collected by all On-Airport Rental Car Companies to be used to finance a consolidated rental car facility; establishing certain requirements for both on and off-airport rental car companies’ operations at the Airport with respect to the consolidated rental car facility and providing for other matters in connection therewith. On May 13, 2009, the CFC Resolution was amended and restated to increase the CFC rate to \$6.20 per Transaction Day effective June 1, 2009. The CFC Resolution authorizes the Aviation Board to adjust the rate of the CFC as necessary. Under certain circumstances and without further action by the Aviation Board, the Director of Aviation may adjust the CFC. See Appendix “D” - “SUMMARY OF CERTAIN PROVISIONS OF THE CFC RESOLUTION” hereto.

Facilities Leases

The CFC Resolution and each Facilities Lease requires the Company to collect from customers renting a motor vehicle at the Airport the Customer Facility Charge for each Transaction Day for remittance to the Aviation Board on or before the 20th day of each calendar month following the month of collection. Each Company is required under the Facilities Lease to collect the CFC and to remit the full amount of the CFC to the Aviation Board regardless of whether or not the full amount of such CFC is actually collected by the Company from the person who rented the automobile.

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The CFC collections shall be used to pay CFC Costs which include:

1. The Aggregate Debt Service on the CFC Bonds;
2. The annual Administrative Costs;
3. Deposits needed to the Maintenance Reserve Fund in order to meet the Maintenance Fund Requirement;
4. Fund the Coverage Fund to the Coverage Fund Requirement; and
5. Any required deposits to the funds and accounts established pursuant to Article III of the CFC Master Indenture, including the replenishment of deficiencies in the balances of the accounts and funds or other reserves.

The Companies are also required to pay Ground Rent to the Aviation Board for the use of the ground upon which the CONRAC is to be constructed. Ground Rent must also be paid by each of the Companies renting a Service Center. The Initial Facilities Leases require the Companies to pay O & M Payments to the Manager, which may be reimbursed in whole or part from the O & M Repayment Amount if sufficient amounts are available in the Surplus Fund. See “RENTAL CAR COMPANY OPERATIONS” – “Operation of the CONRAC Common Areas” herein.

The Aviation Board has the right under the CFC Resolution and the Facilities Lease to adjust the amount of the CFC under certain conditions. If CFC collections for the next Bond Year are estimated to be less than the estimated CFC Cost for such Bond Year, the Aviation Board will develop a recommended plan to fund the estimated CFC Deficit – by raising the CFC rate, imposing Contingent Rent or other Supplemental Facility Charges as defined in the CFC Master Indenture, or a combination thereof. The Companies will be required to provide written notice to the Aviation Board if they object to the Aviation Board’s plan. The Aviation Board shall make a final determination regarding the plan to fund the estimated CFC Deficit for the next Bond Year, and notify the Companies.

Contingent Rent

If the Aviation Board projects in its estimate required by the CFC Master Indenture to be delivered at least 120 days prior to the end of the each Bond Year that CFC Revenues for the ensuing Bond Year are to be insufficient to meet the Rate Requirement for the ensuing Bond Year without further increasing the then existing rate at which the CFC is imposed (a “CFC Deficit”), then the Aviation Board is required under the CFC Master Indenture to engage an Independent Airport Consultant to recommend actions to be taken to cure such projected CFC Deficit. If required to be engaged pursuant to the foregoing sentence, not less than 90 days prior to the end of each Bond Year, the Independent Airport Consultant shall prepare and present to the Director, the Aviation Board, the Trustee and the Companies the Rate Consultant’s Report recommending one or more of (i) an increase in the per Transaction Day rate or the rate of such other method of calculating the CFC as shall then be provided for in the CFC Resolution, (ii) implementing Contingent Rent, (iii) imposing Supplemental Facility Charges or (iv) implementing any combination thereof for the ensuing Bond Year. If the Independent Airport Consultant in its Rate Consultant’s Report determines that the required increase in the CFC rate will result in a reduction in annual Transaction Days greater than 25%, the Independent Airport Consultant shall

recommend the implementation of Contingent Rent or a combination of one or more of Contingent Rent, other Supplemental Facility Charges and an increase in the CFC rate. In making such recommendation the Independent Airport Consultant shall consider, among other factors: (i) the historical and projected origination and destination traffic at the Airport; (ii) historical and projected Transaction Days at the Airport; (iii) the Annual Debt Service requirements; (iv) the budgeted Administrative Costs and the actual Administrative Costs; (v) the estimated CFC Costs, (vi) the amounts required to be deposited to the Funds and Accounts and any existing or projected deficiencies therein; (vii) information provided by the Companies; and (viii) such other factors deemed relevant by the Independent Airport Consultant. Not less than 60 days prior to the end of the then current Bond Year, the Companies shall provide written notice to the Director and the Independent Airport Consultant if any thereof object to any portion of the Rate Consultant's Report. The Director or the Board as appropriate under the then CFC Resolution shall make a final determination regarding the plan to fund the estimated CFC Deficit for the next Bond Year.

Under the Facilities Leases, the Companies agree that CFC collections are not income, revenue or any other asset of the Company and that the Company has no ownership of or property interest in CFC collections. Each Company agrees to hold CFC Revenues, prior to remittance to the Aviation Board, in trust for the benefit of the Aviation Board. See "INVESTMENT CONSIDERATIONS" – "Factors and Events Affecting the Air Transportation System" – "*Effect of Bankruptcies of the Companies*" herein.

Under the Facilities Leases, the Companies' obligation to collect and remit the CFC is not subject to abatement, offset or deduction. No Company shall, directly or indirectly, divert customers of the Airport away from the Consolidated Facilities or assist any customer of the Airport in avoiding payment of the CFC.

AIR TRAFFIC REPORT OF THE AVIATION CONSULTANT

The Aviation Consultant has prepared the Air Traffic Report of the Aviation Consultant dated October 13, 2009, which is included as Appendix "E" hereto. The Air Traffic Report was prepared in connection with the issuance of the Series 2009 Bonds. As noted in the Air Traffic Report, the Aviation Consultant has no responsibility to update the report for events or circumstances occurring after its date.

The Air Traffic Report consists of analyses of the Airport's economic base for air transportation and air traffic and projections for aviation demand at the Airport for the period 2009 through 2018.

Regarding air traffic, the Air Traffic Report finds that Hurricane Katrina resulted in significant loss of air traffic at the Airport. The Air Traffic Report finds air traffic at the Airport is recovering, and as of August 2009 enplaned passengers were approximately 79.3% of pre-Katrina levels (as compared to August 2005). Total enplanements for 2008 were approximately 3.97 million which is an increase of 5.5% from 2007. For 2009, enplanements are expected to approximate 3.89 million which represents an annual decrease of 2.1% from 2008. Activity for 2009 is projected to be impacted by the current fuel price volatility and U.S. recession as capacity for growth will be limited. However, beyond 2009, passenger enplanements are projected to increase, reflecting passenger demand again rebounding toward pre-Katrina levels however, this growth will be somewhat slower than prior projections and extended out to 2013 primarily as a result of the national economic recession and system-wide capacity cuts by the airlines. The Air Traffic Report projects in 2013, the Airport will reach approximately 93% of its pre-Katrina

enplanement levels. Enplanements are projected to increase from 4.5 million in 2013 to approximately 5.1 million in 2018 representing a projected compounded annual growth for this period of 2.5%.

The Air Traffic Report describes key factors that affect future aviation activity, present aviation activity projections for the period of 2009 through 2018, and sets forth the assumptions upon which the projections are based. It is important to note that the projections should not be viewed as precise. Therefore, actual results may differ from projections contained therein because of unforeseen events, and variations may be material. The Air Traffic Report should be read in its entirety for an understanding of the forecasts and the underlying assumptions.

FEASIBILITY REPORT

The Feasibility Consultant prepared the Feasibility Report dated October 13, 2009 included as Appendix “F” hereto. The Feasibility Report describes the CONRAC and the Service Centers, discusses the rental car market, evaluates historical trends in rental car demand at the Airport, uses multivariate regression analysis combining econometric modeling techniques with economic theory to set forth forecasts of the rental car demand at the Airport, describes various factors which could have an impact on the rental car demand at the Airport and discusses the financial framework for the Series 2009 Bonds, including preliminary projections of annual debt service requirements with respect to the Series 2009 Bonds, CFC calculations, projections of Revenues as defined in the Indenture, cash flow projections and Rate Requirement calculations. The Feasibility Report is based in part on the enplanement forecast presented in the Air Traffic Report. See “AIR TRAFFIC REPORT OF THE AVIATION CONSULTANT” herein and as set forth in Appendix “E” hereto. The Feasibility Report should be read in its entirety for an understanding of multivariate regression analysis and the econometric mode, Transaction Day forecast assumptions and the basis for the financial analysis. The Feasibility Report concludes that at the current CFC rate of \$6.20 per transaction day, CFC Revenues will be sufficient such that the Revenues throughout the forecast period shall equal at least both (i) CFC Costs and (ii) calculated separately, an amount equal to 135% of Aggregate Debt Service for the applicable Bond Year after taking into account the amounts in the Coverage Fund which do not exceed 25% of Maximum Annual Debt Service on the last Business Day of the ninth (9th) calendar month of the prior Bond Year for each year.

The Feasibility Report has been included herein in reliance upon the knowledge and experience of the Feasibility Consultant. See Appendix “F” – “FEASIBILITY REPORT OF UNISON CONSULTING, INC.” hereto.

As noted in the Feasibility Report, any forecast is subject to uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. See “INVESTMENT CONSIDERATIONS” herein.

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AIRPORT FINANCIAL INFORMATION

The Airport is structured as an enterprise fund. The financial statements for the Airport are prepared on the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. Capital assets are capitalized and depreciated, except land, over their useful lives. The City and the Aviation Board are required by Louisiana law to have their financial statements audited annually. Historically, the City has engaged an auditing firm to perform a combined audit of the City's and the Aviation Board's financial statements. The fiscal years 2008 and 2007 audited financial statements of the Aviation Board by Postlethwaite & Netterville, A Professional Accounting Corporation are attached hereto as Appendix "H" parts I and II respectively. The financial statements reflect the general revenues and expenses of the Airport and are not related in any way to CFC Bonds. Potential investors are advised to review the material found herein as Appendix "H" parts I and II in full.

Katrina Resulted In No Airline Lease Agreement Resulting in Rates by Resolution

General Airport Revenues (does not include Revenues as defined in the CFC Master Indenture) generated from landing fees and terminal building and other space rentals, fees and charges prior to Katrina were historically derived primarily from the various commercial airlines serving the Airport through use and lease agreements (the "Airline Leases") with certain of the scheduled airlines serving the Airport (the "Signatory Airlines"). The Airline Leases established contractual formulas by which landing fees and terminal building and other space rentals were charged. During 2004, the Aviation Board maintained Airline Leases with the following Signatory Airlines: American Airlines, Inc.; Continental Airlines, Inc.; Delta Air Lines, Inc.; Northwest Airlines; Southwest Airlines Company, S.A.; United Air Lines, Inc.; US Airways, Inc.; Federal Express and United Parcel Service. Prior to Katrina, the Aviation Board maintained some form of Airline Leases with airlines serving the Airport for more than 35 years.

Landing fees for non-signatory airlines landing at the Airport were historically established by Aviation Board resolution but are computed based on formulas derived from the Airline Leases.

The most recent prior Airline Leases dated as of January 1, 1999 expired by their terms on December 30, 2004 and they were extended on a month to month basis in order to negotiate the terms of replacement Airline Leases. By late June 2005, such negotiations had resulted in the financial terms of replacement Airlines Leases (the "Replacement Airline Leases") which terms were used for billing for the services and facilities of the Airport for the months of July and August 2005 but the Replacement Airline Leases were not actually executed prior to Katrina.

As a result of Katrina, the Aviation Board elected to not attempt to get the Signatory Airlines to execute the Replacement Airline Lease or any similar leases. Accordingly, the Aviation Board determined that it would be necessary to establish the airline fees, rates, and charges for the facilities of the Airport by resolution. Further, it determined that to establish airline fees and charges at levels that would cover the costs of operating the Airport, paying annual scheduled debt service and coverage requirements would result in airline charges that would exceed costs per enplaned passenger, historically experienced by the commercial airlines at the Airport and would have impeded the return of air service to the Airport, in the opinion of the Aviation Board. The rates and charges set by resolution were implemented on November 16, 2005 retroactive to October 1, 2005. See Appendix "H-II" "2007 and 2006 FINANCIAL STATEMENTS AUDITED BY POSTLETHWAITE & NETTERVILLE" - "Management's Discussion and Analysis" - "Airline Rates and Charges" page 9 hereto.

After Katrina Airport Operated at a Loss

The Airport operated at a net loss after Hurricane Katrina until approximately the third quarter of 2007 when monthly operations began to break even on a cash flow basis. During this period, the Aviation Board used available previously generated operating cash surpluses and the federal and state relief monies described below to fund operations and pay debt service timely on outstanding general Airport revenue indebtedness. Beginning with calendar year 2008, the General Airport Revenues received monthly by the Aviation Board exceeded operating expenses and debt service transfers.

New Residual Airline Lease

The Aviation Board, AirTran Airways, American Airlines, Continental Airlines, Delta Air Lines, FedEx, Northwest Airlines (has merged with Delta), Southwest Airlines, United Airlines, JetBlue Airways, United Parcel Service and US Airways (the “New Signatory Airlines”) during late 2008 substantially completed negotiations of the terms and conditions for a residual airline lease with rates effective as of January 1, 2009 (the “New Airline Lease”). All of the New Signatory Airlines executed the New Airline Lease on or before June 30, 2009 before they were approved by the City Council. The New Airline Lease was approved by the City Council on July 23, 2009 but with minor changes which required the New Signatory Airlines to execute a single revised page. The revised page was sent to all the New Signatory Airlines and many but not all of them have executed the revised page and returned it to the Aviation Board. The New Airline Lease was executed by the Board on September 16, 2009 and it is expected the Mayor will execute the New Airline Lease when all executed revised pages have been received from the New Signatory Airlines.

The New Airline Lease has a five-year term beginning January 1, 2009 despite the fact it was approved and executed later. The New Airline Lease provides that its terms, rates, rental fees and charges will be effective January 1, 2009.

The New Airline Leases have a residual approach similar in methodology to the historical approach of the Aviation Board as evidenced by the expired airline leases but the terms will be different. Under the residual approach of the New Airline Lease, the Aviation Board generally sets rates, rental fees and charges for the cost and revenue centers of the Airport supported by the airlines at levels estimated to yield revenues sufficient to pay operation and maintenance expenses, debt service and coverage for outstanding general Airport revenue indebtedness which does not include CFC Bonds with the New Signatory Airlines being obligated to make up any deficiencies through end of the year adjustments if required. The rates and charges for the facilities and services of the Airport pursuant to the New Airline Lease will result in General Airport Revenues sufficient to pay all of the operation and maintenance expenses of the Airport System, all annual debt service with respect to general airport revenue indebtedness of the Aviation Board secured by the General Airport Revenues which do not include the items within Revenues as defined in the CFC Master Indenture. General Airport Revenues are not included within the definition of “Revenues” of the CFC Master Indenture and accordingly are not security for the Series 2009 Bonds.

Under the New Airline Lease, the Aviation Board will set airline rates, rental, fees and charges for all of the cost and revenue centers supported by the New Signatory Airlines on a residual basis.

Accordingly, the New Signatory Airlines bear the financial risk of providing revenues sufficient to provide the costs of operating the Airport, paying the related debt service on its general Airport revenue indebtedness and providing the coverage requirement for such indebtedness. The terminal rental rate, a primary component of revenue derived from the terminal building revenue center, is generally calculated by dividing the total revenue needed from the airlines to cover the terminal area costs by the total amount of space rented by the airlines operating at the Airport. The primary source of revenue to pay the costs of the airfield cost area is the landing fee. The landing fee is generally calculated by dividing the costs of operating the airfield area by total chargeable landed weight of the New Signatory Airlines after taking into account certain other available revenue credits.

On December 17, 2008 the Aviation Board adopted a resolution providing that effective January 1, 2009 the rates and charges for the facilities and services of the Airport would be those resulting from the New Airline Lease.

The Series 2009 Bonds are not a debt of the airlines, nor will the New Airline Leases or any subsequent agreements with the airlines be assigned or pledged as security for the Series 2009 Bonds.

In the event that the Aviation Board determines to actually privatize the Airport, a new agreement will have to be negotiated with the airlines.

Financial Statements

The financial statements of the Airport for the fiscal years ending December 31, 2008 and December 21, 2007 included within Appendix "H-I" and Appendix "H-II" to this Official Statement, have been audited by Postlethwaite & Netterville, A Professional Accounting Corporation, New Orleans, Louisiana. The Airport's financial statements are audited as a part of the audit of the City's financial statements. The attached financial statements only reflect the collection of CFC Revenues in the month of December 2008 because they began being collected only in November 2008 which were first received by the Aviation Board in December 2008.

The Airport's independent auditors have not complied, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

Outstanding Debt Secured by the CFC Master Indenture

Parity Debt

The Series 2009 Bonds are the Initial Bonds issued under the Indenture and the proceeds of the Series 2009 Bonds and other amounts made available for such purpose will be used to finance the payment, or the reimbursement of the payment, of the costs of acquiring, constructing and equipping the Initial CFC Projects, to fund reserves for the Series 2009 Bonds, and to pay Costs of Issuance of the Series 2009 Bonds. Accordingly, after their issuance, the Series 2009 Bonds will be the only outstanding debt secured by a first lien on the Revenues and there will be no outstanding debt which ranks on parity with the Series 2009 Bonds, other than the Series 2009 Insurer Obligations.

Subordinate Obligations

The Series 2009 Bonds are the Initial Bonds issued under the Indenture. The Aviation Board presently has no outstanding subordinated debt secured by the Revenues. However, the Aviation Board may issue Subordinated CFC Bonds and Subordinated CFC Obligations in the future as contemplated by the CFC Master Indenture.

Future Debt

The Series 2009 Bonds are the Initial Bonds issued pursuant to the CFC Master Indenture. The Aviation Board presently has no authorized but unissued parity or subordinate debt to be secured by the Revenues. However, the Aviation Board may authorize and issue Additional Bonds and Subordinated CFC Bonds as contemplated by the CFC Master Indenture.

Casualty and Risk Insurance Coverage

The Airport Facilities

The Aviation Board maintains a comprehensive program of insurance covering the operations of the Airport. A Commercial Airport Owners and Operators General Liability policy is purchased by the Aviation Board through the Eustis Insurance Inc. agency. The primary layer of coverage (\$50,000,000) is provided by Ace Property & Casualty Co. and Lloyds of London with an additional layer of coverage (\$250,000,000) provided by Lloyds of London. The following coverage and annual limits are provided with a deductible of \$250,000:

Limit	
\$300,000,000	Bodily injury, personal/advertising injury, & property damage liability combined each occurrence/offense, and in the aggregate where applicable for bodily injury, personal/advertising injury, & property damage combined subject to the following limitations:
\$300,000,000	Products-Completed Operations Aggregate Limit
\$25,000,000	Personal Injury & Advertising Injury Aggregate Limit
\$1,000,000	Fire Damage Limit Any One Fire

The Homeland Security Act (“HSA”), signed into law by President George W. Bush on November 25, 2002, placed certain limitations on aviation related insurance. For example, it eliminates the deductible to be paid for war-risk coverage, and expands the scope of such coverage to include hull loss and injuries to passengers and crew. In addition, the HSA caps the total premium paid by any airline for war-risk insurance at no more than twice the premium the airline was paying the DOT for its third party policy as of June 19, 2002.

The Terrorism Risk Insurance Act, signed into law by President George W. Bush on November 26, 2002, established the Terrorism Insurance Program in the Department of Treasury. This statute was intended to ensure the availability of property and casualty insurance for terrorism risk by having the Federal Government temporarily share the burden of compensating for insured losses. The program was extended on December 22, 2005 to expire December 31, 2007. Insured losses suffered by passenger or cargo airlines occurring during the applicable policy periods in connection with terrorist acts are covered by the program, regardless of where the loss occurs.

Insurance on the Exclusive Use Premises of the Consolidated Facility

At all times during the term of the Initial Facilities Leases, each of the Companies, at their own expense, has agreed to obtain and keep in force with respect to its use and occupancy of the Exclusive Use Premises of the Consolidated Facility insurance coverage not less than the types and amounts specified below:

A. General Liability Insurance. Covering the Company and the Aviation Board on an occurrence basis, under policies no more restrictive than the standard form of comprehensive liability policy, against the claims of any and all persons for personal or bodily injury (including wrongful death) in a sum of not less than \$2,000,000 for any one person, and not less than \$5,000,000 for any one occurrence occurring at the Consolidated Facility or on the Airport or incidental to the operations of the Company and not less than \$1,000,000 for each occurrence of damage to the property of others.

Such policy shall be written or endorsed to include the following provisions:

1. Severability of Interests Coverage applying to Additional Insureds;
2. Contractual Liability;
3. Per Project Aggregate Liability limit or, where not available, the aggregate limit shall be \$20,000,000;
4. No Contractual Liability Limitation Endorsement;
5. Additional Insured Endorsement, ISO form CG20 10, current edition or its equivalent.

B. Worker's Compensation and Employer's Liability Insurance. Company must keep in force Worker's Compensation and Employer's Liability Insurance in the form and in the amount prescribed by law for such coverage, including Employers Liability with limits of:

1. Workers' Compensation – Statutory;
2. Employers Liability -- \$500,000 per accident with limits of: \$500,000 disease-policy limit; \$200,000 disease-each employee.

C. Comprehensive Automobile and Truck Liability Insurance. Company must keep in force Comprehensive Automobile and Truck Liability Insurance covering owned, hired, and non-owned vehicles with minimum limits of \$2,000,000 combined single limit per occurrence for personal or bodily injuries, including death, and property damage. Coverage provided shall be on an "any auto" basis and written on an "occurrence" basis. This insurance will be written on a Commercial Business Auto form, or

acceptable equivalent, and will protect against claims arising out of the operation of motor vehicles, as to acts done in connection with the Facilities Lease.

D. Contractual Liability Insurance. Company must keep in force Contractual Liability coverage including, but not limited to, the liabilities assumed under the indemnification provisions of the Initial Facilities Lease.

E. Umbrella/Excess Liability Policy. With respect to any Company construction pursuant to the Facilities Lease, Company must keep in force an Umbrella/Excess Liability Policy, during construction, in the amount of \$10,000,000, as an excess of the primary coverage required above.

F. Full Replacement Cost. Company must keep in force insurance on all of the improvements on the Exclusive Use Premises (including hereafter existing) or used in connection therewith against any loss or damage by fire, flood, wind, earthquake and other or any casualties or peril, and all other perils as are included within what is commonly known as “all risk coverage” for any improvements on the Exclusive Use Premises with full replacement cost insurance, in amounts sufficient to prevent the Aviation Board from being or becoming a co-insurer within the terms of the policy or policies in question and in no event less than the full replacement cost value thereof, exclusive of the cost of foundations, excavations, and footings below the lowest basement floor, and without any deduction being made for depreciation. The replacement cost value shall be determined from time to time, but not more frequently than once in any twelve (12) consecutive calendar months at the request of Aviation Board, by an appraiser, architect and/or contractor.

Insurance on the Common Use Areas of the CONRAC

The Manager is required pursuant to the provisions of the Initial Facilities Leases to provide insurance with respect to the Common Areas of the CONRAC of the types and in the amounts provided for with respect to the Exclusive Use Premises of the Consolidated Facility.

LITIGATION

The Aviation Board

There is currently no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending, or to the knowledge of the Aviation Board, threatened against or affecting the Aviation Board, nor, to its knowledge, is there any basis therefore, wherein an unfavorable decision, ruling or finding would adversely affect the validity of the Series 2009 Bonds, the Aviation Board’s right or ability to collect and apply the Revenues as required by the CFC Master Indenture and the First Supplemental Indenture, the ability of the Aviation Board to establish rates, fees, rentals or other charges for use of the Airport system, or any agreement or instrument to which the Aviation Board is a party and which is used or contemplated for use in the transactions described in this Official Statement.

Possible Litigation Resulting From Rebidding the Initial CFC Projects

Nine (9) bids were received on October 29, 2009 from contractors regarding construction of the Initial CFC Projects. The Aviation Board was advised by its counsel that all nine (9) bids received were non-responsive for various reasons, which under Louisiana law cannot be waived by the Aviation Board, and therefore such bids should not be accepted. Accordingly, on November 6, 2009, the Aviation Board rejected all such bids and directed the re-advertisement for bids for the Initial CFC Projects. It is expected that the re-bidding process will commence during the week of November 16, 2009 and result in receipt of bids approximately 60 days thereafter.

The Aviation Board has received public records requests from two (2) of the three contractors that submitted the three lowest rejected bids. Under applicable law, they are not required to divulge their reasons for any such request. By letter dated November 16, 2009, Citadel, which had submitted the second lowest bid, made formal demand upon the Aviation Board “to award the contract for the Project (the Initial CFC Projects) to Citadel within ten days of the date . . .” of the November 16, 2009 letter. On November 17, 2009, the Aviation Board delivered a letter to Citadel stating that the Aviation Board believes Citadel's claim is without merit. The Aviation Board believes it is likely that Citadel will nonetheless file suit challenging the rejection of their bid and demanding that the construction contract be awarded to Citadel. There is a possibility one or more of the other contractors which submitted the rejected bids will litigate the rejection of such bids and the rebidding. Similar suits have been filed within the State in similar instances by contractors who desired to challenge rejection of their bids or award of a contract pursuant to another bid. For additional information regarding the construction bidding process, potential litigation resulting from the process, and the possibility of the Series 2009 Bonds being called for redemption, see “THE PROJECT” – “Receipt of Bids on October 29, 2009 and Their Rejection” herein; and “DESCRIPTION OF THE SERIES 2009 BONDS” – “Redemption Provisions” – “*Extraordinary Mandatory Redemption Resulting From Construction Delays*” herein.

Possible Litigation Regarding Building Permit

The Consolidated Facility is within the portion of the Airport that is included within the City of Kenner. Accordingly it must issue a building permit for the construction of the Initial CFC Projects prior to commencement of construction. The ordinance adopted by Kenner’s governing authority regarding the issuance of the building permit contains language that might be interpreted to mean the building permit required will not be issued until the area where the Consolidated Facility is to be located is included within the geographic limits of a particular sales tax district. Accordingly, it is possible a delay in construction of the Initial CFC Projects will be encountered as a result of disputes regarding issuance by Kenner of the required building permit. See “INVESTMENT CONSIDERATIONS” – “Construction Delays” – “*Potential Delays in Issuance of Building Permit by Kenner*” herein.

INVESTMENT CONSIDERATIONS

Prospective purchasers of the Series 2009 Bonds should carefully consider the matters set forth below as well as other information contained in this Official Statement in evaluating an investment in the Series 2009 Bonds. The Series 2009 Bonds may not be suitable for all investors and prospective

investors should confer with their own legal and financial advisors before considering a purchase of the Series 2009 Bonds.

The Aviation Board's ability to derive Revenues consisting of CFC Revenues and, when applicable, Contingent Rent and/or Supplemental Facility Charges sufficient to pay debt service on the Series 2009 Bonds depends on various factors, most of which are not subject to the control of the Aviation Board. The following discussion reviews some, but not all, of the possible investment consideration that should be carefully evaluated by prospective purchasers of the Series 2009 Bonds prior to purchasing any thereof.

General

The Indenture provides that the payment of the principal of and interest on the Series 2009 Bonds will be made from the Revenues which include CFC Revenues, Contingent Rent when applicable and if ever made applicable Supplemental Facility Charges. The ability of the Aviation Board to pay debt service on the Series 2009 Bonds depends on a number of factors that relate to CFC Revenues, Contingent Rent and other Supplemental Facility Charges, if any. As of the date hereof, no Supplemental Facility Charges legally exist. No representation or assurance is given or can be made that the CFC Revenues will be realized in amounts sufficient to provide for the payment of the Series 2009 Bonds, that Contingent Rent can be realized in sufficient amounts to augment CFC Revenues in sufficient amounts to pay debt service on the Series 2009 Bonds, and that any Supplemental Facility Charges will ever be imposed to supplement CFC Revenues and Contingent Rent to sufficient amounts to pay the debt service on the Series 2009 Bonds.

Series 2009 Bonds Are Limited Obligations

The Series 2009 Bonds are limited obligations of the Aviation Board payable solely from and secured by the Trust Estate, including the Revenues, and certain amounts deposited into the accounts held under the CFC Master Indenture and the First Supplemental Indenture. The General Airport Revenues of the Aviation Board derived from the Airport are not pledged as security for the Series 2009 Bonds. None of the properties of the Airport, including the Consolidated Facility, is subject to any mortgage or other lien for the benefit of the owners of the Series 2009 Bonds. In no event will the Series 2009 Bonds constitute an indebtedness of the City, for which the City's general credit is pledged within the meaning of any constitutional charter or statutory limitation of the City or the State. Additionally, the Series 2009 Bonds are not a debt or obligation of the rental car companies or the air carriers servicing the Airport. See "SECURITY FOR THE SERIES 2009 BONDS" herein.

Extreme Weather Related Events

The Airport is located in a region that is subject to the risk of flooding and wind damage in connection with hurricanes and tropical storms. Hurricane Katrina resulted in over 80% of the City of New Orleans being flooded and caused significant disruptions to Airport operations. See "INTRODUCTION" – "Hurricane Katrina" herein.

Statutory Authority to Collect the CFC

The Aviation Board is authorized pursuant to La. R.S. 2:351(D) to impose, charge, and collect, rates, fees, rentals, and other charges (in this instance the CFC, Contingent Rent and Supplemental Facility Charges) for the use of the Airport and of the facilities constructed thereon (in this instance the Initial CFC Projects including the Consolidated Facility) in such amounts as will be sufficient at least to provide revenues adequate to maintain and operate the Consolidated Facility. Said statute permits such charges, rents and fees to be sufficient, to pay the principal of and interest on and premiums, if any, upon redemption of the obligations issued to finance the Initial CFC Projects including the Consolidated Facility, to provide for the renewal and replacement of any or all of the CFC Projects and provide adequate reserves for all of such purposes. For such purposes, the Aviation Board may contract for the operation of the Consolidated Facility or lease all or any part thereof, to any person or corporation, public or private, upon such terms and conditions, and for such period of years as the Aviation Board may deem advisable, after having received the approval of the City Council. The statute does not expressly refer to a facility such as the Consolidated Facility or fees, rentals and other charges like the CFC. If the Consolidated Facility is not completed and it is not replaced with a similar facility it is possible one might challenge the right of the Aviation Board to continue to impose and collect the CFC Revenues and impose Contingent Rent.

Ability to Meet Rate Requirement Covenant

The Aviation Board has covenanted pursuant to the CFC Master Indenture to establish the CFC at rates which will meet the Rate Requirement after taking into account other sources of Revenues including Contingent Rent and other Supplemental Facility Charges taking into account amounts in the Coverage Fund which do not exceed 25% of Maximum Annual Debt Service. The CFC was originally imposed at the rate of \$5.50 per Transaction Day commencing November 1, 2008 and was increased on May 13, 2009 to \$6.20 per Transaction Day effective June 1, 2009. Unison has concluded in its Feasibility Report that some decrease in Transaction Days will result from increases in the dollar rate for the CFC. See Appendix "F" – "FEASIBILITY REPORT OF UNISON CONSULTING, INC." hereto. In the event that conditions require future increases in the CFC rate, there can be no assurance that such increases will not affect rental car demand thereby resulting in less CFC Revenues.

Aviation and Rental Car Activity

The financial results of the air transportation industry have been subject to substantial volatility since deregulation. The financial strength and stability of airlines serving the Airport are a key determinant of future airline traffic. Other key factors that will affect future airline traffic at the Airport include: (1) the growth in the population and economy of the New Orleans Metropolitan Statistical 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 growth or decline of the tourist industry in the City; and (8) the capacity of the Airport.

As described in the Feasibility Report, rental car demand at the Airport and therefore the number of Transaction Days to which the CFC applies is highly correlated to passenger demand. The Feasibility Consultant also concludes, based on historical rental car data and based on the assumptions set forth in the Feasibility Report, that the number of Transaction Days at the Airport is primarily a function of the

number of origin and destination passengers. Other factors found by the Feasibility Consultant to affect rental car demand at the Airport include: the price of renting a car, as measured by the average daily rental rate; rental car customers' income, as measured by the real U.S. per capita Gross Domestic Product (GDP); and certain extraordinary events, such as the terrorist attacks of September 11, 2001 and Hurricane Katrina. See Section IV of Appendix "F" – "FEASIBILITY REPORT OF UNISON CONSULTING, INC" hereto.

Factors affecting Airport passenger activity, including origin and destination passenger activity, and correlated rental car activity at the Airport include: economic activity, population growth and levels of disposable income in the Air Trade Area; the service and route networks of airlines serving the Airport; the financial health and viability of the airline industry; national and international economic and political conditions, including disruptions caused by airline incidents, acts of war and terrorism, such as the September 11, 2001 attacks, extraordinary events such as Hurricane Katrina, the availability and price of aviation fuel, levels of air fares, and the capacity of the national air traffic control system; and the capacity at the Airport and the Consolidated Facility. See Appendix "E" – "AIR TRAFFIC REPORT OF THE AVIATION CONSULTANT" hereto.

Additionally, as described in the Feasibility Report, the U.S. airport rental car market has generally followed airline passenger activity and, the Feasibility Consultant concludes, this relationship should continue even with ongoing restructuring within the rental car industry. Although airport rental car activity is primarily related to origin and destination passenger traffic, it is also influenced by factors such as the economy, rental car rates, convenience and gas prices. See Section III of Appendix "F" – "FEASIBILITY REPORT OF UNISON CONSULTING, INC." hereto.

Competition and Alternative Modes of Ground Transportation

In addition to rental cars, passengers may choose from other existing modes of ground transportation including taxis, buses, shuttle buses, shuttle services and limousines. Additional alternative modes of ground transportation in the future such as light rail facilities could reduce the demand for rental cars at the Airport. Currently, there are no active plans for such alternative ground transportation such as light rail or commuter or intercity rail. There have been a number of studies considering rail service in the region over the last decade but no plan has been funded for implementation of any recommendations. See Appendix "F" – "FEASIBILITY REPORT OF UNISON CONSULTING, INC." – "Section IV - Alternative Modes of Ground Transportation" hereto.

The CFC is currently collected by On-Airport Rental Car Companies only. Passengers may choose to rent cars from Off-Airport Rental Car Companies that do not charge the CFC. The Aviation Board cannot make any assurance that it will impose and collect an Off-Airport Rental Car Company CFC or other comparable transportation charges with respect to rental transactions of Off-Airport Rental Car Companies.

Factors and Events Affecting the Air Transportation System

Epidemiologic Outbreak

The Air Traffic Report states that the SARS flu outbreak which first occurred in Asia in November 2002 and also occurred in Canada in 2003 was a contributing factor to the substantial financial losses in the aviation industry reported from 2001 to 2005. Accordingly one might conclude that should a similar viral epidemic such as the H1N1 virus (commonly referred to recently as the “swine flu”) occur during the forecast period of the Air Traffic Report such epidemic may have an adverse effect on air traffic and enplanements at the Airport.

Economic and Political Conditions

Historically, airline passenger traffic nationwide has correlated closely with the state of the U.S. economy and levels of real disposable income. Recession in the U.S. economy in 2001 and stagnant economic conditions in 2002 contributed to reduced passenger traffic during those years. Future increases in passenger traffic will depend largely on the ability of the nation to sustain growth in economic output and income. See “Factors and Events Affecting the Air Transportation System” herein.

With the globalization of business and the increased importance of international trade, growth of the U.S. economy has become more closely tied to worldwide economic, political and social conditions. As a result, international economics, currency exchange rates, trade balances, political relationships, public health concerns and hostilities have become important influences on passenger traffic at many U.S. airports.

On a local level, the demographic and economic characteristics of the Airport’s Air Trade Area comprise the underlying components of air transportation demand for passengers. This relationship is particularly true for the origination and destination passenger traffic, which is an important component of demand at the Airport. Although the economic base of the Air Trade Area may be capable of supporting increased demand for air travel at the Airport, employment, tourism and other economic indices of the Air Trade Area have been negatively impacted in the aftermath of Hurricane Katrina. These demand components are further affected by individual airline decisions regarding air service and routes.

The Aviation Consultant in the Air Traffic Report states that while the economy of Louisiana and the Air Trade Area will not likely escape the effects of a nationwide recession, the billions of dollars in rebuilding Hurricane Katrina damage provides some degree of potential insulation for Louisiana and the Air Trade Area versus the U. S. overall. Because only 4.6% of Louisiana’s employment is related to durable goods production as compared to 6.4% for the U. S. as a whole, any job cutbacks resulting from the projected recession could have relatively less impact on employment in Louisiana compared to the U. S. as a whole. Further, since much of Louisiana’s manufacturing employment is in the relatively recession-proof defense sector and platform and rig production for the energy industry (which has a lengthy backlog of orders), employment in the State’s durable goods manufacturing sector is expected to be somewhat insulated from national trends. See Appendix “E” – “AIR TRAFFIC REPORT OF THE AVIATION CONSULTANT” hereto.

Effect of Bankruptcies of the Companies

In the event one of the Companies were to declare bankruptcy under the United States Bankruptcy Code, such entity may be able to reject such Company's Facility Lease as an "executory contract" and /or an "unexpired lease." In that event, such Company would be required to vacate its premises in the CONRAC and its Service Center and would no longer be required to perform any of its obligations under its Facility Lease, including obligations to collect and remit the CFCs or pay the Operation & Maintenance Payment, Contingent Rent or any Supplemental Facility Charges. Furthermore, any claim by the Trustee, the holders of the Series 2009 Bonds, or the Aviation Board against the bankrupt Company could be limited in amount as a matter of law. Under the Bankruptcy Code, the claim could be capped in an amount that would be no more than 3 years' rent under the Facility Lease and could be substantially less. The sufficiency of the Revenues would depend upon the extent to which the remaining Companies would pick up additional rental car customers from the bankrupt Company and would continue to collect the CFCs and pay Contingent Rent or other Supplemental Facility Charges, and upon the ability of the Aviation Board to otherwise provide for the collection of the Revenues. In the event of a bankruptcy filing of any Company, if space in the Consolidated Facility is made available as a result of such filing, it will be reallocated as necessary pursuant to the provisions of the Initial Facilities Leases. See Appendix "C" – "SUMMARY OF CERTAIN PROVISIONS OF THE INITIAL FACILITIES LEASES" hereto.

Additionally, a Company filing for bankruptcy (or another party in interest) might argue that its Facility Lease constitutes two separate contracts: one a true lease relating to the ground only for which said Company pays Ground Rentals and a second which constitutes not a lease at all but rather a financing by the Company of the Consolidated Facility, secured by a lien on the Consolidated Facility. Similar arguments have been made by lessees of other airport special facilities financed with special facility debt.

The acceptance of such an argument by a court could result in adverse consequences for holders of the Series 2009 Bonds. The Company would not be required to assume or reject its Facility Lease. The Company may be able, without the consent and over the objection of the Aviation Board, the Trustee, and the Owners of the Series 2009 Bonds, to alter the terms, including the payment terms, of the Facility Lease, as long as the bankruptcy court determines that the alterations are fair and equitable. Any such changes could increase the financial burden on the other Companies because the other Companies would have to proportionately make up the Contingent Rent or other charges from which the bankrupt Company was relieved. If the Company's Facility Lease has not been properly recorded, then the bankrupt Company (or another party in interest) may be able to argue that the Company owns its interest in the Consolidated Facility free and clear of any lien, so that the Aviation Board, the Trustee, and the holders of the Series 2009 Bonds are nothing more than general unsecured creditors.

Regardless of the ultimate treatment of the Facility Lease, a Company bankruptcy may result in adverse consequences for the holders of the Series 2009 Bonds. The automatic stay provisions of the Bankruptcy Code could prevent (unless approval of the bankruptcy court was obtained) any action to collect any amount owing by the Company to the Aviation Board, the Trustee, or the holders of the Series 2009 Bonds, or any action to enforce any obligation of the Company to the Aviation Board, the Trustee, or the holders of the Series 2009 Bonds. With the authorization of the bankruptcy court, the Company may be able to repudiate some or all of its agreements with the Aviation Board and stop performing its obligations (including payment obligations) under such agreements. Such a repudiation could also excuse

the other parties to such agreements from performing any of their obligations. In addition, with the authorization of the bankruptcy court, the Company may be able to assign its rights and obligations under any of its agreements with the Aviation Board to another entity, despite any contractual provisions prohibiting such an assignment.

Each Company has agreed, pursuant to the Facilities Lease, that in the event of a bankruptcy filing, any CFC remittance made by the Company are deemed remittance made out of a trust fund, and the Company will not attempt to collect these remittance as preferences, fraudulent transfers, etc. See Appendix “C” – “SUMMARY OF CERTAIN PROVISIONS OF THE INITIAL FACILITIES LEASES” hereto. The enforceability and application of these provisions in a bankruptcy case is not clear. A bankrupt Company may not be required to turn over to the Aviation Board or the Trustee any CFCs in its possession at the time it goes into bankruptcy. Even while the Company is in bankruptcy, it may not be required to turn over to the Aviation Board or the Trustee CFCs that it collects. The Trustee and the holders of the Series 2009 Bonds may be required to return to the Company as preferential transfers any money that was used to make payments on the Series 2009 Bonds and that was received by the Aviation Board or the Trustee from the bankrupt Company during the 90 days immediately preceding the filing of the bankruptcy petition.

There may be delays in payments on the Series 2009 Bonds while the court considers any of these issues.

There may be other possible effects of a bankruptcy of a Company that could result in delays or reductions in payments on the Series 2009 Bonds.

Regardless of any specific adverse determinations in a Company bankruptcy proceeding, the fact of a Company bankruptcy proceeding could have an adverse effect on the liquidity and value of the Series 2009 Bonds.

Limitation of Remedies

Under the terms of the Indenture, payments of debt service on Series 2009 Bonds are required to be made only as they become due and the occurrence of an Event of Default does not grant a right to accelerate payment of the Series 2009 Bonds. In the event of multiple defaults in payment of principal or interest on the Series 2009 Bonds, the Series 2009 Bond owners could be required to bring a separate action for each such payment not made. Remedies for Events of Defaults are limited to such actions which may be taken at law or in equity. See Appendix “B-I” SUMMARY OF CERTAIN PROVISIONS OF THE CFC MASTER INDENTURE AND THE FIRST SUPPLEMENTAL INDENTURE” hereto. No mortgage or security interest has been granted or lien created on the Consolidated Facility or any properties of the Companies or any portion of the Airport to secure the remittance of the Revenues or payment of the Series 2009 Bonds. No revenues of the Aviation Board other than the CFC Revenues, Contingent Rent, when applicable and the Supplemental Facility Charges, if any, and money in the Pledged Funds are pledged to the payment of the Series 2009 Bonds.

Various State laws, constitutional provisions, and federal laws and regulation apply to the obligations created by the issuance of the Series 2009 Bonds. There can be no assurance that there will not be any change in, interpretation of or addition to the applicable laws and provisions will not be

changed, interpreted, or supplemented in a manner that would have a material adverse effect, directly or indirectly, on the affairs of the Aviation Board or the Companies.

In the event of a default in the payment of principal of or interest on the Series 2009 Bonds, the remedies available to the owners of the Series 2009 Bonds upon a default are in many respects dependent upon judicial actions, which is often subject to discretion and delay under existing constitutional law, statutory law, and judicial decisions, including the federal Bankruptcy Code. Bond Counsel's opinion as to enforceability to be delivered simultaneously with the delivery of the Series 2009 Bonds will be qualified by certain limitations, including limitations imposed by bankruptcy, reorganization, insolvency, and equity principles. See Appendix "G" – "FORM OF OPINION OF BOND COUNSEL" hereto.

Competing Airport

In 1992, the Louisiana Legislature created the Louisiana Airport Authority (the "LA Authority") for the stated purpose of establishing an instrumentality to provide airports, airport facilities and financing such facilities. The geographic boundary for said entity includes most of the parishes within the New Orleans MSA and extends north along the northern boundaries of East Baton Rouge, Livingston, Tangipahoa and St. Tammany Parishes. The area represents the primary service area of the Airport. To date, the activities of the LA Authority have consisted of conducting feasibility and location studies for a regional airport to be located approximately halfway between New Orleans and Baton Rouge (the "La. Airport"). Act No. 686 of the Louisiana Legislature's 2008 Regular Session provided for the repeal of the LA Authority if the Department of Economic Development of the State did not determine that the La. Airport is economically feasible by May 1, 2009. It did not do so and accordingly, the LA Authority has been abolished and no longer exists.

Transfer of the Airport

The Aviation Board has filed a preliminary application for privatization of the Airport. Further, the ownership or governance of the Airport may be transferred by the City in accordance with Act 927. See "THE AIRPORT – "The Aviation Board" – *"Legislation Regarding Possible Transfer of the Airport"* and *"Application to FAA for Privatization of the Airport"* herein. Accordingly, the Series 2009 Bonds are subject to special mandatory redemption on any date selected by the Aviation Board on or before February 1, 2015 but not thereafter in whole but not in part in the event of any transfer of the Airport to another entity that either does not have the authority to continue the imposition and collection of the CFC, or does have the authority to continue the imposition and collection of the CFC but does not satisfy certain conditions. See "DESCRIPTION OF THE SERIES 2009 BONDS" – "Redemption Provisions" – *"Special Mandatory Redemption Upon Transfer of the Airport"* herein.

No assurance can be given that the credit quality or the ratings of the Series 2009 Bonds can be maintained, including in the event of privatization or transfer of the Airport. The Aviation Board does not currently have any specific information about any potential private operators or of the nature, credit quality or business practices of any such potential private operators. See "DESCRIPTION OF THE SERIES 2009 BONDS" – "Redemption Provisions" – *"Special Mandatory Redemption Upon Transfer of the Airport"* herein.

Construction Delays

Resulting from Rejection of Bids

The Aviation Board rejected all of the bids it received on October 29, 2009 from contractors for construction of the Initial CFC Projects and determined to re-advertise for new bids. The new bids are expected to be received on or about January 15, 2009. It is possible one or more of the contractors submitting the rejected bids will file suit seeking to enjoin an award of a construction contract to any other contractor until a final determination of the sought injunction. Such a proceeding would likely result in substantial delays in commencing construction. In one recent case the delay lasted for approximately three years. A more likely estimate of the resulting delay in commencing construction would be six to 18 months. It is possible such a delay in rebidding could result in the subsequent bids being higher than the original bids received on October 29, 2009 and therefore result in an increase in the costs of the Initial CFC Projects. However, during any such delay, the CFC Revenues will continue to be collected the amount thereof which exceeds debt service and administrative expenses for the Series 2009 Bonds and deposited into the Pay/Revenues Account of the Series 2009 Construction Fund will be available to cover any increased costs reflected in the bids received after termination of such litigation. Additionally as a result of the nine (9) bids received on October 29, 2009, Coover-Clark has determined to estimate the actual total costs of building the Initial CFC Projects, including Fees and Program Management at \$93,448,450 which is \$23,032,435 less than the Final Costs Estimate plus Fees and Program Management utilized prior to receipt of the rejected bids. See "THE PROJECT" – "Design, Construction and Project Costs" – "Receipt of Bids on October 29, 2009 and Their Rejection" – "Construction and Project Costs Based Upon Average of Bids Rejected" herein.

The Director of Aviation has the authority under the CFC Resolution to raise the CFC up to a level of \$7.00 per Transaction Day during 2010 in order to meet the Rate Requirement of the CFC Master Indenture without any further action from the Aviation Board or approval from the City Council.

By letter dated November 16, 2009, Citadel , which had submitted the second lowest bid, made formal demand upon the Aviation Board "to award the contract for the Project (the Initial CFC Projects) to Citadel within ten days of the date . . ." of the November 16, 2009 letter. On November 17, 2009, the Aviation Board delivered a letter to Citadel stating that the Aviation Board believes Citadel's claim is without merit. The Aviation Board believes it is likely that Citadel will nonetheless file suit challenging the rejection of their bid and demanding that the construction contract be awarded to Citadel.

Potential investors are cautioned to evaluate the purchase of Series 2009 A Bonds based upon the assumption that one or more of the contractors which submitted a rejected bid will file suit seeking to require the Aviation Board to award the contract for construction of the Initial CFC Projects to such plaintiff in accordance with its rejected bid and commencement of construction will be delayed.

Potential Delays in Issuance of Building Permit by Kenner

The Initial CFC Projects are to be located on portions of the Airport which are within Kenner. Accordingly, in order to proceed with construction of the Initial CFC Projects, the contractor for the Initial CFC Projects must obtain a conditional use permit (commonly referred to as a building permit)

from Kenner. The ordinance adopted by Kenner authorizing the issuance of the conditional use permit for the Initial CFC Projects contained the following language:

That the Consolidated Rental Car Facility and any tenants thereof will be subject to all applicable local taxes, specifically including the special sales tax authorized by La. R. S. 33:2740.17.

Such language does not expressly condition the issuance of the conditional use permit for the Initial CFC Projects upon the applicability of the sales tax to the tenants of the Consolidated Facility. However, the intent of the Kenner City Council members proposing and voting for such amendment and how the Kenner administrative staff will interpret this language is not presently known. Accordingly, it is possible that Kenner would attempt to refuse to issue the conditional use permit until it was able to change the applicable legislation. Such an attempt would require the Aviation Board to resort to legal proceedings to require the issuance of the conditional use permit which could result in an indeterminate delay. See “THE PROJECT”– “Possible Construction Delays Building Permit” and “Extraordinary Mandatory Redemption” herein.

Extraordinary Mandatory Redemption for Construction Delays

During the period the Series 2009 Bonds are not subject to optional redemption, the Series 2009 Bonds are subject to extraordinary mandatory redemption for construction delays if the Aviation Board is prevented from awarding a construction contract and at or before the time all impediments to commencing construction have been removed and the Aviation Board is prepared to commence construction, in the opinion of the Aviation Consultant the Rate Requirement for the Series 2009 Bonds would not be able to be met with a CFC Rate of \$7 per Transaction Day. In such event, the extraordinary mandatory redemption price shall be equal to (i) 105% of the outstanding principal balance of the Series 2009 Bonds or (ii) with respect to Series 2009 Bonds originally issued at a premium, 105% of their outstanding principal balance plus an amount equal to the unamortized premium thereon as of the Extraordinary Redemption Date. See “DESCRIPTION OF THE SERIES 2009 BONDS” – “Redemption Provisions” – “*Extraordinary Mandatory Redemption Resulting From Construction Delays*” herein.

The Director of Aviation has the authority under the CFC Resolution to raise the CFC up to a level of \$7.00 per Transaction Day during 2010 in order to meet the Rate Requirement of the CFC Master Indenture without any further action from the Aviation Board or approval from the City Council.

Increase in Costs and Delays in Completion of the Initial CFC Project

The estimated costs of, and the projected schedule for completion of construction of the Initial CFC Projects are subject to a number of uncertainties. The ability of the Aviation Board to complete the Initial CFC Projects may be adversely affected by various factors, including estimating errors, design and engineering errors, changes in scope, delays in contract award and execution, material or labor shortages, unforeseen site conditions, adverse weather conditions or casualty events, labor disputes, inflation, environmental issues, contractor defaults and litigation. No assurance can be given that the Initial CFC Projects will not cost more than the current estimates for such projects. In the event of any cost increases, the Aviation Board may need to identify additional sources for funding any additional such costs.

Studies Regarding Moving the Airport

In September 2007, the Aviation Board received a study of long-term options for development and expansion of the Airport of the type commonly referred to as a “strategic” or “master plan.” A history of the Aviation Board’s interest in alternative sites for future relocation of the Airport and an analysis of several alternative sites were included in an appendix to the study. The study’s recommended option was continued use, development and expansion of the existing site over the next forty years. There are no current plans to relocate the Airport from its present site.

Forward-Looking Statements

This Official Statement, and particularly the information contained under the captions “INTRODUCTION” – “The Aviation Board and the Airport”, “Air Traffic Report”, and “Feasibility Report,” “FEASIBILITY REPORT” and in Appendix “E” – “Feasibility Report of Unison,” “AIR TRAFFIC REPORT OF THE AVIATION CONSULTANT” and in Appendix “F” – “AIR TRAFFIC REPORT OF THE AVIATION CONSULTANT,” “AIRPORT FINANCIAL INFORMATION” – “New Residual Airline Lease,” and “INVESTMENT CONSIDERATIONS” – “Aviation and Rental Car Activity”, and “Factors and Events Affecting the Air Transportation System” contain statements relating to future results that are “forward looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. Among the factors that may cause projected revenues and expenditures to be materially different from those anticipated are an inability to incur debt at assumed rates, construction delays, increases in construction costs, general economic downturns, factors affecting the airline industry in general, federal legislation and/or regulations and regulatory and other restrictions. Any forecast is subject to such uncertainties. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

TAX MATTERS

The following is a summary of certain United States federal income tax consequences of the ownership of the Series 2009 Bonds as of the date hereof. Each prospective investor should consult with such investor’s own tax advisor regarding the application of United States federal income tax laws, as well as any state, local, foreign or other tax laws, to its particular situation.

This summary is based on the Internal Revenue Code of 1986 (the “Code”), as well as Treasury regulations and administrative and judicial rulings and practice. This summary has also taken into account the enactment of the American Recovery and Reinvestment Act of 2009. Legislative, judicial and administrative changes may occur, possibly with retroactive effect, that could alter or modify the continued validity of the statements and conclusions set forth herein. This summary is intended as a general explanatory discussion of the consequences of holding the Series 2009 Bonds, generally, and does not purport to furnish information in the level of detail or with the investor’s specific tax circumstances that would be provided by an investor’s own tax advisor. For example, it generally is addressed only to original purchasers of the Series 2009 Bonds that are “U.S. holders” (as defined below), deals only with

Series 2009 Bonds held as capital assets within the meaning of Section 1221 of the Code and does not address tax consequences to holders that may be relevant to investors subject to special rules, such as individuals, trusts, estates, tax-exempt investors, foreign investors, cash method taxpayers, dealers in securities, currencies or commodities, banks, thrifts, insurance companies, electing large partnerships, mutual funds, regulated investment companies, real estate investment trusts, FASITs, S-corporations, persons that hold Series 2009 Bonds as part of a straddle, hedge, integrated or conversion transaction, and persons whose “functional currency” is not the U.S. dollar. In addition, except as described below, this summary does not address alternative minimum tax issues or the indirect consequences to a holder of an equity interest in a holder of Series 2009 Bonds.

As used herein, a “U.S. holder” is a “U.S. person” that is a Beneficial Owner of a Series 2009 Bond. A “non-U.S. investor” is a holder (or beneficial owner) of a Series 2009 Bond that is not a U.S. person. For these purposes, a “U.S. person” is a citizen or resident of the United States, a corporation or partnership created or organized in or under the laws of the United States or any political subdivision thereof (except, in the case of a partnership, to the extent otherwise provided in Treasury regulations), an estate, the income of which is subject to United States federal income taxation regardless of its source, or a trust if (i) a United States court is able to exercise primary supervision over the trust’s administration and (ii) one or more United States persons have the authority to control all of the trust’s substantial decisions.

Tax Status of the Series 2009 Bonds

In the opinion of The Godfrey Firm, PLC (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2009 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code, except that no opinion is expressed as to the status of interest on the Series 2009 Bonds for any period that such a bond is held by a “substantial user” of the facilities financed or refinanced by such bonds or by a “related person” within the meaning of Section 147(a) of the Code. Bond Counsel is of the further opinion that interest on the Series 2009 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes and that as a result of the enactment of the 2009 American Recovery and Reinvestment Act, Section 1503, such interest is not included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that the interest on the Series 2009 Bonds is exempt from all taxation for state, parish, municipal, or other purposes in the State of Louisiana. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix “G” hereto.

To the extent the issue price of any maturity of the Series 2009 Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2009 Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Series 2009 Bonds is the first price at which a substantial amount of such maturity of the Series 2009 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2009 Bonds accrues daily over the term

to maturity of such Series 2009 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2009 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2009 Bonds. Beneficial Owners of the Series 2009 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2009 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2009 Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2009 Bonds is sold to the public.

Series 2009 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2009 Bonds. The Aviation Board has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2009 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2009 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2009 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Series 2009 Bonds, may adversely affect the value of, or the tax status of interest on, the Series 2009 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2009 Bonds is excluded from gross income for federal income tax purposes and is exempt from all taxation for state, parish, municipal, or other purposes in the State of Louisiana, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2009 Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2009 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market

price for, or marketability of, the Series 2009 Bonds. Prospective purchasers of the Series 2009 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2009 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Aviation Board or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Aviation Board has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2009 Bonds ends with the issuance of the Series 2009 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Aviation Board or the Beneficial Owners regarding the tax-exempt status of the Series 2009 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Aviation Board and the Beneficial Owners and their appointed counsel would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Aviation Board legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2009 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2009 Bonds, and may cause the Aviation Board or the Beneficial Owners to incur significant expense.

Louisiana Tax Status of the Series 2009 Bonds

In the opinion of Bond Counsel, interest on the Series 2009 Bonds is exempt from all taxation for state, parish, municipal, or other purposes in the State of Louisiana. Bond Counsel's engagement with respect to the Series 2009 Bonds ends with the issuance of the Series 2009 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Aviation Board or the Beneficial Owners regarding the tax status of the Series 2009 Bonds by the Department of Revenue of the State of Louisiana. A complete copy of the proposed form of opinions of Bond Counsel is set forth in Appendix "G" hereto.

APPROVAL OF LEGAL PROCEEDINGS

The authorization, issuance and sale of the Series 2009 Bonds are subject to the approving legal opinion of The Godfrey Firm, PLC, New Orleans, Louisiana, Bond Counsel. The Godfrey Firm, PLC, New Orleans, as Bond Counsel, will opine with respect to the exclusion of interest on the Series 2009 Bonds from federal income taxation. Certain legal matters in connection therewith will be passed upon for the Underwriters by Orrick, Herrington & Sutcliffe, LLP, San Francisco and Haley & McKee, L. L. C., New Orleans, Co-Underwriters' Counsel. Certain legal matters will be passed upon for the Aviation Board by its General Counsel, Courtney Courseault Thornton and for The Bank of New York Mellon Trust Company, N.A. as Trustee by Gregory A. Pletsch & Associates, Baton Rouge.

AUDITED FINANCIAL STATEMENTS

The financial statements of the Airport for fiscal years ending December 31, 2008 and 2007 are included as Appendix “H-I” and “H-II” to this Official Statement. The financial statements for fiscal years 2008 and 2007 were audited by Postlethwaite & Netterville, a Professional Accounting Corporation of Metairie, Louisiana to the extent, and for the periods indicated in the respective reports. It should be noted that such financial statements are prepared in accordance with generally accepted accounting principles which may not be consistent with the methods used in accounting for (i) the Revenues under the Indenture and under the indentures relating to the Aviation Board’s General Airport Revenues.

The Airport's independent auditors have not complied with, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

RATINGS

The Series 2009 Bonds have been assigned ratings of “Baa2” and “A-” by Moody’s Investors Services and Standard & Poor’s U. S. Public Finance Ratings, respectively. The ratings reflect only the views of Moody’s Investors Services and Standard & Poor’s U. S. Public Finance Ratings. An explanation of the ratings assigned by Moody’s Investors Services and Standard & Poor’s U. S. Public Finance Ratings may be obtained from such rating agencies. There can be no assurance that such ratings will continue for any period of time or that the ratings will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of such ratings may have and adverse effect on the market price of the Series 2009 Bonds.

The Aviation Board requested a private credit assessment of the Series 2009 Bonds based upon the evaluation of the Revenues and the provisions of the CFC Master Indenture and the First Supplemental Indenture from Fitch Ratings. The private review resulted in a credit assessment of BBB-dated September 30, 2009. A copy of the private credit assessment has been posted by the Aviation Board on its website www.flymsy.com under the page captioned News and Statistics- Consolidated Rental Car Facility Series 2009 Bonds. Fitch Ratings has advised the Aviation Board it will post the credit assessment on its website for a period of time. No website mentioned in this Official Statement is intended to be part of this Official Statement, and readers should not rely upon any other information presented on any such website in determining whether to purchase the Series 2009 Bonds. Inactive textual references to any website mentioned in this Official Statement are not hyperlinks and do not incorporate such websites by reference.

UNDERWRITERS

Morgan Keegan & Company, Inc./ Melvin Securities and J. P. Morgan Securities Inc./ Jackson Securities (collectively, the “Underwriters”) have agreed to purchase the Series 2009 Bonds from the Aviation Board at an aggregate purchase price of \$93,290,447.05. The Underwriters will be compensated

for their services with respect to the Series 2009 Bonds through an underwriters' discount equal to \$833,903.80. The Bond Purchase Agreement dated November 18, 2009 among the Aviation Board and the Underwriters provides that the obligation to purchase the Series 2009 Bonds is subject to certain terms and conditions, including the approval of certain legal matters by counsel. The Underwriters will be obligated to purchase all Series 2009 Bonds if any Series 2009 Bonds are purchased.

The Series 2009 Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2009 Bonds into investment trusts) at prices lower than the public offering price. The public offering prices may be changed from time to time by the Underwriters.

CONTINUING DISCLOSURE

The Aviation Board will enter into an undertaking (the "Undertaking") for the benefit of the owners of the Series 2009 Bonds to provide, so long as the Series 2009 Bonds are outstanding, certain financial information and operating data to certain financial information repositories annually and to provide notice to the Electronic Municipal Market Access system operated by the Municipal Securities Rulemaking Board and a state information repository, if any, of certain events, pursuant to the requirement of Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. Part 240, §240.15c2-12) (the "Rule"). See Appendix "I" – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" hereto.

A failure by the Aviation Board to comply with the Undertaking will not constitute an Event of Default under the CFC Master Indenture or the First Supplemental Indenture (although Bondholders will have any available remedy at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by a broker-dealer or municipal securities dealer before recommending the purchase or sale of the Series 2009 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2009 Bonds and their market price.

FINANCIAL ADVISORS

Fullerton & Friar, Inc. and Yenrab, Inc. (the "Co-Financial Advisors") serve as independent financial advisors to the Aviation Board on matters relating to debt management. The Co-Financial Advisors have provided advice as to the plan of financing and the structuring of the Series 2009 Bonds and have reviewed and commented on certain legal documentation, including the Official Statement. The advice on the plan of financing and the structuring of the Series 2009 Bonds was based on materials provided by the Aviation Board and other sources of information believed to be reliable. The Co-Financial Advisors have not audited, authenticated or otherwise verified the information provided by the Aviation Board or the information set forth in this Official Statement or any other information available to the Aviation Board with respect to the appropriateness, accuracy or completeness of disclosure of such information or other information and no guarantee, warranty or other representation is made by the Co-Financial Advisors respecting the accuracy and completeness of or any other matter related to such information contained in this Official Statement.

MISCELLANEOUS

The references, excerpts and summaries of all documents referenced herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Series 2009 Bonds, the security for the payment of the Series 2009 Bonds and the rights and obligations of the holders thereof. Copies of the documents referred to herein are available for inspection at the office of the Aviation Board, Louis Armstrong New Orleans International Airport, New Orleans, Louisiana. Any statements made in this Official Statement involving matters of opinion, forecasts, or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the opinions, forecasts or estimates will be realized.

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This Official Statement has been duly authorized by the Aviation Board and duly executed and delivered on its behalf by the official signing below.

NEW ORLEANS AVIATION BOARD

/S/ Daniel F. Packer, Jr.

Daniel F. Packer, Jr., Chairman

APPENDIX “A” MASTER DEFINITION LIST

- I. CFC MASTER INDENTURE**
- II. FIRST SUPPLEMENTAL INDENTURE**
- III. INITIAL FACILITIES LEASE**
- IV. AMENDED AND RESTATED CUSTOMER FACILITY CHARGE RESOLUTION**

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MASTER DEFINITION LIST

I. CFC MASTER INDENTURE

“*Accounts*” means the special accounts created and established pursuant to Article III.

“*Act*” means Article VI, Section 37 of the Louisiana Constitution of 1974, as amended, Part XIV of Chapter 4 of Subtitle II of Title 39 of the Louisiana Revised Statutes of 1950, as amended, in particular Sections 1034(D) thereof, together with other constitutional and statutory authority supplemental thereto, including, without limitation, the provisions of Chapter 13 of Subtitle III, in particular Section 1430 thereof, of Title 39 of the Louisiana Revised Statutes of 1950, as amended.

“*Additional Bonds*” means CFC Bonds (excluding CFC Obligations) other than the Initial Bonds issued pursuant to the provisions of Section 205 hereof and in compliance with the provisions of Section 206 hereof including Completion CFC Bonds.

“*Administrative Costs*” means the following expenses as determined and approved by an Authorized Board Representative which are incurred in connection with the CFC Bonds and the financing of any CFC Project as a direct consequence of the Board’s entering into this CFC Master Indenture, the Supplemental Indentures, the Agreements and the Facilities Leases: (i) the ongoing fees and expenses of the Trustee, the paying agent and registrar for the CFC Bonds, (ii) the ongoing fees and expenses due any Provider, (iii) the fees and expenses of Bond Counsel, or other legal counsel to the Board or the Trustee, the Accountant and the Independent Airport Consultant subsequent to those included in the Costs of Issuance, (iv) the fees and expenses of the Board related to CFC Bonds incurred with respect to the Airport, including, but not limited to those of attorneys, financial advisors, accountants and consultants incurred in connection with any regulatory or administrative requirements, including specifically, but without limitation, the preparation and filing of annual financial statements and audits and compliance with arbitrage rebate requirements for Tax-exempt Bonds and continuing disclosure requirements, (v) the reasonable legal fees and expenses of the Board and the Companies incurred with respect to defending any actions or proceedings brought by third parties challenging the CFC or the collection or remittance thereof under the CFC Resolution, the Facilities Leases, the Indenture, the Agreements and any CFC Bonds, (vi) insurance premiums or insurance deductibles, if any, of the Board with respect to any CFC Project, to the extent not paid by the Companies pursuant to Section 408, and (vii) such other reasonable fees and expenses of the Board in carrying out its obligations under this CFC Master Indenture, the Supplemental Indentures, the CFC Resolution, the Facilities Leases, and the Agreements. Administrative Costs shall not include Costs of Issuance.

“*Administrative Costs Fund*” means the Administrative Costs Fund established with the Trustee pursuant to Article III.

“*Agreement*” or “*Agreements*” means each On-Airport Concession License Agreement entered into by the Board and an On-Airport Rental Car Company and each Off-Airport Concession License Agreement entered into by the Board and an Off-Airport Rental Car Company, or, collectively, the On-Airport Concession License Agreements entered into by the Board and the respective On-Airport Rental Car Companies and the Off-Airport Concession License Agreements entered into by the Board and the

respective Off-Airport Rental Car Companies regarding the charging, collecting and remittance of the Facility Charges or any Off-Airport Rental Car Customer CFC, as applicable.

“Aggregate Debt Service” means, as of any particular date of computation and with respect to a particular Bond Year or other specified 12-month period, an amount of money equal to the aggregate amounts required by the provisions of all Supplemental Indentures creating Series of CFC Bonds and all instruments creating Section 208 Obligations and Section 209 Obligations to be deposited from Revenues in all sub-funds, accounts and subaccounts created under such Supplemental Indentures in such Bond Year or other specified 12-month period.

“Airport” means Louis Armstrong New Orleans International Airport, formerly known as Moisant Field, owned by the City, together with any additions thereto, or improvements or enlargements thereof, hereafter made.

“Airport Facility or Airport Facilities” shall mean any portion or component of the Airport System, other than a Special Facility.

“Airport System” shall mean all airport and aviation facilities, or any interest therein, now or from time to time hereafter owned by the City and/or operated or controlled in whole or in part by the Board, together with all properties, facilities and services thereof, and all additions, extensions, replacements and improvements thereto, and all services provided or to be provided by the Board in connection therewith except any Special Facility. The Airport System shall include the Airport and the downtown heliport.

“Amortized CFC Bonds” means any Series of CFC Bonds, 25% or more of the Principal Installments of which are due, or by virtue of tender rights with respect thereto may become due, in a single Bond Year, which portions of the principal are not required by the Supplemental Indenture authorizing such Series to be amortized by redemption or by Sinking Fund Payments prior to such date.

“Annual Debt Service” means, as of any particular date of computation and with respect to a particular Bond Year or other specified 12-month period and to CFC Bonds of a particular Series or consisting of a particular Section 208 Obligation or Section 209 Obligation, an amount of money equal to the sum of (a) all interest payable during such Bond Year or other specified 12-month period on all CFC Bonds of said Series, Section 208 Obligation or Section 209 Obligation Outstanding on said date of computation and (b) all Principal Installments payable during such Bond Year or other specified 12-month period with respect to all CFC Bonds of said Series, Section 208 Obligation or Section 209 Obligation Outstanding on said date of computation, all calculated on the assumption that Series of CFC Bonds, Section 208 Obligations and Section 209 Obligations will after said date of computation cease to be Outstanding by reason of the payment when due (or provision for such payment in accordance with Section 901) and application in accordance with this CFC Master Indenture and the Supplemental Indenture creating such Series or the instrument creating such Section 208 Obligation or Section 209 Obligation of Principal Installments payable at or after said date of computation. For purposes of calculating Annual Debt Service, the following assumptions shall be used:

- (a) With respect to Variable Rate CFC Bonds and variable rate indebtedness, see Section 103.

(b) With respect to CFC Bonds for which the Board has entered into a Qualified Swap Agreement, see Section 209(a).

(c) With respect to Amortized CFC Bonds for which the Board has a binding commitment of a responsible financial lender to provide financing (other than a financing the terms of which require the repayment of principal on demand, in which case the provisions of (e) below shall apply) sufficient to retire the Amortized CFC Bonds, the amount of principal and interest to be considered to be part of the Annual Debt Service shall be in accordance with the terms of such commitment.

(d) With respect to Commercial Paper, any computation of principal for Annual Debt Service shall exclude Commercial Paper and shall instead calculate such principal as if the Commercial Paper matures in substantially equal annual payments of principal over a period of 30 years from the date of original issuance thereof.

(e) With respect to Amortized CFC Bonds which are not described in (c) or (d) above, the actual terms of such indebtedness shall be used in calculating the Annual Debt Service.

“*Arbitrage Rebate Fund*” means any such Fund created pursuant to the provisions of Section 301(1)(j) and Section 313 for a particular Series of Tax-Exempt Bonds.

“*Authorized Board Representative*” means the Chairman, Vice Chairman of the Board and the Director or any other officer, or employee authorized by an appropriate proceeding adopted by the Commissioners to act on behalf of the Board with respect to any purpose of this CFC Master Indenture or any Supplemental Indenture.

“*Authorized Officer*” shall mean any officer, official, employee, agent or other person authorized by an appropriate proceeding of the entity on behalf of which such individual is acting for any purpose of this CFC Master Indenture and with respect to the Board shall include the Authorized Board Representative.

“*Board*” means the New Orleans Aviation Board.

“*Bond(s)*” means any bond or other written evidence of indebtedness included within the definition of CFC Bonds and does not include any CFC Obligations, Subordinated CFC Bonds or Subordinated CFC Obligations.

“*Bond Counsel*” means The Godfrey Firm, A Professional Law Corporation, or any other counsel acceptable to the Board and the Trustee and which is a nationally recognized bond counsel familiar with transactions of the type contemplated under this CFC Master Indenture.

“*Bond Resolution*” means that certain resolution adopted by the Commissioners of the Board dated February 25, 2008 captioned:

A resolution authorizing the issuance of not exceeding \$200,000,000 of tax-exempt and/or taxable bonds in one or more series to be denominated the New Orleans Aviation Board Special Facility Gulf Opportunity Zone Revenue Bonds

(Consolidated Rental Car Facility Project) Series 2008; approving the form and authorizing the execution of one or more bond trust indentures providing for the issuance and security of such bonds; and providing for other matters in connection therewith.

As supplemented and amended by that certain resolution adopted by the Commissioners of the Board on November 19, 2008 captioned:

A resolution supplementing and amending the resolution adopted on February 25, 2008 authorizing the issuance of not exceeding \$200,000,000 of tax-exempt and/or taxable bonds in one or more series to be denominated the New Orleans Aviation Board Special Facility Gulf Opportunity Zone Revenue Bonds (Consolidated Rental Car Facility Project) Series 2008 so as to redenominated such bonds as the Series 2009 Bonds, provide the maximum principal amount thereof shall be \$140,000,000, provide a final maturity date for such bonds of not more than 40 years after their issuance and a maximum rate not exceeding 9% if issued as fixed rate bonds and other matters in connection therewith.

as it shall be further supplemented to provide the final terms, conditions for such bonds.

“Bond Year” means a 12-month period commencing on January 2 of each calendar year and ending on January 1 of the next succeeding calendar year and the partial year commencing on the date of issuance of the Initial Bonds and ending on January 2 next succeeding their issuance.

“Business Day” means any day on which interbank wire transfers are made on the Fedwire system, other than a Sunday, a Saturday, a legal holiday or a day on which banking institutions are authorized by law or executive order to close in the City, in the City of New York, New York, or in the city in which a Principal Office of the Trustee is located.

“Capital Appreciation Bond” means a Bond bearing interest that is compounded on an initial date and semiannually thereafter, and is payable at maturity.

“Certificate” means an instrument of the Board in writing signed by an Authorized Board Representative. Any such instrument in writing and supporting opinions or representations, if any, may but need not, be combined in a single instrument with any other instruments, opinion or representation, and the two or more so combined shall be read and construed so as to form a single instrument. Any Certificate may be based, insofar as it relates to legal, accounting or engineering matters, upon the opinion or representation of counsel, accountants, or engineers, respectively, unless the officer signing such Certificate knows that the opinion or representation with respect to the matters upon which such Certificate may be based, as aforesaid, is erroneous. The same Authorized Board Representative, or the same counsel or accountant or other persons, as the case may be, need not certify to all of the matters required to be certified under any provision of this CFC Master Indenture or any Supplemental Indenture, but different officers, counsel, accountants or other persons may certify to different facts, respectively.

“CFC Bonds” means (a) any of the CFC Bonds, notes or evidences of indebtedness issued by the Board under and pursuant to Article II of this CFC Master Indenture, (b) any Section 208 Obligations and

(c) any Section 209 Obligations, all of which are secured on a *pari passu* parity basis by a first lien on the Revenues and the Trust Estate and do not include Subordinated CFC Bonds.

“*CFC Obligations*” means collectively (a) any Section 208 Obligations and (b) any Section 209 Obligations which are secured on a *pari passu* parity basis by a first lien on the Revenues and the Trust Estate and does not include Subordinated CFC Obligations.

“*CFC,*” “*Facility Charge*” or “*Facility Charges*” shall mean the per diem charge expressed in dollars or as a percentage of gross daily rental charges imposed by the Board upon the lessors of rental cars rented at the Airport to be collected by the On-Airport Rental Car Companies and remitted to the Board.

“*CFC Collection Account*” means the account created pursuant to the provisions of Section 301(1)(k) and described in Section 312 hereof.

“*CFC Costs*” means the costs that are intended to be paid with or recovered from CFC Revenues, as follows:

1. The Aggregate Debt Service on the CFC Bonds.
2. The annual Administrative Costs.
3. Deposits needed to the Maintenance Reserve Fund in order to meet the Maintenance Reserve Fund Requirement.
4. Fund the Coverage Account to the Coverage Account Requirement.
5. Any required deposits to the funds and accounts established pursuant to Article III of this CFC Master Indenture, including the replenishment of deficiencies in the balances of the accounts and funds or other reserves.

“*CFC Deficit*” means that the projected CFC Revenues for any Bond Year are not sufficient to equal the Rate Requirement of Section 402(c) hereof for such Bond Year.

“*CFC Master Indenture*” means this master indenture among the Board, the City and the Trustee relating to CFC Bonds secured by the Revenues.

“*CFC Project(s)*” means the Initial CFC Projects and any other capital improvement that may be lawfully undertaken by the Board and paid for or financed with CFC Revenues.

“*CFC Resolution*” means (i) that certain resolution adopted by the Commissioners of the Board on July 16, 2008 captioned:

A resolution establishing and imposing a customer facility charge to be collected by all on-airport rental car companies operating at Louis Armstrong New Orleans International Airport to be used to finance a consolidated rental car facility; establishing certain requirements for both on and off-airport rental car

companies' operations at the Airport with respect to the consolidated rental car facility; and providing for other matters in connection therewith.

as supplemented and amended by that certain resolution adopted by the Commissioners of the Board on October 15, 2008 captioned:

A resolution amending that certain resolution adopted on July 16, 2008 imposing a consolidated facility charge so as to 1) delay the commencement of its collection until November 1, 2008, 2) amend the definition of Transaction Day, 3) increase the rate thereof to \$5.50 and 4) provide for the termination of the CFC on April 30, 2009 unless certain conditions are satisfied; and other matters in connection therewith.

As further supplemented and amended by that certain resolution adopted by the Commissioners of the Board on April 15, 2009 captioned:

A resolution amending both that certain resolution adopted on July 16, 2008 imposing a consolidated facility charge at the Louis Armstrong New Orleans International Airport and that certain First Amending And Supplemental CFC Resolution adopted on October 15, 2008 which amended the initial CFC Resolution so that as amended they shall provide that the imposition and collection of the CFC shall terminate on the later of (i) May 31, 2009 or (ii) the last day of the calendar month within which the total amount of CFC collections have equaled at least the total amount of fees, costs, and expenses incurred and for which the Board is obligated which are attributable to the imposition of the CFC, the request for bids process for the proposed new rental car concession agreements, the proposed leases for the Consolidated Facility and the planning, designing and financing of the Consolidated Facility unless certain conditions are satisfied; and other matters in connection therewith.

As further supplemented and amended by that certain resolution No. 05-13-2009-9 adopted by the Commissioners of the Board on May 13, 2009 amending and restating the previously adopted resolutions regarding the imposition of the CFC captioned:

AMENDED AND RESTATED CUSTOMER FACILITY CHARGE RESOLUTION

A resolution supplementing, amending and restating three previously adopted resolutions establishing and imposing a customer facility charge to be collected by all on-airport rental car companies operating at Louis Armstrong New Orleans International Airport to be used to finance a consolidated rental car facility; establishing certain requirements for both on and off-airport rental car companies' operations at the Airport with respect to the consolidated rental car facility; and providing for other matters in connection therewith.

“*CFC Revenues*” shall mean all of the proceeds derived by the Board from the CFC but not including any Contingent Rent or any other Supplemental Facility Charges.

“*Chief Financial Officer*” means the Airport Financial Manager or such other Board staff person in responsible charge of the Board’s financial records, accounts and accounting functions.

“*City*” means the City of New Orleans, a body politic and corporate and home rule unit of local government, organized and existing under the Constitution and laws of the State.

“*City Council*” means the City Council of the City of New Orleans, or any succeeding governing or legislative body of the City.

“*Code*” means the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations promulgated thereunder.

“*Commercial Paper*” means CFC Bonds issued in connection with a program of commercial paper, as such term is generally understood, maturing not later than 270 days from the date of issuance thereof.

“*Commissioners*” means the duly appointed individual members of the Board of Commissioners of the Board.

“*Common Transportation System Expenses*” shall mean and refer to any and all operating expenses payable from CFC Revenues incurred or paid by the Board at any time in connection with the operation of the Common Use Transportation System, other than those costs paid from proceeds of the Bonds as set forth in the definitions of the CFC Resolution.

“*Common Use Transportation System*” means, the pedestrian conveyor or people mover connecting portions of the Terminal with the CONRAC, and any common use transportation system implemented in order to convey rental car customers to and from the CONRAC and the Service Centers and all other improvements constructed in connection therewith.

“*Companies*” or “*Company*” means (i) those On-Airport Rental Car Company or Companies that have entered into an On-Airport Concession License Agreement, and a Facilities Lease(s), and (ii) any surviving, resulting or transferee entity as provided in the On-Airport Concession License Agreements and Facilities Lease(s).

“*Completion CFC Bonds*” means a Series of CFC Bonds issued for the purpose of defraying additional costs of a CFC Project.

“*Completion Date*” means the date determined by the Board in a Certificate as the date upon which any CFC Project for which CFC Bonds have been issued shall be or was complete (as opposed to substantially complete) as such term is defined and used in section 309(2) hereof.

“*CONRAC*” means the portion of the Consolidated Facility, that includes the following components: (i) the demolition of the existing terminal utility building for the Airport and the

construction of a new terminal utility building on another site even including any portions of such costs which may be approved by the FAA as one or more passenger facility charge projects and ultimately financed with passenger facility charge debt; (ii) a customer service building containing customer service areas and rental car company administration areas; (iii) the ground relating to the CONRAC; (iv) ready/return car parking areas within a multi-floor parking garage; and (v) certain infrastructure improvements to property, such as roadway improvements related to the construction and operation of such facilities.

“*Consolidated Facility*” means the consolidated rental car facility to be constructed at the Airport the costs of which shall be paid with a portion of the proceeds of the Initial Bonds, CFC Revenues received both before and after delivery of the Initial Bonds and other amounts made available by the Board and which includes the CONRAC and the Service Centers.

“*Construction Fund*” means the Construction Fund established with the Trustee pursuant to Article III.

“*Consulting Engineer*” means a registered or licensed engineer or engineers, or firm or firms of engineers, with expertise in the field of designing, preparing plans and specifications for, supervising the construction, improvement and expansion of, and supervising the maintenance of, airports and aviation facilities, entitled to practice and practicing as such under the laws of the State of Louisiana, who, in the case of any individual, shall not be a Commissioner, councilmember, officer or employee of the City or the Board.

“*Contingent Rent*” means the additional amounts payable by the Companies to the Board pursuant to the Initial Facilities Leases and any other Facilities Lease(s) if provided for in any such leases when the CFC Revenues for any applicable period are projected to not equal estimated CFC Costs or have not actually equaled the actual CFC Costs for a prior period.

“*Contract*” means the written agreement under which a Motor Vehicle is rented at the Airport to a customer by a Company.

“*Costs of Issuance*” means any item of expense payable or reimbursable, directly or indirectly, by the Board and related to the authorization, offering, sale, issuance and delivery of CFC Bonds, including but not limited to travel and other expenses of any officer or employee of the Board or the Airport in connection with the authorization, offering, sale, issuance and delivery of such CFC Bonds, printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, legal fees and disbursements, fees and disbursements of the Independent Airport Consultant, the Independent Accountant and the Consulting Engineer to the extent such fees and disbursements are not included in the Costs of the Project, fees and disbursements of other consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of CFC Bonds, application fees, premiums, charges and costs relating to Credit Facilities, and the reasonable expenses and costs incurred by the Companies, including their consultants, advisors and attorneys in connection with the issuance of the CFC Bonds and the CFC Projects to the extent such expenses and costs are not included in the Costs of the Project. Costs of Issuance shall not include Administrative Costs.

“*Costs of Issuance Fund*” means any such Fund created pursuant to the provisions of Section 301(1)(i) and described in Section 310 for a particular Series of CFC Bonds.

“*Costs of the Project*” means all costs incident to the provision of the particular CFC Projects and the financing thereof now or hereafter permitted as authorized by a particular Supplemental Indenture.

“*Counsel’s Opinion*” means a written opinion of Bond Counsel selected by the Board.

“*Coverage Fund*” means the Coverage Fund established with the Trustee pursuant to Article III.

“*Coverage Fund Requirement*” means an amount equal to 25% of the Maximum Annual Debt Service.

“*Credit Facility*” means, any instrument, such as a policy of municipal bond insurance, financial guaranty bond insurance, an irrevocable letter of credit, surety bond or guarantee issued by a financial institution which provides security for payment of the principal of and interest on any CFC Bonds when due and any such instrument given in replacement or substitution therefor.

“*Credit Provider*” means, with respect to a Series of CFC Bonds, the provider of a Credit Facility for such Series of CFC Bonds specified in the Supplemental Indenture providing for the issuance of such Series of CFC Bonds or in any alternate or replacement Credit Facility.

“*Date of Beneficial Occupancy*” or “*DBO*” means the date as of which the related CFC Project has been granted a certificate of occupancy and is ready for its intended use, as evidenced by written notice from the Director of Aviation to the Trustee and the Companies.

“*Debt Service Account*” means the Debt Service Account established in the Debt Service Fund for a Series of CFC Bonds in a Supplemental Indenture.

“*Debt Service Fund*” means the Debt Service Fund established with the Trustee pursuant to Article III.

“*Debt Service Reserve Account*” means any Debt Service Reserve Account that may be established in the Debt Service Fund for a Series of CFC Bonds issued as Reserve Bonds in a Supplemental Indenture pursuant to Article III.

“*Debt Service Reserve Account Surety Policy*” means a letter of credit, surety bond or non-cancelable insurance policy issued by a domestic or foreign bank, insurance company or other financial institution whose debt obligations are rated by at least one Rating Agency “Aa” or better by Moody’s, or “AA” or better by Fitch or S&P, as of the date of issuance thereof to the Board for the benefit of the Owners of a Series of CFC Bonds issued as Reserve Bond(s) to satisfy in whole or in part the Debt Service Reserve Requirement. Any such letter of credit, surety bond or insurance policy shall be issued in the name of the Trustee and shall contain no restrictions on the ability of the Trustee to receive payments thereunder other than a certification of the Trustee that the funds drawn thereunder are to be used for purposes for which moneys in the Debt Service Reserve Account may be used.

“*Debt Service Reserve Requirement*” means, with respect to any Series of CFC Bonds, issued as Reserve Bond(s) the amount established in a Supplemental Indenture for such Series.

“*Defeasance Obligation*” means direct non-callable obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, Refcorp interest strips, CATS, TIGRS, STRPS, or non-callable defeased municipal CFC Bonds rated “AAA” by any Rating Agency.

“*Director of Aviation*” means the Director of Aviation of the Airport, or any person authorized by the Director of Aviation in writing to act on his or her behalf or any successor or successors to the duties of any such official.

“*Disbursement Certificate*” means a certificate in substantially the form of *Exhibit A* hereto signed by an Authorized Officer.

“*Event of Default*” means an Event of Default under Section 701.

“*Facilities Lease(s)*” means one or more of the leases relating to any CFC Project including without limitation the Initial Facilities Leases as they may be supplemented and amended.

“*Facility*” means a Credit Facility or a Liquidity Facility.

“*Favorable Tax Opinion*” means an opinion of Bond Counsel acceptable to the Board and the Trustee to the effect that any proposed action or inaction will not adversely affect the exclusion of the interest on any Tax-Exempt Bonds from gross income for federal income tax purposes.

“*Federal Obligation*” means any direct obligation of, or any obligation the full and timely payment of principal of and interest on which is guaranteed by, the United States of America.

“*Fiscal Year*” means January 1 through December 31 of any year, or such other fiscal year as the Board may adopt.

“*Fitch Ratings*” shall mean the credit rating agency known by such name and any successor thereto which is a nationally recognized statistical rating agency.

“*Fixed Rate*” means one or more nonfloating, nonvariable interest rates which apply to a Series of CFC Bonds as specified in accordance with any applicable Supplemental Indenture.

“*Funds*” means the special funds created and established pursuant to Article III.

“*GARB General Indenture*” means that certain General Revenue Bond Trust Indenture among the Board, the City and The Bank of New York Mellon Trust Company, N. A., as trustee dated as of February 1, 2009 relating to the Board’s general airport revenues or any successor general bond trust indenture.

“*GARB Net Revenues*” means the Net Revenues as defined in the GARB General Indenture.

“*GARB Revenues*” means the general airport revenues of the Board defined as “Revenues” in the GARB General Indenture.

“*Ground Rental Repayment Amount*” means the payments to be made from the Surplus Fund by the Trustee to the Companies to be used to reimburse the Companies for the Ground Rentals paid by them in the prior Bond Year as provided and used in Section 308 hereof.

“*Ground Rentals*” means the payments to be made by the Companies pursuant to Article VI, Section 602 (a) of the Initial Facilities Leases and any replacement Facilities Leases as compensation to the Board for the use of the ground upon which the Consolidated Facility is located.

“*Independent Accountant*” means a certified public accountant selected by the Board and licensed to practice in the State of Louisiana, and who (a) in the case of an individual, shall not be an officer or employee of the City, (b) shall be satisfactory to the Trustee and (c) may be the accountant that regularly audits the books of the City and/or the Airport.

“*Independent Airport Consultant*” means any one or more consultants selected by the Board with expertise in the administration, financing, planning, maintenance and operations of airports and facilities thereof and qualified to review and assess the anticipated CFC Revenues and recommend to the Board the amount of the CFC, and Contingent Rent or Supplemental Facility Charges, if required, and who, in the case of an individual, shall not be a Commissioner, City Council Member, or an officer or employee of the Board or the City.

“*Infrastructure Improvements*” means the design and construction of infrastructure improvements to be made to the Airport in order to accommodate and make any CFC Project including without limitation, the Consolidated Facility, functional and/or efficient.

“*Initial Bonds*” means collectively the \$96,515,000 New Orleans Aviation Board Gulf Opportunity Zone CFC Revenue Bonds (Consolidated Rental Car Project) Series 2009 A (Non-AMT).

“*Initial CFC Projects*” means the projects to be paid with a portion of the proceeds of the Initial Bonds, CFC Revenues received both before and after delivery of the Initial Bonds and other amounts made available by the Board consisting of (i) the Consolidated Facility, (ii) the demolition of the existing terminal utility building and construction of a new replacement terminal utility building with related mechanical items including any portions thereof approved by the FAA as passenger facility charge projects which may be ultimately funded with passenger facility charge debt, (iii) a new planning and development building, (iv) a new terminal maintenance building, (v) a new terminal maintenance warehouse, (vi) a covered walkway from the Airport terminal to the CONRAC and (vii) any other items that may be specified in the First Supplemental Indenture.

“*Initial Company*” means one of the Companies executing one of the Initial Facilities Leases.

“*Initial Facilities Leases*” means collectively each of the Facilities and Ground Lease for the Consolidated Rental Car Facility and Service Centers at Louis Armstrong New Orleans International Airport effective as of October 6, 2009 by and between the Board and each Initial Company.

“Insurance and Condemnation Proceeds Fund” means the Insurance and Condemnation Proceeds Fund established with the Trustee pursuant to Article III.

“Interest Payment Date” means any Payment Date on which interest on any Bond is payable.

“Lessee” means any rental car operator or lessor of Motor Vehicles contracting with the Board pursuant to a Facilities Lease for the Consolidated Facility or any other CFC Project and its successors as lessee under any Facilities Lease.

“Liquidity Facility” means any instrument such as a standby bond purchase agreement, an irrevocable or revocable letter of credit, a committed line of credit, or an insurance policy, which provides for payment of the Purchase Price of Tender Bonds delivered to the Paying Agent pursuant to any Supplemental Indenture.

“Liquidity Provider” means the provider of a Liquidity Facility.

“Maintenance Reserve Fund” means the Maintenance Reserve Fund established with the Trustee pursuant to Article III.

“Maintenance Reserve Fund Requirement” means an amount equal to \$1,500,000, unless such amount is modified as described in Section 307.

“Major Portion” means for purposes of Section 417 hereof, the Airport or portions thereof which, if the governance or ownership of such facilities were voluntarily transferred, sold or disposed of by the City and/or the Board or taken by eminent domain proceedings at the beginning of an annual period which includes the month of commencement of the 12-month period ending on the day of such disposition or taking, would result in a reduction in GARB Net Revenues for such annual period of more than 50% when the actual GARB Net Revenues for such annual period are decreased by the GARB Revenues which are directly attributable to such facilities of the Airport and increased by the expenses of the Board directly attributable to such facilities of the Airport.

“Manager” means the entity charged with the responsibility of operating the CONRAC pursuant to the provisions of the Initial Facilities Leases.

“Manager Budget” means the budget required to be prepared by the Manager reflecting the O & M Expenses for each Bond Year as required by Sections 404 and 603 of the Initial Facility Leases and as such term is used in Section 308 hereof.

“Maturity Date” means, when used with respect to any Bond, the date on which the principal of such Bond becomes due and payable as therein or herein provided, whether at Stated Maturity thereof, call for redemption or otherwise.

“Maximum Annual Debt Service” means the maximum Annual Debt Service with respect to the CFC Bonds or a Series of CFC Bonds thereof during any Bond Year.

“*Maximum Rate*” means with respect to any Variable Rate CFC Bond the maximum interest rate payable on such Variable Rate CFC Bonds during the term thereof as provided in the applicable Supplemental Indenture.

“*Moody’s*” mean Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, and any successor thereto which is a nationally recognized statistical rating organization.

“*Motor Vehicle*” means every vehicle which is self-propelled and every vehicle which is propelled by electric power obtained from overhead trolley wires, but not operated upon rails, except for vehicles moved solely by human power and motorized wheelchairs.

“*Not Pledged Funds*” means the Administrative Costs Fund, Arbitrage Rebate Fund, any Costs of Issuance Fund, the Maintenance Reserve Fund and the Insurance and Condemnation Proceeds Fund none of which are pledged or held for the benefit of the Owners of the CFC Bonds and do not constitute part of the Trust Estate.

“*O & M Expenses*” means all of the costs of operating and maintaining the CONRAC.

“*O & M Payments*” means the collective payments due by the Initial Company to the Manager as provided in Section 603 of the Initial Facilities Leases from which it is intended that the Operation and Maintenance Expenses for the CONRAC shall be paid by the Manager as provided in Section 404 of the Initial Facilities Leases as such term is used in Section 308 hereof.

“*O & M Repayment Amount*” means the payments to be made from the Surplus Fund by the Trustee to the Manager to be used to reimburse the Companies for the O & M Payments made by them in the prior Bond Year as provided and used in Section 308 hereof.

“*Off-Airport Concession License Agreement*” or “*Off-Airport Concession License Agreements*” means each Off-Airport Concession License Agreement entered into by the Board and an Off-Airport Rental Car Company, as supplemented and amended, or, collectively, the Off-Airport Concession License Agreements, if any ever exist, entered into by the Board and the respective Off-Airport Rental Car Companies, as supplemented and amended, regarding the charging, collecting and remittance of the Off-Airport Rental Car Customer CFC, if ever imposed by the Board and which is not being imposed by the Board at the time of issuance of the Initial Bonds.

“*Off-Airport Rental Car Company*” means rental car companies serving customers at locations other than the CONRAC and accordingly not within the Airport which pursuant to Section 4 of the CFC Resolution will be required by the Board to pick up and drop off customers at the CONRAC and may be required to pay an Off-Airport Rental Car Customer CFC, Transportation Fee or a similar fee, which will not be pledged to the payment of CFC Bonds, to offset Common Transportation System Expenses, if any, or any expenses associated with the construction, operation and maintenance of any area where rental car customers are to be picked up and dropped off by such rental car companies.

“*Off-Airport Rental Car Customer CFC*” means any rental car customer fee that may be imposed in the future by the Board upon customers of Off-Airport Rental Car Companies pursuant to a future amendment to the CFC Resolution.

“*On-Airport Concession License Agreement*” or “*On-Airport Concession License Agreements*” means each On-Airport Concession License Agreement entered into by the Board and an On-Airport Rental Car Company, as supplemented and amended, or, collectively, the On-Airport Concession License Agreements entered into by the Board and the respective On-Airport Rental Car Companies, as supplemented and amended, regarding the charging, collecting and remittance of the CFC.

“*On-Airport Rental Car Company*” or “*On-Airport Rental Car Companies*” shall mean any rental car company or business that enters into an On-Airport Concession License Agreement authorizing such Company to operate a rental car concession at and from the Airport.

“*Outstanding*,” when used with reference to the CFC Bonds, means, as of any date, all CFC Bonds of any Series theretofore or thereupon being issued under this CFC Master Indenture or incurred pursuant to Section 208 except:

- (a) CFC Bonds canceled by the Trustee or the owner of a Section 208 Obligation or Section 209 Obligation, as the case may be, at or prior to such date or theretofore delivered to the Trustee or the Board, as the case may be, for cancellation;
- (b) CFC Bonds (or portions of CFC Bonds) for the payment or redemption of which there shall be held in trust and set aside for such payment or redemption (whether at, prior to or after the maturity or date fixed for redemption) moneys or Defeasance Obligations the principal of and interest on which when due or payable will provide moneys, together with the moneys, if any, deposited with the Trustee at the same time, in an amount sufficient to pay the principal or Redemption Price thereof, as the case may be, with interest to the date of maturity or date fixed for redemption, and, if such CFC Bonds are to be redeemed, for which notice of such redemption shall have been given as provided in the related Supplemental Indenture or provisions satisfactory to the Trustee shall have been made for the giving of such notice;
- (c) CFC Bonds for the transfer or exchange of, in lieu of or in substitution for which other CFC Bonds shall have been authenticated and delivered pursuant to the related Supplemental Indenture; and
- (d) CFC Bonds deemed to have been paid as provided in Section 901.

CFC Bonds which are owned by the Board which are not described above are deemed not to be Outstanding pursuant to Section 605 relating to consents.

“*Owner*” or “*Bondowner*” or “*Bondholder*” means the person in whose name any Bond or Subordinated CFC Bond is registered on the records maintained by the Trustee as paying agent registrar; provided however that with respect to consents required to make supplements and amendments to any of (i) this CFC Master Indenture, or (ii) any Supplemental Indenture, and the exercise of remedies after an event of default, the Provider of any Credit Facility for any particular Series of CFC Bonds shall be deemed to the sole Bondowner for purposes of granting any such consent or the exercise of a remedy after an Event of Default and shall be notified in advance of the adoption of any resolution supplemental or amendatory hereto, upon the occurrence of any Event of Default and the election of any remedy whether or not the consent of the Owners is required.

“*Payment Date*” means any date on which a Principal Installment or interest on any Series of CFC Bonds is payable in accordance with its terms and the terms of this CFC Master Indenture and the Supplemental Indenture creating such Series or, in the case of Section 208 Obligations or any Section 209 Obligations, in accordance with the terms of the instrument creating such Section 208 Obligations or such Section 209 Obligations.

“*Person*” means any association, individual, corporation, governmental entity, partnership, joint venture, business association, estate or any other organization or entity.

“*Pledged Funds*” means collectively the CFC Collection Account, any Construction Fund, the Debt Service Fund and the Debt Service Accounts and any Debt Service Reserve Accounts created therein, the Coverage Fund, and the Surplus Fund created in Article III hereof which are pledged to and held for the benefit of the Owners of CFC Bonds as provided in Section 301(2) hereof and are included within the Trust Estate.

“*Principal Installment*” means, as of any particular date of computation and with respect to CFC Bonds of a particular Series or consisting of a particular Section 208 Obligation, an amount of money equal to the aggregate of (i) the principal amount of Outstanding CFC Bonds of said Series or Section 208 Obligation which mature on a single future date, reduced by the aggregate principal amount of such Series or such Section 208 Obligations which would at or before said future date be retired by reason of the payment when due and the application in accordance with this CFC Master Indenture and the Supplemental Indenture creating such Series or the instrument creating such Section 208 Obligation of Sinking Fund Payments payable at or before said future date for the retirement of such Series or such Section 208 Obligations, plus (ii) the amount of any Sinking Fund Payments payable on said future date for the retirement of such Series or such Section 208 Obligations, and said future date shall, for all purposes hereof, be deemed to be the date when such Principal Installment is payable and the date of such Principal Installment.

“*Principal Office*” means with respect to Bank of New York Mellon Trust Company, N.A. its corporate trust office in New Orleans, Louisiana and with respect to any successor Trustee its designated corporate trust office.

“*Principal Payment Date*” means any Payment Date on which principal on any CFC Bonds is payable.

“*Provider*” means the provider of any Credit Facility, Debt Service Reserve Account Surety Policy, Liquidity Facility or any other credit enhancement device and any Qualified Swap or Swap relating to a CFC Bond, a Subordinated CFC Bond or a Subordinated CFC Obligation.

“*Purchase Price*” shall mean the total sum due the Owner of any Tender Bond tendered or deemed tendered or purchased by the Board pursuant to the provisions of the applicable Supplemental Indenture as such term is used in Section 104 hereof.

“*Qualified Collateral*” means:

- (a) Federal Obligations;

(b) direct and general obligations of any state of the United States of America or any political subdivision of the State of Louisiana which are rated not less than “AA” or “Aa” or their equivalents by any Rating Agency; and

(c) public housing bonds issued by public housing authorities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America, or project notes issued by public housing authorities, or project notes issued by local public agencies, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America.

“*Qualified Investments*” means to the extent permitted by applicable law of the State:

(a) Federal Obligations;

(b) deposits in interest-bearing deposits or certificates of deposit or similar arrangements issued by any bank or national banking association, including the Trustee or an affiliate of the Trustee, which deposits, to the extent not insured by the Federal Deposit Insurance Corporation, shall be secured by Qualified Collateral having a current market value (exclusive of accrued interest) at least equal to 110% of the amount of such deposits, marked to market monthly, and which Qualified Collateral shall have been deposited in trust by such bank or national banking association with the trust department of the Trustee or with a Federal Reserve Bank or branch or, with the written approval of an Authorized Officer of the Board and the Trustee, with another bank, trust company or national banking association for the benefit of the Board and the appropriate Fund or Account as collateral security for such deposits;

(c) direct and general obligations of any state of the United States of America or any political subdivision of the State of Louisiana which are rated not less than “AA” or “Aa” or their equivalents by any Rating Agency;

(d) obligations issued by any of the following agencies: Banks for Cooperatives, Federal Intermediate Credit Banks, Federal Home Loan Banks System, Federal Land Banks, Export Import Bank, Tennessee Valley Authority, Government National Mortgage Association, Farmers Home Administration, United States Postal Service, the Federal National Mortgage Association to the extent that such obligations are guaranteed by the Government National Mortgage Association, any agency or instrumentality of the United States of America and any corporation controlled and supervised by, and acting as an agency or instrumentality of, the United States of America;

(e) public housing bonds issued by public housing authorities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America, or project notes issued by public housing authorities, or project notes issued by local public agencies, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(f) any repurchase agreements collateralized by securities described in clauses (a) or (d) above with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank, including the Trustee or an affiliate of the Trustee, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated (an "unsecured rating") Prime-1 and A or better by Moody's or A-1 or A3 or better by S&P provided (1) a specific written agreement governs the transaction; (2) the securities are held by a depository acting solely as agent for the Trustee, and such third party is (a) a Federal Reserve Bank, or (b) a bank which is a member of the Federal Deposit Insurance Corporation and with combined capital, surplus and undivided profits of not less than \$25,000,000, and the Trustee shall have received written confirmation from such third party that it holds such securities; (3) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 *et seq.* or 31 C.F.R. 350.0 *et seq.* in such securities is created for the benefit of the Trustee; (4) the repurchase agreement has a term of one year or less, or the collateral securities will be valued no less frequently than monthly and will be liquidated if any deficiency in the required collateral percentage is not restored within two business days of such valuation; (5) the repurchase agreement matures at least 10 days (or other appropriate liquidation period) prior to a Payment Date; and (g) the fair market value of the securities in relation to the amount of the repurchase obligations, including principal and interest, is equal to at least 100%;

(g) shares of an Investment Company, organized under the Investment Company Act of 1940 as amended, which invests its assets exclusively in obligations of the type described in clauses (a) to (e), including, without limitation any money market mutual fund for which the Trustee or an affiliate of the Trustee serves as an investment manager, administrator, shareholder servicing agent, and/or custodian or sub custodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to this CFC Master Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this CFC Master Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee; provided however, the Trustee shall not be paid fees for the same services by both the money market fund and as Trustee; and

(h) Investment agreements which represent the unconditional obligation of one or more banks, insurance companies or other financial institutions, or are guaranteed by a financial institution, in either case that has an unsecured rating, or which agreement is itself rated, as of the date of execution thereof, at least "AA" or "Aa" by at least one of Fitch, Moody's or S&P.

"Qualified Swap Agreement" or "Qualified Swap" means an agreement between the Board and a Swap Provider under which the Board agrees to pay the Swap Provider an amount calculated at an agreed-upon rate or index based upon a notional amount and the Swap Provider agrees to pay the Board for a specified period of time an amount calculated at an agreed-upon rate or index based upon such notional amount, where (i) each Rating Agency (if such Rating Agency also rates the unsecured obligations of the Swap Provider or its guarantor) has assigned to the unsecured obligations of the Swap Provider or of the Person who guarantees the obligation of the Swap Provider to make its payments to the Board, as of the date the swap agreement is entered into, a rating that is equal to or higher than the rating then assigned to the CFC Bonds by such Rating Agency (without regard to any Credit Facility), and (ii) the Board has notified each Rating Agency (whether or not such Rating Agency also rates the unsecured

obligations of the Swap Provider or its guarantor) in writing, at least 15 days prior to executing and delivering the swap agreement, of its intention to enter into the swap agreement.

“Rate Consultant’s Report” means the report required to be prepared by the Independent Airport Consultant pursuant to Section 402 hereof.

“Rate Requirement” means that Revenues must equal at least both (i) CFC Costs and (ii) calculated separately an amount equal to 135% of Aggregate Debt Service for the applicable Bond Year after taking into account the amounts in the Coverage Fund which do not exceed 25% of Maximum Annual Debt Service (A) on the last Business Day of the ninth (9th) calendar month of any Bond Year with respect to the next ensuing Bond Year for the purposes of Section 402(c) hereof and (B) at the time of any such calculation during the then current Bond Year for the current Bond Year as required in Section 402(d) hereof.

“Rating Agency” means any rating agency that has an outstanding credit rating assigned to any CFC Bonds at the request of the Board, initially Moody’s and S & P.

“Redemption Price” means, with respect to any Series of CFC Bonds, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such CFC Bonds or the Supplemental Indenture creating such Series of CFC Bonds, or such other redemption price as may be specified in such CFC Bonds or Supplemental Indenture.

“Refunding CFC Bonds” means any CFC Bonds, whether issued in one or more Series, authenticated and delivered on original issuance for the purpose of refunding CFC Bonds of any Series.

“Registration Books” mean the books or records of the registration and transfer of the CFC Bonds kept by the Trustee as bond registrar pursuant to this CFC Master Indenture.

“Reserve Bond(s)” means any CFC Bond for which a Debt Service Reserve Account Requirement is made applicable by the Supplemental Resolution providing for such CFC Bond(s) and as specified in the applicable Supplemental Indenture.

“Revenue Fund” means the Revenue Fund established with the Trustee pursuant to Article III.

“Revenues” means (a) all proceeds from the CFC and any Supplemental Facility Charges, including Contingent Rent, but does not include any Off-Airport Rental Car Customer CFC or the Transportation Fee, (b) all earnings on moneys and investments in the Revenue Fund, the Surplus Fund, the Debt Service Fund, the Coverage Fund and such earnings in other Funds and Accounts that are required to be transferred to the Revenue Fund or the Surplus Fund pursuant to Section 314(g), and (c) all amounts required to be transferred to the Revenue Fund or the Debt Service Accounts by this CFC Master Indenture or the applicable Supplemental Indenture for any Series of CFC Bonds; PROVIDED, HOWEVER, the Board may in the future pledge any Off-Airport Rental Car Customer CFC or any Transportation Fee as additional security for one or more series of CFC Bonds, Section 208 Obligations or Section 209 Obligations or other obligations issued hereunder and the amount of any such pledged Off-Airport Rental Car Customer CFC or the Transportation Fee deposited into Revenue Fund Account or a sub-account created therein, or the Debt Service Fund or any account or sub-account created therein, or any account or sub-account created within any fund or account created under this CFC Master Indenture

or created by the applicable Supplemental Indenture for a particular Series of CFC Bonds, Section 208 Obligations, Section 209 Obligations or any other obligation by the applicable Supplemental Indenture authorizing such any thereof shall constitute Revenues with respect to the rate covenant of Section 402 hereof; “Revenues” does not include (i) O & M Payments, (ii) any amounts held in the Administrative Costs Fund and earnings on amounts attributable to the Administrative Costs Fund, (iii) any amounts held in the Maintenance Reserve Fund and earnings on amounts attributable to the Maintenance Reserve Fund, (iv) earnings on amounts attributable to the Costs of Issuance Fund or the Construction Fund until said amounts are required to be transferred to the Surplus Fund pursuant to Section 314(g), (v) all proceeds from drawings on Credit Facilities and Liquidity Facilities, and (vi) any amounts held in the Insurance and Condemnation Proceeds Fund and any earnings on amounts attributable to the Insurance and Condemnation Proceeds Fund.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., duly organized and existing under and by virtue of the laws of the State of New York, and any successor thereto which is a nationally recognized statistical rating organization.

“*Section 208 Obligations*” means any obligations incurred by the Board to reimburse the Provider or Providers of one or more Credit Facilities securing one or more Series of CFC Bonds or Liquidity Facility providing for the Purchase Price of Tender Bonds as described in Section 208, including any fees or other amounts payable to the Provider of any such Facility, whether such obligations are set forth in one or more reimbursement agreements entered into between the Board and the Provider of any such Facility, or in one or more notes or other evidences of indebtedness executed and delivered by the Board pursuant thereto, or any combination thereof.

“*Section 209 Obligations*” means any obligations incurred by the Board to any one or more Swap Providers pursuant to Section 209(a), including any fees or amounts payable by the Board under each related Qualified Swap Agreement.

“*Series*” means any of the CFC Bonds authenticated and delivered on original issuance pursuant to a Supplemental Indenture and designated as a Series therein, but, unless the context clearly indicates otherwise, shall not include Section 208 Obligations or Section 209 Obligations.

“*Series 2009 Bonds*” means the Initial Bonds.

“*Service Centers*” means the four rental car service centers being constructed in conjunction with the CONRAC, for use by the Companies for the storage, refueling, and cleaning of motor vehicles.

“*Sinking Fund Date*” means the date any Sinking Fund Payment is required to be made by the provisions of the applicable Supplemental Indenture.

“*Sinking Fund Payment*” means, as of any particular date of determination and with respect to the Outstanding CFC Bonds of any Series or consisting of any Section 208 Obligation, the amount required by the Supplemental Indenture creating such Series or the instrument creating such Section 208 Obligation to be paid by the Board on a single future date for the retirement of such CFC Bonds which mature after said future date, but does not include any amount payable by the Board by reason only of the maturity of a Bond.

“*Special Facility*” means any existing or planned facility, structure, equipment or other property, real or personal, which is or is to be located at the Airport or a part of any facility or structure located at the Airport and is designated as such by the Board as more fully provided in Section 801 the GARB General Indenture and/or financed with Special Facility Bonds as define the GARB General Indenture.

“*State*” means the State of Louisiana.

“*Stated Maturity*” means when used with respect to any Bond the date specified in such Bond as the fixed date on which the principal of such Bond is due and payable.

“*Subordinated CFC Bonds*” means bonds secured by only (i) the pledge of Revenues but only to the extent 1) all of the transfers required by items (a) through (g) of Section 302 (2) hereof, 2) payment of the O & M Repayment Amount to the Manager and 3) payment of the Ground Rental Repayment Amount from the Surplus Fund have been made and/or (ii) from amounts available to be withdrawn from the Surplus Fund after payment of the 1) O & M Repayment Amount to the Manager and 2) the Ground Rental Repayment to the Companies as provided in Sections 308 and 406 hereof.

“*Subordinated CFC Obligations*” means collectively any (a) Credit Facility, (b) Liquidity Facility, and (c) interest rate swap agreement or other derivative product and all reimbursement obligations relating to any thereof secured by only (i) the pledge of Revenues but only to the extent 1) all of the transfers required by items (a) through (g) of Section 302 (2) hereof, 2) payment of the O & M Repayment Amount to the Manager and 3) payment of the Ground Rental Repayment Amount from the Surplus Fund have been made and/or (ii) from amounts available to be withdrawn from the Surplus Fund after payment of 1) the O & M Repayment Amount to the Manager and 2) the Ground Rental Repayment Amount to the Companies as provided in Sections 308 and 406 hereof.

“*Supplemental Facility Charge*” or “*Supplemental Facility Charges*” means the Contingent Rent or other supplemental facility charges payable by the Lessee(s) pursuant to the Facilities Lease(s) to the extent that the CFC Revenues collected for the applicable payment period under the Facilities Lease(s) are less than the total amount of CFC Costs attributable to such payment period; provided however that the O & M Payment shall not be included within Supplemental Facility Charges.

“*Supplemental Indenture*” means an indenture supplemental to or amendatory of this CFC Master Indenture, executed and delivered by the Board, the City and the Trustee in accordance with Article V.

“*Surplus Fund*” means the Surplus Fund established with the Trustee pursuant to Article III.

“*Swap*” means any interest rate swap agreement other than (i) a Qualified Swap and (ii) which is included within item (c) of the definition of Subordinated CFC Obligations.

“*Swap Provider*” means any Person with which the Board enters into a Qualified Swap Agreement or a Subordinated CFC Obligation in the form of an interest rate swap agreement.

“*Tax Certificate*” shall mean the certificate, non-arbitrage agreement or arbitrage rebate agreement or other document or writing concerning certain matters pertaining to the use of proceeds of a particular Series of Tax-Exempt Bonds executed and delivered by the Board or the Board and the Trustee

on the date of issuance of the particular Series of Tax-Exempt Bonds, including any and all exhibits attached thereto.

“Tax-Exempt Bonds” means any series of CFC Bonds which, when issued, are accompanied by a Counsel’s Opinion to the effect that the interest thereon is excluded from gross income for federal income tax purposes.

“Tender Bonds” shall have the meaning given such term in Section 104 hereof.

“Terminal” means the existing terminal building(s) at the Airport that are open to the public for the purpose of flight ticket purchase, public lobby, waiting, baggage check-in and those other services related to public air travel.

“Transaction Day” Shall have the meaning set forth in the CFC Resolution as amended from time to time and initially shall mean a twenty-four (24) hour period or fraction thereof for which a rental car customer is provided the use of a rental car for compensation regardless of the duration or length of the rental term. However, if the same rental car is rented to more than one customer within such continuous twenty-four (24) hour period, then each such rental shall be calculated as a “Transaction Day,” except that a partial day that is a grace period of no more than two (2) hours after the last 24-hour day booked shall not be considered a Transaction Day.

“Transportation Fee” means any fee or charge imposed by the Board pursuant to the provisions of Section 4 of the CFC Resolution on customers of the Off-Airport Rental Car Companies which is similar to but not an Off-Airport Rental Car Customer CFC.

“Trustee” means Bank of New York Mellon Trust Company, N.A. as trustee hereunder, or its successor as such trustee hereafter appointed in the manner provided in this CFC Master Indenture.

“Trust Estate” means the property conveyed to the Trustee pursuant to the Granting Clauses hereof and includes the Revenues, including the CFC Revenues, Contingent Rent, if any, and Supplemental Facility Charges, if any, the Facilities Leases and the Pledged Funds.

“Variable Rate” means an interest rate on a Series of CFC Bonds which rate is subject to change from time to time as specified in the applicable Supplemental Indenture.

“Variable Rate CFC Bonds” mean any Series of CFC Bonds the interest rate or rates on which is not established at the time such Series of CFC Bonds are issued at a single per annum rate, and may include, without limitation, any Series of CFC Bonds the interest rate or rates on which are reset periodically by a remarketing agent or the interest rate or rates on which are commonly referred to as “flexible” or “commercial paper” rates in which specified CFC Bonds of such Series bear interest at rates that differ from the rates borne by other CFC Bonds of the same Series and have different accrual and mandatory tender and purchase provisions, and also includes a Series of CFC Bonds the interest rate or rates on which are determined at auction.

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MASTER DEFINITION LIST

II. FIRST SUPPLEMENTAL INDENTURE

“Act” means Article VI, Section 37 of the Louisiana Constitution of 1974, as amended, Part XIV of Chapter 4 of Subtitle II of Title 39 of the Louisiana Revised Statutes of 1950, as amended, in particular Sections 1034(D) thereof, together with other constitutional and statutory authority supplemental thereto, including, without limitation, the provisions of Chapter 13 of Subtitle III, in particular Section 1430 thereof, of Title 39 of the Louisiana Revised Statutes of 1950, as amended.

“Authorized Denomination” means \$5,000 or any integral multiple thereof.

“Beneficial Owner” shall have the meaning referred to in Section 2.10 hereof.

“Bond Purchase Agreement” means the Bond Purchase Agreement, dated November 18, 2009, between the Board and the Underwriters pursuant to which the Series 2009 Bonds are to be sold by the Board.

“Bond Register” means the registration books maintained and held by the Trustee as paying agent for the Series 2009 Bonds.

“Bond Resolution” means that certain resolution adopted by the Commissioners of the Board dated February 25, 2008 captioned:

A resolution authorizing the issuance of not exceeding \$200,000,000 of tax-exempt and/or taxable bonds in one or more series to be denominated the New Orleans Aviation Board Special Facility Gulf Opportunity Zone Revenue Bonds (Consolidated Rental Car Facility Project) Series 2008; approving the form and authorizing the execution of one or more bond trust indentures providing for the issuance and security of such bonds; and providing for other matters in connection therewith.

As supplemented and amended by that certain resolution adopted by the Commissioners of the Board on November 19, 2008 captioned:

A resolution supplementing and amending the resolution adopted on February 25, 2008 authorizing the issuance of not exceeding \$200,000,000 of tax-exempt and/or taxable bonds in one or more series to be denominated the New Orleans Aviation Board Special Facility Gulf Opportunity Zone Revenue Bonds (Consolidated Rental Car Facility Project) Series 2008 so as to redenominated such bonds as the Series 2009 Bonds, provide the maximum principal amount thereof shall be \$140,000,000, provide a final maturity date for such bonds of not more than 40 years after their issuance and a maximum

rate not exceeding 9% if issued as fixed rate bonds and other matters in connection therewith.

as further supplemented by that certain resolution adopted on April 15, 2009 captioned:

A resolution selecting a group of underwriters to serve as the Underwriter for the bonds which were originally authorized as the not exceeding \$200,000,000 New Orleans Aviation Board Special Facility Gulf Opportunity Zone Revenue Bonds (Consolidated Rental Car Facility Project) Series 2008, were redenominated as the not exceeding \$140,000,000 New Orleans Aviation Board Special Facility Gulf Opportunity Zone Revenue Bonds (Consolidated Rental Car Facility Project) Series 2009 and which shall be issued in one or more tax-exempt and/or taxable series and further redenominated as the not exceeding \$140,000,000 New Orleans Aviation Board Gulf Opportunity Zone CFC Revenue Bonds (Consolidated Rental Car Facility Project) Series 2009 A and New Orleans Aviation Board CFC Revenue Bonds (Consolidated Rental Car Facility Project) Series 2009 B; and providing for other matters in connection therewith.

And as further supplemented by the certain resolution bearing Resolution Number 11-20-2009-1 adopted on November 20, 2009 to provide the final terms, conditions for such bonds.

“*CFC Master Indenture*” means that certain Customer Facility Charge Master Revenue Bond Trust Indenture providing for the issuance from time to time of New Orleans Aviation Board Customer Facility Charge Revenue Bonds by and among the Board, the City and the Trustee dated as of December 1, 2009, and any amendments and supplements thereto.

“*Closing Date*” means the date of delivery of the Series 2009 Bonds to the Underwriters.

“*Date of Issuance*” means the date of original issuance and delivery of the Series 2009 Bonds hereunder.

“*DTC*” means The Depository Trust Company a limited-purpose trust company under New York State banking law and a registered clearing agency with the Securities and Exchange Commission.

“*Extraordinary Redemption Date*” means the date selected by the Board for extraordinary mandatory redemption of the Series 2009 Bonds because of construction delays as provided and used in Section 3.01(d) of this First Supplemental Indenture.

“*Extraordinary Redemption Price*” means the price due the Owners of the Series 2009 Bonds in the event of their extraordinary mandatory redemption because of construction delays as provided and used in Section 3.01(d) of this First Supplemental Indenture.

“*First Supplemental Indenture*” means this First Supplemental Indenture and any amendments and supplements hereto.

“*Gulf Opportunity Zone*” means that portion of the Hurricane Katrina disaster area determined by the President to warrant individual or individual and public assistance from the Federal Government under the Robert T. Stafford Disaster Relief and Emergency Assistance Act by reason of Hurricane Katrina which includes the Parish of Jefferson, the location of the Initial CFC Projects.

“*Gulf Opportunity Zone Bonds*” or “*GO Zone Bonds*” means qualified GO Zone Bonds as defined in the Gulf Opportunity Zone Act of 2005 (Public Law 109-135).

“*Indenture*” means, collectively, the CFC Master Indenture, as supplemented by this First Supplemental Indenture together with any other Supplemental Indentures executed and delivered in accordance with the provisions of the CFC Master Indenture.

“*Ineligible Amount*” means the total construction costs and related fees and program management costs for the Ineligible Items, initially \$789,046.83 as such amount may be increased or decreased from time to time by the Board pursuant to a Certificate addressed to the Trustee.

“*Ineligible Items*” means those items which may not be financed with the proceeds of Gulf Opportunity Zone Bonds under the provisions of the Code initially those items listed on the Schedule of Ineligible Items attached as Exhibit “C” to this First Supplemental Indenture, together with such additional items as may be added from time to time by the Board pursuant to a Certificate addressed to the Trustee.

“*Ineligible Sub-Account*” means the sub-account within the Pay/Revenues Account of the Series 2009 Construction Fund denominated as the “Ineligible For Financing Sub-Account” created in Section 5.02(b)(3) hereof and described in Section 5.08 hereof.

“*Initial CFC Projects*” means, collectively, the projects described in Exhibit “A” attached hereto, as Exhibit “A” may be amended from time to time.

“*Interest Payment Date*” means January 1 and July 1 of each year, commencing July 1, 2010.

“*Owner*” when used with reference to the Series 2009 Bonds shall mean the registered owner of such bonds from time to time as shown on the register for the Series 2009 Bonds maintained and held by the Trustee as Paying Agent for the Series 2009 Bonds.

“*Participant*” when used with respect to any Securities Depository, means any participant of such Securities Depository as provided in Section 2.10 hereof.

“*Pay/Revenues Account*” means the account of the Series 2009 Construction Fund denominated as the “Pay with Revenues Account” created in Section 5.02(b)(3) hereof and described in Section 5.08 hereof.”

“*Proceeds Account*” means the “Bond Proceeds Account” of the Series 2009 Construction Fund created in Section 5.02(b)(3) hereof and described in Section 5.08 hereof.

“*Record Date*” means June 15 and December 15 of each year.

“*Registered Owner*” shall mean Owner as defined in the CFC Master Indenture.

“*Securities Depository*” means any securities depository registered as a clearing agency with the Securities and Exchange Commission pursuant to Section 17A of the Securities Exchange Act of 1934, as amended, and appointed as the securities depository for the Series 2009 Bonds. Initially, the Securities Depository shall be The Depository Trust Company.

“*Series 2009 Bonds*” means the \$\$96,515,000 original principal amount New Orleans Aviation Board Gulf Opportunity Zone CFC Revenue Bonds (Consolidated Rental Car Project) Series 2009 A (Non-AMT) authorized to be issued pursuant to Section 2.01 hereof.

“*Series 2009 Construction Fund*” means the fund of that name established in Section 5.02 hereof and described in Section 5.08 hereof.

“*Series 2009 Costs of Issuance Fund*” means the fund of that name established in Section 5.02 hereof.

“*Series 2009 Debt Service Account*” means the account of that name established in Section 5.02 hereof.

“*Series 2009 Debt Service Reserve Account*” means the account of that name established in Section 5.02 hereof.

“*Series 2009 Debt Service Reserve Requirement*” or “*Series 2009 Reserve Requirement*” means the amount calculated with respect to the Series 2009 Bonds by determining the least of:

- (i) the Maximum Annual Debt Service coming due in any Bond Year;
- (ii) 125% of average annual Aggregate Debt Service; or
- (iii) 10% of the original principal amount.

PROVIDED HOWEVER, the Series 2009 Debt Service Reserve Requirement shall not exceed the amount obtained by subtracting the Coverage Fund Requirement for the Series 2009 Bonds from an amount equal to 15% of (i) the original principal amount of the Series 2009 Bonds or (ii) the issue price of the Series 2009 Bonds if sold at more than a *de minimis* discount or premium calculated as of the issuance date of the Series 2009 Bonds, initially \$7,694,175.00, and recalculated upon any refunding of less than all of the then Outstanding Series 2009 Bonds.

In case of such recalculation, the Series 2009 Debt Service Reserve Requirement for the unrefunded Outstanding Series 2009 Bonds and the Series of Refunding CFC Bonds that refunded a portion of the Series 2009 Bonds may be calculated on the basis of a single Debt Service Reserve Requirement for both the applicable Series of Refunding CFC Bonds and the unrefunded Outstanding Series 2009 Bonds, provided the Supplemental Indenture authorizing the applicable Series of Refunding CFC Bonds (a) provides that such Series of Refunding CFC Bonds are Reserve Bonds, (b) establishes a

common Debt Service Reserve Account for both the Series of Refunding CFC Bonds and the unrefunded Outstanding Series 2009 Bonds and (c) the common Debt Service Reserve Requirement for the applicable Series of Refunding CFC Bonds and the unrefunded Outstanding Series 2009 Bonds are established at an amount equal to sum of the least of items (i), (ii) and (iii) above calculated separately for the (1) tax-exempt unrefunded Series 2009 Bonds and tax-exempt Refunding CFC Bonds and (2) any taxable Refunding CFC Bonds and then summing the results; PROVIDED HOWEVER, the Debt Service Reserve Requirement for the combined unrefunded Series 2009 Bonds and Refunding CFC Bonds shall not exceed the amount obtained by subtracting the Coverage Fund Requirement attributable to the unrefunded Series 2009 Bonds and Refunding CFC Bonds from an amount equal to 15% of the outstanding principal amount of the unrefunded Series 2009 Bonds and original principal amount of the Refunding CFC Bonds.

However, in no event shall the Debt Service Reserve Requirement for any Series of Tax-Exempt Bonds calculated or recalculated at the times required above exceed the maximum amount permitted under the Code as a reasonably required reserve for tax-exempt bonds.

“Series 2009 Reserve Account Value” means the value of the money and Qualified Investments deposited or credited to the Series 2009 Debt Service Reserve Account on each December 15 and June 15 of each year any Series 2009 Bonds are Outstanding as set forth and used in Section 5.06(b) hereof.

“Series 2009 Tax Certificate” means the Tax Certificate as defined in the CFC Master Indenture for the Series 2009 Bonds.

“Stated Maturity” means the date specified in Section 2.02 hereof and in the Series 2009 Bonds as the fixed date on which the principal of such Series 2009 Bond is due and payable and does not include any mandatory date fixed for redemption.

“Trustee” means The Bank of New York Mellon Trust Company, N.A. or its successor as such trustee hereafter appointed in the manner provided in the Indenture.

“Trust Estate” means the property conveyed to the Trustee pursuant to the Granting Clauses hereof and of the CFC Master Indenture, including the Series 2009 Debt Service Account, Series 2009 Debt Service Reserve Account, and the Series 2009 Construction created by this First Supplemental Indenture.

“Underwriters” means the syndicate of underwriters for the purchase of the Series 2009 Bonds consisting of: group 1 led by book running senior manager, Morgan Keegan & Company, Inc., with its DBE partner firm, Melvin Securities, LLC and group 2 lead by co-manager, JP Morgan Securities, Inc., with DBE partner Jackson Securities, Inc. as provided in the Bond Purchase Agreement.

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MASTER DEFINITION LIST

III. INITIAL FACILITIES LEASE

"12-Month Period"	Shall have the meaning set forth in Section 403 hereof.
“Additional Bonds”	Shall have the meaning set forth in the CFC Master Indenture and shall include “Completion CFC Bonds” as defined in the CFC Master Indenture.
“Administrative Costs”	Means the following expenses, as determined and approved by the Board, which are incurred in connection with the Bonds, the CONRAC, the Service Centers, and the Facilities Leases: (i) the ongoing fees and expenses of the Trustee, as Trustee and as paying agent and registrar for the Bonds, (ii) the ongoing fees and expenses, if any, due any Provider, (iii) the reasonable fees and expenses of Bond Counsel or other legal counsel of the Board or the Trustee, the Independent Accountant, and the Independent Airport Consultant subsequent to those included in the Costs of Issuance, (iv) the reasonable fees and expenses of the Board incurred with respect to the Airport, including, but not limited to, those of attorneys, financial advisors, accountants, and consultants incurred in connection with any regulatory or administrative requirements, including specifically, but without limitation, the preparation and filing of annual financial statements and audits and compliance with arbitrage rebate requirements for Tax-exempt Bonds, continuing disclosure requirements, (v) the reasonable legal fees and expenses of the RACs that execute a Facilities Lease with the Board incurred with respect to defending any actions or proceedings brought by third parties challenging the CFC, as defined below, or the collection or remittance thereof under the CFC Resolution, the Facilities Leases, the Indenture and the validity of the Bonds, (vi) the costs of any insurance obtained by the Board for the purpose of insuring all or any portion of the CONRAC and the Service Centers, and (vii) such other reasonable fees and expenses of the Board relating to the Airport, including reasonable overhead expenses, in carrying out its obligations under the CFC Resolution, the Facilities Leases, the Indenture, and the Continuing Disclosure Agreement; provided however, this definition shall have the meaning set forth in the Indenture as executed.

“Administrative Costs Fund”	Means the Administrative Costs Fund established with the Trustee pursuant to Article III of the CFC Master Indenture to which any moneys credited shall only be used by the Trustee to pay Administrative Costs.
“Agreement Year”	Means a period of twelve consecutive months. The first Agreement Year shall be deemed to commence on the first day of the month following the DBO (as defined below) of the Service Centers, unless DBO is the first day of a month, in which case the Agreement Year will commence on such date.
“Airport”	Means the Louis Armstrong New Orleans International Airport, as it presently exists or as it may exist in the future throughout the term of this Facilities Lease.
“Air Traffic Report”	Shall have the meaning set forth in Section 302(f) hereof.
“Authorized Company Representative”	Means the person at the time designated to act on behalf of the Company by a written statement furnished to the Director signed by an officer of the Company.
“Beneficial Occupancy”	Means when certain facilities (the Service Centers and the CONRAC) are functionally operational based upon written notice from the Director to the Company to the effect that (i) all necessary occupancy permits have been obtained; (ii) a reasonable period of time, as determined by the Board, has been provided to the Company for operational testing of the Service Centers and the CONRAC; and (iii) the Service Centers and the CONRAC are made available to the Company in a manner consistent with their intended use.
“Board”	Means the New Orleans Aviation Board.
“Bond Counsel”	Means the Godfrey Firm, PLC or any other law firm nationally recognized as having experience with the issuance of tax-exempt debt by or on behalf of operators of airports served by scheduled commercial air carriers.
“Bond Documents”	Means all documents relating to the issuance, sale, delivery, and security for the Bonds, including without limitation, the Bond Resolution, the Indenture, the bond purchase agreement, the Preliminary Official Statement, the Official Statement, any commitment for a bond insurance policy, any reserve fund surety

bond, liquidity agreement, any reimbursement agreement, and the tax or non-arbitrage certificate.

“Bond Resolution”

Means that certain resolution adopted by the Commissioners of the Board dated February 25, 2008 captioned:

A resolution authorizing the issuance of not exceeding \$200,000,000 of tax-exempt and/or taxable bonds in one or more series to be denominated the New Orleans Aviation Board Special Facility Gulf Opportunity Zone Revenue Bonds (Consolidated Rental Car Facility Project) Series 2008; approving the form and authorizing the execution of one or more bond trust indentures providing for the issuance and security of such bonds; and providing for other matters in connection therewith.

As supplemented and amended by that certain resolution adopted by the Commissioners of the Board on November 19, 2008 captioned:

A resolution supplementing and amending the resolution adopted on February 25, 2008 authorizing the issuance of not exceeding \$200,000,000 of tax-exempt and/or taxable bonds in one or more series to be denominated the New Orleans Aviation Board Special Facility Gulf Opportunity Zone Revenue Bonds (Consolidated Rental Car Facility Project) Series 2008 so as to redenominated such bonds as the Series 2009 Bonds, provide the maximum principal amount thereof shall be \$140,000,000, provide a final maturity date for such bonds of not more than 40 years after their issuance and a maximum rate not exceeding 9% if issued as fixed rate bonds and other matters in connection therewith.

As it shall be further supplemented to provide the final terms, conditions for such bonds.

“Bonds”

Means the not exceeding \$140,000,000 New Orleans Aviation Board Gulf Opportunity Zone CFC Revenue Bonds (Consolidated Rental Car Facility Project) Series 2009 A and New Orleans Aviation Board CFC Revenue Bonds Series 2009

B to (i) fund the capital costs of the Consolidated Facility, (ii) provide a debt service reserve fund for the Bonds, (iii) pay costs of credit enhancement for the Bonds, (iv) provide capitalized interest for the Bonds and (v) pay costs of issuance for the Bonds, and any Additional Bonds, including Completion CFC Bonds, as defined in the CFC Master Indenture.

“Bond Year”

Shall have the meaning specified in the CFC Master Indenture.

**“CFC” or
“Customer Facility Charge”**

Means the charge imposed and established by the Board pursuant to the CFC Resolution and collected per rental car Transaction Day pursuant to each motor vehicle rental contract entered into by the Company through its operations at the Airport, the proceeds of such charge to be remitted to the Board or its designee by the Company in accordance with Section 601 of this Facilities Lease to provide amounts to pay costs of planning, designing, financing, and constructing the CONRAC and the Service Centers, including without limitation, paying the costs of debt service on the Bonds and any other revenue bonds issued pursuant to the CFC Master Indenture.

“CFC Costs”

Means the costs in any given Bond Year that are intended to be paid or recovered from CFC Revenues other than from Amounts on deposit in the Surplus Account of the CFC Master Indenture, as follows:

1. The annual debt service requirements of the Bonds, including principal, interest and any premium;
2. The annual Administrative Costs;
3. Any deposits to the Maintenance Reserve Fund needed in order to meet the Maintenance Reserve Fund Requirement;
4. Any deposits needed to the Coverage Fund in order to meet the Coverage Fund Requirement;
5. Any required deposits to the funds and accounts established pursuant to sub-parts (c) through (f) of Section 302 (2) of the CFC Master Indenture, including the replenishment of deficiencies in the balances of the accounts and funds or other reserves; but

6. Does not include the O & M Repayment Amount and the Ground Rental Repayment Amount.

“CFC Deficit”

Means the amount by which (i) the estimated CFC Costs for the next Bond Year exceed the estimated CFC Revenues for that Bond Year, (ii) the actual CFC Costs exceeded by 10% or more the monthly projected CFC Costs, or (iii) the monthly CFC Revenues actually received were 90% or less than the monthly amounts projected for such Bond Year as provided in Section 604 hereof.

“CFC Master Indenture”

Means that certain Customer Facility Charge Master Revenue Bond Trust Indenture among the Board, the City and the Trustee to be selected by the Board relating to CFC Revenues as may be amended from time to time.

“CFC Past Due Interest Rate”

Means interest accruing at a rate of 10% per annum on any amount of CFC Revenues remaining due and unpaid five days after such becomes due and payable.

“CFC Resolution”

Means (i) that certain resolution bearing Resolution Number 05-04-2009 - 1 adopted by the Commissioners of the Board on May 4, 2009 captioned:

A resolution supplementing, amending and restating three previously adopted resolutions establishing and imposing a customer facility charge to be collected by all on-airport rental car companies operating at Louis Armstrong New Orleans International Airport to be used to finance a consolidated rental car facility; establishing certain requirements for both on and off-airport rental car companies' operations at the Airport with respect to the consolidated rental car facility; and providing for other matters in connection therewith.

“CFC Revenues”

Means all of the gross revenues derived by the Board from the collection of the CFC.

“City”

Means the City of New Orleans, Louisiana.

“Common Areas”

Means that portion of the Ground and that portion of the CONRAC as depicted on Exhibits “C” and “D” attached hereto and designated in accordance with this Facilities Lease for the common use by the Companies and the Board.

“Companies” or “RACs”	Means collectively the rental car companies that execute an individual Facilities Lease and occupy a portion of the Consolidated Facilities and any of their successors and permitted assigns thereunder.
“Company” or “RAC”	Means the rental car company executing this Facilities Lease.
“Company’s Exclusive Use Premises Percentage”	Means the percentage obtained by dividing the square footage of the Company’s Exclusive Use Premises by the total square footage of all Exclusive Use Premises of all the RACs.
“Company Property”	Means Company’s vehicles, equipment, trade fixtures, and personal property that are not part of the Service Centers of the CONRAC and do not constitute replacement, repair, or substitution for the Service Centers or the CONRAC.
“Company Reporting Period”	Shall be given the meaning set forth in Section 601 hereof.
“Completion CFC Bonds”	Shall be given the meaning set forth in the CFC Master Indenture.
“Concession Agreement”	Means an executed agreement between the Board and Company pursuant to which Company has the right and the obligation to operate a rental car concession at the Airport.
“Confidential Information”	Shall have the meaning set forth in Section 1401 hereof.
“CONRAC”	Means the portion of the Consolidated Facility consisting of a multi-story garage providing approximately 1,800 ready/return vehicle parking spaces and customer service building including customer service lobby, restrooms, customer service counter space, rental car company administrative office space, electrical utility room, and escalators and elevators allowing customer access to each level of the ready/return multi-level garage.
“Consolidated Facility”	Means collectively the CONRAC and the Service Centers.
“Consumer Price Index For All Urban Consumers” or “CPI-U Index”	Means the Consumer Price Index for All Urban Consumers for the U.S. City Average for All Items, 1982-84 = 100, or the successor of that index calculated on a calendar year basis and as published by the Bureau of Labor Statistics, U.S. Department of Labor.

“Contingent Rent”	Means all rent required by the Board to be paid by the RACs under certain conditions as specified in Section 604 hereof and as provided in the CFC Master Indenture.
“Continuing Disclosure Agreement”	Means any agreement, certificate, document or other writing pursuant to which the Board undertakes to comply with the continuing disclosure requirements of Rule 15c2-12 of the Securities and Exchange Commission regarding any bonds issued to pay any costs of the Consolidated Facility or refund such a bond.
“Coverage Fund”	Means the Coverage Fund established with the Trustee pursuant to Article III of the CFC Master Indenture.
“Customer Service Building”	Means the consolidated rental car building which includes for the Company and each of the other Companies, customer service and administrative office areas, customer counters, public circulation areas, public restrooms, a concession area, vending areas, administrative offices, and support space.
“Date of Beneficial Occupancy” or “DBO”	Means the date the Service Centers or CONRAC are occupied in accordance with the definition of Beneficial Occupancy.
“Debt Service Account”	Means the Debt Service Account established in the Debt Service Fund for any particular Series of CFC Bonds as defined and established in the Indenture, from which moneys will be used to pay annual debt service on the Bonds.
“Design Standard” or “Design Construction Guidelines”	Means the standards established at the Airport for tenants and concessionaires for design, construction, installation, signage, and related matters, as hereafter amended.
“Director” and “Director of Aviation”	Means the Director of Aviation or Interim Director of Aviation of the Louis Armstrong New Orleans International Airport as from time to time appointed by the Board and shall include such person or persons as may from time to time be authorized by the Director to act for the Director with respect to any or all matters pertaining to the Facilities Lease.

“Exclusive Use Premises”	Means that (i) portion of the CONRAC assigned to the Company, (ii) the Service Center of Company or (iii) that portion of the Service Center assigned to the Family of Companies to which the Company is a part (to be occupied jointly with other rental car companies within the same Family of Companies) which is exclusively used by the Company as depicted on Exhibits “E” and “F” attached hereto and designated in accordance with this Facilities Lease for the exclusive use of the Company. Company has the right to make tenant improvements to its Exclusive Use Premises, as permitted under Article VII of this Facilities Lease.
“FAA”	Means the Federal Aviation Administration.
“Facilities Lease”	Means this Facilities and Ground Lease between the Board and the Company, and any permitted amendments thereto.
“Facilities Leases”	Means collectively every Facilities Lease between the Board and the Companies relating to the Consolidated Facility.
“Family of Companies”	Means the rental car companies owned by the same entity.
“Feasibility Study”	Shall have the meaning set forth in Section 302(f) hereof.
“First Supplemental Indenture”	Means that certain First Supplemental Trust Indenture by and among the Board, the City and the trustee to be selected by the Board supplementing the CFC Master Indenture and providing for the issuance of the Bonds.
“Gross Revenues”	Shall be given the meaning as defined in the Concession Agreement.
“Ground”	Means the parcel or parcels of real property legally described and generally depicted in Exhibits “A” and “B” attached hereto containing approximately _____square feet for the CONRAC and _____ square feet for the Company’s assigned Service Center. The Board expressly reserves from the Ground (i) all oil, gas and other mineral rights and water rights and (ii) public right of flight through the air space above the Ground.
“Ground Rentals”	Means the payments to be made by the Company pursuant to Article VI, Section 602 (a) of this Facilities Lease.
“Ground Rentals Repayment Amount”	Means the payments to be made by the Trustee from the Surplus Fund of the CFC Master Indenture as provided in Section 602(b)

of this Facility Lease and Section 308 of the CFC Master Indenture

"Indenture"

Means collectively, the CFC Master Indenture and any supplemental indenture(s) supplementing the provision of the CFC Master Indenture and providing for the issuance of bonds secured by the CFC and issued pursuant to the CFC Master Indenture.

"Independent Accountant"

Means any certified public accountant selected by the Board and licensed to practice in the State, and who (a) in the case of an individual shall not be an employee of the Board or the City and (b) shall be satisfactory to the Trustee and (c) may the accountant that regularly audits the books of the Board and the City, to perform any financial and/or auditing services relating in any way to the rights and obligations created hereunder including but not limited to CFC Revenues and CFC required levels.

"Independent Airport Consultant"

Means a consultant selected by the Board with expertise in the financing and the establishment of user based rates for consolidated rental car facilities or similar type facilities, and qualified to review and assess the anticipated CFC Revenues and recommend to the Board the amount of the CFC, and Contingent Rent or Supplemental Facilities Charge (as defined in the CFC Master Indenture), if required, and who, in the case of an individual, shall not be an officer or employee of the Board or the City.

"Initial Reallocation Date"

Shall be have the meaning set forth in Section 403 hereof.

"Leased Premises"

Means the Company's premises in the CONRAC and its assigned Service Center.

"Maintenance Reserve Fund"

Means the fund established pursuant to the CFC Master Indenture for the purpose of depositing Revenues (as defined within the CFC Master Indenture) which may be applied at the discretion of the Board to pay costs of capital repairs, replacement and maintenance of the Consolidated Facilities and to reimburse advances made by the Board for such reasonable costs associated therewith.

"Manager"

Means the entity charged with the responsibility for operating and maintaining the common areas of the CONRAC created by the Companies as their agent for the purpose of operating and

	maintaining the Common Areas of the CONRAC and paying the O & M Expenses of the CONRAC.
“Manager Budget”	Means the budget required to be prepared by the Manager for the O & M Expenses as used and set forth in Section 603 hereof.
“Manager Membership Agreement”	Means the agreement providing for the membership rights, requirements and obligations of members of the Manager created by the Companies.
“Manager Operating Agreement”	Means the operating agreement of the Manager created by the Companies.
“Market Share”	Means the market share of a RAC, calculated as the RAC’s Gross Revenues for the specified time period divided by the total Gross Revenues for all the RACs for such time period.
“Off Airport Rental Car Company”	Means any rental car company or business that operates a rental car business from a location not on the Airport.
“Official Statement”	Shall have the meaning set forth in Section 302(f) hereof.
“On Airport Rental Car Company”	Means any rental car company or business that enters into a Rental Car Concession Agreement or is otherwise authorized to operate a rental car concession at and from the Airport.
“Operation and Maintenance Expenses” or “O & M Expenses”	Means all of the costs of operating and maintaining the Common Areas of the Consolidated Facility.
“O & M Payment”	Means the payment due by the Company to the Manager as provided in Section 603 hereof from which it is intended that the O & M Expenses shall be paid by the Manager as provided in Section 404 hereof.
“O & M Repayment Amount”	Means the payments to be made from the Surplus Fund by the Trustee to the Manager to be used to reduce O & M Expenses for the then current Bond Year or reimburse the Companies for the O & M Payments made by them in the prior Bond Year as provided and used in Sections 404 and 603(b) hereof and Section 308 of the CFC Master Indenture.

“Past Due Interest Rate”	Means interest accruing at 18% per annum based on a 365 day year, commencing on the fifth business day after the date such amount is due and owing until paid to the Board.
“Preliminary Official Statement”	Shall have the meaning set forth in Section 302(f) hereof.
“Provider”	Means any Credit Provider, Liquidity Provider, Swap Provider or other Provider as defined in the Indenture.
“RACs”	Means the rental car companies (collectively) that have signed facilities leases and occupy the CONRAC and the Service Centers.
“Rate Covenant”	Means the provisions of the CFC Master Indenture relating to fixing and establishing the dollar amount per Transaction Day or other method of calculating the rate of the CFC.
“Reallocation Date”	Shall be have the meaning set forth in Section 403 of this Facilities Lease.
“Rental Cars”	Means motor vehicles designed primarily for the carriage of passengers and commonly classified as sedans, coupes, convertibles, station wagons, sports utility vehicles, passenger vans, “Suburban”-type vehicles or pick-up trucks rated one-ton or less that the Company owns, leases, rents, or intends to rent and are properly available, or will become available for rental as provided herein.
“Security Deposit”	Means the deposit as defined and described in Section 605 of this Facilities Lease.
“Service Centers”	Means the portion of the Consolidated Facility constituting rental car service areas to be utilized by the On Airport Rental Car Companies for the storage, refueling, cleaning, repair and maintenance of rental cars and rental car company employee parking one of which will be assigned to a Family of Companies to be used by each Company within such Family of Companies which shall constitute part of each Company’s Exclusive Use Premises.
“State”	Means the State of Louisiana.
“Supplemental Facility Charges”	Shall have the meaning set forth in the CFC Master Indenture.

“Supplemental Indentures”	Means any Supplemental Indenture in addition to the First Supplemental Indenture relating to other future series of bonds secured by the CFC and issued pursuant to the CFC Master Indenture.
“Taking”	Shall have the meaning set forth in Section 1102 hereof.
“Tax-Exempt Bonds”	Shall have the meaning specified in the CFC Master Indenture.
“Tenant Improvement Agreement”	Means the agreement between the Board and its tenants stating that tenants will adhere to standards established at the Airport for tenants and concessionaires for design, construction, installation, signage, and related matters.
“Term”	Means the term of the Facilities Lease as defined in Article V.
“Terminal”	Means collectively the existing passenger terminal complex and any future terminal building or building located at the Airport.
“Transaction Day”	Shall have the meaning set forth in the CFC Resolution as amended from time to time and initially shall mean a twenty-four (24) hour period or fraction thereof for which a rental car customer is provided the use of a rental car for compensation regardless of the duration or length of the rental term. However, if the same rental car is rented to more than one customer within such continuous twenty-four (24) hour period, then each such rental shall be calculated as a “Transaction Day,” except that a partial day that is a grace period of no more than two (2) hours after the last 24-hour day booked shall not be considered a Transaction Day.
“Trustee”	Means the entity or entities serving as trustee or trustees pursuant to the Indenture.

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MASTER DEFINITION LIST

IV. AMENDED AND RESTATED CUSTOMER FACILITY CHARGE RESOLUTION

"2008 Revenue Refunding Bonds" shall mean not exceeding \$173,000,000 New Orleans Aviation Board Revenue Refunding Bonds (Restructuring GARBS) Series 2008 A (Non-AMT), Series 2008 B (AMT) and Series 2008 C (Taxable).

"Airport" means the Louis Armstrong New Orleans International Airport (formerly called Moisant Field) owned by the City and operated, administered and maintained by the Board as it presently exists, including all lands, buildings, hangars, runways, shops or other aviation facilities, or other facilities related or appurtenant thereto, and any additions, extensions or improvements to said Airport hereafter made or acquired.

"Board" shall mean the New Orleans Aviation Board, an agency of the City created and established pursuant to Article V Chapter 6, Section 5-602 of the Charter and as further recognized in Chapter 2 of Title 2 of the Louisiana Revised Statutes of 1950, as amended, or the successor thereto.

"Bonds" shall mean not exceeding \$140,000,000 New Orleans Aviation Board Gulf Opportunity Zone CFC Revenue Bonds (Consolidated Rental Car Facility Project) Series 2009 A and New Orleans Aviation Board CFC Revenue Bonds (Consolidated Rental Car Facility Project) Series 2009 B or any other bonds issued pursuant to the provisions of the CFC Master Indenture.

"Business Day" shall mean herein a day of the year on which banks located in the cities in which the principal offices of the Board and the trustee are not required or authorized to remain closed and on which The New York Stock Exchange is not closed.

"CFC" shall mean the per diem customer facility charge expressed in dollars imposed by the Board upon the lessees of rental cars rented at the Airport to be collected by the On-Airport Rental Car Companies and remitted to the Board.

"CFC Collection Account" shall mean the account so designated and created by Section 10, Subparagraph (2) of this resolution.

"CFC Master Indenture" shall mean the Customer Facility Charge Master Revenue Bond Trust Indenture by and among the Board, the City and The Bank of New York Mellon Trust Company, N.A. or other financial institution designated as trustee providing for the issuance of the Bonds and other CFC revenue bonds as the same may be amended from time to time.

"CFC Revenues" shall mean all of the gross revenues from the CFC remitted to the Board or the Trustee by the On-Airport Rental Car Companies.

"City" shall mean the City of New Orleans, Louisiana.

"City Council" shall mean the Council of the City.

“Commissioners” shall mean the members of the Board of Commissioners of the New Orleans Aviation Board.

“Common Transportation System” shall mean the system of equipment and associated improvements by which rental car customers will be transported to and from the Airport terminals and the CONRAC, including, without limitation any people moving conveyors, facilities and other real and personal property and may include allocable portions of other Airport operation components.

“Common Transportation System Expenses” shall mean and refer to any and all operating expenses payable from CFC Revenues incurred or paid by the Board at any time in connection with the operation of the Common Transportation System, other than those costs paid from proceeds of the Bonds.

“CONRAC” shall mean the portion of the Consolidated Facility consisting of a multi-story garage providing approximately 1,800 ready/return vehicle parking spaces and customer service building including customer service lobby, restrooms, customer service counter space, rental car company administrative office space, electrical utility room, and escalators and elevators allowing customer access to each level of the ready/return multi-level garage.

“Consolidated Facility” shall collectively mean the CONRAC and the Service Centers.

“Contract” shall mean the written agreement under which a car is rented at the Airport to a customer by an On-Airport Rental Car Company.

“On-Airport Rental Car Company” shall mean any rental car company or business that enters into an agreement or is otherwise authorized to operate a rental car concession at and from the Louis Armstrong New Orleans International Airport.

“Revenues” shall be given the same definition contained within the General Indenture.

“Rules and Regulations and Operating Directives” shall mean those lawful rules and regulations of the Airport, as the same may be amended, modified, or supplemented from time to time, to the extent such Rules and Regulations and Operating Directives are not inconsistent with the provisions and purposes of this resolution, including without limitation any rates, fees, and/or charges provided for therein which conflict with any rates, fees, and/or charges established in this resolution.

“Service Centers” shall mean the portion of the Consolidated Facility constituting rental car service areas to be utilized by the On Airport Rental Car Companies for the storage, refueling, cleaning, repair and maintenance of rental cars and rental car company employee parking.

“Three Parish Area” shall mean the three parishes of Jefferson, Orleans and St. Charles, Louisiana.

“Transaction Day” shall mean a twenty-four (24) hour period or fraction thereof for which a rental car customer is provided the use of a rental car for compensation regardless of the duration or length of the rental term; however, if the same rental car is rented to more than one customer within such continuous twenty-four (24) hour period, then each such rental shall be calculated as a “Transaction Day,” except that a partial day that is a grace period of no more than 2 (two) hours after the last 24-hour day booked shall not be considered a Transaction Day.

APPENDIX “B”

**SUMMARY OF CERTAIN PROVISIONS OF THE CFC MASTER INDENTURE AND
THE FIRST SUPPLEMENTAL INDENTURE**

I. CFC MASTER INDENTURE

II. FIRST SUPPLEMENTAL INDENTURE

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**SUMMARY OF CERTAIN PROVISIONS OF THE CFC MASTER REVENUE BOND TRUST
INDENTURE AND THE FIRST SUPPLEMENTAL INDENTURE**

I. CFC MASTER REVENUE BOND TRUST INDENTURE

SUMMARY OF CFC MASTER REVENUE BOND TRUST INDENTURE

Definitions

See Appendix “A-I” for definitions from the CFC Master Revenue Bond Trust Indenture.

SECTION 203. Authorization of CFC Bonds. In order to provide sufficient funds for the financing or refinancing of CFC Projects, CFC Bonds are hereby authorized to be issued from time to time in one or more Series as hereinafter provided, without limitation as to amount except as may be limited by law, for any one or more of the following purposes (a) the payment, or the reimbursement for the payment of, the costs of one or more CFC Projects, (b) the refunding of any CFC Bonds or other obligations issued to finance or refinance one or more CFC Projects, or (c) the funding of any Fund or Account as specified in this CFC Master Indenture or the Supplemental Indenture under which any CFC Bonds are issued; including, in each case, payment of Costs of Issuance. CFC Bonds consisting of Section 208 Obligations and Section 209(a) Obligations are also hereby authorized to be incurred from time to time as provided for in Section 208 and Section 209, respectively, for the purposes set forth therein.

SECTION 204. Source of Payment; Pledge of Revenues and Other Moneys. The CFC Bonds shall be legal, valid and binding limited obligations of the Board payable solely from the amounts derived from the Facilities Leases, excluding Ground Rentals, Revenues, including CFC Revenues, Contingent Rent and any other Supplemental Facility Charges and certain other moneys and securities held by the Trustee under the provisions of this CFC Master Indenture and any Supplemental Indenture. The CFC Bonds and the interest thereon do not constitute an indebtedness or a loan of credit of the City within the meaning of any constitutional or statutory limitation, and neither the faith and credit nor the taxing power of the City, the State of Louisiana or any political subdivision thereof is pledged to the payment of the principal of or interest on the CFC Bonds. A pledge of the Trust Estate, including the Revenues and the Pledged Funds to the extent set forth in the Granting Clauses hereof, and any and all other moneys and securities held or set aside or to be held or set aside by the Trustee pursuant to any Supplemental Indenture, to the extent set forth in this CFC Master Indenture or as may be set forth in a Supplemental Indenture, is hereby made, and the same are hereby pledged, to secure the payment of the principal and Redemption Price of, and interest on, the CFC Bonds, subject only to the provisions of this CFC Master Indenture or any Supplemental Indenture requiring or permitting the payment, setting apart or appropriation thereof for or to the purposes and on the terms, conditions, priorities and order set forth in or provided under this CFC Master Indenture or such Supplemental Indenture. This pledge shall be valid and binding from and after the date of issuance of any CFC Bonds hereunder. The Revenues so pledged and then or thereafter received by the Board and deposited as set forth in this CFC Master Indenture or any Supplemental Indenture shall immediately be subject to the lien of such pledge without any further physical delivery or further act; and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Board, irrespective of whether such parties have notice thereof.

SECTION 205. Issuance of CFC Bonds; Supplemental Indentures. Each Series of CFC Bonds shall be created by a Supplemental Indenture which shall prescribe expressly or by reference with respect to such Series:

- (a) the authorized principal amount and Series designation of such CFC Bonds;
- (b) the purpose or purposes for which such Series is being issued;
- (c) the manner in which the proceeds of the CFC Bonds of such Series are to be applied;
- (d) the date or dates, and the maturity date or dates, of the CFC Bonds of such Series, or the manner of determining such dates;
- (e) the interest rate or rates to be borne by the CFC Bonds of such Series or the manner of determining such rate or rates, the Maximum Rate for any Series of Variable Rate CFC Bonds and the Interest Payment Dates of such Series;
- (f) the manner of dating, numbering and lettering the CFC Bonds of such Series;
- (g) the place or places of payment of the principal and Redemption Price, if any, of, and interest on, the CFC Bonds of such Series or the manner of designating the same;
- (h) the Redemption Price or Prices, if any, of, and the redemption terms for the CFC Bonds of such Series, or the manner of determining such Redemption Price or Prices and terms;
- (i) the amount and due date of each Sinking Fund Payment, if any, for CFC Bonds of like maturity of such Series, or the manner of determining such amounts and dates;
- (j) provisions as to registration of the CFC Bonds of such Series;
- (k) the form and text of the CFC Bonds of such Series and provision for the Trustee's authentication thereof by certificate or otherwise;
- (l) any other provisions deemed advisable by the Board as shall not conflict with the provisions hereof;
- (m) provision for (i) additional payments to the Debt Service Fund sufficient to provide for any principal and interest requirements resulting from the issuance of the Series of CFC Bonds including, in the event that interest on the Series of CFC Bonds is capitalized and/or to be paid from investment earnings, a requirement to deposit from the proceeds of the Series of CFC Bonds to the fund specified in the Supplemental Indenture amounts fully sufficient to pay interest on such Series of CFC Bonds during the period specified in the Supplemental Indenture, and (ii) satisfaction of the Debt Service Reserve Requirement, if any, by not later than the date required by the Supplemental Indenture authorizing such Series of CFC Bonds;
- (n) Whether such Series of CFC Bonds are intended to be Tax-Exempt Bonds;

- (o) The Credit Facilities and Liquidity Facilities applicable to such Series of CFC Bonds, if any; and
- (p) Whether such Series of CFC Bonds shall be Reserve Bonds and if so the Debt Service Reserve Requirement for such Series.

SECTION 206. Conditions Precedent to Delivery of Any Series. CFC Bonds of any Series, other than the Initial Bonds which shall be issued upon satisfaction of the conditions set forth in sub-part (j) of this section shall be executed by a designated officer of the Board and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Board or upon its order, but only following the receipt by the Trustee of:

(a) a copy of the resolution adopted by the Board authorizing the issuance, sale and delivery of the applicable Series of CFC Bonds to be issued, certified by the Director of Aviation, and authorizing the execution and delivery of the Supplemental Indenture referred to in Section 205;

(b) a Counsel's Opinion to the effect that (i) the Board had the right and power to adopt the resolution referred to in (a) above; (ii) the resolution has been duly and lawfully adopted by the Board, is in full force and effect and is valid and binding upon the Board and is enforceable in accordance with its terms (except as limited by any applicable bankruptcy, liquidation, reorganization, insolvency or other similar laws and by general principles of equity in the event that equitable remedies are sought); (iii) this CFC Master Indenture and such Supplemental Indenture have been duly and lawfully authorized by all necessary action on the part of the Board, have been duly and lawfully executed by an Authorized Board Representative, are in full force and effect and are valid and binding upon the Board and enforceable in accordance with their terms (except as limited by any applicable bankruptcy, liquidation, reorganization, insolvency or other similar laws and by general principles of equity in the event that equitable remedies are sought); (iv) this CFC Master Indenture and such Supplemental Indenture create the valid pledge of Revenues, moneys and securities which they purport to create; (v) upon the execution, authentication and delivery thereof, the CFC Bonds of such Series will have been duly and validly authorized and issued in accordance with the Constitution and laws of the State of Louisiana, this CFC Master Indenture and such Supplemental Indenture and (vi) with respect to any Series of CFC Bonds issued as Tax-Exempt Bonds, that the interest thereon is excludable from federal income taxation.

(c) a written order as to the delivery of such Series, executed by an Authorized Officer (i) stating the identity of the purchasers, aggregate purchase price and date and place of delivery of such Series and that no Event of Default has occurred and is continuing under this CFC Master Indenture and (ii) fixing and determining all terms and provisions of the CFC Bonds of such Series not fixed or determined by this CFC Master Indenture or the Supplemental Indenture referred to in Section 205;

(d) an executed counterpart of the Supplemental Indenture referred to in Section 205;

(e) either (i) a Certificate of an Independent Airport Consultant stating that, based upon reasonable assumptions set forth therein, Revenues are projected to be not less than that required to satisfy the Rate Requirement as set forth in the rate covenant in Section 402 hereof, including taking into account the amounts in the Coverage Fund not to exceed 25% of Maximum Annual Debt Service (disregarding any CFC Bonds that have been paid or discharged or will be paid or discharged

immediately after the issuance of the Series proposed to be issued) for each of the next three Fiscal Years following the issuance of such CFC Bonds or, if later, for each Fiscal Year from the issuance of such Series through the two Fiscal Years immediately following completion of the CFC Projects financed by such CFC Bonds; or (ii) a Certificate of an Authorized Board Representative stating that Revenues in the most recent completed Fiscal Year for which audited financial statements have been prepared satisfied the Rate Requirement as set forth in Section 402 hereof, including taking into account the amounts in the Coverage Fund not to exceed 25% of Maximum Annual Debt Service assuming for such purpose that Aggregate Debt Service for the Bond Year commencing during such Fiscal Year includes the Maximum Annual Debt Service on the CFC Bonds proposed to be issued, provided however, neither of such items will be required with respect to the Initial Bonds, Refunding CFC Bonds including Completion CFC Bonds, Subordinated CFC Bonds and Subordinated CFC Obligations;

(f) in the case of Completion CFC Bonds, a Certificate of an Authorized Board Representative stating (i) that the Series of CFC Bonds proposed to be issued are being issued to finance the costs of one or more CFC Projects initially financed in whole or in part by CFC Bonds, and (ii) that the additional cost of the CFC Projects being financed by such Series does not exceed 15% of the aggregate cost thereof previously financed. Prior to the delivery of any Completion CFC Bonds, the Board shall file with the Trustee a certificate of a Consulting Engineer (i) stating that the CFC Projects have not materially changed from their description in the Supplemental Indenture creating the Series of CFC Bonds initially issued to finance the cost of such CFC Projects, (ii) estimating the revised aggregate cost of the CFC Projects, (iii) stating that the revised aggregate cost of such CFC Projects cannot be paid with available moneys, and (iv) stating that, in the opinion of the Consulting Engineer, the issuance of Completion CFC Bonds is necessary to provide funds to complete the subject CFC Projects;

(g) a Certificate stating that any required approval for the issuance of such Series has been obtained and that the term of the Agreements and Facilities Leases either initially or as extended have a remaining term of at least two (2) years;

(h) a Certificate stating whether such Series of CFC Bonds shall be Reserve Bonds and if so, the applicable Debt Service Reserve Requirement;

(i) such further documents and moneys as are required by the provisions of Article V or any Supplemental Indenture; and

(j) the Initial Bonds shall be executed by a designated officer of the Board and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Board or upon its order, upon delivery of the items required by sub-parts (a), (b), (c), (d), (g) and (h) above but items (e) and (f) shall not be required.

In making the calculations required by this subpart (2)(e)(i) or (ii), if the Board has adopted, implemented and imposed a higher per Transaction Day rate for the CFC or otherwise increased the rate for the CFC or imposed or increased any Contingent Rent or any other Supplemental Facility Charge prior to the date of the issuance of a series of Additional Bonds, the calculation of CFC Revenues may be made assuming such increased per Transaction Day rate or other increase in the CFC, imposed or increased Supplemental Facility Charge or Contingent Rent had been in effect during such period.

SECTION 207. Conditions Precedent to Delivery of Any Series of Refunding CFC Bonds.

All Refunding CFC Bonds of any Series shall be executed by the Board and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Board or upon its order, but only following the receipt by the Trustee of:

(a) the documents referred to in subsections (a), (b), (c), (d),(g), (h) and (i) of Section 206;

(b) a Certificate of an Authorized Board Representative substantially to the effect that either (i) after the issuance of the proposed Refunding CFC Bonds, the Aggregate Debt Service on all Outstanding CFC Bonds (including the proposed Refunding CFC Bonds) will be less than that for each Bond Year within which any of the refunded CFC Bonds would have been Outstanding but for their having been refunded or (ii) the refunding will reduce the total debt service payments on the refunded CFC Bonds on a present value basis or alternatively Refunding CFC Bonds may be issued by complying with the provisions of item (e) of Section 206 hereof;

(c) if a redemption of CFC Bonds is to be effected, irrevocable instructions to the Trustee to give due notice of redemption of all the CFC Bonds to be refunded and the date fixed for redemption or dates, if any, upon which such CFC Bonds are to be redeemed;

(d) if a redemption of CFC Bonds is to be effected and the redemption is scheduled to occur subsequent to the next succeeding 45 days, irrevocable instructions to the Trustee to give notice of redemption of such CFC Bonds as provided in the applicable Supplemental Indenture on a specified date prior to their date fixed for redemption which notice may include language giving notice that such redemption is conditioned upon the receipt of sufficient amounts to effect such noticed redemption;

(e) if the CFC Bonds to be refunded are to be paid more than 90 days after the deposit described in this clause (d), a certificate of an Independent Accountant stating the amount of either (i) moneys (which may include all or a portion of such Series) in an amount sufficient to pay the CFC Bonds to be refunded at maturity or at the applicable Redemption Price of the CFC Bonds to be refunded together with interest on such CFC Bonds to the maturity or date fixed for redemption or dates, or (ii) Defeasance Obligations the principal of, and interest on, which when due (without reinvestment thereof), together with the moneys (which may include all or a portion of the proceeds of the CFC Bonds to be issued), if any, which must be contemporaneously deposited with the Trustee, to be sufficient to pay when due the principal of or the applicable Redemption Price of the CFC Bonds to be refunded, together with interest on such CFC Bonds to the date or dates fixed for redemption or the date or dates of maturity thereof; and

(f) such further documents and moneys as are required by the provisions of Article V or any Supplemental Indenture.

SECTION 208. Credit Facilities and Liquidity Facilities. The Board reserves the right to provide one or more Credit Facilities to secure the payment of the principal of, premium, if any, and interest on one or more Series of CFC Bonds, or with respect to Tender Bonds, a Liquidity Facility to secure the Purchase Price of such Tender Bonds upon the demand of the Owners thereof. In connection with any such Credit Facility or Liquidity Facility, the Board may execute and deliver an agreement setting forth the conditions upon which drawings or advances may be made under such Credit Facility or Liquidity Facility and the method by which the Board will reimburse the Provider for such drawings together with interest thereon at such rate or rates and otherwise make payments as may be agreed upon

by the Board and such Provider. Any such obligation of the Board to reimburse or otherwise make payments to any such Provider shall constitute a Bond under this CFC Master Indenture to the same extent as any Series of CFC Bonds issued pursuant to a Supplemental Indenture, and any and all amounts payable by the Board to reimburse such Provider, together with interest thereon, shall for purposes of this CFC Master Indenture be deemed to constitute the payment of principal of, premium, if any, and interest on CFC Bonds.

SECTION 209. Hedging Transactions. (a) If the Board shall enter into a Qualified Swap Agreement with a Swap Provider requiring the Board to pay a fixed interest rate on a notional amount, or requiring the Board to pay a variable interest rate on a notional amount, and the Board has made a determination that such Qualified Swap Agreement was entered into for the purpose of providing substitute interest payments for CFC Bonds of a particular maturity or maturities in a principal amount equal to the notional amount of the Qualified Swap Agreement and so long as the Swap Provider under such Qualified Swap Agreement is not in default under such Qualified Swap Agreement:

(i) for purposes of any calculation of Annual Debt Service, the interest rate on the CFC Bonds of such maturity or maturities shall be determined as if such CFC Bonds bore interest at the fixed interest rate or the variable interest rate, as the case may be, payable by the Board under such Qualified Swap Agreement;

(ii) any net payments required to be made by the Board to the Swap Provider pursuant to such Qualified Swap Agreement from Revenues shall be made on a parity with payments due on other CFC Bonds solely from amounts on deposit to the credit of the Revenue Fund, the Debt Service Fund, the Coverage Fund, the Debt Service Reserve Account, if any, or the Surplus Fund, in the order described in Section 302; and

(iii) any net payments received by the Board from the Swap Provider pursuant to such Qualified Swap Agreement shall be applied and may or may not be treated as CFC Revenues as directed by the Board.

(b) If the Board shall enter into a swap agreement of the type generally described in subsection (a) of this Section 209 that does not satisfy the requirements for qualification as a Qualified Swap Agreement as a result of its failure to make the determination described therein or otherwise, then:

(i) the interest rate adjustment or assumptions referred to in paragraph (i) of said subsection (a) shall not be made;

(ii) any net payments required to be made by the Board to the Swap Provider pursuant to such swap agreement from Revenues shall be made only from amounts available after the payment of all other CFC Bonds; and

(iii) any net payments received by the Board from the Swap Provider pursuant to such swap agreement may be treated as CFC Revenues at the option of the Board and applied as directed by the Board.

SECTION 301. Establishment of Funds and Accounts. (1) The Board hereby establishes with the Trustee the following Funds to be held by the Trustee and the CFC Collection Account as follows:

- (a) Revenue Fund;
- (b) Administrative Costs Fund;
- (c) Debt Service Fund, which includes a Debt Service Account and any Debt Service Reserve Account that may be created for a Series of CFC Bonds under the related Supplemental Indenture;
- (d) Coverage Fund;
- (e) Maintenance Reserve Fund;
- (f) Surplus Fund;
- (g) Insurance and Condemnation Proceeds Fund;
- (h) for each Series of CFC Bonds, if created under the related Supplemental Indenture, a Construction Fund;
- (i) for each Series of CFC Bonds, a Costs of Issuance Fund;
- (j) for each Series of Tax-Exempt Bonds an Arbitrage Rebate Fund; and
- (k) the CFC Collection Account within a bank designed by the Board.

(2) All such Funds and the CFC Collection Account shall be established, maintained and accounted for as hereinafter provided so long as any of the CFC Bonds remain Outstanding; provided, however, the Construction Fund and the Costs of Issuance Fund relating to a particular Series of CFC Bonds need not be maintained and shall be closed after all amounts deposited thereto have been expended. Any Construction Fund, the Debt Service Fund and the Debt Service Accounts and any Debt Service Reserve Accounts created therein, the Coverage Fund, and the Surplus Fund shall constitute trust funds which shall be held by the Trustee for the benefit of the Owners of CFC Bonds and be considered as part of the Trust Estate. The Administrative Costs Fund, Arbitrage Rebate Fund, any Costs of Issuance Fund, the Maintenance Reserve Fund and the Insurance and Condemnation Proceeds Fund, do not constitute trust funds held for the benefit of the Owners of CFC Bonds and are not considered as part of the Trust Estate.

(3) The Board and the Trustee reserve the right to establish additional funds, sub-funds, accounts and subaccounts from time to time under Supplemental Indentures; and any such Supplemental Indenture may provide that amounts on deposit in such sub-funds, accounts and subaccounts shall be held by the Trustee for the sole and exclusive benefit of a particular Series of CFC Bonds as may be specifically designated in such Supplemental Indenture.

SECTION 302. Revenue Fund; Flow of Funds. (1) Unless specifically directed otherwise in this CFC Master Indenture or in a Supplemental Indenture, all Revenues received by the Trustee shall be deposited upon receipt to the Revenue Fund.

(2) On or before the third-to-last Business Day of each month, the Trustee shall transfer moneys then credited to the Revenue Fund in the following order of priority:

(a) The Trustee shall transfer, after taking into account any amounts representing capitalized interest therein, to the Debt Service Account of the Debt Service Fund established for a Series of CFC Bonds pursuant to a Supplemental Indenture, (i) amounts sufficient to pay one-sixth of the interest due on CFC Bonds of such Series on the next succeeding Interest Payment Date if such Series bears interest at a Fixed Rate, or an amount specified in the applicable Supplemental Indenture if such Series bears interest at a Variable Rate, as applicable, provided that payments prior to the first Interest Payment Date after the issuance of a Series of Fixed Rate CFC Bonds shall be adjusted to the extent necessary so that the total amount of interest due on such CFC Bonds on that Interest Payment Date will have been paid into the Debt Service Account in equal installments prior to that Interest Payment Date, and (ii) amounts sufficient to pay one-twelfth of the principal amount of the CFC Bonds of such Series coming due on the next succeeding Principal Payment Date, provided that payments prior to the first Principal Payment Date after the issuance of a Series of CFC Bonds shall be adjusted to the extent necessary so that the total amount of principal due on such Series of CFC Bonds on that Principal Payment Date will have been paid into the Debt Service Account in equal installments prior to that Principal Payment Date.

(b) The Trustee shall transfer to the Coverage Fund amounts necessary to cause the amount on deposit therein to equal the Coverage Fund Requirement. To the extent amounts in the Coverage Fund are used to satisfy a deficiency in the Debt Service Account pursuant to Section 302(3) herein, the Trustee shall transfer moneys in substantially equal monthly installments over a period of twelve months for deposit to the Coverage Fund so that at the end of such twelve month period, the amount transferred to the Coverage Fund equals the Coverage Fund Requirement.

(c) The Trustee shall transfer to each Debt Service Reserve Account amounts necessary (i) to cause the amount on deposit therein to equal the applicable Debt Service Reserve Requirement (taking into account any related Debt Service Reserve Account Surety Policy) and (ii) to the extent applicable, to provide for the reimbursement of a Debt Service Reserve Account Surety Policy provider in accordance with the terms of the related Debt Service Reserve Account Surety Policy; provided, however, that in the event there are insufficient funds to make all such required transfers, the Trustee shall make such transfers on a pro rata basis.

(d) The Trustee shall transfer to the Administrative Costs Fund all moneys until there shall have been deposited thereto an amount equal to the then budgeted Administrative Costs for such Bond Year. Thereafter, no additional transfers to the Administrative Costs Fund shall be made during such Bond Year unless (i) the Board directs the Trustee to transfer an amount from the Surplus Fund sufficient to satisfy any deficiency within the Administrative Costs Fund or (ii) the Board amends the budgeted Administrative Costs for such Bond Year and such amendment increases the budgeted Administrative Costs for such Bond Year. In the event of the latter, the Trustee shall transfer to the Administrative Costs Fund all moneys until there shall have been deposited thereto an amount equal to the increased budgeted Administrative Costs for such Bond Year.

(e) The Trustee shall transfer to the Construction Fund created for any Series of CFC Bonds the amounts commencing on the dates and ending on the dates specified in the applicable Supplemental Indenture, if any.

(f) Commencing with the month of January 2013, the Trustee shall transfer to the Maintenance Reserve Fund amounts in substantially equal monthly installments over a period of 60 months so that at the end of such 60-month period, the amounts credited to the Maintenance Reserve Fund equal the Maintenance Reserve Fund Requirement. To the extent amounts in the Maintenance Reserve Fund are transferred and used by the Board for any of the purposes described in Section 307(1), the Trustee shall transfer to the Maintenance Reserve Fund amounts in substantially equal monthly installments over a period of twelve months so that at the end of such twelve month period, the amount credited to the Maintenance Reserve Fund equals said amount used by the Board pursuant to Section 307(1).

(g) With respect to any Tax-Exempt Bonds, the Trustee shall transfer to the Arbitrage Rebate Fund for such Series of Tax-Exempt Bonds the amounts calculated to be due to the Internal Revenue Service as arbitrage rebate for such Series of Tax-Exempt Bonds in accordance with any arbitrage rebate calculation provided to the Trustee with respect to a Series of Tax-Exempt Bonds.

(h) After the Completion Date of any CFC Project for which a Construction Fund is created, the Trustee shall transfer to the Surplus Fund all moneys remaining in such Construction Fund.

(3) If, two Business Days before any Interest Payment Date or Principal Payment Date the amounts on deposit in the Debt Service Account established for a Series of CFC Bonds pursuant to a Supplemental Indenture are insufficient to pay the interest or the principal or Redemption Price payable on the CFC Bonds of such Series as the same shall become due, moneys held in the following Funds or Accounts shall be transferred by the Trustee from said Funds or Accounts in the following order to each such Debt Service Account as applicable on a pro rata basis in order to satisfy said deficiency therein:

(a) First, the Trustee shall transfer to the Debt Service Account moneys in the Surplus Fund;

(b) Second, if moneys in the Surplus Fund are insufficient to satisfy the deficiency, the Trustee shall transfer to the Debt Service Account moneys in the Coverage Fund; and

(c) Third, if moneys in the Surplus Fund and Coverage Fund are insufficient to satisfy the deficiency, the Trustee shall transfer to the Debt Service Account moneys in the related Debt Service Reserve Account, but only for a Series of CFC Bonds secured by such Debt Service Reserve Account;

provided, however, that if moneys in the Surplus Fund and the Coverage Fund are insufficient to satisfy the deficiency, the Trustee shall immediately notify the Director of Aviation and the Director of Aviation shall cause an interim report of the Independent Airport Consultant to be prepared in accordance with Section 402(d) and the Director of Aviation shall either, as soon as reasonably practicable, (i) adjust the Facility Charge for the remainder of the Bond Year to an amount equal to the CFC Costs plus the amount necessary to replenish the Coverage Fund for the amount transferred by the Trustee to the applicable Debt

Service Account pursuant to Section 302(3)(b), or (ii) collect the Contingent Rent or Supplemental Facility Charges from the Lessee(s) pursuant to the terms of the Facilities Lease(s).

If moneys are withdrawn and transferred from the Surplus Fund, the Coverage Fund, and/or any Debt Service Reserve Account to pay principal of or interest on the CFC Bonds as provided in Section 302(3), the Trustee shall notify the Board and any Credit Provider of the amount of such withdrawals and transfers.

SECTION 303. Administrative Costs Fund. Moneys credited to the Administrative Costs Fund shall only be used by the Trustee to pay Administrative Costs. The Trustee shall disburse amounts in the Administrative Costs Fund to pay or reimburse the Board for Administrative Costs within three Business Days following receipt of and in accordance with a letter of instructions executed by an Authorized Officer certifying that Administrative Costs have been incurred as permitted by this CFC Master Indenture and directing the Trustee to pay such amounts incurred.

SECTION 304. Debt Service Fund—Debt Service Account. Moneys credited to a Debt Service Account of the Debt Service Fund established for a Series of CFC Bonds shall only be used to pay the Annual Debt Service coming due on such Series of CFC Bonds during each Bond Year.

SECTION 305. Debt Service Fund—Debt Service Reserve Account. Any Supplemental Indenture pursuant to which a Series of CFC Bonds is issued may establish a Debt Service Reserve Account and a Debt Service Reserve Requirement with respect thereto. Such Supplemental Indenture may provide that the Debt Service Reserve Requirement may be satisfied with (i) one or more Debt Service Reserve Account Surety Policies, (ii) Qualified Investments or (iii) a combination thereof. As provided in Section 302, moneys credited to a Debt Service Reserve Account shall be used by the Trustee to pay the principal of and interest on the related Series of CFC Bonds at such time as such principal and interest are due and there is not sufficient money in the Debt Service Account, Surplus Fund and Coverage Fund for such purpose.

SECTION 306. Coverage Fund. With respect to the Initial Bonds from either the CFC Revenues collected prior to the issuance of the Initial Bonds or from the proceeds of the Initial Bonds as shall be determined by the Board, there shall be deposited into the Coverage Fund such amount as equals the Coverage Fund Requirement for the Initial Bonds. With respect to any CFC Bonds other than the Initial Bonds, from either available amounts in the Surplus Fund or from the proceeds of each Series of CFC Bonds there shall be deposited into the Coverage Fund such amounts as shall be provided in the Supplemental Indenture authorizing such Series of CFC Bonds which amount must be at least sufficient to equal the Coverage Fund Requirement for all then Outstanding CFC Bond. As provided in Section 302(3), moneys credited to the Coverage Fund shall be used by the Trustee to pay the principal of and interest on the CFC Bonds at such time as such principal and interest are due and there is not sufficient money in the Debt Service Account and the Surplus Fund for such purposes.

SECTION 307. Maintenance Reserve Fund. (1) Moneys credited to the Maintenance Reserve Fund may be applied at the discretion of the Board to pay for costs of capital repairs, replacement and maintenance of the CFC Projects and to reimburse advances made by the Board for such reasonable costs. The Trustee shall disburse amounts in the Maintenance Reserve Fund to pay or reimburse the Board for the costs described herein within three Business Days following receipt of and in accordance with a letter of instructions executed by an Authorized Officer certifying that such costs have been incurred as

permitted by this CFC Master Indenture and directing the Trustee to pay such amounts incurred. The Board shall also provide written notice to the Companies and the Independent Airport Consultant as to the use of moneys in the Maintenance Reserve Fund.

(2) If, on the Business Day following the transfers made pursuant to Section 302(2) hereof, the amount on deposit in the Maintenance Reserve Fund exceeds the Maintenance Reserve Fund Requirement by 15%, the Trustee shall transfer such excess to the Surplus Fund.

(3) At any time, the Board may deliver to the Trustee a written certificate executed by an Authorized Board Representative establishing a new Maintenance Reserve Fund Requirement. From and after the date and delivery of such certificate and until the date of delivery of another such certificate, the amount set forth in such certificate shall be the Maintenance Reserve Fund Requirement without any further action required under this CFC Master Indenture or otherwise.

(4) Upon the termination of this CFC Master Indenture, the Trustee shall transfer any amounts remaining in the Maintenance Reserve Fund to the Board.

SECTION 308. Surplus Fund. (a) Moneys credited from time to time to the Surplus Fund are to be used for any of the following purposes and except for items (i) and (ii) which shall be given preference not in any order of priority: (i) commencing with the end of the first Bond Year after DBO of the CONRAC within which Companies pay O & M Expenses to the Manager and continuing thereafter as long as the Initial Facilities Leases and any other Facilities Lease(s) which contain similar provisions for reimbursement to the Manager of the O & M Payments are effective by the Trustee, not more than thirty (30) days after receipt of the unaudited financial statements for the prior Bond Year of the Board, the Manager and the CONRAC which reflect the CFC Revenues, application thereof, the O & M Budget of the Manager, and the O & M Payments made by the Companies to the Manager, to pay to the Manager an amount equal to the lesser of 1) the excess of actual CFC Revenues for such prior Bond Year over actual CFC Costs for such prior Bond Year or 2) the actual O & M Expenses for such prior Bond Year (the “O & M Repayment Amount”) which the Manager shall use to reimburse each of the Companies for all or a portion of the O & M Payments made by each to the Manager pursuant to Sections 404 and 603 of the Initial Facilities Leases for such prior Bond Year, (ii) commencing with the end of the first Bond Year after DBO of the CONRAC within which the Companies pay Ground Rentals pursuant to the Initial Facilities Leases, to the extent that actual CFC Revenues for any prior Bond Year exceeded 1) the actual CFC Costs for such prior Bond Year plus 2) the O & M Expenses paid by the Companies for such prior Bond Year, an amount equal to the lesser of (A) such excess or (B) the amount of Ground Rentals paid by all of the Companies for such prior Bond Year (such lesser amount being the “Ground Rental Repayment Amount”) shall be paid by the Trustee from amounts available in the Surplus Fund to the Companies with each Company being paid the portion of the Ground Rental Repayment Amount equal to the percentage resulting from dividing the Ground Rentals paid by each Company for such prior Bond Year by the total of all Ground Rentals paid by all the Companies for such prior Bond Year such payment to be made within 30 days of receipt of unaudited financial statements of the Board, the Trustee and the Manager relating to the CFC Revenues, O & M Expenses of the CONRAC, the CFC Costs for such Bond Year, the O & M Repayment Amount, and the Ground Rentals, (iii) at the discretion of an Authorized Board Representative to make a deposit to the Administrative Cost Fund for the payment of Administrative Costs when said fund has a deficiency, (iv) to fund repairs and replacements for the CFC Projects, (v) to reimburse the Board for amounts expended by it from its lawfully available funds with respect to planning, financing and constructing or operating the Consolidated Facility and any other CFC Projects,

(vi) expand the CFC Projects, (vii) to purchase, defease or retire CFC Bonds or (viii) for any other lawful purpose of the Board with respect to the Consolidated Facility any other CFC Projects, the CFC Bonds and any ground transportation project benefiting or facilitating motor vehicular traffic at the Airport. The Board shall provide written notice to the Companies and the Independent Airport Consultant as to the use of moneys in the Surplus Fund. As provided in Section 302(3), moneys credited to the Surplus Fund shall be used by the Trustee to pay the principal of and interest on the CFC Bonds at such time as such principal and interest are due and there is not sufficient money in the Debt Service Account.

SECTION 309. Construction Fund. (1) From the proceeds of each Series of CFC Bonds (other than Refunding CFC Bonds) and any other amounts from CFC collections or otherwise made available there shall be deposited to a Construction Fund such amounts as shall be provided in the resolution or the Supplemental Indenture authorizing such Series of CFC Bonds. Such amounts may be applied to pay related Costs of the Project, to reimburse advances made by the Airport or the Companies for such reasonable costs, and to pay any other capital costs of the CFC Projects as provided in the resolution or the Supplemental Indenture authorizing such Series of CFC Bonds. The Trustee shall not disburse any amounts deposited to the Construction Fund without first receiving a Construction Fund Disbursement Certificate in the form set forth in Exhibit A or as otherwise set forth in an exhibit to a particular Supplemental Indenture executed by an Authorized Officer.

(2) Following the determination by the Board in a Certificate as to the final completion (as opposed to substantial completion) of each CFC Project for which Bonds have been issued (a "Completion Date"), any amounts remaining in the related Construction Fund shall be transferred to the Surplus Fund or as otherwise provided in the applicable Supplemental Indenture.

(3) The Trustee shall rely fully on any such request and certificate delivered pursuant to this Section and shall not be required to make any investigation in connection therewith. The Trustee shall be under no duty or obligation to verify any documentation supporting the payments or reimbursements by the obligor, but shall hold and provide to Bondholders upon request such documentation supporting the payments or reimbursements requested by the obligor, solely as a repository for the benefit of the Bondholders.

SECTION 310. Costs of Issuance Fund. From the proceeds of each Series of CFC Bonds there shall be deposited to a Costs of Issuance Fund such amounts as shall be provided for in the Supplemental Indenture authorizing such Series of CFC Bonds. Such amounts shall be applied to pay related Costs of Issuance upon delivery to the Trustee of a certificate or letter of instructions executed by an Authorized Board Representative directing the Trustee to make payments as set forth therein. After paying all Costs of Issuance for a Series of CFC Bonds, any surplus amounts remaining in the Costs of Issuance Fund shall be deposited to the Construction Fund, if any, or, if there is no Construction Fund, to the related Debt Service Account.

SECTION 311. Insurance and Condemnation Proceeds Fund. The Trustee shall deposit into the Insurance and Condemnation Proceeds Fund, immediately upon receipt thereof, all amounts received by the Board or the Trustee as an insured or co-insured under any policy of insurance applicable to the Consolidated Facility and amounts received pursuant to eminent domain proceedings. The Trustee shall apply amounts in the Insurance and Condemnation Proceeds Fund in accordance with written instructions from the Board and the Lessee(s) under the Facilities Lease(s).

SECTION 312. CFC Collection Account. The Board shall create an account at a bank of its choice to be denominated the "New Orleans Aviation Board CFC Collection Account" (the "CFC Collection Account") into which all receipts of Revenues, including Contingent Rent or other Supplemental Facility Charges shall be deposited daily as received by the Board. The Board shall cause the bank at which the CFC Collection Account is held to automatically transfer not less frequently than once a month on the 25th calendar day of each month or if not a Business Day on the next succeeding Business Day and on other days as selected by the Board at its sole option the amounts deposited/credited to the CFC Collection Account to the Revenue Fund to be held and applied therein by the Trustee as provided in Section 302 hereof. The Trustee shall have no responsibility for the accuracy or timeliness of payments by the Companies or the Board of the Revenues, or for the collection of payments which are returned as uncollectible for any reason.

SECTION 313. Arbitrage Rebate Fund. In order to maintain the tax-exempt status of the Tax-Exempt Bonds there is hereby authorized and ordered established with respect to each series of Tax-Exempt Bonds an "Arbitrage Rebate Account" within the "Arbitrage Rebate Fund." This Fund shall be maintained by the Trustee and used to receive any amounts payable by the Board to the U.S. Treasury pursuant to Section 148(f) of the Code and invested and applied as described in the applicable Supplemental Indenture relating thereto. The amounts on deposit in the accounts created within the Arbitrage Rebate Fund shall be payable to the United States Treasury in such amounts and at such times as provided in the said Supplemental Indenture but in no event later than required by Section 148(f) of the Code and the regulations promulgated thereunder. Any amounts remaining in any Arbitrage Rebate Account of the Arbitrage Rebate Fund created for a particular Series of Tax-Exempt Bonds after payment of the final arbitrage rebate amounts due with respect to U. S. Treasury shall be transferred by the Trustee to the Revenue Fund. The Board further covenants that it will comply with any Treasury Regulations applicable to Section 148(f) of the Code including any calculations of rebate amounts required under applicable Treasury Regulations. It is hereby recognized and understood that moneys deposited in the Arbitrage Rebate Fund and any earnings thereon do not constitute Revenues, are not and never shall be pledged to the payment of or be security for any CFC Bonds.

SECTION 314. Investment of Funds; Transfer of Investment Income. (a) All moneys held in any Fund or Account established and created under this CFC Master Indenture shall be invested in Qualified Investments upon the oral direction of an Authorized Board Representative, or his or her designated representative, promptly confirmed in writing.

(b) Qualified Investments purchased as an investment of moneys in any Fund or Account established and created under this CFC Master Indenture shall be deemed at all times to be a part of such Fund or Account. Qualified Investments so purchased shall be sold at the best price obtainable whenever it shall be necessary so to do in order to provide moneys to make any withdrawal or payment from such Fund or Account. For the purposes of any such investment, a Qualified Investment shall be deemed to mature at the earliest date on which the obligor is, on demand, obligated to pay a fixed sum in discharge of the whole of such Qualified Investment. Qualified Investments in which moneys held in any Fund or Account have been invested shall mature not later than the respective dates as estimated by the Board or the Trustee based on information provided by the Board, when the moneys held for the credit of any Fund or Account will be needed.

(c) In computing the amount in any Fund or Account, obligations maturing within the three year period next succeeding the date of computation shall be valued at amortized value, and obligations

maturing more than three years following the date of computation shall be valued at the lower of amortized value or market value; provided that investment agreements described in clause (h) of the definition of “Qualified Investments” shall be valued at amortized value.

(d) For purposes of this CFC Master Indenture amortized value means par, if the obligation was purchased at par, or, when used with respect to an obligation purchased at a premium above or a discount below par, means the value as of any given time obtained by dividing the total premium or discount at which such obligation was purchased by the number of interest payments remaining on such obligation after such purchase and deducting the amount thus calculated for each interest payment date after such purchase from the purchase price in the case of an obligation purchased at a premium or adding the amount thus calculated for each interest payment date after such purchase to the purchase price in the case of an obligation purchased at a discount. Valuation shall be made on each June 15 and December 15, or if such day is not a Business Day of the Trustee then on the Business Day of the Trustee immediately preceding such June 15 or December 15, and at any other time required hereunder or under any Supplemental Indenture, and on any particular date shall not include the amount of interest then earned or accrued to such date on any deposit or investment.

(e) Moneys in such Funds or Accounts may be subject to further investment restrictions imposed from time to time by Supplemental Indentures authorizing the issuance of a Series of CFC Bonds.

(f) If and to the extent necessary, such investments or participations therein shall be promptly sold to prevent any default.

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(g) All interest and income derived from deposits and investments credited to the following Funds shall be applied as follows:

Source of Interest or Income	Fund or Account to Which Such Interest or Income Should Be Credited
Administrative Cost Fund	Remains in the Administrative Cost Fund
Arbitrage Rebate Fund	Remains in the applicable Account of the Arbitrage Rebate Fund until the final arbitrage rebate amount has been paid the U. S. Treasury and any remaining amounts are then transferred to the Revenue Fund.
Revenue Fund	Remains in Revenue Fund
CFC Collection Account	Remains in CFC Collection Account until the next transfer is made of all amounts therein to the Revenue Fund
Debt Service Fund	Remains in the Debt Service Fund
Coverage Fund	Remains in the Coverage Fund until the Coverage Fund Requirement is satisfied; and thereafter to the Revenue Fund
Maintenance Reserve Fund	Remains in the Maintenance Reserve Fund until such time as the Maintenance Reserve Requirement is satisfied and thereafter to the Surplus Fund
Surplus Fund	Remains in the Surplus Fund
Insurance and Condemnation Proceeds Fund	Remains in the Insurance and Condemnation Proceeds Fund
Construction Fund	Remains in the Construction Fund
Costs of Issuance Fund	To the Construction Fund

(h) In order to comply with the directions of the Board, the Trustee may sell at the best obtainable price or may present for redemption or may otherwise cause the liquidation prior to their maturities of any obligations in which funds have been invested, and the Trustee shall not be liable for any loss or penalty of any nature resulting therefrom. In order to avoid loss in the event of any need for funds, the Board may instruct the Trustee, in lieu of a liquidation or redemption of investments in the Fund or Account needing funds, to exchange such investments for investments in another Fund or Account that may be liquidated at no, or at a reduced, loss.

(i) To insure that cash on hand is invested, if the Trustee is required to make investments as a result of not receiving written directions from the Board, the Trustee is specifically authorized to implement its automated cash investment system to assure that cash on hand is invested and to charge its normal cash management fees, which may be deducted from income earned on investments.

(j) The Trustee may make any and all investments through its own bond or securities department or the bond or securities department of any affiliate of the Trustee.

(k) The portion of the Surplus Fund which is allocable to any Series of Tax-Exempt Bonds shall be invested at a yield that does not exceed the yield on the applicable Series of Tax-Exempt Bonds, unless the Trustee obtains a Favorable Tax Opinion.

(l) The Trustee shall have no responsibility to monitor the ratings of Qualified Investments after the initial purchase of such Qualified Investments, but shall promptly advise the Board of any ratings downgrade of which it has knowledge.

SECTION 402. Rate Covenant. (a) Effective as of November 1, 2008, the Board has, pursuant to the CFC Resolution, required the On-Airport Rental Car Companies to charge, collect and remit to the Board for deposit daily as received by the Board in the CFC Collection Account from which such amounts shall be caused by the Board to be automatically transferred periodically to the Revenue Fund and applied as provided in Section 302(2) hereof. The CFC shall continue until adjusted in accordance with the provisions of the CFC Resolution and the provisions of this Section 402.

(b) At least 120 days prior to the end of each Bond Year commencing with the Bond Year ending December 31, 2010, the Board shall prepare and deliver to the Trustee and the Companies its estimate of CFC Revenues and CFC Costs for the next Bond Year, and make its determination as to whether the Rate Requirement was met for the then current Bond Year and will be met for the next ensuing Bond Year. If the Board projects CFC Revenues for the ensuing Bond Year are to be insufficient to meet the Rate Requirement for the ensuing Bond Year without further increasing the then existing rate at which the CFC is imposed (a "CFC Deficit"), then the Board shall engage an Independent Airport Consultant to recommend actions to be taken to cure such projected CFC Deficit. If required to be engaged pursuant to the foregoing sentence, not less than 90 days prior to the end of each Bond Year, the Independent Airport Consultant shall prepare and present to the Director, the Board, the Trustee and the Companies the Rate Consultant's Report recommending one or more of (i) an increase in the per Transaction Day rate or the rate of such other method of calculating the CFC as shall then be provided for in the CFC Resolution, (ii) implementing Contingent Rent, (iii) imposing other Supplemental Facility Charges or (iv) implementing any combination thereof for the ensuing Bond Year. If the Independent Airport Consultant in its Rate Consultant's Report determines that the required increase in the CFC rate will result in a reduction in annual Transaction Days greater than 25%, the Independent Airport Consultant shall recommend the implementation of Contingent Rent or a combination of one or more of Contingent Rent, other Supplemental Facility Charges and an increase in the CFC rate. In making such recommendation the Independent Airport Consultant shall consider, among other factors: (i) the historical and projected origination and destination traffic at the Airport; (ii) historical and projected Transaction Days at the Airport; (iii) the Annual Debt Service requirements; (iv) the budgeted Administrative Costs and the actual Administrative Costs; (v) the estimated CFC Costs, (vi) the amounts required to be deposited to the Funds and Accounts and any existing or projected deficiencies therein; (vii) information provided by the Companies; and (viii) such other factors deemed relevant by the Independent Airport Consultant. Not less than 60 days prior to the end of the then current Bond Year, the Companies shall provide written notice to the Director and the Independent Airport Consultant if any thereof object to any portion of the Rate Consultant's Report. The Director or the Board as appropriate under the CFC Resolution as then in effect shall make a final determination regarding the plan to fund the estimated CFC Deficit for the next Bond Year.

(c) Subject to the provisions of (d) below, the Director of Aviation or the Board, as required by the provisions of the CFC Resolution at least 30 days prior to the end of each Bond Year will establish and give notice to the Trustee and each of the Companies of (i) the per Transaction Day rate of the CFC or the rate of such other method of calculating the CFC as shall then be provided for in the CFC Resolution, (ii) the amount of Contingent Rent, if any, (iii) the amount and rate of any other Supplemental Facility Charges, if any, or (iv) a combination of any thereof, for the ensuing Bond Year. The per Transaction Day rate or the rate of such other method of calculating the CFC shall be established by the Director of Aviation or the Board as appropriate under the CFC Resolution as then in effect so that the collections of the CFC Revenues, Contingent Rent, other Supplemental Facility Charges or a combination there will result in Revenues for such ensuing Bond Year together with the amounts then on deposit in the Coverage Fund which do not exceed 25% of Maximum Annual Debt Service on the last Business Day of the ninth (9th) calendar month of the then current Bond Year, if any, will at least equal the Rate Requirement for such ensuing Bond Year. At the option of the Board the CFC shall be imposed by the Board calculated as either a per diem rate expressed in dollars or as a percentage of the daily gross rentals paid by the lessor of Motor Vehicles.

(d) Upon the occurrence of (i) an unscheduled draw on the Coverage Fund or any Debt Service Reserve Account, (ii) the actual CFC Costs exceeding by 10% or more the monthly projected CFC Costs or (iii) the monthly CFC Revenues actually received equaling 90% or less of the monthly amounts projected for such Bond Year for a period of not less than 3 consecutive calendar months the latest of which three (3) months is within the first eight (8) months of a single Bond Year, the Trustee with respect to item (i) and the Director of Aviation with respect to items (ii) and (iii) shall immediately notify the others of the Trustee, the Director of Aviation and the Companies and then the Director of Aviation shall cause the Independent Airport Consultant to prepare an interim report recommending an adjustment to the CFC, implementation or increases in Contingent Rent and/or other Supplemental Facility Charges or a combination of any thereof sufficient to restore the withdrawn amounts and remedy the increased CFC Costs or decreased CFC Revenues. However, the Independent Airport Consultant shall not recommend an increase in the CFC rate which would in his opinion result in a reduction in annual Transaction Days of greater than 25%. Upon receipt of such report, the Director of Aviation, as soon as reasonably practicable, shall take the actions required to increase Revenues by adjusting the rate of the CFC, implementing or increasing Contingent Rent and/or the Supplemental Facility Charges or implementing a combination of any thereof for the remainder of such Bond Year to the rates and amounts required so that Revenues for the then current Bond Year together with the amounts then on deposit in the Coverage Fund which do not exceed 25% of Maximum Annual Debt Service will at least equal the Rate Requirement for the current Bond Year plus the amount necessary to replenish the Coverage Fund or the respective Debt Service Reserve Accounts for the amounts transferred to the applicable Debt Service Accounts. The Director of Aviation shall notify the Companies and On-Airport Rental Car Companies who are not Lessee(s), if any, of such adjustment and the date as of which such new CFC rate, Contingent Rent and/or Supplemental Facility Charges shall be charged and collected by the Companies and On-Airport Rental Car Companies, if all are not included within the term Companies, with 30 days' prior written notice.

SECTION 403. Enforcement of Facilities Lease(s) and Agreements. The Board covenants that so long as any of the CFC Bonds remain Outstanding it will take all actions legally permitted to enforce compliance by the Lessee(s) with the Facilities Lease(s) and the Companies with the Agreements, of their obligations thereunder, including specifically seeking specific performance by each of the Companies of their respective obligations to charge, collect and remit the CFC and other Supplemental

Facility Charges (as applicable) including Contingent Rent, to the Board or (if directed by the Board) to the Trustee.

SECTION 405. Equality of CFC Bonds. Except as otherwise specifically provided for with respect to Subordinated CFC Bonds and Subordinated CFC Obligations, all CFC Bonds authorized hereunder shall be on a parity and rank equally without preference, priority or distinction over any other thereof as to security, regardless of the time or times of their issue, and the provisions, covenants and agreements set forth herein to be performed by and on behalf of the Board shall be for the equal benefit, protection and security of the Owners of any and all CFC Bonds. The Board covenants that, except for the Initial Bonds, it will not issue any obligations payable from the Revenues or, except as otherwise provided in Section 406, any other moneys pledged herein, nor voluntarily create or cause or permit to be created any debt, lien, pledge or assignment, having priority over or being on a parity with, the CFC Bonds without complying with as applicable Sections 206(e) or (f) hereof. The above and foregoing notwithstanding the Board may issue Subordinated CFC Bonds and Subordinated CFC Obligations as contemplated by this CFC Master Indenture.

SECTION 406. Against Pledge of Revenues. The Board shall not hereafter issue any CFC Bonds, notes, or other evidences of indebtedness secured by the pledge contained in Section 204 hereof, other than the Initial Bonds and Additional Bonds, including Completion CFC Bonds and shall not create or cause to be created any lien or charge on Revenues or on any amounts pledged for the benefit of Owners of CFC Bonds under this CFC Master Indenture; provided, however, that neither this Section nor any other provision of this CFC Master Indenture shall prevent the Board from (a) issuing CFC Bonds, notes or other evidences of indebtedness payable out of, or secured by a pledge of Revenues to be derived on and after such date as the pledge contained in Section 204 shall be discharged and satisfied as provided in Section 901 or (b) issuing Subordinated CFC Bonds.

SECTION 407. Offices for Servicing CFC Bonds. The Board shall at all times maintain one or more agencies in the Metropolitan Area of New Orleans, Louisiana or the City of New York, New York, where CFC Bonds of any Series may be presented for payment, where CFC Bonds of any Series may be presented for registration, registration of transfer or exchange to the extent and in the manner specified in the Supplemental Indenture creating such Series and where notices, demands and other documents may be served upon the Board in respect of the CFC Bonds of any Series or of this CFC Master Indenture. The Board hereby appoints the Trustee an agent of the Board for all such purposes.

SECTION 408. Insurance. The Board shall maintain, or cause to be maintained, insurance with respect to the CFC Projects against such casualties and contingencies and in such amounts not less than is reasonably prudent. Such policies of insurance shall name the Board and the Trustee as additional insureds as their interests may appear. Any premiums for such policies of insurance shall be paid by the Companies and the Lessee(s) as provided in the Agreements and the Facilities Lease(s), respectively.

SECTION 409. Use of Insurance and Condemnation Proceeds. If the CFC Projects, or any portion thereof, shall be substantially damaged or destroyed by fire or other casualty, the Board shall deposit with the Trustee the net proceeds of any insurance received with respect thereto for application by the Trustee in the manner as may be required under the related Supplemental Indenture. If the CFC Projects, or any portion thereof, shall be substantially taken by the exercise of the power of eminent domain, the Board shall deposit with the Trustee the net award received with respect thereto for application by the Trustee in the manner as may be required under the related Supplemental Indenture.

SECTION 410. Annual Audit. The Board covenants that it will, within 30 days after receipt of an its annual audit for each Fiscal Year furnish the Trustee with a copy thereof, prepared in accordance with generally accepted accounting principles and certified by an Independent Accountant, covering the operation of the CFC Projects for such Fiscal Year. Such audit shall contain a calculation based on actual data enabling such Independent Accountant to certify that the covenant contained in Section 402 has been satisfied with respect to such Fiscal Year.

SECTION 412. Amendments to Agreements and Facility Lease. The Board covenants that so long as any Series of Bonds remain Outstanding it will not consent to an amendment to the Facilities Lease(s) or Agreements which materially adversely affects the rights of Owners without consent of either (i) the Credit Provider for any Series of Bonds to which a Facility is applicable or (ii) with respect to any Series of Bonds for which there is no Credit Facility, a majority in principal amount of the Owners of such Series of Bonds then Outstanding.

SECTION 413. Certain Credit Facility and Liquidity Facility Permitted Covenants. In the event that the Board issues a Series of CFC Bonds under this CFC Master Indenture and under a Supplemental Indenture secured by a Credit Facility or a Liquidity Facility, the Board may make reasonable covenants and agreements with the applicable Provider including, but not limited to, covenants and agreements related to the following:

(a) The rate of funding or reimbursement of the Debt Service Reserve Requirement with respect to such Series, which shall not be less than the requirements provided herein;

(b) The use of cash or available investments on deposit in the Debt Service Reserve Account with respect to such Series to pay debt service before or after payments pursuant to the Credit Facility or Liquidity Facility;

(c) The application and priority of amounts deposited to the credit of the Debt Service Fund after payments pursuant to the Credit Facility or Liquidity Facility to reimburse the applicable Provider;

(d) Reasonable advance notice of the need for provision of funds under the Credit Facility or Liquidity Facility;

(e) The status of the applicable Provider as a third party beneficiary of the rights granted under this CFC Master Indenture and its ability to enforce the provisions of this CFC Master Indenture to the extent such rights may in fact benefit the Provider;

(f) The amendment of the substantive provisions of this CFC Master Indenture is subject to the consent of the Credit Provider, but on the condition that such consent not be unreasonably withheld;

(g) Limitations on the exercise of the rights of optional redemption with respect to such Series of CFC Bonds; and

(h) The Provider of any Credit Facility relating to a Series of CFC Bonds shall be considered the only Owner of such Series of CFC Bonds for the purposes of granting any and all consents to an

amendment of this CFC Master Indenture, any Supplemental Indenture or the bonds of such Series of CFC Bonds.

SECTION 414. Further Assurances. The Board covenants that it will make or adopt and execute, or cause to be made, adopted and executed, any and all such further resolutions, acts, deeds, conveyances, assignments or assurances permitted by applicable law as may be reasonably required for effectuating the intention of this CFC Master Indenture, and for the better assuring and confirming unto the Owners of the CFC Bonds of the rights and benefits provided in this CFC Master Indenture or any Supplemental Indenture.

SECTION 415. Covenant as to Arbitrage. The Board agrees that so long as any Tax-Exempt Bonds remain Outstanding, money on deposit in any fund or account created and maintained by this CFC Master Indenture and the applicable Supplemental Indenture in connection with a particular series of Tax-Exempt Bonds, whether or not such money was derived from the proceeds of the sale of the CFC Bonds or from any other sources in connection therewith, will not be used in a manner that would cause such Series of Tax-Exempt Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and applicable regulations promulgated from time to time thereunder (the "Regulations"). The Board shall observe and not violate the requirements of Section 148(c) of the Code and any applicable Regulations. In the event that Bond Counsel is of the opinion that it is necessary to restrict or limit the yield on the investment of moneys held by it or the Trustee relating to a particular series of Tax-Exempt Bonds and the applicable Supplemental Indenture, or to use such moneys in certain manners, in order to avoid such Series of Tax-Exempt Bonds being considered "arbitrage bonds" within the meaning of the Code and the Regulations as such may be applicable to the particular Series of Tax-Exempt Bonds at such time, the Board shall take such action or cause the Trustee to take such action. Further the Board shall enter into an arbitrage rebate agreement requiring the rebate of arbitrage earnings to the United States Treasury.

SECTION 416. Tax Covenant. The Board covenants that it shall not take any action or inaction, or fail to take any action, or permit any action to be taken on its behalf or cause or permit any circumstance within its control to arise or continue, if any such action or inaction would adversely affect the exclusion from gross income for federal income tax purposes of the interest on any Tax-Exempt Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Board covenants that it will comply with the instructions and requirements of the applicable Tax Certificate, which is incorporated herein as if fully set forth herein. This covenant shall survive payment in full or defeasance of any Tax-Exempt Bonds.

In the event that at any time the Board is of the opinion that for investment of any moneys held by the Trustee under this CFC Master Indenture, the Board shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

Notwithstanding any provisions of this Section, if the Board shall provide to the Trustee an opinion of Bond Counsel that any specified action required under this section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on any Tax-Exempt Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of this Section and of the applicable Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

SECTION 417. Transfer of Airport. Should the Board and/or the City transfer the governance of the Airport or a Major Portion of the Airport be transferred or otherwise disposed of to any entity other than the City or taken by eminent domain proceedings:

(a) if the transferee is an entity which can impose the CFC and collect the CFC Revenues and (i) by notarial act (A) assumes all of the obligations of both the Board and the City pursuant to the CFC Master Indenture, every Supplemental Indenture, all Bonds including the Series 2009 Bonds, and all Subordinated CFC Bonds, every agreement providing for every item of Section 208 Obligations and Section 209 Obligations, all Subordinated CFC Obligations and any other obligations relating to any thereof, (B) releases the Board and the City from all such obligations assumed by the transferee, and (C) agrees to indemnify the Board and the City from all such obligations, (ii) delivers an original or certified copy of such act of assumption to the Trustee and (iii) the Board has received a Favorable Tax Opinion with respect to such assumption, then the transferee shall be substituted as the obligor for all such obligations and the Board and the City shall be automatically without any further actions or requirements discharged from all liability pursuant to the CFC Master Indenture, every Supplemental Indenture, all CFC Bonds, all Subordinated CFC Bonds and all CFC Obligations and CFC Subordinated Obligations and any other obligations under or relating to any thereof; or

(b) if the transferee cannot legally impose the CFC and collect the CFC Revenues or does not by notarial act assume all the obligations of both the Board and the City and comply with all of the provisions of item (a) above, including the receipt of a Favorable Tax Opinion, then the Board shall (i) replace the Airport Facility or Airport Facilities which were transferred, other wise disposed or the governance of which was transferred to any entity other than the City or taken by eminent domain proceedings, (ii) provide an additional revenue-producing Airport Facility or Airport Facilities, (iii) redeem all CFC Bonds, Subordinated CFC Bonds and discharge all CFC Obligations and Subordinated CFC Obligations if they are then subject to redemption within 90 days of the transferee's failure to assume such obligations, or (iv) create an escrow fund pledged to pay and thereby cause such items to be deemed to be paid as provided in the defeasance provisions of the CFC Master Indenture.

(c) The Board shall notify each Rating Agency which then maintains a rating on any of the CFC Bonds, prior to voluntarily transferring the governance, selling or disposing of a Major Portion of any the Airport or portions thereof and upon its becoming aware of any proposed or actual eminent domain proceedings.

SECTION 501. Supplemental Indentures Effective Without Consent of Owners of CFC Bonds. (1) For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture may be authorized by a resolution adopted by the Board which, upon (i) the filing with the Trustee of a copy of such resolution certified by the Director of Aviation, (ii) the filing with the Trustee and the Board of an instrument in writing made by the Trustee consenting thereto, and (iii) the execution and delivery of such Supplemental Indenture by the Board and the Trustee, shall be fully effective in accordance with its terms:

(a) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision;

(b) to grant to the Trustee for the benefit of the Bondholders, additional rights, remedies, powers or authority;

(c) to subject to this CFC Master Indenture additional collateral or to add other agreements or covenants of the Board;

(d) to modify this CFC Master Indenture or the CFC Bonds to permit qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute at the time in effect, or to permit the qualification of the CFC Bonds for sale under the securities laws of any state of the United States;

(e) to facilitate the use of the book-entry system (or any successor depository);

(f) to evidence the succession of a new Trustee;

(g) to make any change that does not materially adversely affect the rights of any Bondholder;

(h) to close this CFC Master Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in this CFC Master Indenture on, the authentication and delivery of CFC Bonds or the issuance of other evidences of indebtedness;

(i) to authorize a Series and, in connection therewith, specify and determine the matters and things referred to in Section 206 or Section 207 hereof, as the case may be, and also any other matters and things relative to such Series of CFC Bonds which are not contrary to or inconsistent with this CFC Master Indenture as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Series of CFC Bonds;

(j) to confirm, as further assurance, the pledge under Section 204, and the subjection to any lien, claim or pledge created or to be created by, this CFC Master Indenture;

(k) to facilitate the issuance of CFC Bonds of any applicable Series to bear interest at the Variable Rate;

(l) to implement the covenants of the Board as provided in Section 413 hereof and otherwise to facilitate the use of any Facility; and

(m) to modify any of the provisions of this CFC Master Indenture in any respect whatever; provided that (i) such modification shall be, and be expressed to be, effective only after all CFC Bonds Outstanding at the date of the adoption of such Supplemental Indenture and affected by such Supplemental Indenture (1) shall cease to be Outstanding, (2) are subject to mandatory purchase or (3) are subject to demand for purchase and whose Owners have received notice of such proposed Supplemental Indenture at least 30 days before the effective date of such Supplemental Indenture, and (ii) such Supplemental Indenture shall be specifically referred to in the text of all CFC Bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental Indenture and of such Series of CFC Bonds issued in exchange therefor or in place thereof.

SECTION 502. Supplemental Indentures Effective with Consent of Owners of CFC Bonds.

At any time or from time to time, a Supplemental Indenture may be authorized by a resolution adopted by the Board, upon compliance with the provisions of Article VI, and upon execution and delivery of such Supplemental Indenture by the Board and the Trustee, shall become fully effective in accordance with its terms.

SECTION 503. General Provisions. (a) This CFC Master Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article and Article VI. Nothing in this Article or Article VI contained shall affect or limit the right or obligation of the Board to adopt, make, do, execute, acknowledge or deliver any resolution, act or other instrument pursuant to the provisions of Section 414 or the right or obligation of the Board to execute and deliver to the Trustee any instrument which elsewhere in this CFC Master Indenture it is provided shall be delivered to the Trustee.

(b) Any resolution authorizing a Supplemental Indenture referred to and permitted or authorized by Section 501 may be adopted by the Board without the consent of any of the Owners of CFC Bonds, but such Supplemental Indenture shall be executed and delivered by the Board and the Trustee and shall become effective only on the conditions, to the extent and at the time provided in said Section. Every Supplemental Indenture delivered to the Trustee for execution shall be accompanied by a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully authorized by the Board and executed by the Board in accordance with the provisions of this CFC Master Indenture, is authorized or permitted by this CFC Master Indenture, and will, when executed and delivered by the Trustee, be valid and binding upon the Board and enforceable in accordance with its terms.

(c) The Trustee is hereby authorized to enter into, execute and deliver any Supplemental Indenture referred to and permitted or authorized by Section 501 or Section 502 and to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, shall be fully protected in relying on an opinion of counsel (which may be a Counsel's Opinion) that such Supplemental Indenture is authorized or permitted by the provisions of this CFC Master Indenture.

(d) No Supplemental Indenture shall change or modify any of the rights or obligations of the Trustee without its written assent thereto.

(e) The description of CFC Projects as set forth in a Supplemental Indenture, may be supplemented or amended at any time as provided in the applicable Supplemental Indenture, without notice to, or consent of the Owners of the CFC Bonds or any Credit Provider.

SECTION 602. Powers of Amendment. Any modification or amendment of this CFC Master Indenture or of any Supplemental Indenture or of the rights and obligations of the Board and of the Owners of the CFC Bonds or Subordinated CFC Bonds, in particular, may be made by a Supplemental Indenture, with the written consent given as provided in Section 603, (a) of the Owners of a majority in principal amount of a Series of Bonds or Subordinated CFC Bonds Outstanding at the time such consent is given, (b) in case less than all of the several Series of then Outstanding Bonds or Subordinated CFC Bonds are affected by the modification or amendment, of the Owners of a majority in principal amount of the then Outstanding Series of Bonds or Subordinated CFC Bonds so affected, (c) in case any CFC Obligations or Subordinated CFC Obligations are affected by the modification or amendment, of the

Owners of the CFC Obligations and Subordinated CFC Obligations so affected, (d) in case any Swap Provider is affected by the modification or amendment, of the Swap Provider so affected; except that if such modification or amendment will, by its terms, not take effect so long as any Series of Bonds or Subordinated CFC Bonds of any specified like Series and maturity or any specified CFC Obligations or Subordinated CFC Obligations remain Outstanding, the consent of the Owners of the applicable Series of Bonds or Subordinated CFC Bonds shall not be required and such Series of Bonds or Subordinated CFC Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds or Subordinated CFC Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or Subordinated CFC Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, or in terms of purchase or the Purchase Price thereof, without the consent of the Owner of such Bond or Subordinated CFC Bond (and for such purposes the Credit Provider for such Bond or Subordinated CFC Bond shall not constitute the Owner as provided in the last sentence of this paragraph), or shall reduce the percentages or otherwise affect the classes of Bonds or Subordinated Bonds the consent of the Owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee without its written assent thereto. For the purposes of this Section, a Series of Bonds or Subordinated CFC Bonds or any specified CFC Obligations or Subordinated CFC Obligations shall be deemed to be affected by a modification or amendment of this CFC Master Indenture if the same adversely affects or diminishes the rights of the Owners of Bonds or Subordinated CFC Bonds of such Series or of such CFC Obligations or Subordinated CFC Obligations. Further for the purposes of this Section the Credit Provider which is not in default under the applicable Credit Facility for any Series of Bonds or Subordinated CFC Bonds shall constitute the sole Owner of such Bonds or Subordinated CFC Bonds except with respect to a change in the terms of redemption or maturity of the principal of any Outstanding Bond or Subordinated CFC Bonds or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, or in terms of purchase of any Tender Bond or the Purchase Price thereof.

SECTION 603. Consent of Owners of CFC Bonds. (a) The Board may at any time authorize a Supplemental Indenture making a modification or amendment permitted by the provisions of Section 602, to take effect when and as provided in this Section. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to the Owners of the CFC Bonds, Subordinated CFC Bonds or Subordinated CFC Obligations for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Board to the Owners of the Bonds, Subordinated CFC Bonds or Subordinated CFC Obligations (but failure to mail such copy and request shall not affect the validity of the Supplemental Indenture when consented to as in this Section provided). For the purposes of this Section the Credit Provider which is not in default under the applicable Credit Facility for any Series of Bonds or Subordinated CFC Bonds shall constitute the sole Owner of such Bonds or Subordinated CFC Bonds except with respect to a change in the terms of redemption or maturity of the principal of any Outstanding Bond or Subordinated CFC Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, or in terms of purchase of any Tender Bond or the Purchase Price thereof. Such Supplemental Indenture shall not be effective unless and until, and shall take effect in accordance with its terms when, (a) there shall have been filed with the Trustee (1) the written consents of Owners of the percentages of Outstanding Bonds, Subordinated CFC Bonds, and Subordinated CFC Obligations specified in Section 602 or the applicable Credit Provider and (2) a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully executed and delivered by the Board and the Trustee in accordance

with the provisions of this CFC Master Indenture, is authorized or permitted hereby and is valid and binding upon the Board and enforceable in accordance with its terms upon its becoming effective as in this Section provided, and (b) a notice shall have been mailed as hereinafter in this Section provided.

(b) The consent of an Owner of Bonds, Subordinated CFC Bonds, and Subordinated CFC Obligations to any modification or amendment shall be effective only if accompanied by proof of the ownership, at the date of such consent, of the Bonds, Subordinated CFC Bonds, and Subordinated CFC Obligations with respect to which such consent is given, which proof shall be such as is permitted by Section 813. A certificate or certificates signed by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with Section 813 shall be conclusive that the consents have been given by the Owners of the Bonds Subordinated CFC Bonds, and subordinated CFC Obligations described in such certificate or certificates. Any such consent shall be binding upon the Owner of the Bonds and Subordinated CFC Bonds, or Credit Provider giving such consent and upon any subsequent Owner of such Bonds, Subordinated CFC Bonds, and subordinated CFC Obligations and of any Bonds, Subordinated CFC Bonds, and Subordinated CFC Obligations issued in exchange therefor (whether or not such subsequent Owner thereof has notice thereof) unless such consent is revoked in writing by the Owner of such Bonds, Subordinated CFC Bonds, and Subordinated CFC Obligations giving such consent or a subsequent Owner thereof by filing such revocation with the Trustee, prior to the time when the written statement of the Trustee hereinafter provided for in this Section is filed. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee to the effect that no revocation thereof is on file with the Trustee.

(c) At any time after the Owners of the required percentages of Bonds, Subordinated CFC Bonds and Subordinated CFC Obligations or applicable Credit Provider shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the Board and the Trustee a written statement that the Owners of such required percentages of Bonds, Subordinated CFC Bonds, and Subordinated CFC Obligations or applicable Credit Provider have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Indenture (which may be referred to as a Supplemental Indenture entered into by the Board and the Trustee as of a stated date, a copy of which is on file with the Trustee) has been consented to by the Owners of the required percentages of Bonds, Subordinated CFC Bonds, and Subordinated CFC Obligations and will be effective as provided in this Section, shall be given to Owners by the Board by mailing such notice to the Owners of the Bonds, Subordinated CFC Bonds, and Subordinated CFC Obligations and each Credit Provider (but failure to mail such notice shall not prevent such Supplemental Indenture from becoming effective and binding as provided in this Section). The Board shall file with the Trustee proof of the mailing of such notice. A record, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Indenture making such amendment or modification shall be deemed conclusively binding upon the Trustee, each Credit Provider and the Owners of all Bonds, Subordinated CFC Bonds, and Subordinated CFC Obligations days after the filing with the Trustee of proof of the mailing of such last mentioned notice.

SECTION 604. Modifications by Unanimous Consent. The terms and provisions of this CFC Master Indenture and the rights and obligations of the Board and of the Owners of the Bonds, Subordinated CFC Bonds, and Subordinated CFC Obligations hereunder may be modified or amended in any respect upon the consent of the Owners of all the then Outstanding Bonds, Subordinated CFC Bonds, and Subordinated CFC Obligations to the execution and delivery of such Supplemental Indenture, such

consent to be given as provided in Section 603 except that no notice to the Owners of the Bonds, Subordinated CFC Bonds, and Subordinated CFC Obligations shall be required; but no such modification or amendment shall change or modify any of the rights or obligations of the Trustee without its written assent thereto.

SECTION 701. Event of Default. Each of the following events of default is hereby declared an “Event of Default:”

(a) payment of the principal or Redemption Price, if any, of any Bond shall not be made when and as the same shall become due, whether at maturity or upon call for redemption or otherwise;

(b) payment of any installment of interest on any Bond shall not be made when the same shall become due;

(c) the Board shall fail or refuse to comply with the provisions of this CFC Master Indenture, or shall default in the performance or observance of any of the covenants, agreements, or conditions on its part contained herein or the CFC Bonds, which materially affects the rights of the Owners of the CFC Bonds and such failure, refusal or default shall continue for a period of 45 days after written notice thereof is given to the Board and the Companies by the Trustee or the Owners of not less than 25% in principal amount of the Outstanding CFC Bonds; provided, however, that in the case of any such default which can be cured by due diligence but which cannot be cured within the 45 day period, the time to cure shall be extended for such period as may be necessary to remedy the default with all due diligence; or

(d) an event of default shall occur and be continuing under the provisions of any Supplemental Indenture.

SECTION 702. Remedies. (a) Upon the happening and continuance of any Event of Default specified in paragraph (a) or (b) of Section 701, the Trustee shall proceed, or upon the happening and continuance of any Event of Default specified in paragraph (c) or (d) of Section 701 (and as specified in any Supplemental Indenture with respect to additional events of default described thereunder), the Trustee may proceed, and upon the written request of the Owners of not less than 25% in principal amount of the Outstanding CFC Bonds, shall proceed, in its own name, subject to the provisions of this Section, to protect and enforce its rights and the rights of the Owners of the CFC Bonds by such of the following remedies or any additional remedies specified in one or more Supplemental Indentures with respect to a particular Series as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(i) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Owners of the CFC Bonds including the right to require the Board or the Companies to receive and collect Revenues (including the Facility Charges, Contingent Rent, and any other Supplemental Facility Charges) adequate to carry out the covenants and agreements as to such Revenues and the pledge contained in Section 204 and to require the Board and the Companies to carry out any other covenant or agreement with the Owners of the CFC Bonds and to perform its duties under this CFC Master Indenture;

(ii) by bringing suit upon the CFC Bonds;

(iii) by action or suit in equity, require the Board to account as if it were the trustee of any express trust for the Owners of the CFC Bonds; or

(iv) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the CFC Bonds.

(b) In the enforcement of any rights and remedies under this CFC Master Indenture, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Board and the Companies but only out of moneys pledged as security for the CFC Bonds for principal, Redemption Price, interest or otherwise, under any provision of this CFC Master Indenture or any Supplemental Indenture or of the CFC Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such CFC Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such CFC Bonds without prejudice to any other right or remedy of the Trustee or of the Owners of the CFC Bonds, and to recover and enforce a judgment or decree against the Board and/or the Companies for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any moneys available under this CFC Master Indenture for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable.

SECTION 703. Priority of Payments after Default. (a) In the event that upon the happening and continuance of any Event of Default, the moneys held by the Trustee shall be insufficient for the payment of principal or Redemption Price, if any, and interest then due on the CFC Bonds, such moneys (other than moneys held for the payment or redemption of particular CFC Bonds which have theretofore become due at maturity or by call for redemption) and any other moneys received or collected by the Trustee acting pursuant to this Article, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the CFC Bonds and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee in the performance of its duties under this CFC Master Indenture, shall, except as otherwise provided with respect to moneys held for the exclusive benefit of particular CFC Bonds, of a particular Series or particular CFC Obligations under the provisions of a Supplemental Indenture, be applied as follows:

First: to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

Second: to the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any CFC Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates with interest on such CFC Bonds from the respective dates upon which such principal or Redemption Price became due at the rate borne by the CFC Bonds and, if the amounts available shall not be sufficient to pay in full all the CFC Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price, if any, due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole

discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. The deposit of such moneys with the Trustee, or otherwise setting aside such moneys in trust for the proper purpose, shall constitute proper application by the Trustee and the Trustee shall incur no liability whatsoever to the Board, to the Owner of any Bond or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of this CFC Master Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be a Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date. The Trustee shall not be required to make payment to the Owner of any unpaid Bond unless such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

SECTION 704. Termination of Proceedings. In case any proceedings taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, then in every such case the Board, the Trustee, the Companies and the Owners of the CFC Bonds shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

SECTION 705. Direction of Proceedings by Owners of CFC Bonds. The Owners of the majority in principal amount of the CFC Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee hereunder, except that such direction shall not be otherwise than in accordance with law or the provisions of this CFC Master Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Owners of the CFC Bonds not parties to such direction.

SECTION 706. Limitation on Rights of Owners of CFC Bonds. (a) No Owner of any Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law under this CFC Master Indenture, or for the protection or enforcement of any right or remedy under this CFC Master Indenture or any right under law unless such Owner shall have given to the Trustee written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the Owners of not less than 25% in principal amount of the CFC Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers herein granted or granted under law or to institute such action, suit or proceeding in its name and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case (except with respect to the enforcement of credit enhancement devices securing CFC Bonds), at the option of the Trustee, to be conditions precedent to the execution of the powers under this CFC Master Indenture or for any other remedy under this CFC Master Indenture or under law. It is understood and intended that no one or more Owners of the CFC Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this CFC Master Indenture, or to enforce

any right under this CFC Master Indenture or under law with respect to the CFC Bonds or this CFC Master Indenture, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Owners of the Outstanding CFC Bonds.

(b) Each Owner of any Bond by his acceptance thereof shall be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under this CFC Master Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in any such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this paragraph shall not apply to any suit instituted by the Trustee, to any suit instituted by any Owner of any Bond, or group of such Owners, holding at least 25% in principal amount of the CFC Bonds Outstanding, or to any suit instituted by the Owner of any Bond for the enforcement of the payment of the principal or Redemption Price of or interest on any Bond on or after the respective due date thereof expressed in such Bond.

(c) Any Owner may exercise rights under paragraph (a) of this Section only upon the written consent of the Credit Provider of the Related Bond, if any, provided that such consent shall not be required if the rights of such Credit Provider have ceased and terminated as provided in paragraph (a) of Section 904.

SECTION 708. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners of the CFC Bonds by this CFC Master Indenture is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law, or in equity or by statute. It is expressly provided, however, that neither the Trustee nor any other Person, acting for their own account or on behalf of the Trustee or the Owners of the CFC Bonds, shall have any legal or equitable rights of access, possession, sale, or use of any CFC Project or the premises on which the same are situated, possessed, leased, used or held under the Agreements or the Facilities Lease(s), or to any proceeds, revenues, income or rents derived from the sale, use, letting or reletting thereof, for the purpose of collecting or satisfying any claim against a Company for amounts due and payable by a Company under its Agreement or this CFC Master Indenture.

SECTION 709. No Waiver of Default. No delay or omission by the Trustee or by the Owner of any Bond to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or any acquiescence therein and every power and remedy given by this CFC Master Indenture to the Trustee and the Owners of the CFC Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

SECTION 710. Notice to Owners of CFC Bonds. The Trustee shall give to the Owners of the CFC Bonds notice of each Event of Default under this CFC Master Indenture known to the Trustee within 90 days after knowledge of the occurrence thereof, unless such Event of Default shall have been remedied or cured or necessary moneys provided before the giving of such notice; but, except in the case of default in the payment of the principal or Redemption Price, if any, of or interest on any of the CFC Bonds, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors or responsible officers of the Trustee in good faith

determines that the withholding of such notice is in the interests of the Owners of the CFC Bonds. Each such notice shall be given by the Trustee by mailing written notice thereof: (a) to all registered owners of the CFC Bonds as the names and addresses of such Owners appear in the Registration Books as kept by the Trustee or, in the case of Section 208 Obligations or Section 209 Obligations, as set forth in the instrument creating the same, (b) to each Credit Provider, (c) to the Companies and (d) to such other persons as is required by law.

SECTION 901. Defeasance. (a) If the Board shall pay or cause to be paid to (i) the Owners of all Bonds and Subordinated CFC Bonds, the principal and interest and Redemption Price, if any, to become due thereon, (ii) all Providers the amounts due to them pursuant to the respective Credit Facilities and Liquidity Facilities of the Section 208 Obligations and (iii) all Swap Providers the Section 209 Obligations due pursuant to any Qualified Swap and the obligations incurred pursuant to Section 209(b) with respect to any Swap which has been terminated at the times and in the manner stipulated therein, in this CFC Master Indenture, the Supplemental Indentures creating such CFC Bonds, Subordinated CFC Bonds and Subordinated CFC Obligations and the instruments creating all thereof, then the pledge contained in Section 204 and all other rights granted hereby shall be discharged and satisfied, in such event, the Trustee shall, upon the request of the Board expressed in a Certificate, execute and deliver to the Board all such instruments as may be desirable to evidence such discharge and satisfaction and the Trustee shall pay over or deliver to the Board all Accounts, Funds and other moneys or securities held by it pursuant to this CFC Master Indenture and such Supplemental Indentures which are not required for the payment or redemption of CFC Bonds not theretofore surrendered for such payment or redemption.

(b) Any Series of Bonds or Subordinated CFC Bonds or interest installments appertaining thereto, whether at or prior to the maturity or the redemption date of such Series of Bonds or Subordinated CFC Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) of this Section if (i) in case any such Series of Bonds or Subordinated CFC Bonds are to be redeemed prior to the maturity thereof, there shall have been taken all action necessary to call such Series of Bonds or Subordinated Bonds for redemption and notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been made for the giving of such notice, (ii) there shall have been deposited with the Trustee by or on behalf of the Board either moneys in an amount which shall be sufficient, or Defeasance Obligations the principal of and the interest on which when due (without reinvestment thereof) will provide moneys which, together with the moneys, if any, on deposit with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Series of Bonds or Subordinated CFC Bonds on and prior to the redemption date or maturity date thereof, as the case may be and (iii) in the event said Series of Bonds or Subordinated CFC Bonds are not by their terms subject to redemption within the next succeeding 45 days, the Board shall have given the Trustee, in form satisfactory to it, irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Series of Bonds or Subordinated CFC Bonds that the deposit required by clause (ii) above has been made with the Trustee and that said Series of Bonds or Subordinated CFC Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if any, of, and accrued interest on, said Series of Bonds or Subordinated CFC Bonds. Except as provided in paragraph (e) of this Section, neither the Defeasance Obligations or any moneys so deposited with the Trustee nor any moneys received by the Trustee on account of principal of or interest on said Defeasance Obligations shall be withdrawn or used for any purpose other than, and all such moneys shall be held in trust for and be applied to, the payment, when due, of the principal or Redemption Price of the Bonds or Subordinated CFC Bonds for the

payment or redemption of which they were deposited and the interest accrued thereon to the date of maturity or redemption.

(c) Any Qualified Swap and the related Section 209 obligations and any Swap and the obligations incurred therewith pursuant to Section 209(b) shall be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) of this Section if (i) such Qualified Swap or Swap has been terminated pursuant to a written agreement among the Board and the applicable Swap Provider and (ii) there has been deposited with the Trustee or an escrow agent the amount of any termination payment due Board to the Swap Provider either moneys in an amount which shall be sufficient, or Defeasance Obligations the principal of and the interest on which when due (without reinvestment thereof) will provide moneys which, together with the moneys, if any, on deposit with the Trustee at the same time, shall be sufficient, to pay when due the termination payment due the Swap Provider.

(d) No defeasance of a Bond that is to be paid more than 90 days after the date of the deposit referred to in clause (ii) of paragraph (b) of this Section shall be effective until the Trustee shall have received a verification report signed by an Independent Accountant that the Defeasance Obligations and moneys to be deposited for such purpose are sufficient to pay the principal and Redemption Price of, and interest on, all CFC Bonds, Subordinated CFC Bonds and Subordinated CFC Obligations with respect to which provision for payment is to be made pursuant to this Section by virtue of the deposit of such Defeasance Obligations and moneys.

(e) In the event that the principal of and interest on a Bond or Subordinated CFC Bond shall be paid by a Provider pursuant to the terms of the related Facility, the pledge of revenues, securities and funds and all other covenants, agreements and other obligations of the Board to the Owner of such Bond or Subordinated CFC Bonds shall continue to exist and the related Provider shall be fully subrogated to the rights of such Owner.

(f) Defeasance Obligations and moneys held pursuant to this Section may be withdrawn by the Board provided that there is substituted in place of such Defeasance Obligations and moneys other Defeasance Obligations and moneys sufficient for the purposes of this Section and, provided further that, prior to such substitution there is filed with the Trustee (i) a verification report signed by an Independent Accountant that the Defeasance Obligations and moneys, as substituted, are sufficient to pay the principal and Redemption Price of, and interest on, all CFC Bonds, Subordinated CFC Bonds and Subordinated CFC Obligations with respect to which provision for payment was made by deposit of such substituted Defeasance Obligations pursuant to the provisions of this Section and (ii) an opinion of Bond Counsel to the effect that such substitution has been duly authorized in accordance with this CFC Master Indenture.

(g) For purposes of determining whether Variable Rate CFC Bonds, Subordinated CFC Bonds or Subordinated CFC Obligations shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of monies, or Defeasance Obligations and monies, if any, in accordance with sub-paragraph (b) of this Section, the interest to come due on such Variable Rate CFC Bonds, Subordinated CFC Bonds or Subordinated CFC Obligations on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the Maximum Rate; provided, however, that if on any date, as a result of such Variable Rate having borne interest at less than such Maximum Rate for any period, the total amount of monies and Defeasance Obligations on deposit with the Trustee for the payment of interest on such Variable Rate CFC Bonds, Subordinated CFC Bonds or Subordinated CFC Obligations is in excess of the total amount which would have been required to be

deposited with the Trustee on such date in respect of such Variable Rate in order to satisfy the provisions of sub-paragraph (b) of this Section, the Trustee shall, if requested by the Board, pay promptly the amount of such excess to the Board free and clear of any trust, lien, pledge or assignment securing the Variable Rate CFC Bonds, Subordinated CFC Bonds or Subordinated CFC Obligations.

(h) Tender Bonds shall be deemed to have been paid in accordance with sub-paragraph (b) of this Section only if, in addition to satisfying the requirements thereof, there shall have been deposited with the Trustee monies in an amount which shall be sufficient to pay, when due, the maximum amount of principal of and premium, if any, and interest on such Bonds or Subordinated CFC Bonds which could become payable to the Registered Owners of such Tender Bonds upon the exercise of any options provided to the Owners thereof on a purchase date to be scheduled no later than the first possible purchase date (whether upon mandatory or optional tender) upon purchase of such Tendered Bonds they will be cancelled or alternatively the Trustee shall have received written notice from the Rating Agency that such defeasance will not result in the reduction or withdrawal of the rating on such Tender Bonds; provided, however, that if, at the time a deposit is made with the Trustee, pursuant to the provisions of sub-paragraph (b) of this Section, the options originally exercisable by the Owners of Tender Bonds are no longer exercisable, such Tender Bonds shall not be considered for purposes of this sub-paragraph (h). If any portion of the monies deposited with the Trustee for the payment of the principal amount of and premium, if any, and interest on Tender Bonds is not required for such purpose the Trustee shall, if requested by the Board, pay promptly the amount of such excess to the Board free and clear of any trust, lien, pledge or assignment securing said Tender Bonds.

SECTION 1002. No Recourse under CFC Master Indenture or on CFC Bonds, Subordinated CFC Bonds or Subordinated CFC Obligations. All covenants, stipulations, promises, agreements and obligations of the Board contained in this CFC Master Indenture or any Supplemental Indenture shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Board and not of any officer or employee of the Airport or the Board in his individual capacity, and no recourse shall be had for the payment of the principal or Redemption Price of or interest on the CFC Bonds, Subordinated CFC Bonds or Subordinated CFC Obligations or for any claim based thereon or on this CFC Master Indenture or any Supplemental Indenture against any officer or employee of the Airport or the Board or any natural person executing the CFC Bonds, Subordinated CFC Bonds or Subordinated CFC Obligations.

SECTION 1004. No Pledge of Taxing Power. No provision of this CFC Master Indenture shall be construed as a pledge of the general credit or taxing power of the Board or the City. The Board's obligations hereunder are payable solely from the Revenues and the other items of the Trust Estate, and no obligation of the Board or the City hereunder shall be required to be satisfied from any source other than the other items of the Trust Estate.

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II. FIRST SUPPLEMENTAL INDENTURE

SUMMARY OF THE PROVISIONS OF THE FIRST SUPPLEMENTAL TRUST INDENTURE

Definitions

See Appendix "A-II" for definitions from The First Supplemental Trust Indenture.

SECTION 2.01. Authorized Amount of Series 2009 Bonds. No Series 2009 Bonds may be issued under the provisions of this First Supplemental Indenture except in accordance with this Article. The Series 2009 Bonds are being issued to provide funds to finance the payment, or the reimbursement of the payment, of the costs of the Initial CFC Projects, to fund reserves for the Series 2009 Bonds and to pay Costs of Issuance of the Series 2009 Bonds. Except as provided in Section 2.07 hereof, the total principal amount of Series 2009 Bonds that may be issued hereunder is expressly limited not to exceed \$96,515,000.

SECTION 2.02. Issuance of Series 2009 Bonds; Denominations; Numbers. The Series 2009 Bonds shall be issued in the original aggregate principal amount of \$96,515,000 consisting of the \$96,515,000 original principal amount New Orleans Aviation Board Gulf Opportunity Zone CFC Revenue Bonds (Consolidated Rental Car Project) Series 2009 A (Non-AMT) (the "Series 2009 Bonds"). The Series 2009 Bonds shall be originally dated the date of their initial delivery to the first owners thereof and thereafter upon transfer shall be dated the Interest Payment Date next preceding their date of authentication, unless such date of authentication is an Interest Payment Date, in which case the Series 2009 Bonds shall be dated as of such Interest Payment Date.

The Series 2009 Bonds shall be issued as registered bonds without coupons. The Series 2009 Bonds shall be issued only in Authorized Denominations. The Series 2009 Bonds shall each be separately numbered consecutively from R-1 upwards bearing numbers not then outstanding (in order of issuance) according to the records of the Trustee.

The Series 2009 Bonds shall be issued as Fixed Rate Bonds maturing on January 1 of each of the following years and bearing interest at the following interest rates per annum:

(Maturity Schedule Omitted)

Interest on the Series 2009 Bonds shall be payable on January 1 and July 1 of each year, commencing July 1, 2010. The Series 2009 Bonds shall bear interest from the date thereof or from and including the most recent Interest Payment Date with respect to which interest has been paid or duly provided for. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

SECTION 2.07. Mutilated, Lost, Stolen or Destroyed Series 2009 Bonds. In the event any Series 2009 Bonds is mutilated, lost, stolen or destroyed, the Board may execute and the Trustee may authenticate a new Series 2009 Bonds of like date, maturity, interest rate and denomination as the Series

2009 Bonds mutilated, lost, stolen or destroyed; *provided* that, in the case of any mutilated Series 2009 Bonds, such mutilated Series 2009 Bonds shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Series 2009 Bonds, there shall be first furnished to the Board and the Trustee evidence of such loss, theft or destruction satisfactory to the Board and the Trustee, together with indemnity satisfactory to them. In the event any such Series 2009 Bonds shall have matured, instead of issuing a substitute Series 2009 Bonds, the Board may pay the same without surrender thereof. The Board and the Trustee may charge the Owner of such Series 2009 Bonds with their reasonable fees and expenses incurred in connection therewith.

All duplicate Series 2009 Bonds issued and authenticated pursuant to this Section 2.07 shall constitute original, contractual obligations of the Board (whether or not, in the case of the first paragraph of this Section 2.07, lost, stolen or destroyed Series 2009 Bonds be at any time found by anyone), and shall be entitled to equal and proportionate rights and benefits hereunder as all other outstanding Series 2009 Bonds issued hereunder.

All Series 2009 Bonds shall be owned upon the express condition that the foregoing provisions, to the extent permitted by law, are exclusive with respect to the replacement or payment of mutilated, destroyed, lost, stolen or purchased Series 2009 Bonds, and shall preclude any and all other rights or remedies.

SECTION 2.08. Transfer and Exchange of Series 2009 Bonds; Persons Treated as Owners. (a) Subject to the limitations contained in subsection (c) of this Section, Series 2009 Bonds may be exchanged at such times at such designated corporate trust office of the Trustee upon surrender thereof together with an assignment duly executed by the Owner thereof or such Owner's attorney in such form and with guarantee of signature as shall be satisfactory to the Trustee for an equal aggregate principal amount of Series 2009 Bonds of like date and tenor of any Authorized Denomination as the Series 2009 Bonds surrendered for exchange, bearing numbers not contemporaneously outstanding. The execution by the Board of any Series 2009 Bonds of any Authorized Denomination shall constitute full and due authorization of such Authorized Denomination, and the Trustee shall thereby be authorized to authenticate and deliver such registered Series 2009 Bonds.

(b) No service charge shall be imposed upon the Owners for any exchange or transfer of Series 2009 Bonds. The Board and the Trustee may, however, require payment by the person requesting an exchange or transfer of Series 2009 Bonds of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto, except in the case of the issuance of Series 2009 Bonds for the unredeemed portion of Series 2009 Bonds surrendered for redemption in part.

(c) The Trustee shall not be required to transfer or exchange such Series 2009 Bonds during the period commencing on the Record Date next preceding any Interest Payment Date of such Series 2009 Bonds and ending on such Interest Payment Date, or to transfer or exchange such Series 2009 Bonds after the mailing of notice calling such Series 2009 Bonds for redemption has been made as herein provided or during the period of 15 days next preceding the giving of notice of redemption of Series 2009 Bonds of the same Stated Maturity and interest rate. The Trustee shall not be required to exchange or register the transfer of such Series 2009 Bonds after the mailing of notice calling such Series 2009 Bonds for redemption has been made as herein provided.

(d) Series 2009 Bonds delivered upon any registration of transfer or exchange as provided herein or as provided in Section 2.07 hereof shall be valid limited obligations of the Board, evidencing the same debt as the Series 2009 Bonds surrendered, shall be secured by the Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Series 2009 Bonds surrendered.

(e) The Board and the Trustee may treat the Owner of any Series 2009 Bonds as the absolute owner thereof for all purposes, whether or not such Series 2009 Bonds shall be overdue, and shall not be bound by any notice to the contrary. All payments of or on account of the principal of, premium, if any, and interest on any such Series 2009 Bonds as herein provided shall be made only to or upon the written order of the Owner thereof or such Owner's legal representative, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2009 Bonds to the extent of the sum or sums so paid.

SECTION 2.09. Cancellation. Any Series 2009 Bonds surrendered for the purpose of payment or retirement, or for exchange, transfer or replacement shall be cancelled upon surrender thereof to the Trustee. Cancelled Series 2009 Bonds may be destroyed by the Trustee unless instructions to the contrary are received from the Board. Upon the Stated Maturity or redemption of all Series 2009 Bonds, the Trustee shall destroy any inventory of unissued certificates.

SECTION 2.10. Book-Entry Provisions. The Series 2009 Bonds shall initially be issued as registered bonds as book-entry only securities to be evidenced solely by book entries in the bond register maintained in accordance with the authority of Chapter 13-A of Title 39 of the Louisiana Revised States of 1950, as amended. The provisions of this Section 2.10 shall apply so long as the Series 2009 Bonds are maintained in book-entry form with The Depository Trust Company or another Securities Depository, any provisions of this First Supplemental Indenture to the contrary notwithstanding.

The Series 2009 Bonds will be issued as fully registered bonds initially in the name of CEDE & CO., the nominee of DTC, as registered Owner of the Series 2009 Bonds. For the period from the date of issuance of the Series 2009 Bonds as long as CEDE & CO., as nominee of DTC, is the registered Owner of all of the Series 2009 Bonds, a bond for each maturity of Series 2009 Bonds in the aggregate principal amount thereof so held will be prepared and immobilized in the custody of DTC. Purchasers of such Series 2009 Bonds (the "Beneficial Owners") will not receive physical delivery of Series 2009 Bonds certificates. By purchasing such a Series 2009 Bonds, a Beneficial Owner shall be deemed to have waived the right to receive a Series 2009 Bonds certificate except under the circumstances described under this Section. For purpose of this First Supplemental Indenture, as long as any of the Series 2009 Bonds are immobilized in the custody of DTC, references to Bondowners, Owners or Registered Owners refer, with respect to the Series 2009 Bonds, to DTC or its nominee.

(a) **Payments.** As long as DTC or its nominee is the registered Owner of the Series 2009 Bonds, payments of the principal of and interest on the Series 2009 Bonds shall be made directly to DTC or its nominee, as the case may be; disbursement of such payments to the DTC participants ("Participants") will be the responsibility of DTC (and not the responsibility of the Trustee or the Board) and disbursement of such payments to the Beneficial Owners thereof will be the responsibility of the DTC participants. Neither the Board nor the Trustee is responsible or liable for (i) sending transaction statements or for maintaining, supervision or reviewing any records showing the Beneficial Owners to be maintained by DTC, (ii) any payments to be made by DTC, (iii) any notice which is required or permitted to be given by

Bondowners, (iv) the selection by DTC of any Person to receive payment in the event of a partial redemption of Series 2009 Bonds, or (v) any consent given or not given or other action taken or not taken by DTC. When reference is made to any action which is required or permitted to be taken by the Beneficial Owners of the Series 2009 Bonds, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the Trustee, or any other fiduciary acting on behalf of the Board, to DTC with a request that DTC forward (or cause to be forwarded) the notices to the Participants so that such Participants or the indirect participants may forward (or cause to be forwarded) the notices to the Beneficial Owners.

(b) Replacement of the Securities Depository. The Board may discontinue use of a Securities Depository for the Series 2009 Bonds if (i) the Board, in its sole discretion, determines that (A) such Securities Depository is incapable of discharging its duties with respect to the Series 2009 Bonds, or (B) the interests of the Beneficial Owners of the Series 2009 Bonds might be adversely affected by the continuation of the book-entry system with such Securities Depository for the Series 2009 Bonds, (ii) such Securities Depository determines not to continue to act as a depository for the Series 2009 Bonds or is no longer permitted to act as such depository, or (iii) the Board in its sole discretion determines it does not want to continue to have the Series 2009 Bonds continue to be book entry only securities. Notice of any determination pursuant to clause (i) or (iii) shall be given to such Securities Depository at least 30 days prior to the effective date of any determination (or such fewer number of days as shall be acceptable to such Securities Depository). The Board shall have no obligation to make any investigation to determine the occurrence of any events that would permit the Board to make any determination described in this paragraph.

(c) Discontinuance of Book-Entry or Change of Securities Depository. If, following a determination or event specified in paragraph (b) above, the Board discontinues the maintenance of the Series 2009 Bonds in book-entry form with the then current Securities Depository, the Board will issue replacement Series 2009 Bonds to the successor Securities Depository, if any, or, if no successor Securities Depository is selected for the Series 2009 Bonds, directly to the Participants as shown on the records of the former Securities Depository or, to the extent requested by any Participant, to the Beneficial Owners of the Series 2009 Bonds shown on the records of such Participant. Replacement Series 2009 Bonds shall be in fully registered form and in Authorized Denominations, be payable as to interest on the Interest Payment Dates of the Series 2009 Bonds by check or draft mailed to each Owner at the address of such Owner as it appears on the bond registration books maintained by the Board for such purpose at the designated corporate trust office of the Trustee or, at the option of any Owner of not less than \$1,000,000 principal amount of Series 2009 Bonds, by wire transfer to any address in the continental United States of America on such Interest Payment Date to such Owner as of such Record Date, if such Owner provides the Trustee with written notice of such wire transfer address not later than the Record Date (which notice may provide that it will remain in effect with respect to subsequent Interest Payment Dates unless and until changed or revoked by subsequent notice). Principal and redemption premium, if any, on the replacement Series 2009 Bonds are payable only upon presentation and surrender of such replacement Series 2009 Bonds or Series 2009 Bonds at the designated corporate trust office of the Trustee.

(d) Effect of Book-Entry System. The Securities Depository and its Participants and the Beneficial Owners of the Series 2009 Bonds, by their acceptance of the Series 2009 Bonds, agree that the Board and the Trustee shall not have liability for the failure of such Securities Depository to perform its obligations to the Participants and the Beneficial Owners of the Series 2009 Bonds, nor shall the Board or

the Trustee be liable for the failure of any Participant or other nominee of the Beneficial Owners to perform any obligation of the Participant to a Beneficial Owner of the Series 2009 Bonds.

SECTION 2.11. Tax Covenant. The Board covenants that it shall not take any action or inaction, or fail to take any action, or permit any action to be taken on its behalf or cause or permit any circumstance within its control to arise or continue, if any such action or inaction would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series 2009 Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Board covenants that it will comply with the instructions and requirements of the Series 2009 Tax Certificate, which is incorporated herein as if fully set forth herein. This covenant shall survive payment in full or defeasance of the Series 2009 Bonds.

SECTION 2.12. Covenant as to Arbitrage. The Board and the City agree that as long as any of the Series 2009 Bonds remain Outstanding money on deposit in any fund or account maintained in connection with the Series 2009 Bonds, whether or not such money was derived from the proceeds of the sale of the Series 2009 or from any other sources in connection therewith, will not be used in a manner that would cause the Series 2009 Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code and applicable regulations promulgated from time to time thereunder. The Board and the City shall observe and not violate the requirements of Section 148(c) of said Code and any such applicable regulations. In the event that nationally recognized bond counsel is of the opinion that it is necessary to restrict or limit the yield on the investment of moneys held by it pursuant to the Series 2009 Bonds, or to use such moneys in certain manners in order to avoid the Series 2009 Bonds being considered “arbitrage bonds” within the meaning of the Code as such may be applicable to the Series 2009 Bonds at such time, the Board shall take or instruct the Trustee to take such action as is required under such circumstances. Also, the Board shall enter into an arbitrage rebate agreement requiring the rebate of arbitrage earnings to the United States Treasury.

SECTION 3.01. Dates Fixed For Redemption and Prices. The Series 2009 Bonds shall be subject to redemption prior to maturity in the amounts, at the times and in the manner provided in this Article III.

(a) *Optional Redemption.* The Series 2009 Bonds maturing on or after January 1, 2020 are subject to redemption, otherwise than from mandatory Sinking Fund Payments, at the option of the Board, on or after January 1, 2019, as a whole or in part at any time, and if in part, in minimum aggregate principal amounts of \$5,000 in such order of maturity as the Board shall determine and within any maturity by lot, at the Redemption Price of par of such Series 2009 Bonds or portions thereof to be redeemed, together with accrued interest to the date fixed for redemption. Notice of any such redemption shall be given to each Owner of a Series 2009 Bonds as provided in Section 3.02 hereof.

(b) *Mandatory Sinking Fund Redemption.* The Series 2009 Bonds maturing on January 1 of 2025, 2030 and 2040 are subject to mandatory redemption, in part by lot from mandatory Sinking Fund Payments, on January 1st in each of the years and in the respective principal amounts set forth below, at a Redemption Price equal to the principal amount thereof to be redeemed plus accrued interest to the date of redemption:

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Series 2009 A Term Bond Maturing January 1, 2025

<u>Year</u> <u>(January 1)</u>	<u>Principal</u> <u>Amount</u>
2021	\$2,260,000
2022	\$2,395,000
2023	\$2,540,000
2024	\$2,695,000
2025*	\$2,855,000

*Final Maturity.

Series 2009 A Term Bond Maturing January 1, 2030

<u>Year</u> <u>(January 1)</u>	<u>Principal</u> <u>Amount</u>
2026	\$3,025,000
2027	\$3,215,000
2028	\$3,415,000
2029	\$3,630,000
2030*	\$3,855,000

*Final Maturity.

Series 2009 A Term Bond Maturing January 1, 2040

<u>Year</u> <u>(January 1)</u>	<u>Principal</u> <u>Amount</u>
2031	\$4,100,000
2032	\$4,365,000
2033	\$4,650,000
2034	\$4,950,000
2035	\$5,270,000
2036	\$5,615,000
2037	\$5,980,000
2038	\$6,365,000
2039	\$6,780,000
2040*	\$7,220,000

*Final Maturity.

To the extent the Series 2009 Bonds have been called for optional redemption in part prior to any mandatory Sinking Fund Date, the Board may elect by written notice given to the Trustee at least 45 days prior to any such date to: (i) pay any scheduled mandatory Sinking Fund Payment in full, (ii) reduce any scheduled mandatory Sinking Fund Payment proportionately or (iii) use the full principal amount of each such optional redemption to reduce the mandatory Sinking Fund Payments scheduled subsequent to such optional redemption in chronological order of such mandatory Sinking Fund Payments.

(c) *Special Mandatory Redemption Upon Transfer of the Airport.* The Series 2009 Bonds are subject to special mandatory redemption on any date selected by the Board on or before February 1, 2015 but not thereafter in whole but not in part in the event of any transfer of the Airport to another entity that either (i) does not have the authority to continue the imposition and collection of the CFC or (ii) does have the authority to continue the imposition and collection of the CFC but the entity does not agree to all of (1) continuing the imposition and collection of the CFC in accordance with the terms of the Indenture, (2) assume the Board's and the City's obligations pursuant to the Indenture and all CFC Bonds then outstanding, including the Series 2009 Bonds and (3) indemnify and hold harmless the Board and the City from all such obligations on a date not more than 90 days subsequent to such transfer and the Aviation Board does not obtain a Favorable Tax Opinion with respect to such transfer. In such event, the special mandatory redemption price shall be equal to (i) 105% of the outstanding principal balance of the Series 2009 Bonds or (ii) with respect to Series 2009 Bonds originally issued at a premium, 105% of their outstanding principal balance plus an amount equal to the unamortized premium thereon as of the date fixed for redemption as calculated by the Aviation Board by a straight line amortization of the original issue premium between the date of issue and the date fixed for such special mandatory redemption together with in either case interest to the date of such redemption.

(d) *Extraordinary Mandatory Redemption Resulting From Construction Delays.* During the period the Series 2009 Bonds are not subject to optional redemption, the Series 2009 Bonds are subject to extraordinary mandatory redemption in whole but not in part on a date to be selected by the Board as provided in the last sentence of this paragraph (the "Extraordinary Redemption Date") (i) upon the occurrence of any event which prevents the Board from accepting or awarding the construction contract for the Initial CFC Projects or (ii) upon the occurrence of any event after the acceptance and award by the Board of the construction contract relating to the Initial CFC Projects (1) which delays the commencement of construction beyond the time period for which the un-accepted bids are, or the bid deemed by the Board to be the lowest responsive bid is binding as such time period may be extended by agreement of the bidders or successful bidder, and (2) in the opinion of the Aviation Consultant at or before the time all impediments to commencing construction have been removed and the Board is prepared to commence construction, the Rate Requirement for the Series 2009 Bonds would not be able to be met with a CFC Rate of \$7 per Transaction Day. In such event, the extraordinary mandatory redemption price shall be equal to (i) 105% of the outstanding principal balance of the Series 2009 Bonds or (ii) with respect to Series 2009 Bonds originally issued at a premium, 105% of their outstanding principal balance plus an amount equal to the unamortized premium thereon as of the Extraordinary Redemption Date as calculated by the Board by a straight line amortization of the original issue premium between the date of issue and the Extraordinary Redemption Date together with in either case interest to the Extraordinary Redemption Date (the "Extraordinary Redemption Price"). The Extraordinary Redemption Date may be any date selected by the Board upon which in its reasonable judgment sufficient moneys will be held in all of the funds and accounts created by the CFC Master Indenture and this First Supplemental Indenture (other than the Arbitrage Rebate Fund) to pay the Extraordinary Redemption Price, which date shall not be limited to the sixty (60) day period following sending notice of such redemption provided for in Section 3.02(a) of this First Supplemental Indenture.

SECTION 3.02. Notice of Redemption. (a) Except as hereinafter provided, a copy of the notice of the call for any redemption identifying the Series 2009 Bonds to be redeemed shall be given by first class mail, postage prepaid, not less than 15 nor more than 60 days prior to the date fixed for redemption to the Owners of the Series 2009 Bonds to be redeemed at their addresses as shown on the Bond Register. Such notice shall specify the date fixed for redemption, the Redemption Price, the place and manner of payment, and that from the date fixed for redemption interest will cease to accrue on the

Series 2009 Bonds which are the subject of such notice, and shall include such other information as the Trustee shall deem appropriate or necessary at the time such notice is given to comply with any applicable law, regulation or industry standard. Other than in connection with a mandatory sinking fund redemption pursuant to Section 3.01(b) hereof, prior to the date that the redemption notice is first given as aforesaid, funds shall be placed with the Trustee to pay such Series 2009 Bonds, any premium thereon, and accrued interest thereon to the date fixed for redemption, or such notice shall state that any redemption is conditional on such funds being deposited on the date fixed for redemption, and that failure to deposit such funds shall not constitute an Event of Default under the Indenture; any funds so deposited with the Trustee shall be invested solely in Federal Obligations maturing no later than the date fixed for redemption. Notice of extraordinary mandatory redemption for construction delays pursuant to section 3.01(d) hereof may be given more than 60 days in advance of the Extraordinary Redemption Date.

(b) In addition to the requirements of subsection (a), notice of the redemption of Series 2009 Bonds or any portion thereof identifying the Series 2009 Bonds or portions thereof to be redeemed shall specify (i) the series name and designation and certificate numbers of Series 2009 Bonds being redeemed, (ii) the CUSIP numbers of the Series 2009 Bonds being redeemed, (iii) the principal amount of Series 2009 Bonds being redeemed and the redeemed amount for each certificate (for partial calls), (iv) the date fixed for redemption, (v) the Redemption Price, (vi) the Date of Issuance, (vii) the interest rate and Stated Maturity of the Series 2009 Bonds being redeemed, (viii) the date of mailing of notices to Owners and information services, and (ix) the name of the employee of the Trustee which may be contacted with regard to such notice.

(c) Redemption notices shall also be forwarded by registered mail, telecopier or overnight delivery service to the Securities Depository with the intention that they be received at least two days prior to the date of mailing of notices to Owners.

(d) Failure to give notice in the manner prescribed hereunder with respect to any Series 2009 Bonds, or any defect in such notice, shall not affect the validity of the proceedings for redemption for any Series 2009 Bonds with respect to which notice was properly given. Upon the happening of the above conditions and if sufficient moneys are on deposit with the Trustee on the applicable date fixed for redemption to redeem the Series 2009 Bonds to be redeemed and to pay interest due thereon and premium, if any, the Series 2009 Bonds thus called shall not, after the applicable date fixed for redemption, bear interest, be protected by the Indenture or be deemed to be Outstanding under the provisions of the Indenture.

(e) If any Series 2009 Bonds is transferred or exchanged on the Bond Register after notice has been given calling such Series 2009 Bonds for redemption, the Trustee will attach a copy of such notice to the Series 2009 Bonds issued in connection with such transfer or exchange.

SECTION 3.03. No Partial Optional Redemption After Default. Anything in this First Supplemental Indenture to the contrary notwithstanding, if there shall have occurred and be continuing an Event of Default of which an officer of the Trustee has actual knowledge, there shall be no optional redemption of less than all of the Series 2009 Bonds at the time Outstanding.

SECTION 3.04. Selection of Series 2009 Bonds for Redemption. If less than all of the Series 2009 Bonds shall be called for redemption under any provision of this First Supplemental Indenture permitting such partial redemption, the particular Series 2009 Bonds or portions thereof to be redeemed shall be selected in such order of maturity as the Board shall determine and within any maturity by lot. In selecting Series 2009 Bonds for redemption, the Trustee shall treat each Series 2009 Bonds as

representing that number of Series 2009 Bonds which is obtained by dividing the principal amount of such Series 2009 Bonds by the minimum Authorized Denomination. If it is determined that one or more, but not all, of the integral multiples of the Authorized Denomination of principal amount represented by any Series 2009 Bonds is to be called for redemption, then, upon notice of intention to redeem such integral multiple of an Authorized Denomination, the Owner of such Series 2009 Bonds shall forthwith surrender such Series 2009 Bonds to the Trustee for (a) payment to such Owner of the Redemption Price of the integral multiple of the Authorized Denomination of principal amount called for redemption, and (b) delivery to such Owner of a new Series 2009 Bonds or Series 2009 Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of such Series 2009 Bonds. New Series 2009 Bonds representing the unredeemed balance of the principal amount of such Series 2009 Bonds shall be issued to the Owner thereof without charge therefor.

SECTION 3.05. Deposit of Funds. For the redemption of any of the Series 2009 Bonds, the Board shall cause to be deposited in the Series 2009 Debt Service Account moneys sufficient to pay when due the principal of, and premium, if any, and interest on, the Series 2009 Bonds to be redeemed on or before the date fixed for redemption, to be applied in accordance with the provisions hereof.

SECTION 4.01. Supplements or Amendments to First Supplemental Indenture. This First Supplemental Indenture may be supplemented or amended in the manner set forth in Articles V and VI, respectively, of the CFC Master Indenture.

SECTION 5.02. Creation of Funds and Accounts. (a) The following funds and accounts created and established pursuant to the CFC Master Indenture shall be maintained in connection with the Series 2009 Bonds and this First Supplemental Indenture, namely:

- (1) The Revenue Fund;
- (2) The Administrative Cost Fund;
- (3) The Debt Service Fund;
- (4) The Coverage Fund;
- (5) The Maintenance Reserve Fund;
- (6) The Surplus Fund;
- (7) The Insurance and Condemnation Proceeds Fund; and
- (8) The CFC Collection Account.

all of which shall be utilized as provided in Article III of the CFC Master Indenture and further provided in this First Supplemental Indenture.

(b) There are hereby created by the Board and ordered established with the Trustee separate funds and accounts for only the Series 2009 Bonds designated as follows:

(1) “New Orleans Aviation Board Series 2009 Debt Service Account” (the “Series 2009 Debt Service Account”) and a Capitalized Interest Sub-Account therein (the “Series 2009 Capitalized Interest Sub-Account”;

(2) “New Orleans Aviation Board Series 2009 Debt Service Reserve Account” (the “Series 2009 Debt Service Reserve Account”);

(3) “New Orleans Aviation Board Series 2009 Construction Fund” (the “Series 2009 Construction Fund”) and therein a “Bond Proceeds Account” (the “Proceeds Account”) and a “Pay With Revenues Account” (the “Pay/Revenues Account”) and within the Pay/Revenues Account an “Ineligible for Financing Sub-Account” (the “Ineligible Sub-Account”); and

(4) “New Orleans Aviation Board Series 2009 Costs of Issuance Fund” (the “Series 2009 Costs of Issuance Fund”).

(c) All Revenues and other amounts received by the Trustee will be deposited into the Funds and Accounts in the priority set forth in Article III of the CFC Master Indenture. In accordance with the provisions of Section 302(2)(e) of the CFC Master Indenture, with respect to the Series 2009 Bonds from the date of issuance thereof until the Completion Date of the Initial CFC Projects, the Trustee shall transfer all amounts remaining in the Revenue Fund after making the transfers provided for in items (a) through (d) of Section 302(2) of the CFC Master Indenture to the Series 2009 Construction Fund and not make the transfers referred to in items (f) thorough (h) of Section 302(2) of the CFC Master Indenture. The Revenues transferred from the Revenue Fund to the Series 2009 Construction Fund shall be credited by the Trustee first to the Ineligible Sub-Account, until an amount equal to the Ineligible Amount, as the same shall be established from time to time by the Board initially \$789,046.83, has been credited thereto (but not necessarily remains therein), then to the Pay/Revenues Account until the Completion Date of the Initial CFC Projects. After the Completion Date of the Initial CFC Projects no amounts shall be transferred by the Trustee from the Revenue Fund to the Series 2009 Construction Fund pursuant to the provisions of said item (e) and the Trustee shall commence making the transfers provided for in items (f) through (h) of Section 302(2) of the CFC Master Indenture.

SECTION 5.05. Use of Moneys In the Series 2009 Debt Service Account. Moneys in the 2009 Debt Service Account shall be used for the payment of the principal of, premium, if any, and interest on the Series 2009 Bonds, and for the redemption of the Series 2009 Bonds prior to their Stated Maturity. Funds for payment of principal of, premium, if any, and interest due on each Payment Date with respect to the Series 2009 Bonds and not otherwise provided for shall be derived from moneys held in the Series 2009 Debt Service Account, ratably, without preference or priority of any kind.

SECTION 5.06. Use of Moneys in the Series 2009 Debt Service Reserve Account; Valuation of the Series 2009 Debt Service Reserve Account. (a) The Board shall cause the Series 2009 Debt Service Reserve Requirement to be satisfied by depositing with the Trustee an amount equal to the Series 2009 Debt Service Reserve Requirement as provided in Section 5.03 hereof on the Closing Date. Moneys shall be paid from the Series 2009 Debt Service Reserve Account, if, when and as required by the CFC Master Indenture, to remedy deficiencies in the Series 2009 Debt Service Account in accordance with Article III of the CFC Master Indenture. The Series 2009 Debt Service Reserve Requirement may be satisfied with (i) one or more Debt Service Reserve Account Surety Policies, (ii) Qualified Investments, or (iii) a combination thereof, at the election of the Board.

(b) On January 15 and July 15 (or if such day is not a Business Day of the Trustee then on the Business Day of the Trustee immediately preceding such January 15 or July 15) of each year, the amounts and investments on deposit in the Series 2009 Debt Service Reserve Account shall be valued by the Trustee as provided in this Section 5.06(b) (the "Series 2009 Reserve Account Value"). If upon such valuation it is determined that the Series 2009 Reserve Account Value is less than 90% of the Series 2009 Debt Service Reserve Requirement, the Trustee shall notify the Board and any Credit Provider of the amount of the deficiency. If the Series 2009 Reserve Account Value on any such valuation date is more than the Series 2009 Debt Service Reserve Requirement, the amount of such excess shall be transferred as provided in the following paragraph. In connection with any partial redemption or provision for payment prior to maturity of Series 2009 Bonds, the Trustee shall, at the written request of the Board, use any amounts on deposit in the Series 2009 Debt Service Reserve Account which will be in excess of the Series 2009 Debt Service Reserve Requirement after such redemption or provision for payment to pay or provide for the payment of the principal of or the principal portion of the redemption price of said Series 2009 Bonds. In computing the Series 2009 Reserve Account Value, obligations maturing within the three year period next succeeding the date of computation shall be valued at amortized value, and obligations maturing more than three years following the date of computation shall be valued at the lower of amortized value or market value; *provided* that investment agreements described in clause (h) of the definition of "Qualified Investments" in the CFC Master Indenture shall be valued at amortized value.

To the extent required to maintain the Series 2009 Debt Service Reserve Account at the Series 2009 Debt Service Reserve Requirement, investment earnings received on the investments in the Series 2009 Debt Service Reserve Account shall be retained in such Account. Any moneys held for the credit of the Series 2009 Debt Service Reserve Account as of any valuation date in excess of the Series 2009 Debt Service Reserve Requirement (including any excess derived from investment earnings) shall be transferred to the Series 2009 Debt Service Account.

SECTION 5.08. Use of Moneys in the Series 2009 Construction Fund. Moneys deposited into the Series 2009 Construction Fund shall be used solely for the payment, or to reimburse the payment, of the Costs of the Initial CFC Projects as provided in Section 309 of the CFC Master Indenture and as provided in this Section 5.08.

The amounts deposited/credited to the Ineligible Sub-Account of the Pay/Revenues Account of the Series 2009 Construction Fund shall only be used to pay the costs of the Ineligible Items. In the event amounts remain in the Ineligible Items Sub-Account after the costs of all the Ineligible Items have been paid such remaining amounts shall be transferred at the direction of the Board by the Trustee to the Pay/Revenues Account of the Series 2009 Construction Fund. Amounts may be disbursed by the Trustee from the Ineligible Sub-Account only upon receipt by the Trustee of an Ineligible Item Disbursement Certificate substantially in the form of Exhibit "D" hereto.

The amounts deposited/credited to the Pay/Revenues Account of the Series 2009 Construction Fund may be used to the Costs of the Project other than the costs relating to an Ineligible Item. All costs of any Ineligible Item must only be paid from the Ineligible Items Sub-Account. By a Certificate the Board may direct the Trustee to transfer amounts from the Pay/Revenues Account to the Ineligible Items Sub-Account.

SECTION 5.09. Non-presentment of Series 2009 Bonds. In the event any Series 2009 Bonds shall not be presented for payment when the principal thereof becomes due, whether at maturity, at the date fixed for redemption or otherwise, if moneys sufficient to pay such Series 2009 Bonds shall have been made available to the Trustee for the benefit of the Owner thereof, subject to the provisions of the

immediately following paragraph, all liability of the Board to the Owner thereof for the payment of such Series 2009 Bonds shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such moneys, without liability for interest thereon, for the benefit of the Owner of such Series 2009 Bonds who shall thereafter be restricted exclusively to such moneys, for any claim of whatever nature on his or her part under the Indenture or on, or with respect to, such Series 2009 Bonds.

Any moneys so deposited with and held by the Trustee not so applied to the payment of Series 2009 Bonds within two years after the date on which the same shall have become due shall be repaid by the Trustee to the Board, and thereafter the Owners of such Series 2009 Bonds shall be entitled to look only to the Board for payment, and then only to the extent of the amount so repaid, and all liability of the Trustee with respect to such moneys shall thereupon cease, and the Board shall not be liable for any interest thereon and shall not be regarded as a trustee of such moneys. The obligation of the Trustee under this Section to pay any such funds to the Board shall be subject, however, to any provisions of law applicable to the Trustee or to such funds providing other requirements for disposition of unclaimed property.

SECTION 5.13. Coverage Fund Investment Earnings. To the extent required to maintain the Coverage Fund Requirement, investment earnings received on the investments in the Coverage Fund shall be retained in such Fund as provided in Section 314 of the CFC Master Indenture. Any moneys held for the credit of the Coverage Fund as of December 15 of each year in excess of the Coverage Fund Requirement (including any excess derived from investment earnings) shall be applied as provided in Section 314 of the CFC Master Indenture; *provided* that investment agreements described in clause (h) of the definition of “Qualified Investments” in the CFC Master Indenture shall be valued at amortized value.

SECTION 7.03. Payments or Performance Due on Non-Business Days. If the date for making any payment, or the last date for the performance of any act or the exercise of any right, as provided in this First Supplemental Indenture, shall not be a Business Day, such payment may be made, act performed or right exercised on the next Business Day with the same force and effect as if done on the nominal date provided in this First Supplemental Indenture, and no interest shall accrue for the period after such nominal date.

APPENDIX “C”

SUMMARY OF CERTAIN PROVISIONS OF THE INITIAL FACILITIES LEASES

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SUMMARY OF CERTAIN PROVISIONS OF THE INITIAL FACILITIES LEASE

Definitions

See Appendix "A-III" for definitions from The Initial Facilities Lease.

Section 402: Exclusive Use Premises.

The Board hereby leases to the Company, and the Company hereby leases from the Board, the Exclusive Use Premises on the terms and conditions set forth in this Facilities Lease, including but not limited to, the Company's agreement to collect and remit the proceeds of a CFC and pay certain rents and fees to the Board in accordance with Article VI hereof. However the Board reserves the right to reallocate the Exclusive Use Premises from time to time in accordance with the Company's Market Share, as provided in Section 403 hereof.

Section 403: Allocation and Reallocation of Exclusive Use Premises.

The initial allocation of the Company's ready/return area and counter space within its Exclusive Use Premises in the CONRAC is set forth on Exhibit "G." Such ready/return and counter space portions of the Company's Exclusive Use Premises will be revised by the Board twelve (12) months prior to DBO ("Initial Reallocation Date"), and preliminarily adjusted based on changes in market share as determined by the Company's proportionate share of the total Gross Revenues of all the Companies based on the twelve month period ("12-Month Period") immediately preceding the Initial Reallocation Date. On the Initial Reallocation Date, the Board shall prepare, pay for and promptly distribute preliminary Exhibits "E" and "G" to each of the Companies setting forth the revised ready/return area and counter space of the Companies within their respective Exclusive Use Premises. Within 30 days of receipt of such revised Exhibits, if the Company has obtained additional ready/return area and/or counter space due to such reallocation, it shall notify, in writing, the Board as to whether it desires to lease such additional area. Immediately upon receipt of all such notices from the Companies, the Board shall notify, in writing, all of the companies of the ready/return area not desired by each of the Companies and provide the other Companies with the opportunity to lease such areas. Priority among the other Companies for determining the lease of such unwanted area shall be based on market share as measured by Gross Revenues during the 12-Month Period. If none of the other Companies express an interest in leasing all or any portion of the Company's unwanted ready/return area or counter space, then the Company shall be obligated to lease the additional area and the Board shall thereafter prepare, pay for and distribute revised Exhibits "E" and "G" showing the final ready/return area and counter space to be initially leased by the Company.

Subsequent to DBO of the CONRAC, the Director may, but shall not be obligated to, at his sole option, establish a reallocation of Exclusive Use Premises in the CONRAC in order to: (i) accommodate changes in the Market Shares of the Companies; or (ii) accommodate new entrants; or (iii) reallocate space that is surrendered, abandoned or left vacant for any reason; or (iv) for any other reason that the Director deems necessary or appropriate.

Six (6) months prior to the commencement of the sixth (6th) Contract Year, and each five (5) year period thereafter (the "Reallocation Date"), the Director shall review the allocation of all RACs' Exclusive Use Premises for the purpose of establishing a new allocation of Exclusive Use Premises. Market Shares for all RACs for the most recent twelve (12) month period will be one factor utilized in reviewing the allocations of Exclusive Use Premises. Such reallocation of Exclusive Use Premises, if any, shall take place prior to the end of the said six (6) month period. In addition, subsequent to an event that has a

significant impact on the rental car industry or at the request of any RAC that has achieved a 10% increase in Market Share since the last Reallocation Date, the Director may, but is not obligated to, review and establish a reallocation of Exclusive Use Premises.

The Board shall provide at least thirty (30) day written notice to the RACs prior to any reallocation of any Exclusive Use Premises by the Board. The Company shall move from any Exclusive Use Premises to be surrendered and into any reallocated Exclusive Use Premises by the date set forth in any notice to that effect given by the Board. In the event of any reallocation subsequent to the DBO of the CONRAC, the Company shall move into its reallocated Exclusive Use Premises in accordance with a move schedule prepared by the Board. Each RAC shall bear its own costs of moving from Exclusive Use Premises and of relocating into new Exclusive Use Premises. The determinations of the Board, made from time to time pursuant to this Section, shall be final and binding on the parties.

Section 404: Obligation of Companies To Pay O & M Expenses of the CONRAC.

It is the intention of the parties hereto that the O & M Expenses of the Common Areas of the CONRAC shall be paid by the Manager from the O & M Payments required by Section 603(b) hereof to be made by the Company to the Manager. The foregoing sentence notwithstanding, the Board intends to use its best efforts to have the Indenture contain language substantially to the effect that to the extent that actual CFC Revenues for any Bond Year exceeded the actual CFC Costs for such Bond Year an amount of CFC Revenues equal to the lesser of (i) such excess or (ii) the O & M Expenses for such Bond Year (the “O & M Repayment Amount”) shall be paid by the Trustee from amounts available in the Surplus Fund created by the CFC Master Indenture to the Manager within 30 days of receipt of unaudited financial statements of the Board, the Trustee and the Manager relating to the CFC Revenues, O & M Expenses of the CONRAC, and the CFC Costs for such Bond Year in sufficient detail such that the O & M Repayment Amount may be accurately and properly determined. The O & M Repayment Amount shall be used by the Manager to (i) reduce the O & M Payment due by each Company for the remainder of the Bond Year within which such O & M Repayment Amount is received by the Manager and (ii) if the O & M Repayment Amount is sufficient to reimburse the Companies for the O & M Payments previously made to the Manger in such Bond Year or made in a prior Bond Year.

Section 405: Company’s Obligations and Conditions to Company’s Use of CONRAC and Service Center.

(a) Maintenance and use of CONRAC and Service Center at Company’s Expense.

- (i) Subject to the other terms of this Facilities Lease, Company shall throughout the term of this Facilities Lease assume the responsibility, cost and expense, for the operation and all repair and maintenance whatsoever of its Exclusive Use Premises, whether such repair or maintenance be ordinary or extraordinary, structural or otherwise, as set forth in Section 406 of the Agreement. However if the repair or maintenance is covered by a manufacturer’s warranty, contractor’s warranty or other such warranty the Company shall contact the Manager and the Manager shall have the responsibility for contacting the Board and warrantor to arrange for the required repair or maintenance to be completed. Additionally, without limiting the generality of the foregoing, the Company shall participate with the other Companies to cause the Manager to be created and organized in order that the Manager shall undertake the following with respect to the Common Areas of the CONRAC:

- (1) Through the Manager, maintain at all times the Common Areas of the CONRAC in as good a state of repair and preservation as the public terminal areas at the Airport, excepting ordinary wear and tear and obsolescence in spite of repair.
 - (2) Through the Manager, keep at all times, in a clean and orderly condition and appearance, the Common Areas of the CONRAC, which are open to or visible by the general public.
 - (3) Provide or with respect to Common Areas cause the Manager to provide and maintain all obstruction lights and similar devices, fire protection and safety equipment and all other equipment of every kind and nature required by laws, rule, order, ordinance, resolution or regulation of any competent authority, including the Board and Director.
 - (4) Through the Manager, repair any damage to paving or other surfaces of the Common Areas of the CONRAC caused by any oil, gasoline, grease, lubricants or other flammable liquids and substances having a corrosive or detrimental effect thereon.
 - (5) Through the Manager, take reasonable measures to prevent erosion, including but not limited to, mowing, the planting and replanting of grass or other appropriate landscape material with respect to all portions of the Common Areas of the CONRAC site not paved or built upon, and in particular, plant, mow, maintain and replant any landscaped areas.
- (ii) In addition, the Company as a condition to use the CONRAC and its assigned Service Center, and lease of the Exclusive Use Premises shall:
- (1) Be responsible for the maintenance and repair of all utility services lines placed on the Exclusive Use Premises and used by the Company exclusively, including, but not limited to, water lines, gas lines, electrical power and telephone and data conduits and lines, sanitary sewers, storm sewers, fueling system lines and lines for air, oil and other fluids.
 - (2) Take all reasonable measures (i) to reduce to a minimum vibrations tending to damage any equipment, structure, building or a portion of a building which is located elsewhere on the Airport; (ii) to keep the sound level of its operations as low as possible; and (iii) not to produce on the Airport through the operation of machinery or equipment any electrical, electronic or other disturbance that interferes with the operation by the Board, the Federal Aviation Administration or the scheduled airlines, of air navigational, communication or flight equipment on the Airport or on aircraft using the Airport, or with ground transportation communications.
 - (3) Within reason, control the conduct, demeanor and appearance of its officers and employees and, upon reasonable objection from Director concerning the conduct, demeanor or appearance of any such person, immediately take all reasonable steps necessary to remove the cause of the objection.

- (4) Commit no nuisances, waste or injury, and not do, or permit to be done, anything which may result in the creation, commission or maintenance of such nuisance, waste or injury on the CONRAC or its Service Center.
 - (5) Not cause nor create, nor permit to be caused or created, at the CONRAC or its Service Center, any noxious odor, or noxious gas. Odors emitted in the operation of Companies' authorized activities pursuant to Section 401 shall comply with the requirements of all generally applicable air pollution and nuisance statutes and ordinances.
 - (6) Subject to the Company's rights to use City services on the same basis as other customers of the City, the Company shall not do, nor permit to be done, anything which may interfere with the effectiveness or accessibility of the drainage system, sewerage system, fire protection system, sprinkler system, alarm system and fire hydrants and hoses, if any, installed or located at the CONRAC and its Service Center.
 - (7) Collect all garbage, debris and waste material (whether solid or liquid) arising out of its occupancy of the CONRAC and its Service Center, store same pending disposal in covered metal or other rigidly and sturdily constructed receptacles and dispose of same off the Airport at regular intervals, except for sewage which may be disposed of in the City's sewer system, all at Companies' expense, in the manner reasonably required by the Director.
 - (8) Apply and be governed by the provisions in Article XIII whether the CONRAC or Service Center are expressly mentioned or not.
 - (9) Not cause the maintenance or repair including the cleaning or prepping of vehicles in the ready return areas or within 300 feet of the Customer Service Building curbs.
- (b) Manager; Operations and Maintenance.

The Company represents that the Company is a member or stockowner of the Manager and has executed or will execute the Manager Operating Agreement or other similar documents of Manager. Such membership shall be maintained throughout the term of this Facilities Lease. The Company shall be obligated (i) to participate in such Manager and (ii) to promptly pay all charges and assessments imposed by such Manager or the Board for the cost of carrying out its obligations under this Facilities Lease, including without limitation make the O & M Payment required by Section 603 hereof. The Company will cause the Manager to carry out all of the Company's obligations to operate, repair and maintain the CONRAC (other than the Exclusive Use Premises, which will be the obligation of the Company). If the repair or maintenance is covered by a manufacture's warranty, contractor's warranty or other such warranty the Manager shall have the responsibility for contacting the Board and warrantor to arrange for the required repair or maintenance to be completed. The Company will cause the Manager to provide the Board, a detailed breakdown of operating and maintenance costs in a format acceptable to the Board. If the Manager fails to perform its responsibilities pursuant to this Facilities Lease, the Company, will be responsible to carry out the required duties based on its allocated share of the CONRAC.

(c) Manager Charges, Taxes, Utilities, Liens.

- (1) Company shall pay all assessments, charges, fees and levies by the Manager within the payment times prescribed by the Manager.
- (2) Company shall pay all taxes that may be levied, assessed or charged upon the Company's leasehold estate at the CONRAC and its Service Center by the State of Louisiana, Parish of Jefferson, City of Kenner or any other political subdivision or municipal corporation having jurisdiction and authority to levy taxes within the geographic area upon which the CONRAC and the Service Centers are located, and shall obtain and pay for all licenses and permits required of it by law. However, the Company shall have the right to contest, in good faith, the validity or application of any such tax, license or permit and shall not be considered in default hereunder as long as such contest is in progress and diligently prosecuted. Board agrees to cooperate with the Company in all reasonable ways in connection with any such contest other than a contest of any tax, permit or license of the Board.
- (3) Company shall pay for all water, heat, electricity, air conditioning, sewer rents and other utilities furnished to it with respect to its Exclusive Use Premises or Common Areas of the CONRAC.
- (4) Company shall neither cause or permit any laborers, mechanics, builders, carpenters, material men, contractors, or other liens or encumbrances (including judgment and tax liens) against the CONRAC, the Service Centers or any City property by virtue of the construction, repair or replacement of any part of the CONRAC or Service Centers; provided, however, that the Company may at its own expense in good faith contest the validity of any alleged or asserted lien and may permit any contested lien to remain unsatisfied and undischarged during the period of such contest and any appeal therefrom unless by such action any part of the CONRAC or Service Center may be subject to a material risk of loss or forfeiture, in any of which events such lien shall be promptly satisfied or bonded around in accordance with Louisiana law.

Section 406: Maintenance of Exclusive Use Premises.

The cost of maintenance including janitorial services and any necessary repair or replacement of the Exclusive Use Premises shall be borne by the Company. The Company agrees, at its expense and without cost or expense to the Board, during the Term hereof that:

- (a) The Company shall keep the Exclusive Use Premises in good order and condition and will make all necessary and appropriate repairs and replacements thereof promptly and in a good and workmanlike fashion without diminishing the original quality of such improvements;
- (b) The Company shall not permit rubbish, debris, waste materials or anything unsightly or detrimental to health, or likely to create a fire hazard, or conducive to deterioration, to remain on any part of the Exclusive Use Premises or to be disposed of improperly;

- (c) The Company shall provide and maintain obstruction lights and all similar equipment or devices now or at any time required by any applicable law, ordinance or municipal, state or federal regulation;
- (d) The Company shall appropriately light, maintain and repair all surface areas for the parking of vehicles on the Exclusive Use Premises; and
- (e) The Director or his authorized representative shall have the right to make reasonable objections regarding the maintenance and appearance of the Exclusive Use Premises. The Company agrees to promptly begin remediation of any objectionable condition within thirty (30) days after written notice by the Director or his authorized representative.

Section 408: Board's Covenant Regarding More Favorable Terms.

Board agrees that, during the term of this Facilities Lease, it will use its best efforts to ensure that other Rental Car Companies operating within the CONRAC and Service Centers are subject to the same material terms and conditions that are set forth in this Facilities Lease; provided however, that should the Board be unsuccessful in such endeavor, the Company shall have the benefit of such new material terms and conditions which shall be deemed incorporated herein and become a part of this Agreement but only to the extent that such new material terms and conditions are beneficial to the Company.

Section 501: Term.

- A. The Term of this Facilities Lease shall commence on the DBO of the Service Center. Notwithstanding the above, this Facilities Lease shall become effective upon the execution by both parties hereto.
- B. Unless extended under Section 502 or terminated at an earlier date as provided herein, this Facilities Lease shall terminate on the tenth anniversary of the DBO of the CONRAC.

Section 601: Customer Facility Charge.

The Board shall continue to impose and the Company shall continue to collect from customers entering into each motor vehicle rental agreement with the Company and remit to the Board a Customer Facility Charge ("CFC") for each Transaction Day or the amount due pursuant to any other method of calculating the CFC as then provided by the CFC Resolution. The CFC must be shown as a separate line item on the Company's motor vehicle rental agreement. The Company agrees that it will not refer to the CFC in its motor vehicle rental agreement or otherwise as a Board or Airport fee, charge or tax. The amount of the CFC collected and remitted by the Company for each Transaction Day must be based on the established CFC rate, which will be the same for all rental car companies operating from the CONRAC. The CFC is presently imposed at the rate of six dollars and twenty cents (\$6.20) per Transaction Day commencing effective June 1, 2009; however, the CFC rate may be changed from time to time by the Director as required without further action by the Board or the City Council and may be changed by the Board and must be increased under certain circumstances as required by the Rate Covenant and the Bond Documents. The amount of the CFC must be established by the Director or the Board in accordance with the CFC Resolution which established such charge and the CFC Master Indenture and will be used to pay the CFC Cost in each Bond Year and other related expenses of the CONRAC, the Service Centers, and the CFC Master Indenture. The CFC Revenues shall be remitted to Board at P.O. Box 20007, New

Orleans, LA 70141 for the prior calendar month on or before the 20th day of each calendar month to the New Orleans Aviation Board, P.O. Box 20007, New Orleans, LA 70141.

The Company also agrees to furnish to the Director on or before the 20th day of each calendar month during the Term of this Facilities Lease, two copies of a true and correct statement of the CFCs collected by the Company for the preceding calendar month signed by an Authorized Company Representative together with all supporting documents and information reasonably requested by the Board. Any remittance of CFCs that remains due and unpaid five (5) days after it becomes due and payable shall be subject to the CFC Past Due Interest Rate applied to the balance past due for each day beginning five (5) days after such payment became due until payment has been received or as otherwise provided in the CFC Resolution. One of the copies shall be transmitted in an electronic format. The Company must maintain such books and records as will be sufficient to document the collection by the Company and the remittance to the Board of all CFCs required to be collected pursuant to this Facilities Lease. The Company agrees to give the Board access during reasonable hours to such books and records. The Company also agrees to provide, in writing, to the Independent Airport Consultant by not later than March 31st of each year, the following information:

- a. The Company's Transaction Days per calendar month for the preceding 12-calendar month period beginning on each January 1 and ending on each subsequent December 31 ("Company Reporting Period"); and
- b. The total amount of the Customer Facility Charge proceeds per each calendar month remitted by the Company to the Board during the Company Reporting Period.

Such information must be provided by the Company to the Independent Airport Consultant with the following certification by an Authorized Company Representative within 90 days following the close of each calendar year:

“To the best of my knowledge, the information contained herein provided by the Company to the Independent Airport Consultant is complete and accurate.”

The CFCs collected by the Company must be accounted for separately on the Company's books of account. The Company agrees to maintain a separate account on its books or records in which it will hold all CFCs owed under this section. The CFC collected by the Company will be regarded as trust funds held by the Company as an agent, for the beneficial interest of the Board. All CFCs collected and held by the Company are property in which the Company holds only a possessory interest and not an equitable interest. The Company agrees that in the event of a bankruptcy filing, any CFC remittance made by the Company are deemed remittance made out of a trust fund, and the Company will not attempt to collect these remittance as preferences, fraudulent transfers, etc. Once remitted to the Board, all CFC Revenues will be deposited by the Board into the funds and accounts established pursuant to the Indenture, in the order of priority set forth in the CFC Master Indenture. Such funds and accounts may include, but are not limited to, the Administrative Costs Fund, the Debt Service Fund, the Maintenance Reserve Fund, the Debt Service Reserve Account, and the Coverage Fund.

The Company is obligated to collect the CFCs at the rate determined by the Board in accordance with this Facilities Lease and the CFC Resolution. The Company covenants and agrees that it will not be entitled to any rights of offset or other reduction in the requirements herein.

Section 602: Ground Rentals.

- A. The Company agrees to pay to the Board Ground Rentals at the initial annual rate of \$0.48 per square foot for the Ground upon which the CONRAC is located and at the initial annual rate of \$0.30 per square foot for the Ground upon which the Service Centers are located. The initial annual rate for the Service Centers shall increase on the fifth (5th) anniversary of the DBO of the Service Centers to the greater of (i) \$0.48 per square foot or (ii) the amount to which the initial rate of \$.30 per square foot has been increased as a result of increases in the CPI-U Index as provided in the last paragraph the last paragraph of this Section 602A. The Company agrees to pay the Ground Rentals to the Board monthly in an amount equal to one-twelfth of the annual Ground Rentals for the leased Ground. The Ground Rentals for any partial calendar month payable during the Term will be prorated. Pro-rata payments will be calculated by dividing the total annual Ground Rentals by 365 and multiplying that daily amount by the number of days in any monthly or partial monthly period.

The Ground Rentals due by the Company relating to its Service Center shall be (i) if not shared among a Family of Brands 100% of the Ground Rentals relating to its Service Center or (ii) if shared with its Family of Brands its proportionate share of the Ground Rentals due for its Service Center calculated by multiplying the total Ground Rentals due for such Service Center by the percentage obtained by dividing the square footage of the Company's Exclusive Use Premises within its assigned Service Center by the total square footage of Exclusive Use Premises within its Family of Brands assigned Service Center.

The Ground Rentals due by the Company for the Ground used as the Site of the CONRAC shall be equal to the amount of its prorated share of the Ground used for the site of the CONRAC, calculated by multiplying the total Ground Rentals due for the CONRAC site by the percentage obtained by dividing the square footage of the Company's Exclusive Use Premises in the CONRAC by the total square footage of all exclusive use premises in the CONRAC.

The Ground Rentals for both the CONRAC and the Service Centers will be adjusted on the first anniversary of the DBO of the Service Centers and each year thereafter, based on the annual percentage change in the CPI-U Index. However, in no event will the annual adjustment result in Ground Rentals being less than the amount charged during the prior year or more than 2% above the amount charged during the prior year.

- B. Commencing with the end of the first Bond Year within which the Company pays Ground Rentals pursuant to this Facilities Lease, to the extent that actual CFC Revenues for any Bond Year exceeded (i) the actual CFC Costs for such Bond Year plus (ii) the O & M Expenses paid by the Companies for such Bond Year, an amount of CFC Revenues equal to the lesser of (i) such excess or (ii) the amount of Ground Rentals paid by all of the Companies for such Bond Year (such lesser amount being the "Ground Rental Repayment Amount") shall be paid by the Trustee from amounts available in the Surplus Fund created by the CFC Master Indenture to the Companies. Each Company shall be paid the portion of the Ground Rental Repayment Amount equal to the percentage resulting from dividing the Ground Rentals paid by each Company by the total of all Ground Rentals paid by all the Companies for such Bond Year. The portion of the Ground Rental Repayment Amount due to each Company shall be paid by the Trustee to the respective Companies within 30 days of receipt of unaudited financial statements of the Board, the Trustee and the Manager relating to the CFC Revenues, O & M Expenses of the CONRAC, the CFC Costs for such Bond Year, the O & M Repayment Amount, and the Ground Rentals.

Section 603: O & M Payment.

- A. The Manager shall prepare a budget to reflect the O & M Expenses relating to the Common Areas of the CONRAC (the “Manager Budget”) not less than 60 days prior to the DBO of the CONRAC. The Manager Budget shall include each and every item of O & M Expenses and shall indicate the total amount thereof. Within 5 days of its preparation, the Manager Budget shall be delivered by the Manager to the Director for approval by the Board. If the Director notes any deficiencies or objects to any item in the Manager Budget prior to submitting it to the Board for approval, he shall advise the Manager of such objection or deficiency and the Manager shall take the action required to cure such objection or deficiency. If no such objection is taken or deficiency is noted by the Director or after correction of any such item by the Manager, the Director shall submit the Manager Budget to the Board for approval by its Commissioners at the next meeting held after receipt or correction, as appropriate, of the Manager Budget. If the Manager Budget is not approved by the Board the Manager shall be notified of the reasons for such disapproval and the Manager shall take the required actions to satisfy the reasons for disapproval and the Manager shall within not more than 15 days after being notified of the Board’s refusal to approve the Manager Budget submit a revised Manager Budget to the Director. Once the Manager Budget has been approved by the Board, it shall become the basis for the calculation of the O & M Payment required by sub-part (b) hereof to be paid by the Company to the Manager.
- B. The Company shall pay to the Manager monthly the O & M Payment in the amount equal to the product obtained by 1) dividing the total annual Manager Budget by twelve and 2) multiplying the quotient obtained in step 1) by the percentage obtained by dividing the square footage of the Company’s Exclusive Use Premises in the CONRAC by the total square footage of all Exclusive Use Premises in the CONRAC (the “Company’s Exclusive Use Premises Percentage”).
- C. The amount of the O & M Payment shall be reviewed not less than semi-annually and adjusted, as necessary, effective on the first day of the second calendar month following any such adjustment, at least 70 days before each Bond Year and at any other time as required to satisfy the requirements of this Facilities Lease, the Bond Resolution and the CFC Master Indenture or at such other times as the Manager or the Board deems necessary to meet the O & M Expenses.
- D. No later than ninety (90) days following the end of each Bond Year, the Manager shall perform a reconciliation to determine if an overpayment or underpayment of the O & M Payment was made by the Company during the previous Bond Year. The overpayment or underpayment shall be determined by subtracting (a) the total O & M Payments paid by all the Companies for the previous Bond Year, from (b) the actual O & M Expenses for the same Bond Year. Any overpayments will be refunded to the Company within thirty (30) days following the ninety (90) day period after the end of such Bond Year and any underpayment shall be paid by the Company within 30 days of receipt of an invoice from the Manager for an underpayment.
- E. In the event that an O & M Repayment Amount is determined to be due during a Bond Year in accordance with the provisions of Section 404 hereof, the O & M Payment shall be adjusted as provided in such section.

Section 604: Contingent Rent.

- A. At least 120 days prior to the end of each Bond Year commencing with the Bond Year ending December 31, 2009, the Board shall prepare and deliver to the Trustee and the Companies its

estimate of CFC Revenues and CFC Costs for the next Bond Year, make its determination as to whether the Rate Requirement was met for the then current Bond Year and will be met for the next ensuing Bond Year. If the Board projects that CFC Revenues for the ensuing Bond Year are to be insufficient to meet the Rate Requirement for the ensuing Bond Year without further increasing the then existing rate at which the CFC is imposed (a "CFC Deficit"), then the Board shall engage an Independent Airport Consultant to recommend actions to be taken to cure such projected CFC Deficit. If required to be engaged pursuant to the foregoing sentence, not less than 90 days prior to the end of each Bond Year, the Independent Airport Consultant shall prepare and present to the Director, the Aviation Board, the Trustee and the Companies the Rate Consultant's Report recommending one or more of (i) an increase in the per Transaction Day rate or the rate of such other method of calculating the CFC as shall then be provided for in the CFC Resolution, (ii) implementing Contingent Rent, (iii) imposing Supplemental Facility Charges or (iv) implementing any combination thereof for the ensuing Bond Year. If the Independent Airport Consultant in its Rate Consultant's Report determines that the required increase in the CFC rate will result in a reduction in annual Transaction Days greater than 25%, the Independent Airport Consultant shall recommend the implementation of Contingent Rent or a combination of one or more of Contingent Rent, other Supplemental Facility Charges and an increase in the CFC rate. In making such recommendation the Independent Airport Consultant shall consider, among other factors: (i) the historical and projected origination and destination traffic at the Airport; (ii) historical and projected Transaction Days at the Airport; (iii) the Annual Debt Service requirements; (iv) the budgeted Administrative Costs and the actual Administrative Costs; (v) the estimated CFC Costs, (vi) the amounts required to be deposited to the Funds and Accounts and any existing or projected deficiencies therein; (vii) information provided by the Companies; and (viii) such other factors deemed relevant by the Independent Airport Consultant. Not less than 60 days prior to the end of the then current Bond Year, the Companies shall provide written notice to the Director and the Independent Airport Consultant if any thereof object to any portion of the Rate Consultant's Report. The Director or the Board as appropriate under the then CFC Resolution shall make a final determination regarding the plan to fund the estimated CFC Deficit for the next Bond Year.

- B. Upon the occurrence of (i) an unscheduled draw on the Coverage Fund or any Debt Service Reserve Account, (ii) the actual CFC Costs exceeded by 10% or more the monthly projected CFC Costs or (iii) the monthly CFC Revenues actually received were 90% or less of the monthly amounts projected for such Bond Year for a period of not less than 3 consecutive calendar months the latest of which three (3) months is within the first eight (8) months of a single Bond Year, the Trustee with respect to item (i) and the Director of Aviation with respect to items (ii) and (iii) shall immediately notify the others of the Trustee, the Director of Aviation and the Companies and then the Director of Aviation shall cause the Independent Airport Consultant to prepare an interim report recommending an adjustment to the CFC, implementation or increases in Contingent Rent and/or Supplemental Facility Charges or a combination of any thereof sufficient to restore the withdrawn amounts and remedy the increased CFC Costs or decreased CFC Revenues. However, the Independent Airport Consultant shall not recommend an increase in the CFC rate which would in his opinion result in a reduction in annual Transaction Days of greater than 25%. Upon receipt of such report, the Director of Aviation, as soon as reasonably practicable, shall take the actions required to increase Revenues by adjusting the rate of the CFC, implementing or increasing Contingent Rent and/or the Supplemental Facility Charges or implementing a combination of any thereof for the remainder of such Bond Year to the rates and amounts required so that Revenues for the then current Bond Year together with the amounts then on deposit in the Coverage Fund which do not exceed 25% of Maximum Annual Debt Service will at least equal the Rate Requirement for the current Bond Year plus the amount necessary to

replenish the Coverage Fund or the respective Debt Service Reserve Accounts for the amounts transferred to the applicable Debt Service Accounts. The Director of Aviation shall notify the Companies and On Airport Rental Car Companies who are not Lessee(s), if any, of such adjustment and the date as of which such new CFC rate, Contingent Rent and/or Supplemental Facility Charges shall be charged and collected by the Companies and On Airport Rental Car Companies, if all are not included within the term Companies, with 30 days prior written notice.

- C. If Contingent Rent is being collected from the RACs, the amount of the Contingent Rent shall be reviewed not less than semi-annually and adjusted, as necessary, effective on the first day of (i) the second full calendar month following an such adjustment or (ii) each Bond Year as applicable and (iii) at any other time as required to satisfy the requirements of the CFC Master Indenture, and the Rate Covenant or at such other times as the Board deems necessary to meet the CFC Cost for any Bond Year.
- D. The payment of Contingent Rent or Supplemental Facility Charges by the Company to the Board shall be prorated on a monthly basis and paid monthly in advance on the first day of each month to the Board.
- E. No later than ninety (90) days following the end of each Bond year, the Board shall perform a reconciliation to determine if an overpayment or underpayment of Contingent Rent was made by the Company during the previous Bond Year. The overpayment or underpayment shall be determined by subtracting (a) the total CFC Revenues, plus the Contingent Rent, paid by all the rental car companies for the previous Bond Year, from (b) the CFC Cost for the same Bond Year. Any overpayments will be refunded to the Company within thirty (30) days following the ninety (90) day period after the end of such Bond Year and any underpayment shall be paid by the Company within 90 days of receipt of an invoice from the Board for an underpayment.
- F. The Company may not state Contingent Rent separately, or otherwise “pass through” Contingent Rent on its customer Rental Agreements.

Section 605: Security Deposit and Reserves.

- A. In order to guarantee the timely payment of Ground Rentals, Company must remit to the Board within ten business days of the date of DBO, a security deposit in an amount equal to three months of the Company’s estimated Ground Rentals, pursuant to this Facilities Lease (“Rentals Security Deposit”). Such deposits must be in the form of a payment bond or an irrevocable direct pay letter of credit expiring no earlier than the expiration date of this Facilities Lease, from a bank acceptable to the Board, cash or such other form of security as the Board may deem acceptable.
- B. At any time that (i) any of the Company’s Ground Rentals due hereunder are more than 30 days past due or (ii) Company fails to keep the Exclusive Use Premises and any interest therein and any improvements thereon free and clear of any and all liens in accordance with Article VII of this Agreement, the Board, ten (10) days after written notice to Company, will be entitled to apply any of the security deposit described above (Rental Security Deposit) to the payment of such unpaid amounts including any costs the Board incurs collecting amounts it is owed or to the costs of removal of such liens, as the case may be. In any such event, Company must again meet the security deposit requirements set forth above within seven business days from its receipt of such written notice; provided that if Company does not meet the security deposit requirements in

a timely manner, the Board will be entitled to offset the security deposit against the next ensuing payments by the Company of the Ground Rentals and other fees and charges until such applicable portion of the security deposit is complete.

Section 607: Payments Under Facilities Lease in Addition to Other Payments.

All amounts payable by the Company under this Facilities Lease shall be in addition to amounts payable by the Company under the Concession Agreement. All expenses incurred by the Company in connection with its operation and use of the CONRAC and its Service Center shall be paid by the Company directly without reduction of any other amounts payable by the Company under this Facilities Lease or the Concession Agreement and without right of reimbursement.

Section 701: Construction By Company.

Subject to the provisions of Article VII, the Company may construct on the Exclusive Use Premises such additional facilities as are required by their operation and approved by the Director. Any construction, modifications, and/or improvements made by the Company must be completed in accordance with the Board's most current version of the Tenant Improvement Agreement and Design Construction Guidelines, which are attached hereto as Exhibit H. In such cases, where the language in this Facilities Lease and the then-applicable Tenant Improvement Agreement conflict, the Tenant Improvement Agreement will supersede this Facilities Lease, as it relates only to the construction, modifications and improvements being considered.

Section 801: Utilities.

- A The Board, as a cost of providing the CONRAC, shall construct, install and maintain, or have constructed, installed and maintained, within the utility corridor adjacent to the Ground, sanitary sewer gravity main, electrical primary line, telecommunication primary cabling, non-potable water main and potable water distribution conduit.
- B. The Company shall pay all charges for utility services consumed by it on the Exclusive Use Premises all of which shall be individually metered and provided and maintained, at the Company's sole expense, including such telecommunication facilities and services as it may deem necessary and not otherwise prohibited by this Facilities Lease. Any power and telecommunication lines constructed or installed by or for the Company shall be placed underground. The Board is under no obligation to furnish at its expense janitorial services, or any other utility or services for the Exclusive Use Premises.

Section 802: Interruption Of Utilities Services.

The Company agrees that the Board shall not be liable for failure to supply any utility services. The Board reserves the right to temporarily discontinue utility services at such time as may be necessary by reason of accident, unavailability of employees, repairs, alterations or improvements or whenever by reason of strikes, lockouts, riots, acts of God or any other happenings beyond the control of the Board, the Board is unable to furnish such utility services. The Board shall not be liable for damages to persons or property for any such discontinuance, nor shall such discontinuance in any way be construed as cause for abatement of rent or operate to release the Company from any of its obligations hereunder, except as otherwise provided for in the Lease.

Section 901: Insurance.

Exclusive Use Premises. At all times during the Term hereof, Company, at its own expense, covenants and agrees to obtain and keep in force during the Term of this Facilities Lease and with respect to its use and occupancy of the CONRAC, insurance coverage not less than the types and amounts specified in this section. In the event that additional insurance, not specified herein, is required during the term of this Facilities Lease, Company shall supply such insurance at Board's cost.

- A. General Liability Insurance. Company will cause Board and Company to be insured on an occurrence basis, under policies no more restrictive than the standard form of comprehensive liability policy, against the claims of any and all persons for personal or bodily injury (including wrongful death) in a sum of not less than \$2,000,000 for any one person, and not less than \$5,000,000 for any one occurrence occurring at the CONRAC or on the Airport or incidental to the operations of Company hereunder and not less than \$1,000,000 for each occurrence of damage to the property of others. Such insurance must specifically insure the obligations of Company, under Section 907 hereof, to indemnify the Board and the City.

Insofar as said insurance provides protection against liability for damages to third parties for bodily injury, death and property damage, the Board and the City must be included as a named insured; provided, however, such liability insurance coverage also must extend to damage, destruction and injury to City-owned or leased property and Board personnel caused by, or resulting from, the work, acts, operations or omissions of Company, its officers, agents, employees and independent contractors on the Airport. The Board will have no liability for any premiums charged for such coverage. The inclusion of the Board and the City as a named insured is not intended to, and must not, make either a partner or joint venturer with Company in its operations on the Airport.

Company and Board understand and agree that the minimum limits of insurance herein required may become inadequate. Company agrees that it will increase such minimum limits upon receipt of notice in writing from the Director provided that the requested increase is reasonable. Such notice to change, in general, must be issued no more frequently than every fifth year of the Term hereof. The Director may increase the minimum insurance limits if he reasonably determines at any time that the indemnification awards granted by the courts warrant such an increase, provided that the Director gives Company notice of any such intent to increase the minimum insurance limits and affords the Company an opportunity to comment prior to instituting any such increase.

The policy shall be written or endorsed to include the following provisions:

1. Severability of Interests Coverage applying to Additional Insureds;
2. Contractual Liability;
3. Per Project Aggregate Liability limit or, where not available, the aggregate limit shall be \$20,000,000;
4. No Contractual Liability Limitation Endorsement;
5. Additional Insured Endorsement, ISO form CG20 10, current edition or its equivalent.

B. Worker's Compensation and Employer's Liability Insurance. Company must keep in force Worker's Compensation and Employer's Liability Insurance in the form and in the amount prescribed by law for such coverage, including Employers Liability with limits of:

1. Workers' Compensation – Statutory;
2. Employers Liability -- \$500,000 per accident with limits of: \$500,000 disease-policy limit; \$200,000 disease-each employee.

Policy will contain a Waiver of Subrogation in favor of the City of New Orleans and the New Orleans Aviation Board. Company must not opt out of or otherwise fail to maintain such coverage notwithstanding any provision in Louisiana State law, which would allow an employer that option, without the written approval by the Board. Company must include the same requirement in any construction contracts it enters into pursuant to this Facilities Lease and must therein require all subcontractors there under to likewise satisfy this requirement for Worker's Compensation and Employer's Liability Insurance. Coverage required hereunder must in all things comply with the substantive requirements for such coverage contained in Louisiana State law.

C. Comprehensive Automobile and Truck Liability Insurance. Company must keep in force Comprehensive Automobile and Truck Liability Insurance covering owned, hired, and non-owned vehicles with minimum limits of \$2,000,000 combined single limit per occurrence for personal or bodily injuries, including death, and property damage. Coverage provided shall be on an "any auto" basis and written on an "occurrence" basis. This insurance will be written on a Commercial Business Auto form, or acceptable equivalent, and will protect against claims arising out of the operation of motor vehicles, as to acts done in connection with the Facilities Lease.

D. Contractual Liability Insurance. Company must keep in force Contractual Liability coverage including, but not limited to, the liabilities assumed under the indemnification provisions of this Facilities Lease.

E. Umbrella/Excess Liability Policy. With respect to any Company construction pursuant to this Facilities Lease, Company must keep in force an Umbrella/Excess Liability Policy, during construction, in the amount of \$10,000,000, as an excess of the primary coverage required above.

F. Full Replacement Cost. Company must keep in force insurance on all of the improvements on the Exclusive Use Premises (now or hereafter existing) or used in connection therewith against any loss or damage by fire, flood, wind, earthquake and other or any casualties or peril, and all other perils as are included within what is commonly known as "all risk coverage" for any improvements on the Exclusive Use Premises with full replacement cost insurance, in amounts sufficient to prevent the Board from being or becoming a co-insurer within the terms of the policy or policies in question and in no event less than the full replacement cost value thereof, exclusive of the cost of foundations, excavations, and footings below the lowest basement floor, and without any deduction being made for depreciation. The replacement cost value shall be determined from time to time, but not more frequently than once in any twelve (12) consecutive calendar months at the request of Board, by an appraiser, architect and/or contractor. All property insurance proceeds shall promptly be deposited with the Board. All claims shall be adjusted with the Airport and any payments for damage shall be paid to the Airport. The Company shall be responsible for any deductible.

Common Areas. The Company represents warrants and agrees that it will cause the Manager to obtain and pay the premiums for insurance relating to the Common Areas of the CONRAC of the type and in the limits set forth in items A through F above of this Section 901 and in accordance with the provisions of

Sections 902 through 906 herein below, to the extent applicable to the Common Areas. In the event the Manager is created by the Board as its agent to operate the Common Areas of the CONRAC, the Board will insure such areas in accordance with the recommendations of its insurance consultants.

Section 902: Limitations As To Policy.

The policy of insurance required herein must be in a form and by a company or companies with a Best rating of A- or better, approved by Board and qualified to do insurance business in the State of Louisiana. Each policy must provide that the insurer may not materially change, alter or cancel the policy without first giving ten days' advanced written notice to the Director. No policy may be canceled until after thirty (30) days written notice of cancellation to Board, ten (10) days in the event of nonpayment of premium. The Commercial General and Automobile Liability Insurance specified above shall provide that the Board and its agencies, officials, officers and employees, while acting within the scope of their authority, will be named as additional insureds for the services performed under this Facilities Lease. Company shall provide to Board at execution of this Lease a certificate of insurance showing all required endorsements and additional insureds.

Company shall provide for the prompt and efficient handling of all claims for bodily injury, property damage or theft arising out of the activities of Company under this Facilities Lease. Company agrees that all claims will be handled by a person with a permanent office in the New Orleans Metropolitan area or Baton Rouge.

Section 907: Indemnification.

Company must defend, indemnify, and hold harmless the Board, the City and any of their agencies, officials, officers, or employees from and against all claims, damages, liability, losses, costs, and expenses, including reasonable attorneys' fees, arising out of or resulting from any acts or omissions in connection with this Facilities Lease, caused in whole or in part by Company, its employees, agents, or subcontractors, or caused by others for whom Company is liable. The indemnity provision set forth herein will survive the expiration or early termination of this Facilities Lease.

Section 1001: Board's Right to Terminate.

The Board, acting by and through its Director, may declare this Facilities Lease terminated in its entirety, in the manner provided in Section 1003 hereof, upon the happening of any one or more of the following events:

- A. Company defaults in collection and remittance of the CFC, payment of all or any part of the rentals and/or fees due Board under this Facilities Lease. Default of any kind under the Concession Agreement, the Manager Operating Agreement, or the Manager Member's Agreement will constitute a default under all agreements, including this Facilities Lease, between Company and Board.
- B. Company's failing to perform or violation of any provision, covenant or condition of this Facilities Lease (other than payment of money) within thirty (30) days after written notice or, if the cure or performance thereof reasonably requires more than thirty (30) days to complete, Company's failing to begin cure or performance thereof within such thirty-day period and proceed diligently to cure or completion thereafter;

- C. Use of the CONRAC or the Service Center for anything other than the use specified in this Facilities Lease.
- D. Company vacates, abandons or deserts the Exclusive Use Premises or fails to occupy the Exclusive Use Premises for more than thirty (30) consecutive days.
- E. The suspension or revocation of any act, power, license, permit or authority that prevents Company from fully complying with all of the rights and obligations hereunder for any material period.
- F. The levy of any attachment or execution of any process of a court of competent jurisdiction which does or, as a direct consequence of such process, will interfere with its operations under the Facilities lease, and which is not enjoined, vacated, dismissed or set aside within a period of 30 days.
- G. Company takes any one of the following actions signifying commencement of insolvency proceedings:
 - 1. Applies for, or consents to the appointment of, a receiver, trustee, or liquidator of all or a substantial part of Company's assets;
 - 2. Files a voluntary petition in bankruptcy, or admits in writing Company's inability to pay its debts as they become due;
 - 3. Makes a general assignment for the benefit of creditors;
 - 4. Files a petition or an answer seeking reorganization or arrangement with creditors or to take advantage of an insolvency law;
 - 5. Files an answer admitting the material allegations of a petition filed against any assignee in any bankruptcy, reorganization or insolvency proceedings; or, if during the Term of Facilities Lease, an order, judgment or decree is entered by a court of competent jurisdiction, or the application of a creditor, adjudicating of Company as bankrupt or insolvent, or approving a petition seeking a reorganization of Company, and such order, judgment or decree continues without stay and in effect for any period of 90 consecutive days;
 - 6. The appointment of a receiver or trustee of the Company's or its assignee's or sublessee's assets by a court of competent jurisdiction or a voluntary agreement with Company's creditors; and
 - 7. Fails in the performance of any other covenant or condition herein required to be performed by Company.

- H. The Term of this Facilities Lease and Company's right, title and interest herein, will expire on the date set forth in the notice of termination, except as provided below in Section 1003.
- I. Board's failure to take any authorized action upon Company's default as to any of the terms, covenants or conditions required to be performed hereunder must not be construed to be or act as a waiver of default or of any subsequent default of any of the terms, covenants and conditions herein contained to be performed, kept and observed by Company. The acceptance of fees by Board from Company for any period or periods after a default by Company of any of the terms, covenants and conditions herein required to be performed, kept and observed by Company will not be deemed a waiver or estoppel of any right on the part of Board to terminate this Facilities Lease for failure by Company to so perform, keep or observe any term, covenant or condition.
- J. Upon default by Company of this Facilities Lease under A through G above, Board may do any one or more of the following:
1. Terminate this Facilities Lease in accordance with Section 1003;
 2. Re-enter the Exclusive Use Premises and every part thereof on the effective date of termination of this Facilities Lease without further notice of any kind, remove any and all persons therefrom and regain and resume possession either with or without the institution of summary or legal proceedings. Such re-entry, however, shall not in any manner affect, alter or diminish any of the obligations of Company under this Facilities Lease;
 3. Upon termination of this Facilities Lease or upon re-entry, regaining or resumption of possession of the Exclusive Use Premises, occupy the Exclusive Use Premises and have the right in the name of the Board to relet and permit any person, firm or corporation to enter the Exclusive Use Premises and use the same for such term and on such conditions as Board may determine;
 4. Perform, on behalf and at the expense of Company, any obligation of Company under this Facilities Lease which Company has failed to perform and of which Board have given Company notice, the cost of which performance by Board, together with interest thereon from the date of such expenditure, shall be deemed additional rent and shall be payable by Company to Board upon demand. Notwithstanding the provisions of this clause and regardless of whether a default shall have occurred, Board may exercise the remedy described in this clause without any notice to Company if Board, in its good faith judgment, believes it would be materially injured by failure to take rapid action or if the unperformed obligation of Company constitutes an emergency; and
 5. Any other remedy that Board may have under law or equity.

Section 1002: Company's Right to Terminate.

Company, at its option, may declare this Facilities Lease terminated in its entirety, with no penalty to the Company, in the manner provided in Section 1003 hereof, upon the happening of any one or more of the following events:

- A. A court of competent jurisdiction issues an injunction or restraining order against Board preventing or restraining, in its entirety or substantial entirety, the use of the Airport for airport purposes.
- B. Board abandons the Airport for a period of at least 90 consecutive days and fails to operate and maintain the Airport in such manner as to permit landings and takeoffs of airplanes by scheduled air carriers.
- C. The Airport or a material portion of the Airport or Airport facilities is destroyed, resulting in material interference with Company's normal business operations or substantial diminution of Company's Gross Revenues at the Airport for a period in excess of 90 consecutive days.
- D. An agency or instrumentality of the United States Government or any state or local government occupies the Airport or a substantial part thereof, resulting in material interference with Company's normal business operations or substantial diminution of Company's Gross Revenues at the Airport for a period in excess of 90 consecutive days.
- E. A military mobilization or a public emergency occurs wherein there is a curtailment, either by executive decree or legislative action, of normal civilian traffic at the Airport or of the use of motor vehicles or airplanes by the general public, resulting in material interference with Company's normal business operations or substantial diminution of Company's Gross Revenues at the Airport for a period in excess of 90 consecutive days.
- F. Board fails in the performance of any covenant or condition within Board's control and herein required.

Section 1003: Procedure For Termination.

- A. Notice. No termination declared by either party will be effective unless and until no fewer than forty-five (45) calendar days have elapsed after notice by either party to the other specifying the date upon which such termination will take effect and the cause for which this Facilities Lease is being terminated. No termination will be effective if such cause of default, by its nature, cannot be cured within such forty-five (45) calendar day period, and the defaulting party commences to correct such default within five (5) business days of notice of such default and corrects the default as promptly as is reasonably practicable.
- B. Attorneys Fees. In the event that Board initiates suit upon the default of payment of fees as provided herein, Company also agrees to pay the Board for expenses incurred by it for reasonable attorney's fees.
- C. No Notice to Quit Possession. No notice to quit possession at the expiration date of the term of this Facilities Lease shall be necessary. Company agrees that at the expiration date of the term of this Facilities Lease, or at the earlier termination thereof, it shall peaceably surrender possession of the Exclusive Use Premises in good condition, reasonable wear and tear and acts of God excepted. Board shall have the right to re-enter and take possession of the Exclusive Use Premises at that time with or without process of law.

- D. Holding Over. Should Company hold over the use of or continue to occupy the Exclusive Use Premises or any part thereof after the termination of the letting, the holding over shall be deemed merely a tenancy from month to month upon a monthly rental in an amount equal to the rate existing at the end of the Facilities Lease term (subject, however, to reappraisal as provided for in Article VI, Section 603 of this Facilities Lease).
- E. Waiver. No acceptance by Board of the rent and charges or other payments specified herein, in whole or in part, and for any period or periods, after a default of any of the terms, covenants and conditions to be performed, kept or observed by Company, other than the default in the payment thereof, shall be deemed a waiver of any right on the part of Board to cancel or terminate this Facilities Lease on account of such default. No waiver by Board at any time of any default by Company shall be or be construed to be a waiver at any time thereafter by Board of any other or subsequent default in performance of any terms, conditions, covenants and no notice by Board shall be required to restore or revive time as of the essence hereof after waiver by Board of default in one or more instances.
- F. Waiver of Redemption and Damages. Company hereby waives any and all rights or redemption granted by or under any present or future law or statute arising in the event it is evicted or dispossessed for any cause or in the event Board obtains or retains possession of the Exclusive Use Premises in any lawful manner. Company further agrees that in the event the manner or method employed by Board in reentering or regaining possession of the Exclusive Use Premises gives rise to a cause of action in Company for damages or in forcible entry and detainer under the laws of the State of Louisiana, then the total amount of damages to which Company shall be entitled to in any such action shall be the sum of One Dollar (\$1.00) and Company agrees that the provisions of this section may be filed in any such action as its stipulation fixing the amount of damages to which it would be entitled therein.
- G. Termination from Taking. If during the term of this Facilities Lease there shall be a taking of the whole or substantially all of the CONRAC, this Facilities Lease shall terminate and expire on the date of such taking and the rent payable hereunder shall be equitable apportioned and paid to the date of such taking. "Substantially all of the CONRAC" shall be deemed to have been taken if the untaken part of the CONRAC shall be insufficient for the continued economic and feasible operation of the Company's business in connection therewith.
- H. Personal Property not Removed. Any personal property of Company which shall remain in or on the Exclusive Use Premises after the termination of this Facilities Lease may, at the option of Board, be deemed to have been abandoned by Company and either may be retained by Board as its property or be disposed of, without accountability, in such manner as Board may see fit, or if Board shall give written notice to Company to such effect, such property shall be immediately removed by Company at Company's sole cost and expense.

Section 1101: Loss or Damage to Property.

The Board shall not be liable for any loss of property by theft or burglary from the Airport or for any damage to person or property on the Airport resulting from electric lighting or water, rain or snow, which may come into or issue or flow from any part of the Airport or Airport site, or from the pipes thereof, or that may be caused by the Board's employees or any other cause, and the Company agrees to make no claim for any such loss or damage at any time.

Section 1102: Taking.

The term "Taking," as used in this Section 1102, shall mean the taking of all or any portion of the CONRAC as a result of the exercise of the power of eminent domain or condemnation for public or quasi-public use or the sale of all or part of the CONRAC under the threat of condemnation. The term "Substantial Taking," as used in this Section 1102, shall mean eviction or constructive eviction, destruction, or condemnation or a Taking of so much of the CONRAC that, in the judgment of the Company, the CONRAC cannot thereafter be reasonably used by the Company for carrying on, at substantially the same level or scope, the business theretofore conducted by the Company on the CONRAC. The term "Insubstantial Taking," as used in this Section 1102, shall mean a Taking such that, in the judgment of the Company, the CONRAC can thereafter continue to be used by the Company for carrying on, at substantially the same level or scope, the business theretofore conducted by the Company on the CONRAC.

In the case of a Substantial Taking of the CONRAC, except as otherwise hereinafter provided in this Section 1102, the Board shall promptly commence and complete, or cause the prompt commencement and completion, with due diligence (subject to delays beyond its control), the restoration or replacement of the CONRAC as nearly as reasonably practicable to the value and condition thereof immediately prior to such Substantial Taking, however, the Board, within 120 days after a Substantial Taking, may elect not to restore or replace the CONRAC.

In the event of an Insubstantial Taking of the CONRAC, this Facilities Lease shall continue in full force and effect, the Board shall proceed to cause the CONRAC to be restored as nearly as practicable to the condition thereof immediately prior to such Insubstantial Taking and there shall be no abatement of rentals payable hereof except as otherwise provided in this Section 1102.

In the event of a Taking, the Ground Rentals shall be abated and proportionately reduced in the ratio that the Taking bears to the entire area of the Ground immediately prior to such Taking.

Section 1301: Compliance with Environmental Laws and Regulations.

A. Company hereby covenants and agrees to comply with all applicable Environmental Laws and Regulations in connection with its use and occupancy of the CONRAC and its Service Center. For purposes of this Facilities Lease, "Environmental Laws" means and includes all Federal, state and local statutes, ordinances, regulations and rules relating to environmental quality, health, safety, contamination and clean-up, including, without limitation, the Clean Air Act, 42 U.S.C. §7401 *et seq.*; the Clean Water Act, 33 U.S.C. §1251 *et seq.* and the Water Quality Act of 1987; the Federal Insecticide, Fungicide, and Rodenticide Act ("FIFRA"), 7 U.S.C. §136 *et seq.*; the Noise Control Act, 42 U.S.C. §4901 *et seq.*; the Occupational Safety and Health Act, 29 U.S.C. §651 *et seq.*; the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. §6901 *et seq.*, as amended by the Hazardous and Solid Waste Amendments of 1984; the Safe Drinking Water Act, 42 U.S.C. §300f *et seq.*; the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. §9601 *et seq.*, as amended by the Superfund Amendments and Reauthorization Act, the Emergency Planning and Community Right-to-Know Act, and the Radon Gas and Indoor Air Quality Research Act; the Hazardous Material Transportation Act (49 U.S.C. §9601 *et seq.*); the Toxic Substances Control Act ("TSCA"), 15 U.S.C. §2601 *et seq.*; all Louisiana State environmental protection, super lien and environmental clean-up statutes, with implementing regulations and guidelines and all local laws, regulations and ordinances insofar as

they are equivalent or similar to and not preempted by Federal or state laws recited above or purport to regulate Hazardous Materials.

B. Review of Environmental Documents. Company, at the written request of Board, must make available for inspection and copying, at Board's cost and expense, upon reasonable notice and at reasonable times, any or all of the documents and materials Company has prepared to satisfy the requirements of any Environmental Law or submitted to any governmental regulatory agency; provided, that such documents and materials relate to environmental issues or Environmental Laws and are pertinent to the Airport or the CONRAC and the Service Centers.

1. Access for Environmental Inspection. Board must have access to the CONRAC and the Service Centers upon notice to Company and at reasonable times, to inspect the same in order to confirm Company is using the CONRAC and its Service Center in accordance with Environmental Laws. The costs of any testing deemed necessary by the Board as a result of an environmental inspection in order to establish compliance as set forth in Section 1301 (A) above, will be the responsibility of the Company.

2. Environmental Noncompliance. If Company receives a notice of violation for an alleged failure to comply with an applicable Environmental Law from the regulatory agency responsible for implementation of said Environmental Law, and Company fails to correct the alleged noncompliance within a reasonable period or does not appeal the Notice of Violation, then Board, in addition to its rights and remedies provided elsewhere within this Facilities Lease, may enter the CONRAC and Service Center upon reasonable written notice to Company and at reasonable times, and take all reasonable and necessary measures as required by Environmental Laws, at Company's expense, to ensure compliance with Environmental Laws.

3. Written Authorization Necessary to Store, Use or Dispose of Hazardous Materials. Company must not store, use or dispose of any Hazardous Materials in the CONRAC or its Service Center, except those Hazardous Materials used in the ordinary course of car rental operations, unless Company first secures the written authorization of the Board, which shall not be unreasonably withheld, and complies with any reasonable conditions Board may impose, which reasonable conditions shall be consistent with Environmental Laws, including the submission to Board of all Material Safety Data Sheets for the Hazardous Materials to be stored. Failure of the Board to respond to a request for authorization within ten (10) Business Days from receipt of the request shall be deemed approval.

4. Duty to Notify Board. In the event of Company's knowledge of a release or threatened release of Hazardous Materials, as defined under B (10) of this Section, into the environment relating to or arising out of Company's use or occupancy of the CONRAC and/or its Service Center, Company must notify the Board by contacting the Airport Environmental Manager or the Airport's Communication Center immediately after release. In the event any written claim, demand, action or notice is made against Company regarding Company's failure or alleged failure to comply with any Environmental Laws, Company must notify Board in writing and must provide Board with copies of any written claims, demands, notices, or actions so made.

5. Environmental Remediation. Company must undertake such steps to remedy and/or remove any Hazardous Materials and any other environmental contamination that arises out of Company's use of the CONRAC or its Service Center that are necessary and required by Environmental Laws to protect the public health and safety and the environment from actual or potential harm as determined by the responsible regulatory agency and to bring the CONRAC and/or the Service Center into compliance with all Environmental Laws. Such work must be performed at Company's expense. The Board must cooperate with the Company so as not to inhibit such work. Company must submit to Board its proposed plan for completing such work at the time submitted to responsible regulatory agency. Upon reasonable written notice to Company, Board must have the right to review and inspect all such work at any time using consultants and representatives of its choice at Board's cost and expense.

6. National Emission Standards for Hazardous Air Pollutants. Company warrants that all planning, design, fabrication, installation, construction, start-up, testing, maintenance and repair work performed pursuant to this Facilities Lease will be performed in accordance with any applicable National Emission Standards for Hazardous Air Pollutants (NESHAP), 40 C.F.R. 61.145.

7. Storm Water Compliance. The Company shall maintain fuel systems and oil water separators to prevent discharge of petroleum contaminants into the waterways that would negatively impact the Board's National Pollutant Discharge Elimination System permit. Outside use of soaps, surfactants or materials that would ultimately enter the storm water and negatively impact the Board's NPDES permit is prohibited. The Company will be responsible for immediately containing spills and immediately cleaning/remediation any release that can or will impact the storm water systems. Any release or spill, whether or not of a quantity reportable under Environmental Law must be reported to the Board immediately, if it cannot or will not be cleaned up prior to entering any storm water systems. In the event a release is determined to be beyond the Company's ability to safely address or should the release present an immediate hazard to life or property, the Company shall notify the Airport immediately.

8. Regulated Storage Tanks The Company shall be responsible for regularly monitoring, testing and inspecting its regulated storage tanks, underground storage tanks (UST) and above ground storage tanks (AST) in accordance with all applicable Environmental Laws. The Company shall immediately notify the Board of any release(s) as defined by the applicable environment laws. In the event that the Company removes and or replaces the storage tank, or abandons the CONRAC, the Company shall conduct or cause to have conducted an appropriate environmental subsurface investigation such as a Phase II environmental investigation. A copy of the Phase II report and any other related reports shall be made available to the Board immediately after completion. Throughout the Term of this Facility Lease the Company will maintain petroleum UST insurance provided by an insurance company approved by the Board. The Company may self insure provided that it maintains reserves and coverage similar to that provided by the state operated UST insurance fund.

9. Environmental Indemnification. In addition to the indemnification set forth elsewhere in this Facilities Lease, Company hereby indemnifies and agrees to defend and

hold harmless Board, its agents, partner, officer, representatives and employees, from all costs, claims, demands, actions, liabilities, complaints, fines, citations, violations or notices of violation arising from or attributable to: (i) the presence of Hazardous Materials at Airport or the subsurface thereof in excess of levels allowable by Environmental Laws or the violation of any Environmental Laws due to Company's management of Hazardous Materials into the environment (as environment is defined in CERCLA). or (ii) any material breach by Company of any of its warranties, representations or covenants in this Section provided, that, Company shall have no obligation under subsection (i) of this Section if the presence of Hazardous Materials at the Airport or the subsurface thereof arises from activities not under the management, control or authorization of the Company or Manager. The extent of the Company's indemnity obligations hereunder with respect to Environmental Remediation shall be as set forth in Section 1301.C.5. Company's obligations hereunder will survive the termination or expiration of this Facilities Lease, and will not be affected in any way by the amount of or the absence in any case of covering insurance or by the failure or refusal of any insurance carrier to perform any obligation on its part under insurance policies affecting Airport or any part thereof, except that, in the event that Board recovers funds from insurance carriers in connection with claims associated with (i) and (ii) above, Board may not recover the same funds from Company.

10. Hazardous Materials Definition. For purposes of this Section, the term "Hazardous Materials" means and includes the following: any hazardous substance as defined in any Environmental Law, including any "Hazardous Waste" or "Hazardous Substance" as defined by CERCLA and the Louisiana Hazardous Waste Control Law, La. R.S. 30-2171 et seq. and chemicals subject to the OSHA Hazard Communication Standard, 29 CFR Section 1910.1200 et seq.

11. Penalties For Non-Compliance. In the event of a violation of any Environmental Law, the Company shall be subject to a penalty of up to \$2,500 per occurrence when: 1) the violation is not corrected after Board has given written notice to the Company to correct such violation; or 2) the Company has repeated the same violation within a twelve month period, even if it was corrected after the first occurrence.

12. Subsurface Environmental Study. The Company must conduct on its Exclusive Use Premises including UST locations and the Manager must conduct on the Common Areas including UST locations a Subsurface Environmental Study or other such environmental testing as necessary 90 days prior to the end of this Facilities Lease to determine if any environmental contamination exists in excess of the established baseline remediation and the extent of the contamination, if any. Findings from the study and applicable remediation plan must be submitted to the Board within 60 days prior to the end of this Facilities Lease. For purposes of the section the baseline shall mean the level of environmental contamination, if any, established by the Subsurface Environmental Study conducted by the Board prior to DBO.

Section 1401: No Right to Assign, Sublease, Encumber.

Except as provided below, Company has no right to transfer, convey, assign, sublet, mortgage, encumber or otherwise affect this Facilities Lease or any interest therein, without the prior written consent of Board, not to be unreasonably withheld or delayed. Notwithstanding anything herein to the contrary, Company,

after giving written notice to the Director, may assign and transfer this Facilities Lease and all its rights, title, and interest there under, without Board's approval, to any corporation or other legal entity which at the time of such assignment is a subsidiary of or is affiliated with Company, to any corporation or other legal entity with which Company may merge or into which it may consolidate, or to any person, firm or corporation which may acquire any substantial part of Company's business or assets; provided the surviving, resulting or transferee corporation expressly assumes in writing all the obligations of Company contained in this Facilities Lease and the surviving, resulting or transferee corporation or other legal entity, as the case may be, has a consolidated net worth (after giving effect to such consolidation, merger or transfer) at least equal to that of the Company immediately prior to such consolidation, merger or transfer. The term "Net Worth" as used in this Section means the difference obtained by subtracting total liabilities (not including as a liability any capital or surplus item) from total assets of the Company and all of its subsidiaries in accordance with generally accepted accounting principles. The Board acknowledges that any merger, acquisition or consolidation by Company and the terms thereof are confidential information ("Confidential Information"). The Board agrees not to make public or authorize any disclosure or publication of any Confidential Information and to take all reasonable and necessary steps to ensure that the Director, principals, officers, agents, employees, representatives, consultants, or any other persons affiliated in any manner with Board do not disclose, make public or authorize any disclosure or publication of Company's Confidential Information.

Section 1402: Board Consent.

In the event of any proposed assignment, Company, not less than 30 calendar days prior to the proposed effective date of such action, must give notice to the Board which includes the name, address and telephone number of the proposed assignee and a copy of any and all documents being used to effect the proposed actions in a form and content acceptable to the Board. All documents will clearly set forth that the Facilities Lease and assumption actions are subject to and conditioned upon the Board's consenting thereto in writing. Any assignee must have assumed all obligations of Company under this Facilities Lease and must have specifically agreed to perform and observe the covenants and conditions contained in this Facilities Lease on Company's part to be performed and observed.

Section 1403: Transfer by Operation of Law.

Any assignment or transfer of the Facilities Lease by operation of law or any issuance, sale or transfer of a sufficient number of shares of stock in Company to result in a change in control of the Company will be deemed an assignment of this Facilities Lease for purposes of this section; provided, however, that nothing in this section will be deemed to require such consent solely as a result of issuance, transfer or sale of shares among the existing stockholders of the Company; transfer of shares by devise or descent upon the death of any existing stockholder; merger of the Company into any parent or subsidiary corporation of the Company or sale of all of Company's stock to any such parent or subsidiary corporation.

Section 1404: Modification.

Unless stated otherwise in this Facilities Lease, no provision of this Facilities Lease may be waived, modified or amended except by written amendment signed by Board and Company.

No act, conversation or communication with any officer, agent, or employee of Board, either before or after the execution of this Facilities Lease, will affect or modify any term or terminology of this Facilities Lease and any such act, conversation or communication will not be binding upon Board or Company.

Section 1502: Company to Maintain its Corporate Existence; Conditions Under Which Exceptions Permitted.

The Company agrees that during the term of this Facilities Lease it will maintain in good standing its corporate existence, will remain duly qualified to do business in the State, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation; provided, however, that the Company may, without violating the Facilities Lease, in accordance with Article XIV, consolidate with or merge into another corporation either incorporated and existing under the laws of the State or qualified to do business in the State as a foreign corporation, or sell or otherwise transfer to another such corporation all or substantially all of its assets as an entirety and thereafter dissolve, provided (i) the resulting, surviving or transferee corporation, as the case may be, is not "insolvent" as defined within the Louisiana Uniform Commercial Code, La. R.S. 10:101 et seq., (ii) the Board is provided with a certificate from the Chief Financial Officer of the resulting, surviving or transferee corporation stating that such corporation has not ceased to pay its debts in the ordinary course of business and can pay its debts as they become due and is not insolvent within the meaning of the federal bankruptcy law, (iii) the resulting, surviving or transferee corporation irrevocably and unconditionally assumes in writing and agrees to perform by means of an instrument which is delivered to the Board, all of the obligations of the Company herein, and (iv) the Board Attorney receives an opinion of Counsel, in form and substance satisfactory to the Board Attorney, to the effect that such consolidation, merger, sale or transfer complies with this Facilities Lease.

Section 1506: Governing Law.

This Facilities Lease will be deemed to have been made in, and must be construed in accordance with, the laws of the State of Louisiana.

Section 1508: Amendments.

This Facilities Lease and exhibits hereto may be amended from time to time by written Amendment, duly authorized and executed by representatives of both parties hereto. In addition, the exhibits contained and made part of this Lease may be amended from time to time without further action required by the Board Council.

Section 1521: Exhibits to be Prepared and Attached After Execution of this Facilities Lease.

The exhibits referred to herein and listed at the end of the table of contents include information which must be determined after the design of the Consolidated Facility is further advanced than has been accomplished as of the date of execution of this Facilities Lease. In order to facilitate the planning and financing of the Consolidated Facility, the parties hereto agree that this Facilities Lease shall be executed prior to the preparation and attachment to this Facilities Lease of all such exhibits. Accordingly, all such exhibits shall be prepared as soon as practicable after the execution hereof, shall when completed be executed by the Board and the Company to indicate their approval of such exhibit, shall then be attached to all copies of this Facilities Lease and once so attached shall be deemed incorporated in this Facilities Lease by reference.

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APPENDIX “D”

SUMMARY OF CERTAIN PROVISIONS OF THE CFC RESOLUTION

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SUMMARY OF CERTAIN PROVISIONS OF THE AMENDED AND RESTATED CUSTOMER FACILITY CHARGE RESOLUTION

Definitions

See Appendix "A-IV" for definitions from The Amended and Restated Customer Facility Charge Resolution.

SECTION 2. Establishment and Imposition of the Customer Facility Charge. The CFC is hereby established and imposed at \$6.20 per Transaction Day effective as of June 1, 2009, for Contracts for rental cars reserved after May 15, 2009 but for Contracts for rental cars reserved prior to May 15, 2009 the rate of the CFC shall be \$5.50 per Transaction Day even if the Contract covers a period of time after June 1, 2009. The CFC shall be added to each On-Airport Rental Car Company's customer's Contract. The CFC shall be collected by the On-Airport Rental Car Companies and remitted to the Board on a monthly basis. The amount of the CFC may be adjusted by the Board from time to time as necessary within the parameters and, in the circumstances specified in Section 7 of this resolution, by the Director of Aviation acting without further Board or City Council authorization. The CFC shall be used to pay the costs of planning, designing, constructing, equipping, operating and maintaining the Consolidated Facility and any other CFC Project as defined in the CFC Master Indenture, to pay debt service on any and all Bonds issued to finance the construction of the Consolidated Facility or any other CFC Project, to pay the O & M Repayment Amount and the Ground Rental Repayments as both are defined in the CFC Master Indenture and the Initial Facilities Leases as defined in the CFC Master Indenture and for any lawful purpose of the Board.

SECTION 3. Collection and Remittance of CFC's. Each On-Airport Rental Car Company shall:

- (A) collect the CFC established by this resolution of the Board;
- (B) hold such CFC's collected in trust for the benefit of the Board in a separate account, characterize any CFC's in their possession as trust funds in financial statements and the Board or its trustee shall have complete ownership rights to such CFC's;
- (C) not be entitled to compensation for collection and remittance of the CFC's, but they may retain any interest earned on CFCs between the time of collection and remittance to the Board or its agent/trustee;
- (D) charge each customer the total amount of CFC's due under the customer's Contract at the time the final number of Transaction Days is determined under the Contract and must remit such total amount of the CFC's pursuant to this resolution regardless of whether or not the total amount of such CFC's is actually collected by the On-Airport Rental Car Company from the person who actually rented the car under such Contract;
- (E) prepare and submit a monthly report to the Board on a form approved in writing by the Director of Aviation, specifying for the prior month: the total number of Contracts entered into at the Airport, the total number of Transaction Days, and the total amount of CFC's due and payable to the Board;

- (F) remit the total amount of CFC's payable with respect to its Contracts for the prior calendar month concurrently with the monthly report on the 20th day of each calendar month to the New Orleans Aviation Board, P.O. Box 20007, New Orleans, LA 70141, and any remittance of CFC's that remains due and unpaid five days after it becomes due and payable shall be subject to 10% per annum interest applied to the balance past due for each day from the date such payment became due until payment has been received; and
- (G) comply with all rules or requirements as established by the Board from time to time or included within any agreement with the On-Airport Rental Car Company regarding the collection and remittance of CFC's.

SECTION 4. Off-Airport Rental Car Companies to Pick Up and Drop Off at the CONRAC. Once the CONRAC is open, Off Airport Rental Car Companies will be required by the Board to pick up and drop off customers at the CONRAC and to pay a transportation fee to offset Common Transportation System Expenses, if any or any expenses associated with the construction, operation and maintenance of any area of the CONRAC where Off Airport Rental Car Company customers are to be picked up and dropped. The transportation fee may but need not be pledged to pay debt service on any of the Bonds.

SECTION 5. Rental Car Companies May Not Divert Rentals. On-Airport Rental Car Companies are not permitted to intentionally divert car rentals to other locations in order to avoid the imposition or collection of CFC's. The CFC must be assessed on all rental car transactions entered into at the Airport and also all rental car transactions between persons coming to the Airport by any transportation means and entering into a Contract with an On-Airport Rental Car Company. The CFC shall also be assessed on all rental car transactions entered into by persons who fly into the Airport and enter into a rental car Contract with any On-Airport Rental Car Company occurring within twelve (12) hours at a location within the Three Parish Area.

SECTION 7. Adjustment of CFC. The Board may adjust the amount of the CFC from time to time by resolution without additional City Council approval in order to comply with the provisions of the Rate Requirement of the CFC Master Indenture or to lower the rate of the CFC.

The Director of Aviation acting alone without any further resolution of the Commissioners or any approval of the City Council shall have the authority to adjust the amount of the CFC from time to time in order to comply with the provisions of the Rate Requirement of the CFC Master Indenture or to lower the rate of the CFC or adjust the CFC to a level sufficient to meet all of the Board's obligations and/or covenants in any applicable bond indentures, resolutions, or other agreements relating to the Consolidated Facility or any other CFC Project. This specifically includes the authority to establish and fund any reserve accounts authorized under any such other agreements. The Director of Aviation shall not, however, adjust the CFC to a level that will exceed those set forth in the table below without further authorization of the Board.

Year	Customer Facility Charge Level
2009 - 2010	\$7.00 per Transaction Day
2011 - 2012	\$8.00 per Transaction Day
2013 - 2032	\$10.00 per Transaction Day

Any provision of this Section 7 notwithstanding, neither the Board nor the Director of Aviation shall increase the CFC to a level that in the opinion of the Independent Airport Consultant (as defined in the CFC Master Indenture) will result in a reduction in annual Transaction Days of greater than 25% as provided in Section 402 (b) and (d) of the CFC Master Indenture and in Section 604 of the Facilities Leases.

SECTION 10. Application of CFC Revenues. The CFC Revenues shall be delivered monthly as required in Section 3 hereof by the On-Airport Rental Car Companies to Airport Financial Manager of the Board or the successor officer if there is no longer an Airport Financial Manager of the Board. The Airport Financial Manager shall apply the CFC Revenues when received into an account to be created by the Board at a bank of its choice to be denominated as the CFC Collection Account. Once deposited therein the CFC Revenues shall be used:

- 1) before the issuance of any of the Bonds, the CFC Revenues shall be used to pay or reimburse other accounts of the Board for the costs of planning, designing, constructing and equipping the Consolidated Facility; and
- 2) after the issuance of any of the Bonds, the CFC Revenues credited or on deposit in the CFC Collection Account shall be applied as provided in the CFC Master Indenture and the First Supplemental Indenture.

In the event that the Board determines it will not proceed with construction of the Consolidated Facility and issue the Bonds, all CFC Revenues, to the extent not otherwise required to pay or reimburse the Board for all expenses it incurred with respect to planning, designing, financing, constructing and equipping the Consolidated Facility, or pay amounts due to third parties with respect to the Consolidated Facility shall be used to make improvements to the portions of the facilities of the Airport used by the On-Airport Rental Car Companies in connection with the operation of their rental car businesses as shall be determined by the Board in its sole discretion.

SECTION 12. Failure to Collect and/or Remit CFC's. In addition to all other remedies available to the Board, any On-Airport Rental Car Company which fails to collect and/or remit the CFC or any Off Airport Rental Car Company which fails to collect and/or remit the transportation fee established to offset the Common Transportation System Expenses, if any, shall be barred from using the Airport or its facilities for conducting any commercial activity at the Airport whatsoever.

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APPENDIX “E”

AIR TRAFFIC REPORT OF THE AVIATION CONSULTANT

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APPENDIX E

New Orleans Aviation Board
Louis Armstrong New Orleans International Airport

Gulf Opportunity Zone CFC Revenue Bonds
(Consolidated Rental Car Project)
Series 2009 A (Non-AMT)

CFC Revenue Bonds
(Consolidated Rental Car Project)
Series 2009 B (Taxable)

Air Traffic Report

Ricondo & Associates, Inc.
105 East Fourth Street, Suite 1700
Cincinnati, OH 45202
513.651.4700 (telephone)
513.412.3570 (facsimile)

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October 13, 2009

Ms. Patricia Malone
Interim Director of Aviation
New Orleans Aviation Board
Louis Armstrong New Orleans International Airport
P.O. Box 20007
New Orleans, LA 70141

**RE: *New Orleans Aviation Board
Louis Armstrong New Orleans International Airport
(Consolidated Rental Car Project)
Gulf Opportunity Zone CFC Revenue Bonds, Series 2009 A (Non-AMT)
CFC Revenue Bonds, Series 2009 B (Taxable)
Appendix E: Air Traffic Report***

Dear Ms. Malone:

This report sets forth findings, assumptions, and projections of the air traffic analyses developed by Ricondo & Associates, Inc. (R&A), in conjunction with the planned issuance by the New Orleans Aviation Board (the Board) of its Gulf Opportunity Zone CFC Revenue Bonds (Consolidated Rental Car Project), Series 2009 A (Non-AMT) (the “Series 2009 A Bonds”), and its CFC Revenue Bonds (Consolidated Rental Car Project), Series 2009 B (Taxable) (the “Series 2009 B Bonds” and all collectively referred to as the “Series 2009 Bonds”) for the Louis Armstrong New Orleans International Airport (the Airport). This report is intended for inclusion in the Official Statement for the Series 2009 Bonds as Appendix E: Air Traffic Report of the Aviation Consultant.

The Series 2009 Bonds will provide funds, along with other available funds of the Board¹, to reimburse the Board and/or fund project costs associated with the Board’s Consolidated Rental Car (CONRAC) Project at the Airport, to fund a debt service reserve fund with respect to the Series 2009 Bonds, to pay the costs of credit enhancement, to pay the cost of capitalized interest with respect to the Series 2009 Bonds, and to pay costs of issuance of the Series 2009 Bonds. The Series 2009 Bonds will be secured by Customer Facility Charge collections and other amounts included in the definition of Revenues pursuant to the CFC Master Indenture.

This report includes examinations of the underlying economic base of the Air Trade Area (as defined in this report) for the Airport and historical and projected air traffic activity at the Airport. The findings of these analyses are summarized as follows:

¹ It is presently intended that approximately \$14.1 million of the other available funds of the Board will be reimbursed from the proceeds of a future bond issue supported by passenger facility charges revenue.



Ms. Patricia Malone
New Orleans Aviation Board
October 13, 2009

Economic Base

- Hurricane Katrina (the Hurricane, Katrina, or Hurricane Katrina) was one of the strongest storms to hit the United States during the last 100 years and severely impacted the Air Trade Area after it made landfall on August 29, 2005. The Air Trade Area's economy has improved, yet is still in the process of recovering from the Hurricane's devastating impacts. This recovery appears to have been somewhat tempered recently primarily as a result the U.S. economic recession.
- Hurricanes Gustav and Ike, which hit the Gulf Coast in September 2008, resulted in a successful test of the combined abilities of local, state and federal agencies to execute and manage a mass evacuation of southern Louisiana. Government agencies at every level worked well together and communicated effectively. According to the State of Louisiana's Division of Administration, the costs for evacuation transportation, debris removal, road and bridge repair, disaster food stamps and other response expenditures for Gustav and Ike is estimated at \$511.8 million, and the State is seeking a 100 percent federal cost share for all categories of Federal Emergency Management Agency (FEMA) assistance. In the immediate aftermath of Gustav, recovery efforts initiated by the Louisiana Economic Development Department to help Louisiana businesses resume normal operations included the Business Recovery Information Center and six Louisiana Business Counseling Centers. Although Gustav and Ike disrupted oil and natural gas production in Louisiana and caused power outages and interruptions in business activity,² these impacts were temporary and the storms have produced no lasting damage to the economy of the Air Trade Area.
- An estimated 450,000 people in the Air Trade Area were initially displaced by the impacts of Katrina, and an estimated 183,000 Air Trade Area homes were destroyed or made uninhabitable. Prior to the storm, the Air Trade Area's population was approximately 1.3 million. This number fell to 1.0 million by mid-2006. The rate of repopulation has been paced, but steady. As of June 2009, an estimated 76.4 percent of Orleans Parish households were actively receiving mail (as compared to July 2005); this represents a 54.3 percent increase over the level in August 2006.
- Population growth in the Air Trade Area increased by more than 53,000 between 2006 and 2008 from 1,011,937 to 1,065,432. Population growth projections indicate that the Air Trade Area's population is projected to reach approximately 1.09 million in 2010, and 1.16 million in 2015.
- The compound annual growth rate of per capita income for both the Air Trade Area and the State exceeded that of the U.S. from 2000 to 2004 (2.1 percent, 2.2 percent, and 0.6 percent, respectively); however, the U.S. per capita income level was higher than that of the State and

² *Summary of Commentary on Current Economic Conditions by Federal Reserve Districts* ("Beige Book"), Federal Open Market Committee, October 15, 2008.



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Air Trade Area for each year during the period. In 2005, per capita income for the Air Trade Area dropped significantly as a primary result of Hurricane Katrina. Between 2006 and 2008, per capita income in the Air Trade Area remained unchanged at approximately \$42,000. Per capita income in Louisiana and the U.S. also remained relatively steady during this period, growing at a compounded annual rate of 1.1 percent and 0.4 percent, respectively.

- In the post-storm economy, the Air Trade Area's labor force increased from 487,000 in 2006 to 507,000 in 2007, and to 533,700 in 2008, a compounded annual growth rate of 4.6 percent. The annual unemployment rate in the Air Trade Area fell from 7.4 percent in 2005 to 3.5 percent in 2007, but had increased again to 7.3 percent by June 2009.³ However, the Air Trade Area's unemployment rates compare favorably to the U.S. overall where the non-seasonally adjusted unemployment rate increased from 4.6 percent in 2007 to 9.7 percent in June 2009.
- Construction increased from 6.4 percent of total employment in 2004 to 7.9 percent in 2008. Manufacturing employment increased from 6.3 percent to 6.9 percent of total employment, and trade grew from 15.4 percent to 16.0 percent of total employment. These trends are consistent with recovery efforts and demonstrate a shift in employment patterns toward industries that are directly engaged in rebuilding the Air Trade Area.
- According to the New Orleans Metropolitan Convention and Visitors Bureau (CVB), approximately 34,700 hotel rooms are currently available in the Air Trade Area. Prior to Katrina, the area had an inventory of 38,589 hotel rooms. The majority of the region's hotel properties have completed post-storm renovations and newly constructed facilities are entering the market place. Lodging demand from both business and leisure travelers is returning to the region. The Air Trade Area's hotel occupancy was 69 percent in 2004, and the average duration of stay was 3.0 days. Data available for 2008 indicates an occupancy rate of 63 percent; however, the average duration of stay has risen to 4.6 days, an increase of 53 percent. The average daily room rate (ADR) of \$118 in 2008 reflects the impact of the recession as lodging facilities in the Air Trade Area offered competitive rates, which assisted in maintaining high occupancy levels.
- The current nationwide economic and financial crisis is expected to affect the Air Trade Area over the foreseeable future. However, as the Air Trade Area continues the recovery and reconstruction effort, the influence of the financial crisis is expected to be less severe than for the nation as a whole.

³ The Air Trade Area unemployment rate for June 2009 is preliminary and not seasonally adjusted.



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- On a percentage basis, employment by major industry categories in the Air Trade Area is similar to employment patterns in the U.S. overall. This indicates that the Air Trade Area's broad range of employers reflect a diversified economic base that will help the region to withstand fluctuations in the business cycle and, ultimately, can be expected to increase the demand for air travel during the projection period.

Air Traffic

- Based on Federal Aviation Administration (FAA) data, the Airport was the fastest growing airport in terms of enplaned passengers for 2007 and 2008 (preliminary data) for all large and medium hub airports (as defined by the FAA). The year-over-year growth in enplanements for the Airport for these periods was 21.1 percent, and 5.5 percent, respectively.
- As a result of the devastating impacts to the Air Trade Area following Hurricane Katrina, the Airport experienced a significant loss of air traffic. The Airport's aviation activity has continued to recover and was approximately 79 percent of pre-Katrina levels in terms of enplaned passengers when comparing August 2009 to August 2005.
- As of August 2009, the Airport had scheduled passenger service provided by six legacy/mainline carriers, three low-cost carriers, thirteen regional airlines, one foreign flag airline, and three all-cargo carriers. The two foreign flag carriers that operated at the Airport prior to Katrina, Air Canada and TACA, and the two previously identified low cost carrier airlines, Midwest and Frontier, have not returned to the Airport since the Hurricane. On July 7, 2009, AeroMexico, a foreign flag carrier, began service at the Airport.
- The Airport, classified by the FAA as a medium hub facility based on its percentage of nationwide enplanements, ranked 41st nationwide in total passengers enplaned and deplaned in calendar year (CY) 2004 (the last full FY prior to Katrina). In 2007, the Airport was ranked 51st nationwide after experiencing a major decrease in total passengers, which was primarily attributable to the effects of Katrina. Preliminary 2008 results from the FAA ranked the Airport 49th nationwide. Furthermore, according to FAA data, the Airport was the fastest growing airport in terms of enplaned passenger growth for all large and medium hub airports in the U.S for 2007 and 2008.
- Southwest Airlines (Southwest) has historically accounted for the highest share of enplanements at the Airport. Prior to Katrina, Southwest provided a total of 57 daily non-stop flights to 17 different cities. In July 2009, Southwest offered service to twelve cities with 35 average non-stop daily departures.



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- The Airport's average yield per coupon mile increased substantially from 2004 to 2008, partly due to similar national trends, the decrease in airline capacity at the Airport, and to a lesser extent, nationwide as the industry has been reducing domestic capacity. As a result, the national average yield per coupon mile has increased as well, although at a slower rate than the Airport.
- On July 21, 2005, a representative pre-Katrina day, daily scheduled nonstop departure service was provided to 37 cities on 166 daily scheduled departures. Total airline capacity was 21,461 daily scheduled departing seats. On July 16, 2009, a representative post-Katrina day, 119 daily non-stop departures were scheduled to 28 cities with a total of 14,504 total departing seats.
- The price of fuel is one of the most significant forces affecting the industry today. The average price of jet fuel was \$0.82 per gallon in CY 2000 compared to \$3.07 in CY 2008, an increase of over 274 percent. Since 2008, the price of jet fuel has decreased, and the average price for January through May 2009 is \$1.74. The significant increases in the price of jet fuel over the summer of 2008 were a primary reason for airlines reducing their system capacity. These capacity reductions and the downturn in the U.S. economy have had an impact on the Airport's recovery back to pre-Katrina levels.
- Enplanements for 2009 are projected to decline by approximately 2.1 percent as compared to 2008 levels to 3.89 million as the Airport appears to be impacted by the recent cuts in capacity by the airlines.
- After 2009, enplanements are projected to resume some recovery growth back towards pre-Katrina levels, as the near-term recovery period is expected to continue through 2013.
- The longer-term projections of aviation activity, beyond the near-term recovery period, represent trending towards historical growth rates. During this period, enplanements are projected to grow at a compound annual rate of approximately 2.5 percent, which is similar to the 2.4 percent nationwide growth rate projected by the FAA⁴.
- The compounded annual growth rate in total enplanements projected for the Airport for the period 2009 through 2013 is approximately 3.7 percent. This projected growth rate is representative of a near-term recovery of aviation activity following the post-Katrina recovery; however, recovery has been tempered in the short-term due to the U.S. economic recession and the recent airline capacity cuts. For the period of 2013 through 2018 the projected compounded annual growth rate is approximately 2.5 percent, which is consistent

⁴ Long-term FAA nationwide growth rate is derived from the forecasted 2013 to 2018 Domestic Revenue Passenger Enplanements from the FAA Aerospace Forecast Fiscal Years 2009-2025.



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 October 13, 2009

with long-term historical growth at the Airport. Over this period, total enplanements are projected to increase from approximately 3.9 million in 2009 to approximately 5.1 million in 2018. For purposes of comparison, the FAA currently projects total domestic enplaned passengers to grow at a rate of approximately 3.1 percent for the period of 2009 to 2018.

Table 1 below presents a summary of the aviation activity projections for the Airport.

Table 1

Summary of Aviation Activity Projections

Fiscal Year	Enplaned Passengers (thousands)	Aircraft Operations (thousands)	Aircraft Landed Weight (million-lb units)
2009	3,891	122.0	5,251
2010	4,038	122.7	5,442
2011	4,206	124.7	5,661
2012	4,380	126.9	5,888
2013	4,506	128.1	6,054
2014	4,620	130.8	6,205
2015	4,737	133.5	6,361
2016	4,857	136.3	6,520
2017	4,980	139.1	6,683
2018	5,106	142.1	6,850

Source: Ricondo & Associates, Inc. (April 2009)
 Prepared by: Ricondo & Associates, Inc.

Except as defined otherwise, the capitalized terms used in this report are as defined in the CFC Master Indenture. The techniques used in this report are consistent with industry practices for similar studies in connection with airport revenue bond sales. While R&A believes the approach and assumptions utilized are reasonable, some assumptions regarding future trends and events may not materialize. Achievement of projections described in this report, therefore, is dependent upon the occurrence of future events, and variations may be material.

Sincerely,

RICONDO & ASSOCIATES, INC.

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I. Economic Base for Air Transportation

This chapter profiles the New Orleans regional economy. In particular, the following sections focus on economic factors that are anticipated to affect future demand for air passenger service at Louis Armstrong New Orleans International Airport (the Airport). This chapter also presents a comparison of economic data prior to Hurricane Katrina (the Hurricane, Katrina, or Hurricane Katrina) with current conditions and trends.

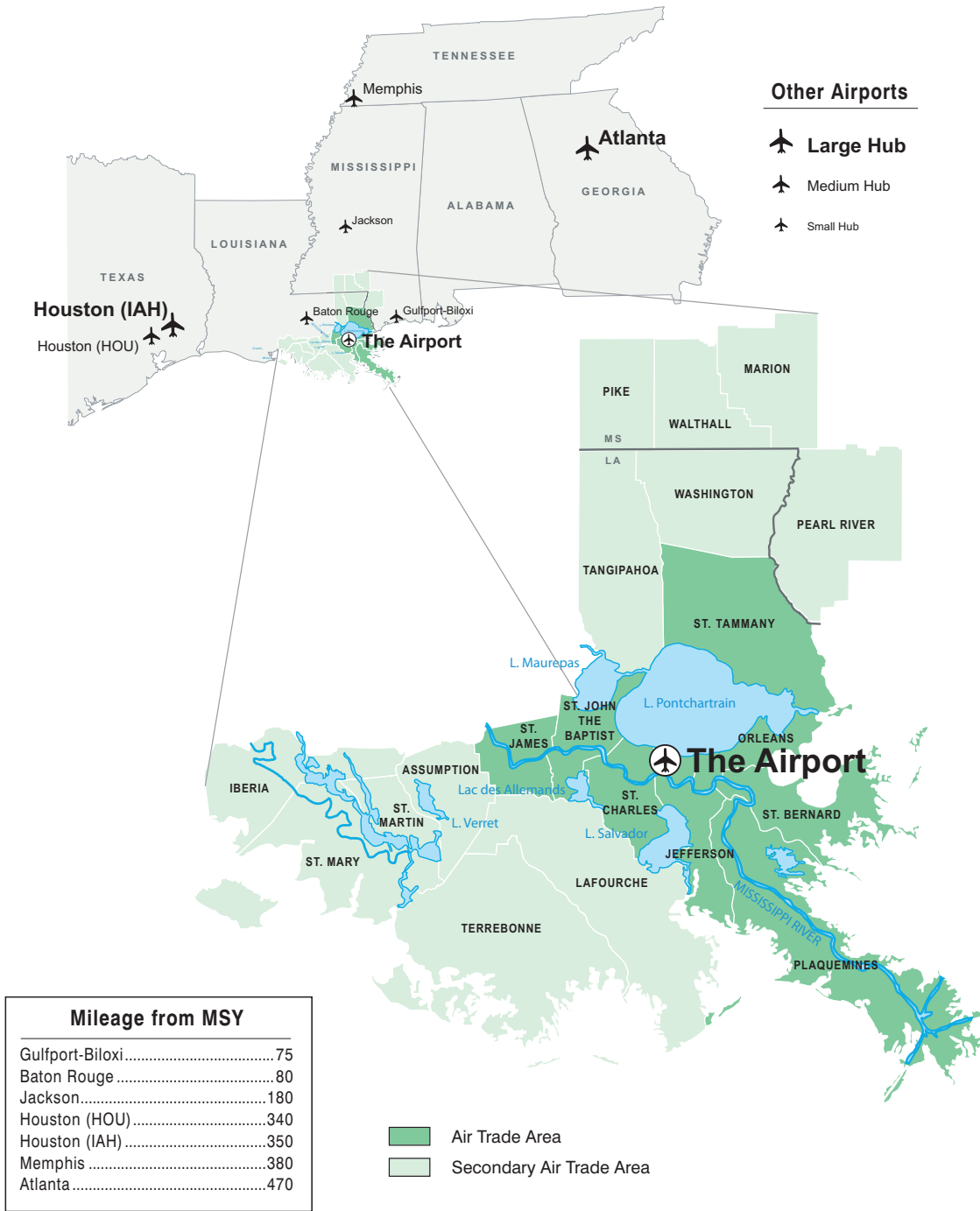
1.1 Air Trade Area

The Air Trade Area served by the Airport consists of the New Orleans Metropolitan Statistical Area (MSA) which is made up of seven parishes: Jefferson, Orleans, Plaquemines, St. Bernard, St. Charles, St. John the Baptist, and St. Tammany. According to the federal government's Office of Management and Budget (OMB), an MSA is a geographical area with a large population nucleus, along with any adjacent communities that have a high degree of economic and social interaction with that nucleus. In 2003, the OMB removed St. James Parish from the MSA definition; however, for the purposes of this analysis and to maintain historical consistency, St. James Parish is included in the Air Trade Area.

The eight-parish Air Trade Area, shown in **Exhibit I-1** encompasses approximately 3,360 square miles. The Airport, which is located in both Jefferson Parish and St. Charles Parish, is approximately 14 miles west of the downtown area of the City of New Orleans (the City). Exhibit I-1 also depicts other commercial service airports defined as small hubs by the Federal Aviation Administration (FAA) in the region and some may potentially serve the Air Trade Area.¹ These other airports are located within 200 miles of the Airport and include Baton Rouge Metropolitan Airport (BTR), Gulfport-Biloxi International Airport, and Jackson-Evers International Airport. Exhibit I-1 presents the distances from the Airport and locations of these other facilities. Classified by the FAA as a medium hub facility, the Airport offers substantially more air service than these other airport facilities within a 200-mile driving radius. As Exhibit I-1 illustrates, William P. Hobby Airport and George Bush Intercontinental Airport, both of which are in Houston, are located approximately 340 and 350 miles, respectively, to the west; Memphis International Airport is located approximately 380 miles to the north; and Hartsfield-Jackson Atlanta International Airport is located approximately 470 miles to the northeast of the Airport. The extensive distances that separate these facilities from the Air Trade Area allow the Airport to operate in its own separate and distinct geographical market.

As discussed later in this chapter, population relocated away from the City immediately following Hurricane Katrina. As a result, some of the outer parishes in the Air Trade Area experienced some population growth. Located approximately 80 miles northwest of the Airport, BTR also experienced some resulting air traffic growth. In calendar year 2005, enplaned passengers at BTR increased by over 40 percent to a total of 515,991 as compared to calendar year 2004 (the last full year prior to

¹ As defined by the FAA, a large hub airport enplanes 1.0 percent or more of nationwide enplanements during a calendar year; a medium hub airport enplanes between 0.25 percent to 0.999 percent; a small hub airport enplanes between 0.05 percent and 0.249 percent; and a non-hub airport enplanes less than 0.05 percent.



Source: Cartesia Software, Map Art, 1998.
 Prepared by: Ricondo & Associates, Inc.

Exhibit I-1

Air Trade Area and Alternative Facilities

Hurricane Katrina) where the airport had 368,354 enplanements.² In 2006, BTR enplaned passengers increased by another 2.1 percent to a total of 526,998. However, based on preliminary data for calendar year 2008 (the latest calendar year for which data is available), BTR decreased to 408,134 enplanements.³

1.2 Hurricane Katrina

Hurricane Katrina was one of the strongest storms to hit the United States during the last 100 years.⁴ It reached Category 5 winds (over 156 miles per hour) on Sunday, August 28, 2005 when it was approximately 200 miles southeast of the mouth of the Mississippi River.⁵ At approximately 6:10 a.m. Central Daylight Time (CDT) on August 29, Hurricane Katrina made landfall near Buras, Louisiana in Plaquemines Parish with wind speeds up to 140 miles per hour. These hurricane-force winds extended an estimated 190 miles from the storm center. The strength of the wind field resulted in a storm surge that was greater than any previously recorded,⁶ and that reached nearly 20 feet against levees in Plaquemines Parish.⁷

Because portions of the City are built on drained wetlands that have subsided to below sea level, New Orleans is inherently vulnerable to flooding⁸ and is surrounded by flood-protection levees.⁹ When sections of the levee system breached on August 29, 80 percent of the City was flooded and water reached a depth of 20 feet in some locations.¹⁰ Major flooding also occurred in Jefferson, Plaquemines, St. Bernard, and St. Tammany Parishes,¹¹ all of which are located within the Air Trade Area.

As a result of the storm, normal operations at the Airport were discontinued from August 28 until September 13, 2005 when it reopened to commercial flights.¹² During this period, activity was restricted to humanitarian flights and rescue missions, and one Airport concourse was used as a makeshift medical center to treat sick and injured evacuees.¹³ In the days after the storm, approximately 5,000 military and civilian personnel were based at the Airport.

² Air Carrier Activity Information System (ACAIS), Federal Aviation Administration, October 31, 2006.

³ Air Carrier Activity Information System (ACAIS), Preliminary Results, Federal Aviation Administration, July 2009.

⁴ Summary of Hurricane Katrina, National Climate Data Center, <http://www.ncdc.noaa.gov/oa/climate/research/2005/katrina.html>, December 29, 2005, accessed October 2008.

⁵ *The Failure of the New Orleans Levee System During Hurricane Katrina*, p. 26, Team Louisiana Final Report to the LA DOTD, Project 704-92-0022, December 2006.

⁶ About Hurricane Katrina, http://www.fema.gov/hazard/flood/recoverydata/katrina/katrina_about.shtm, August 15, 2007, accessed October 2008.

⁷ *The Failure of the New Orleans Levee System During Hurricane Katrina*, p. 26, Team Louisiana Final Report to the LA DOTD, Project 704-92-0022, December 2006.

⁸ *A Failure of Initiative: Final Report of the Select Bipartisan Committee to Investigate the Preparation for and Response to Hurricane Katrina*, U.S. House of Representatives, p. 51, February 15, 2006.

⁹ *The Failure of the New Orleans Levee System During Hurricane Katrina*, p. 12, Team Louisiana Final Report to the LA DOTD, Project 704-92-0022, December 2006.

¹⁰ *A Failure of Initiative: Final Report of the Select Bipartisan Committee to Investigate the Preparation for and Response to Hurricane Katrina*, U.S. House of Representatives, p. 73, February 15, 2006.

¹¹ *Hurricane Katrina: Social-Demographic Characteristics of Impacted Areas*, p. CRS-10, Congressional Research Service, November 2005.

¹² Management's Discussion and Analysis, *Financial Statements with Independent Auditors' Report*, Louis Armstrong New Orleans International Airport, p. 4, December 31, 2005.

¹³ "Airport to Open to Commercial Flights Tuesday," *The Times-Picayune*, September 11, 2005.

An estimated 450,000 people in the Air Trade Area were initially displaced by the catastrophe,¹⁴ and an estimated 183,000 Air Trade Area homes were destroyed or made uninhabitable.¹⁵ Prior to the storm, the Air Trade Area's population was approximately 1.3 million. This number fell to approximately 1.0 million by mid-2006.¹⁶ The rate of repopulation has been paced, but steady. As of June 2009, an estimated 76.4 percent of pre-Katrina Orleans Parish households were actively receiving mail; this represents a 6.3 percent increase from June 2008 and a 54.3 percent increase over the level in August 2006.¹⁷ In addition, preliminary June 2009 data indicates the Air Trade Area has recovered 86.7 percent of its pre-Katrina job base.¹⁸

Rescue and recovery efforts at the local, state, and federal levels were heavily criticized and led to Congressional investigations into the disaster response, and into the U.S. Army Corps of Engineers' design of the levee system. Approximately \$6.6 billion in infrastructure repair funds from the Federal Emergency Management Agency (FEMA) have been allocated to Louisiana, including \$4.5 billion which are designated for the Air Trade Area.¹⁹ In an effort to mitigate a portion of the storm's financial impact, Congress created a Gulf Opportunity Zone (GO Zone) that provides tax incentives to rebuild damaged areas. Congress has also waived Louisiana's 10 percent funding match that was previously required in order to access federal recovery monies.²⁰

1.3 2008 Atlantic Storm Season

Hurricanes Gustav and Ike resulted in a successful test of the combined abilities of local, state and federal agencies to execute and manage a mass evacuation of southern Louisiana. Hurricane Gustav made landfall in eastern Terrebonne Parish, Louisiana on September 1, 2008, and Hurricane Ike made landfall in Galveston, Texas on September 13, 2008.²¹ Overall, government agencies at every level worked well together and communicated effectively.²² The evacuation of vulnerable populations (i.e., low income households, senior citizens, hospital patients) was successful, and hurricane-related crime such as looting was essentially nonexistent.²³ According to the State of Louisiana's Division of Administration, the costs for evacuation transportation, debris removal, road and bridge repair, disaster food stamps and other response expenditures for Gustav and Ike is estimated at \$511.8 million, and the State is seeking a 100 percent federal cost share for all categories

¹⁴ *New Orleans Levees and Floodwalls: Hurricane Damage Protection*, p. 1-1, Congressional Research Service, September 2005.

¹⁵ *Current Housing Unit Damage Estimates*, February 12, 2006, Office of Policy Development and Research, U.S. Department of Housing and Urban Development.

¹⁶ *The New Orleans Index: Three Years After Katrina*, p. 24, Greater New Orleans Community Data Center, August 2008; Woods & Poole Economics, Inc.

¹⁷ Greater New Orleans Community Data Center, www.gnocdc.org, accessed July 2009.

¹⁸ *The New Orleans Index: Tracking the Recovery of New Orleans and the Metro Area*, Table 27a, Greater New Orleans Community Data Center, August 2009.

¹⁹ *The New Orleans Index: Three Years After Katrina*, p. 15, Greater New Orleans Community Data Center, August 2008. A balance of approximately \$2.8 billion out of the \$4.5 billion in FEMA infrastructure repair funds are still awaiting disbursement from the State to the Air Trade Area.

²⁰ "House Approves Emergency Spending Bill," www.majoritywhip.gov, May 24, 2007, accessed October 2008.

²¹ News Archive, National Oceanic and Atmospheric Administration, <http://www.noaa.gov/newsarchive.html>.

²² "Gustav Sidesteps New Orleans," *Newsday*, September 1, 2008; "Preparedness Counts: Response to Hurricane Gustav Showed the Results of Improved Disaster Relief," *Baltimore Sun*, September 3, 2008; "Jindal and Nagin Praised for Response to Gustav," *Associated Press*, September 4, 2008.

²³ "State Lawmen, Volunteers Help in Storm's Aftermath," *The Oklahoman*, September 3, 2008.

of FEMA assistance.²⁴ The Louisiana Economic Development Department (LED) estimates that Hurricanes Gustav and Ike caused a combined \$5.5 billion to \$14.5 billion in property damage to Louisiana, including insured and uninsured losses to commercial and residential real estate, vehicles, personal property and inventory. In the immediate aftermath of Gustav, recovery efforts initiated by LED to help Louisiana businesses resume normal operations included the Business Recovery Information Center to provide recovery-related information and contacts for impacted businesses. LED also set up six Louisiana Business Counseling Centers in partnership with the Small Business Administration (SBA), Louisiana Small Business Development Center Network (LSBDC) and regional economic development partners. The centers are located in Alexandria, Baton Rouge, Carencro, Lake Charles, Metairie and Thibodaux and offer one-on-one counseling and SBA Disaster Loan assistance to small business owners.²⁵ Although Gustav and Ike disrupted oil and natural gas production in Louisiana and caused power outages and interruptions in business activity,²⁶ these impacts were temporary and the storms have produced no lasting damage to the economy of the Air Trade Area.

1.4 Current Economic and Financial Market Trends

Recent stress in the U.S. credit market has occurred as losses at bank and nonbank institutions have constrained lending as well as the willingness of market participants to bear credit risk. A weak housing market nationwide has led to significant losses in mortgage-related instruments and the severe market dislocations generated by those losses have exposed a systemic underpricing of risk and excessive leverage by institutions throughout the U.S. financial system.

In response to this financial instability and credit market disruption, the U.S. Congress granted new authorities to the U.S. Federal Reserve System (the Fed) and the Department of the Treasury (Treasury) in attempts to stabilize financial markets and mitigate risks to the economy. In passing the Emergency Economic Stabilization Act (Act) in October 2008, Congress gave the Fed and Treasury the flexibility to purchase illiquid assets, provide guarantees, and to make direct investments in individual institutions. The legislation also established the Troubled Asset Relief Program (TARP) to allow the Treasury to purchase up to \$700 billion of troubled mortgages, mortgage-backed securities and other financial instruments. In addition, the Act increased deposit insurance for bank accounts from \$100,000 to \$250,000.²⁷ Furthermore, in response to the economic decline, Congress passed the Recovery and Reinvestment Act of 2009, which was signed by the President on February 17, 2009. The federal government expects this \$787 billion package of tax reductions and spending initiatives to generate jobs through increased infrastructure and other investments over the next two years.

The turbulent conditions in the U.S. housing sector and financial markets are affecting the performance of the U.S. economy, and the Fed expects credit market turmoil to restrain economic activity for the remainder of 2009, and possibly extend into 2010. In February 2009, Fed Chairman Ben Bernanke testified before Congress and described signs of a weakening economy such as a rising national unemployment rate (from 6.1 to 7.6 percent between September 2008 and January 2009),

²⁴ “Hurricane Gustav Estimated Expenditures by State Government Projected at \$383.9 million,” September 22, 2008; “Hurricane Ike Estimated Expenditures by State Government Projected at \$127.9 million,” September 26, 2008; Division of Administration, State of Louisiana, <http://doa.louisiana.gov/doa/>, accessed October 2008.

²⁵ “LED Releases Hurricane Gustav and Hurricane Ike Economic Impact Assessment,” September 18, 2008, News Release Archive, www.louisianaforward.com, accessed October 2008.

²⁶ *Summary of Commentary on Current Economic Conditions by Federal Reserve Districts* (“Beige Book”), Federal Open Market Committee, October 15, 2008.

²⁷ “Highlights of \$700 Billion Market Rescue Bill,” *Wall Street Journal*, October 3, 2008.

slowing consumer spending and business investment, and declining equity prices. Furthermore, unemployment rose to 9.7 percent in June 2009 (preliminary estimate).²⁸ Additionally, first quarter real Gross Domestic Product (GDP) decreased at an annual rate of 5.7 percent (preliminary estimate).²⁹ According to a June 10, 2009 report from the International Monetary Fund (IMF), the U.S. economy is expected to contract by 2.5 percent in 2009, but expand by 0.75 percent in 2010. Also, unemployment is predicted to peak around ten percent in 2010. Fitch Ratings has a similar outlook, forecasting a 3.4 percent decrease in GDP for 2009 and an unemployment rate of ten percent in 2010.

According to the *2009-2010 Louisiana Economic Outlook*, published in October 2008 by a team of LSU economists, although the Louisiana and Air Trade Area economies will most likely not escape the effects of a nationwide recession, the billions of dollars in rebuilding investment provides some degree of potential insulation for Louisiana versus the U.S. overall. The Air Trade Area alone has an estimated \$20 billion in ongoing and planned construction projects.³⁰ Moreover, according to the article “Louisiana bankers say the state is bucking national economic trends,” published by *The Times-Picayune*, a group of six bankers that addressed Loyola University's Joseph A. Butt, S.J. College of Business alumni meeting on March 27, 2009 “agreed that the New Orleans area has fared better than the rest of the country during the recession. They attributed the relative economic stability to federal hurricane-recovery dollars that are still flowing into the state as well as a real estate market that remained level while other states saw drastic upswings in home values.”³¹

In addition, 6.4 percent of U.S. employment is connected to durable goods production, compared to only 4.6 percent in Louisiana. Consequently, as the recession could cause consumer spending on autos, appliances, and electronics to decline, potential job cutbacks in the manufacturing sector could have relatively less impact on employment in Louisiana compared to the U.S. as a whole. Since much of Louisiana's manufacturing employment is in the relatively recession-proof defense sector, or in platform and rig production for the energy industry, employment in the State's durable goods manufacturing sector could be somewhat insulated from national trends.³²

Moreover, Louisiana home prices were not artificially inflated and did not experience a run up during the housing bubble. Consequently, the nationwide housing market downturn has had less of an impact in Louisiana than in other locations such as California, Florida and Nevada.³³ According to a July 13, 2009 article from *The News Star*, New Orleans and Louisiana home prices increased 1.7 percent and 3.1 percent, respectively, in the past year, while nationwide home prices decreased 10.2 percent for the same period.³⁴ With the ongoing investment in rebuilding, a manufacturing sector that could be described as somewhat insulated from the recession, and limited exposure to subprime mortgage lending, the Air Trade Area is comparatively well-positioned to withstand the effects of a national economic slowdown.

²⁸ Bureau of Labor Statistics Databases, accessed June 2009.

²⁹ Bureau of Economic Analysis.

³⁰ *2009-2010 Louisiana Economic Outlook*, p. 2; Division of Economic Development and Forecasting, Louisiana State University, October 2008.

³¹ “Louisiana bankers say the state is bucking national economic trends,” *The Times-Picayune*, March 27, 2009, www.nola.com/business/index.ssf/2009/03/louisiana_bankers_say_the_stat.html, accessed April 2009.

³² *2009-2010 Louisiana Economic Outlook*, p. 21-22, Division of Economic Development and Forecasting, Louisiana State University, October 2008.

³³ “Scott Predicts National Recession But Says Louisiana Will Add Jobs,” *Greater Baton Rouge Business Report*, October 9, 2008.

³⁴ Hasten, Mike. “Louisiana housing prices up from '08,” *The News Star*, July 13, 2009.

1.5 Long-Term Recovery Planning

The regeneration of the Air Trade Area is heavily influenced by Long-Term Community Recovery plans for each of its parishes. During the planning process, each parish identified recovery projects and implementation strategies for rebuilding damaged areas. Each parish's plan for reconstruction is focused on restoring housing, transportation systems, infrastructure, flood protection, and economic development.

The GO Zone Act, which was passed in 2005 and was extended by Congress to 2010, provides tax incentives and financial opportunities to businesses that commit to investing in rebuilding efforts in areas damaged by hurricanes Katrina and Rita. Businesses in the GO Zone area are eligible for tax exempt financing and a 50 percent depreciation allowance for new development. The Housing Assistance Tax Act of 2008 (HATA) was signed into law on July 30, 2008 and allows taxpayers in GO Zone areas to amend prior returns to take into account the receipt of hurricane-related recovery grants, and extends the deadline for depreciating reconstruction costs.³⁵ These GO Zone benefits have been used to fund reconstruction in the Air Trade Area and demonstrate ongoing support from the U.S. Congress for rebuilding hurricane-damaged areas. The New Orleans Aviation Board (the Board) itself has received approximately \$35 million in financial assistance through the State's GO Zone Bond Program to cover certain principal and interest payments due on the General Airport Revenue Bonds between August 2005 and July 2008. The State of Louisiana has designated up to \$140 million of the Series 2009 Bonds as Gulf Opportunity Zone bonds to be used to finance the Consolidated Rental Car Project.)

In terms of statewide economic development, the LED received four "Excellence in Economic Development Awards" from the International Economic Development Council (IEDC) in September 2007, giving the State more awards than 80 competing organizations. The IEDC awards recognized LED's effectiveness in marketing the State, and in attracting and retaining business and industry. LED received awards for its national advertising campaign, an Investor and News Media event held in New York City, its annual report on Moving Industry Forward, and its cluster-based strategy for best practices in the Entertainment Industry Division.³⁶ In addition, LED received the 2007 "State of the Year" award from Southern Business & Development magazine, the 2007 Economic Development Award for Innovation from CoreNet Global, the leading international corporate real estate association, the 2008 Sage Community Stewardship Award, which recognizes an organization that strives to better the lives of the people it serves, and three awards from the Southern Development Council's 2009 Annual Conference.³⁷

1.6 Population

1.6.1 Pre-Storm Conditions

Historical population data for the Air Trade Area, Louisiana, and the United States for the years 1990, 2000 and 2004 are presented in **Table I-1a**. Population in the Air Trade Area increased from 1,285,010 in 1990 to 1,336,990 in 2000, and then to 1,350,364 in 2004. Population growth in the Air Trade Area between 1990 and 2004 was comparable to that of Louisiana (compounded annual

³⁵ "The Housing Assistance Tax Act of 2008," August 11, 2008, *Intelligencer Journal*, <http://articles.lancasteronline.com/local/4/225697>, accessed October 2008.

³⁶ "Louisiana Economic Development Earns Promotional Awards from Top International Economic Development Organization," September 19, 2007, News Release Archive, <http://www.louisianaforward.com>, accessed October 2008.

³⁷ About LED, <http://www.louisianaforward.com>, accessed October 2009.

Table I-1a
Historical Population

Area	Historical			Compounded Annual Growth Rate		
	1990	2000	2004	1990-2000	2000-2004	1990-2004
Jefferson Parish	448,570	454,770	460,117	0.1%	0.3%	0.2%
Orleans Parish	495,740	483,660	468,437	(0.2%)	(0.8%)	(0.4%)
Plaquemines Parish	25,530	26,740	27,017	0.5%	0.3%	0.4%
St. Bernard Parish	66,720	67,020	67,608	0.0%	0.2%	0.1%
St. Charles Parish	42,470	48,190	50,409	1.3%	1.1%	1.2%
St. James Parish ^{1/}	20,840	21,200	21,314	0.2%	0.1%	0.2%
St. John the Baptist Parish	40,060	43,140	45,994	0.7%	1.6%	1.0%
St. Tammany Parish	145,080	192,270	209,468	2.9%	2.2%	2.7%
Air Trade Area	1,285,010	1,336,990	1,350,364	0.4%	0.2%	0.4%
State of Louisiana	4,221,510	4,469,760	4,561,043	0.6%	0.5%	0.6%
United States	249,624,300	282,403,100	293,697,300	1.2%	1.0%	1.2%

Note:

1/ In 2003, the federal OMB removed St. James Parish from the New Orleans MSA; however, to maintain historical consistency, St. James Parish is included in this analysis.

Source: National Planning Associates Data Services, Inc., December 2008.

Prepared by: Ricondo & Associates, Inc., December 2008.

growth rates of 0.4 percent and 0.6 percent, respectively), yet below that for the nation (compounded annual growth rate of 1.2 percent). However, between 1990 and 2004, St. Charles and St. Tammany Parishes experienced population growth that equaled or exceeded that of the nation (compounded annual growth rates of 1.2 percent and 2.7 percent, respectively).

1.6.2 Current Population Analysis

Displacing an estimated 450,000 Air Trade Area residents, and damaging or destroying an estimated 183,000 Air Trade Area homes, Hurricane Katrina's impact on the region was substantial.³⁸ Prior to the storm, the Air Trade Area's population was 1,330,936 — a figure that dropped to 914,745 in January 2006 according to the Greater New Orleans Community Data Center.³⁹

Since January 2006, however, repopulation has continued to be steady. The Air Trade Area's population totaled 1,011,937 in 2006, and 1,065,432 in 2008 (see **Table I-1b**). The greatest level of population growth between 2005 and 2008 has occurred in St. Charles, St. John the Baptist, and St. Tammany Parishes. In 2005, the combined population of these three parishes was 313,317. By 2008, their total population had grown to 332,979 — an increase of 6.3 percent. A significant portion of the population growth experienced by these three parishes may be attributed to post-storm relocation from Orleans, St. Bernard, Jefferson, and Plaquemines Parishes.⁴⁰

At 2.6 percent, the Air Trade Area's high level of population growth between 2006 and 2008 reflects a steady rate of repopulation as basic repairs and stabilization of housing increase, public services and infrastructure are restored, and schools and universities reopen. As the reconstruction process continues, projections in Table I-1b indicate that by 2010 the Air Trade Area is expected to have 1,092,774 residents. This number is projected to increase to 1,162,377 by 2015. The compounded annual growth rate for the Air Trade Area is estimated at 1.3 percent between 2008 and 2010, and 1.2 percent between 2010 and 2015. In contrast, the compounded annual growth rate during both time periods is expected to be only 0.9 percent in Louisiana, and 0.9 percent (2008-10) and 1.0 percent (2010-15) nationwide.

Exhibit I-2 illustrates Hurricane Katrina's impact on the Air Trade Area's population. Overall, the Air Trade Area has approximately 81 percent of its 2005 population. St. Bernard Parish has only 32 percent of its 2005 population, Orleans Parish has 52 percent, Plaquemines Parish has 79 percent, and Jefferson Parish has 98 percent. Air Trade Area Parishes that have more than 100 percent of their 2005 population level include St. Charles (106 percent), St. John the Baptist (106 percent), St. Tammany (110 percent), and St. James (103 percent).

1.7 Income

1.7.1 Pre-Storm Conditions

Historical income data presented in **Table I-2** show that the Air Trade Area's 2004 per capita income of \$34,467 was 13.2 percent greater than the statewide per capita income of \$30,448. In terms of per capita income, the Air Trade Area outperformed Louisiana from 2000 to 2004 when it was consistently higher, although it increased at a slightly lower compounded annual growth rate: 2.1

³⁸ *New Orleans Levees and Floodwalls: Hurricane Damage Protection*, p. 1-1, Congressional Research Service, September 2005; *Current Housing Unit Damage Estimates*, February 12, 2006, Office of Policy Development and Research, U.S. Department of Housing and Urban Development.

³⁹ Population figures exclude St. James Parish. *The New Orleans Index: Second Anniversary Special Edition*, Appendix B, Table 1, The Brookings Institution Metropolitan Policy Program and the Greater New Orleans Community Data Center, August 2007.

⁴⁰ *September 2008 Marketwatch*, Stirling Properties, www.stirlingprop.com, accessed October 2008.

Table I-1b
Historical & Projected Population

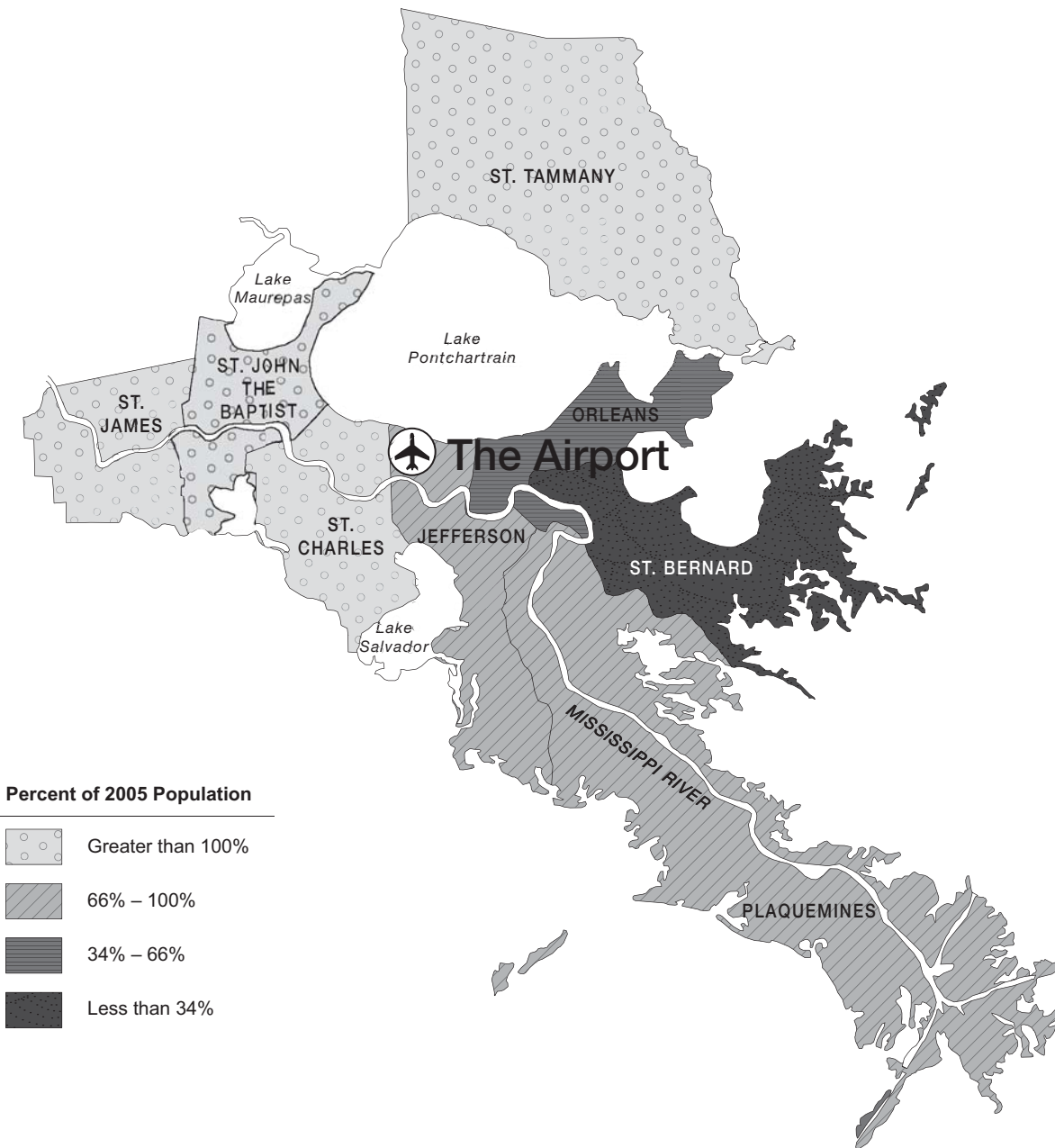
Area	Historical		Current		Projected		Compounded Annual Growth Rate		
	2005	2006	2008	2010	2015	2006-2008	2008-2010	2010-2015	
Jefferson Parish	449,640	420,891	427,305	435,037	454,946	0.8%	0.9%	0.9%	
Orleans Parish	453,726	210,198	240,311	242,785	249,343	6.9%	0.5%	0.5%	
Plaquemines Parish	28,588	21,625	21,591	21,703	22,018	(0.1%)	0.3%	0.3%	
St. Bernard Parish	64,683	13,875	21,662	25,324	34,428	24.9%	8.1%	6.3%	
St. Charles Parish	50,164	51,969	52,573	53,650	56,412	0.6%	1.0%	1.0%	
St. James Parish ^{1/}	20,982	21,459	21,584	21,607	21,703	0.3%	0.1%	0.1%	
St. John the Baptist Parish	45,602	47,693	47,955	48,518	49,997	0.3%	0.6%	0.6%	
St. Tammany Parish	217,551	224,227	232,451	244,150	273,530	1.8%	2.5%	2.3%	
Air Trade Area	1,330,936	1,011,937	1,065,432	1,092,774	1,162,377	2.6%	1.3%	1.2%	
State of Louisiana	4,495,670	4,243,288	4,331,369	4,409,256	4,609,381	1.0%	0.9%	0.9%	
United States	295,895,897	298,754,819	304,579,417	310,603,348	326,038,477	1.0%	1.0%	1.0%	

Note:

1/ In 2003, the federal OMB removed St. James Parish from the New Orleans MSA; however, to maintain historical consistency, St. James Parish is included in this analysis.

Source: Woods & Poole Economics, Inc., December 2008.

Prepared by: Ricondo & Associates, Inc.; Partners for Economic Solutions, December 2008.



Source: Woods & Poole Economics, Inc.; Cartesia Software, Map Art, 1998.
Prepared by: Ricondo & Associates, Inc.

Exhibit I-2

2008 Air Trade Area Population Impacts by Parish

Table I-2

Income Trends

Year	Per Capita Income			
	Air Trade Area	Louisiana	United States	
Historical				
2000	\$31,690	\$27,942	\$36,130	
2001	\$33,244	\$29,313	\$36,254	
2002	\$33,329	\$29,519	\$36,035	
2003	\$33,411	\$29,649	\$36,119	
2004	\$34,467	\$30,448	\$36,995	
2005	\$21,669	\$27,015	\$37,708	
2006	\$42,111	\$33,593	\$38,758	
2007	\$41,938	\$34,081	\$38,856	
2008	\$42,103	\$34,334	\$39,097	
Compounded Annual Growth Rate				
2000 - 2004	2.1%	2.2%	0.6%	
2006 - 2008	0.0%	1.1%	0.4%	
Percentage of Households in Income Categories (2008)				
Area	Less Than \$20,000	\$20,000 to \$44,999	\$45,000 to \$59,999	\$60,000 or More
Air Trade Area	22.2%	24.0%	13.2%	40.5%
Louisiana	26.2%	29.0%	14.5%	30.3%
United States	19.3%	28.6%	15.1%	36.9%

Note:

Figures shown in constant 2008 dollars.

Sources: Woods & Poole Economics, Inc., December 2008.

Prepared by: Ricondo & Associates, Inc.; Partners for Economic Solutions, August 2009.

percent per year for the Air Trade Area versus 2.2 percent per year for the State. The compounded annual growth rate of per capita income for both the Air Trade Area and the State exceeded that of the U.S. from 2000 to 2004 (0.6 percent); however, the U.S. per capita income level was higher than that of the State and Air Trade Area for each year during the period.

1.7.2 Current Income Analysis

Between 2006 and 2008, per capita income in the Air Trade Area remained unchanged at approximately \$42,000. Per capita income in Louisiana and the U.S. also remained steady between 2006 and 2008, growing at a compounded annual rate of 1.1 percent in Louisiana and 0.4 percent in the U.S. over the two-year period.

An additional indicator of the market potential for air transportation demand is the percentage of households in the higher income categories. An examination of this indicator is important in that as personal income increases, air transportation becomes more affordable and, therefore, is used more frequently. According to the Air Transport Association's 1998 Air Travel Survey (latest data available), 68 percent of respondents with household income over \$60,000 travel by air at least once per year, compared to only 41 percent of households with income between \$40,000 and \$60,000, and 29 percent of households with income below \$40,000. Table I-2 shows that 40.5 percent of households in the Air Trade Area have household income of \$60,000 or more, compared to 30.3 percent and 36.9 percent in Louisiana and the U.S., respectively.

1.8 Employment

1.8.1 Pre-Storm Conditions

Table I-3 shows that the Air Trade Area's civilian labor force increased each year between 1994 and 1998, from approximately 602,000 workers in 1994 to approximately 629,000 workers in 1998. From 1998 to 2004, the Air Trade Area's civilian labor force declined to approximately 612,000 workers in 2004. This trend can be attributed to an economic slowdown nationwide beginning in March 2001, the decline in tourism after September 11, 2001 due to terrorism concerns, and high natural gas prices that negatively affected the Air Trade Area's chemical industry.⁴¹ Overall, from 1994 to 2004, the Air Trade Area's civilian labor force increased at a compounded annual growth rate of 0.2 percent, compared to 0.5 percent for Louisiana and 1.2 percent for the nation during this same period.

Table I-3 also shows unemployment rates for the Air Trade Area, Louisiana, and the United States from 1994 to June 2009. Annual unemployment rates for the Air Trade Area were lower than those for Louisiana between 1997 and 2004. Between 2002 and 2004, the Air Trade Area experienced unemployment rates that were lower than those for the United States.

An analysis of nonagricultural employment trends by major industry division is presented in **Table I-4a** which compares the Air Trade Area's employment trends to those of the nation in 1994 and 2004. Nonagricultural employment in the Air Trade Area increased from approximately 569,500 workers in 1994 to approximately 615,600 workers in 2004. This increase represented a 0.8 percent compounded annual growth rate during this period, compared to 1.4 percent nationwide.

⁴¹ "Southern U.S. Adjusts to Softer Economic Pace, Survey Says," *The Atlanta Journal-Constitution*, April 9, 2001; "Economic Recovery Gains Ground In The Southeast," *EconSouth*, Winter 2003; "Travel Industry: U.S. Losing Out On International Tourism," January 21, 2007, www.cnn.com, accessed October 2008.

Table I-3
Civilian Labor Force & Unemployment Rates

Year	Civilian Labor Force (000's)		
	Air Trade Area	Louisiana	United States
1994	602	1,931	131,056
1995	607	1,951	132,304
1996	616	1,981	133,943
1997	623	2,005	136,297
1998	629	2,027	137,673
1999	626	2,022	139,368
2000	626	2,031	142,583
2001	619	2,031	143,734
2002	609	2,011	144,863
2003	608	2,024	146,510
2004	612	2,037	147,401
2005	585	2,069	149,320
2006	487	1,971	151,428
2007	507	1,998	153,124
2008	533	2,079	154,287
June 2009 ^{2/}	534	2,106	153,834
Compounded Annual Growth Rate			
1994-2004	0.2%	0.5%	1.2%
2006-2007	4.1%	1.4%	1.1%
2007-2008	5.1%	4.0%	0.8%

Year	Unemployment Rates		
	Air Trade Area	Louisiana	United States
1994	8.5%	7.5%	6.1%
1995	7.5%	6.7%	5.6%
1996	6.8%	6.3%	5.4%
1997	5.6%	5.7%	4.9%
1998	5.2%	5.3%	4.5%
1999	4.5%	4.7%	4.2%
2000	4.7%	5.0%	4.0%
2001	4.9%	5.4%	4.7%
2002	5.3%	5.9%	5.8%
2003	5.3%	6.3%	6.0%
2004	4.6%	5.7%	5.5%
2005	7.4%	6.7%	5.1%
2006	4.3%	3.9%	4.6%
2007	3.5%	3.8%	4.6%
2008 ^{1/}	4.4%	4.6%	5.8%
June 2009 ^{2/}	7.3%	7.8%	9.7%

Notes:

1/ Air Trade Area 2008 figure reflects revised inputs, reestimation, and new statewide controls

2/ June 2009 data are preliminary and are not seasonally adjusted

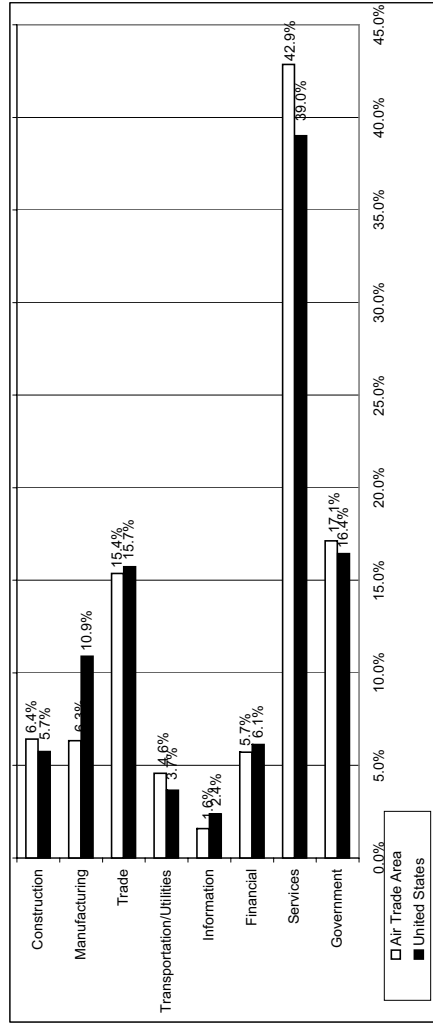
Source: U.S. Department of Labor, Bureau of Labor Statistics, July 2009.

Prepared by: Partners for Economic Solutions; Ricondo & Associates, Inc., July 2009.

Table I-4a
Employment Trends by Major Industry Division

Industry	Air Trade Area Nonagricultural Employment				United States Nonagricultural Employment (000's)			
	1994	2004	Percent of Total Employment	Compounded Annual Growth Rate	1994	2004	Percent of Total Employment	Compounded Annual Growth Rate
Construction ^{1/}	41,400	39,500	7.3%	(0.5%)	5,754	7,555	5.7%	2.8%
Manufacturing	45,300	39,000	8.0%	(1.5%)	17,021	14,329	10.9%	(1.7%)
Trade	96,000	94,600	16.9%	(0.1%)	18,738	20,690	15.7%	1.0%
Transportation/Utilities	32,700	28,200	5.7%	(1.5%)	4,390	4,820	3.7%	0.9%
Information ^{2/}	9,300	9,800	1.6%	0.5%	2,738	3,138	2.4%	1.4%
Financial	33,700	35,200	5.9%	0.4%	6,867	8,052	6.1%	1.6%
Services	220,000	263,800	38.6%	42.9%	39,508	51,278	39.0%	2.6%
Government	91,100	105,500	17.1%	1.5%	19,275	21,618	16.4%	1.2%
Total	569,500	615,600	100.0%	0.8%	114,291	131,480	100.0%	1.4%

Percent of 2004 Nonagricultural Employment



Notes:

- 1/ Includes mining and natural resources employment.
- 2/ Information sector includes communications, publishing, motion pictures and sound recording and online-services.

Source: U.S. Department of Labor, Bureau of Labor Statistics, December 2008.
Prepared by: Ricondo & Associates, Inc., December 2008.

Employment in four of the eight major industry divisions in the Air Trade Area (information, financial, services, and government) increased between 1994 and 2004, with the highest growth occurring in the services (1.8 percent) and government (1.5 percent) divisions. At the same time, employment in the remaining four industry divisions of the Air Trade Area (construction, manufacturing, trade, and transportation/utilities) decreased between 1994 and 2004. This illustrates a shift in the industrial mix of the Air Trade Area between 1994 and 2004, as manufacturing employment decreased from 8.0 percent of total employment in 1994 to 6.3 percent in 2004, and services employment increased from 38.6 percent in 1994 to 42.9 percent in 2004. This trend is consistent with changes in the industrial mix nationwide, as manufacturing employment decreased from 14.9 percent of total employment in 1994 to 10.9 percent in 2004, and services employment increased from 34.6 percent of total employment in 1994 to 39.0 percent in 2004.

1.8.2 Current Employment Analysis

Data shown in Table I-3 indicate that in the post-Katrina recovery years of 2006 and 2007, the Air Trade Area's labor force increased at an annual rate of 4.1 percent — a figure that exceeds the labor force growth rate in both Louisiana (1.4 percent) and the U.S. (1.1 percent) during the same period. In terms of unemployment, Table I-3 shows that the Air Trade Area's post-Katrina unemployment rate fell from a high of 7.4 percent in 2005 to 3.5 percent in 2007 but has increased to 7.3 percent by June 2009. However, the Air Trade Area's unemployment rates compare favorably to the U.S. overall, where the unemployment rate increased from 4.6 percent in 2007 to 9.7 percent in June 2009.

The nonagricultural employment data shown in **Table I-4b** compare the Air Trade Area's employment trends to those of the U.S. in 2004 and 2007. Nonagricultural employment in the Air Trade Area decreased from approximately 615,600 workers in 2004 to approximately 526,700 workers in 2008. This represents a compounded annual decrease of 3.8 percent during this period, compared to a growth rate of 1.0 percent per year nationwide.

As a percentage of total employment, three major industry divisions in the Air Trade Area experienced a significant increase between 2004 and 2008: construction, manufacturing, and trade. Construction increased from 6.4 percent of total employment in 2004 to 7.9 percent in 2008. Manufacturing employment increased from 6.3 percent to 6.9 percent of total employment, and trade grew from 15.4 percent to 16.0 percent of total employment. These trends are consistent with recovery efforts and demonstrate a shift in employment patterns toward industries that are directly engaged in rebuilding the Air Trade Area. According to the most recent data available, as of June 2009, the Air Trade Area has recovered 86.7 percent of its pre-Katrina job base.⁴² The Air Trade Area is the headquarters location of 11 publicly traded companies: **Table I-5** shows that these firms have combined annual revenue of \$19.3 billion and employ more than 41,000 workers worldwide.⁴³

Other private sector companies that are major employers in the post-storm economy include Lockheed Martin, Northrop Grumman, Textron, Shell Oil, Dow Chemical, Ochsner Health System, and Harrah's New Orleans Casino. In terms of public sector jobs, significant employers include the federal and state governments, public school boards, sheriff's offices, and educational institutions such as Tulane University and the University of New Orleans. This wide range of public and private sector employers in the Air Trade Area reflects a diversified economic base that provides an improved ability to withstand fluctuations in the business cycle.

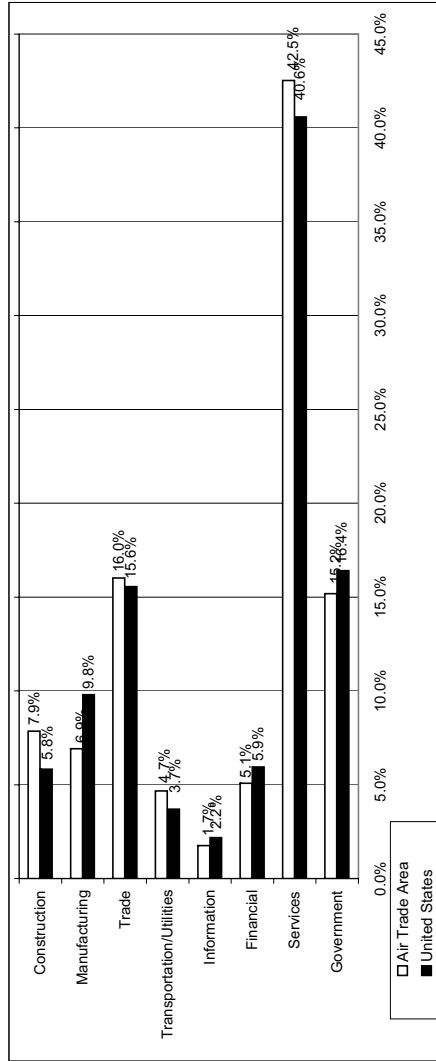
⁴² Job figures exclude St. James Parish. *The New Orleans Index: Tracking the Recovery of New Orleans and the Metro Area*, Table 27a, Greater New Orleans Community Data Center, August 2009.

⁴³ *2007-2008 Book of Lists*, New Orleans City Business; www.hooversonline.com.

Table I-4b
Employment Trends by Major Industry Division

Industry	Air Trade Area				United States			
	2004	Percent of Total Employment	2008	Percent of Total Employment	2004	Percent of Total Employment	2008	Percent of Total Employment
Construction ^{1/}	39,500	6.4%	41,400	7.9%	7,555	5.7%	7,989	5.8%
Manufacturing	39,000	6.3%	36,400	6.9%	14,329	10.9%	13,431	9.8%
Trade	94,600	15.4%	84,400	16.0%	20,690	15.7%	21,320	15.6%
Transportation/Utilities	28,200	4.6%	24,600	4.7%	4,820	3.7%	5,065	3.7%
Information ^{2/}	9,800	1.6%	9,200	1.7%	3,138	2.4%	2,997	2.2%
Financial	35,200	5.7%	26,700	5.1%	8,052	6.1%	8,146	5.9%
Services	263,800	42.9%	224,000	42.5%	51,278	39.0%	55,620	40.6%
Government	105,500	17.1%	80,000	15.2%	21,618	16.4%	22,500	16.4%
Total	615,600	100.0%	526,700	100.0%	131,480	100.0%	137,068	100.0%
								Compounded Annual Growth Rate
								1.2%
								(1.7%)
								(2.8%)
								(3.4%)
								(1.6%)
								(6.7%)
								(4.0%)
								(6.7%)
								(3.8%)

Percent of 2008 Nonagricultural Employment



Notes:

- 1/ Includes mining and natural resources employment.
- 2/ Information sector includes communications, publishing, motion pictures and sound recording and online-services.

Source: U.S. Department of Labor, Bureau of Labor Statistics, March 2009.
Prepared by: Ricondo & Associates, Inc.; Partners for Economic Solutions, March 2009.

Table I-5
Publicly Traded Companies in the Air Trade Area

Rank	Company Name	Industry	Location	Annual Revenue (\$ million)	Total Employees
1	Entergy Corp.	Public utility	New Orleans	11,484	14,322
2	Pool Corp.	Swimming pool supplies	Covington	1,928	3,600
3	Tidewater Inc.	Offshore supply vessels	New Orleans	1,270	8,000
4	Superior Energy Services Inc.	Oil and gas services	Harvey	1,573	4,500
5	Whitney Holding Corp.	Bank	New Orleans	789	2,542
6	Stewart Enterprises Inc.	Funeral homes	Jefferson	523	5,400
7	Energy Partners Ltd.	Oil and gas exploration	New Orleans	455	170
8	Gulf Island Fabrication	Drilling platforms	Houma	473	1,850
9	Hornbeck Offshore Services Inc.	Marine transportation	Covington	339	742
10	McMoRan Exploration Co.	Oil and gas exploration	New Orleans	481	110
11	GS Financial Corp.	Savings institution	Metairie	12	46
				19,327	41,282

Source: *2007-2008 Book of Lists*, New Orleans City Business; www.hooversonline.com, December 2008.
Prepared by: Partners for Economic Solutions, December 2008.

Future income and employment levels could be impacted by the current national economic crisis. Additional information regarding these is contained in Sections 1.3 and 2.5.1.

1.9 Economic Base

A review of employment and corporations in the Air Trade Area indicates a range of firms from a broad spectrum of industries including oil and gas, aerospace and defense. The Air Trade Area has also demonstrated strong economic activity in retail, entertainment, travel and tourism, and maritime shipping and ship building. This variety of employers and industries reflects the Air Trade Area's diversified employment base and a potential buffer against periodic economic downturns. A detailed discussion of the regional economy is provided below in order to illustrate the basis for the Air Trade Area's economic resilience.

1.9.1 Construction

In 2008, the construction sector accounted for approximately 41,400 employees in the Air Trade Area (7.9 percent of total nonagricultural employment). This is an increase of 1,900 workers above the 2004 level of 39,500 (see Table I-4b).

Table I-6 presents residential building permit units and valuations for the Air Trade Area, Louisiana, and the United States. As shown, the 6.9 percent compounded annual growth rate in the number of building permit units in the Air Trade Area from 1997 to 2004, and the 12.5 percent compounded annual growth rate in valuation, exceeded the growth rate for both measures in Louisiana and the U.S. during the same period. In Louisiana, between 1997 and 2004, the number of building permit units increased at a compounded annual growth rate of 5.9 percent, and the valuation for these units increased by 9.8 percent per year. Residential permit units in the U.S. experienced growth rates similar to those of Louisiana during the 7-year period: 5.2 percent compounded annual growth in residential permit units, and 10.9 percent annual growth in valuation.

In the post-Katrina economy, the number of residential permit units in the Air Trade Area declined to 5,125 in 2005 and then increased to 5,984 in 2006 and to 7,025 in 2007 — reflecting a compounded annual increase of 17.4 percent between 2006 and 2007. Table I-6 shows that although permit unit valuations decreased from \$887 million in 2004 to \$793 million in 2005, they regained momentum and rose to \$975 million in 2006 and to more than \$1.0 billion in 2007. In terms of annual change, permit unit valuations in the Air Trade Area had an annual growth rate of 5.1 percent between 2006 and 2007. Residential building permit units decreased by 18.5 percent in Louisiana and by 24 percent in the U. S. between 2006 and 2007. Similarly, the valuation of building permit units declined by 17.4 percent in Louisiana and by 22.7 percent nationwide over the same period. From 2007 to 2008 permit units declined in New Orleans, Louisiana and the Nation from 7,025 to 4,769, 23,379 to 15,829, and 1,398,415 to 892,800, respectively. These declines in New Orleans, Louisiana and the nation represent an annual negative growth rate of 32.1 percent, 32.3 percent and 36.3 percent, respectively. Permit unit valuation also decreased from 2007 to 2008 at a rate of 34.6 percent for New Orleans, 29.6 percent for Louisiana, and 38.0 percent for the Nation.

According to the latest data available, the prospects for future residential rebuilding are positive despite the decrease in permit units from 2007 to 2008. Applications for FEMA assistance monies indicate that 75 percent of applicants from Orleans Parish intend to rebuild their homes in the Parish. In St. Tammany Parish the rate is 83 percent, and in Jefferson Parish it is 91 percent.⁴⁴

⁴⁴ *Tracking Recovery of New Orleans and the Metro Area*, p. 23, Greater New Orleans Community Data Center, April 2008.

Table I-6
Residential Building Permit Units & Valuation (Valuation in Dollars in Thousands)

Year	Air Trade Area		Louisiana		United States	
	Units	Valuation	Units	Valuation	Units	Valuation
1997	4,134	\$388,478	15,144	\$1,332,274	1,441,136	\$141,004,397
1998	4,381	\$447,144	16,483	\$1,541,148	1,612,260	\$165,265,706
1999	4,933	\$558,502	17,836	\$1,766,666	1,663,533	\$181,246,047
2000	4,183	\$517,318	14,720	\$1,552,991	1,592,267	\$185,743,681
2001	4,457	\$486,328	15,653	\$1,597,626	1,636,676	\$196,242,858
2002	5,414	\$633,329	18,425	\$1,942,194	1,747,681	\$219,188,681
2003	6,299	\$992,512	22,220	\$2,595,720	1,889,214	\$249,693,105
2004	6,588	\$886,554	22,592	\$2,568,067	2,052,060	\$290,119,463
2005	5,125	\$792,701	22,811	\$2,744,386	2,155,316	\$329,254,468
2006	5,984	\$975,299	28,671	\$3,818,317	1,838,903	\$291,314,492
2007	7,025	\$1,024,729	23,379	\$3,153,525	1,398,415	\$225,236,551
2008 ^{1/}	4,769	\$670,406	15,829	\$2,218,870	892,800	\$139,638,700

Compounded
Annual Growth Rate

1997-2004	6.9%	12.5%	5.9%	9.8%	5.2%	10.9%
2006-2007	17.4%	5.1%	(18.5%)	(17.4%)	(24.0%)	(22.7%)
2007-2008	(32.1%)	(34.6%)	(32.3%)	(29.6%)	(36.2%)	(38.0%)

Note:

1/ 2008 figure is preliminary

Source: U.S. Department of Commerce, Bureau of the Census, March 2009.
Prepared by: Ricondo & Associates, Inc.; Partners for Economic Solutions, March 2009.

In terms of the construction sector, nearly every industry in the Air Trade Area is involved in significant efforts to rebuild or to expand in order to accommodate future growth. A sample of proposed projects, as well as projects that are currently under construction, include:

- **Neighborhood Target Recovery Plans.** The Office of Recovery Development Administration (ORDA) for the City of New Orleans, headed by Executive Director Dr. Edward Blakely (resigned June 2009), developed Target Recovery Plans for 17 zones in New Orleans to catalyze the City’s revitalization. The 17 Target Recovery Plans identify 160 neighborhood-level rebuilding projects that are anticipated to assist residents and businesses to return and resettle in sustainable neighborhood clusters. These projects are designed to promote the restoration of whole communities by targeting nodes of commercial and civic activity. They are focused on rebuilding housing, commercial space, public resources (e.g., recreation, health, and education facilities), infrastructure, and green space. The total project cost for the plans is estimated at around \$1 billion.⁴⁵ Dr. Blakely’s expertise in post-disaster planning includes leading rebuilding efforts after the 1989 Loma Prieta earthquake in California, and the 1991 Oakland fires that destroyed 3,000 homes. Dr. Blakely also assisted with neighborhood planning in New York City (where he was dean of the graduate school of management and urban policy at The New School University) in 2001 after the September 11, 2001 attack on the World Trade Center.⁴⁶ In June 2008, the City launched a searchable web site that provides Internet access to current information about the location, status and project management contact for recovery projects managed by ORDA. The new site allows residents and businesses to track the progress of the recovery and provides notifications about road repairs, storm drainage clearing and other infrastructure improvements.⁴⁷
- **Reinventing the Crescent.** The Reinventing the Crescent project is managed by the New Orleans Building Corporation (NOBC), a City agency that manages underutilized and vacant City-owned properties.⁴⁸ Plans call for the redevelopment of six miles of the Mississippi riverfront extending from the Garden District to the Lower Ninth Ward. The Reinventing The Crescent Plan, which received the “National 2008 American Society of Landscape Architects Honor Award for Analysis and Planning” is the product of an international design team that includes George Hargreaves, David Adjaye, Michael Maltzan, Chan Krieger Sieniewicz, and Eskew+Dumez+Ripple.⁴⁹ Phase One of the project is budgeted at \$157 million and will create 70 acres of riverfront parks stretching from Jackson Avenue in the Garden District to the Holy Cross neighborhood in the Lower Ninth Ward.⁵⁰ The effort has received \$30 million of funding for the first portion of Phase 1, which stretches from Esplanade Avenue to Poland Avenue and encompasses the Marigny and Bywater neighborhoods and is scheduled to break ground during the fourth quarter of 2009 and be

⁴⁵ “\$1 Billion In Ideas For Recovery Listed,” *The Times-Picayune*, September 13, 2007; Statement of Dr. Edward J. Blakely, Executive Director, Office of Recovery Management, City of New Orleans, to the U.S. Senate Committee Homeland Security and Government Affairs, April 12, 2007.

⁴⁶ “The Savior of New Orleans,” *Architect*, August 2007.

⁴⁷ “City Launches Website to Track Recovery Projects,” June 26, 2008, City of New Orleans Press Releases, <http://www.cityofno.com>, accessed October 2008.

⁴⁸ “Reinventing the Crescent,” *The Times-Picayune*, November 13, 2006.

⁴⁹ Press Release, “Reinventing the Crescent: Public Presentation of the Riverfront Development Plan,” New Orleans Building Corporation, July 28, 2007.

⁵⁰ *Investment Trends & Case Studies of Success in the Region*, August 20, 2007, p. 9, Greater New Orleans Inc. Regional Economic Alliance.

completed by June 2011.^{51,52} According to an economic impact study by Dr. Jim Richardson, PHD Economist and LSU professor, the project will provide the following each year during construction: an average of 5,800 jobs, \$13 million of state taxes, and \$8 million of local taxes. Furthermore, the project is expected to provide 24,000 permanent jobs, and \$34.8 million of annual state taxes and \$28.5 million of annual local taxes upon the completion of the project.⁵³

- **Broadway South.** The Broadway South (BWS) tax incentive program is an economic development initiative to attract Broadway-bound theatrical and musical productions, filmmaking, and other performing arts to New Orleans and Louisiana by creating a permanent entertainment infrastructure and positioning the region as a major performing arts center in the U.S. Legislation approved in May 2007 provides tax credits ranging from 10 percent to 25 percent of expenses for sets, theaters, or performance venues by theatrical or music entertainment productions. Broadway South tax credits are expected to be used to restore the Loew's and Saenger theaters in Downtown New Orleans, as well as the Joy and Orpheum movie theaters, and to develop a music museum.⁵⁴ In July 2009, the Broadway-bound musical, "White Noise", premiered at Le Petit Theatre in the French Quarter and was the first production to utilize the Live Performance Tax Credit described above.⁵⁵
- **National World War II Museum Expansion.** Designated by the U.S. Congress as "America's National World War II Museum," the 70,500 square-foot facility opened in 2000 with the mission to interpret the American experience during the years of World War II. A member of the Smithsonian Institution's Affiliations Program, the Museum has unveiled a \$300 million expansion project that will quadruple the size of the existing facility which is located in New Orleans' Warehouse District, near the Ernest N. Morial Convention Center. The expanded facility is expected to attract approximately 700,000 visitors per year—more than twice as many as its pre-Katrina annual visitorship of 300,000. It will feature new exhibits that interpret all of the military services, a 250-seat theater, and a USO-style canteen and restaurant.⁵⁶ The theater, restaurant and canteen are scheduled to open in November 2009.⁵⁷
- **Louisiana Cancer Research Consortium.** LSU Health Sciences Center-New Orleans and Tulane University Health Sciences Center, two of the State's leading medical research institutions, are collaborating to develop the \$98 million Louisiana Cancer Research Consortium (LCRC) in Downtown New Orleans. Located in the center of the New Orleans medical research district, the LCRC will offer a coordinated cancer research and education program to deliver innovative cancer therapies and clinical treatment. The 150,000 square-foot facility with state-of-the-art cancer research equipment will be the only NCI-Designated Cancer Center (National Cancer Institute, a branch of the National Institute of Health) in

⁵¹ E-mail correspondence with the Project Manager of Reinventing of The Crescent, March 2009.

⁵² "Egglar, Bruce. "Bywater-Marigny park will offer river views, recreation." *nola.com*, July 4, 2009, http://www.nola.com/news/index.ssf/2009/07/bywatermarigny_park_will_offer.html, accessed September 2009

⁵³ www.neworiverfront.com/TheEconomics.html, accessed October 2009.

⁵⁴ Vision Statement, Broadway South, www.broadwaysouth.com, accessed October 2008; "Broadway South finds fans on N.O. Council," *New Orleans City Business*, May 7, 2007.

⁵⁵ Waddington, Chris. "Broadway auditions New Orleans as theater-friendly city with premier of 'White Noise' at Le Petit," *The Times-Picayune*, July 8, 2009.

⁵⁶ "Heart of The City Needs a Jolt, Blakely Says," *The Times-Picayune*, September 15, 2007; "The National World War II Museum Expansion," www.nationalww2museum.org, accessed October 2008.

⁵⁷ www.nationalww2museum.org/expansion/, accessed September 2009.

Louisiana, Mississippi or Arkansas. The designation from the NCI as a top center for research, treatment and education will assist the LCRC in obtaining grant funds and in recruiting scientists, physicians, and researchers. Currently, only 61 facilities in the U.S. have been designated a comprehensive cancer center by the NCI. LCRC is expected to open in 2010 and to employ a staff of 300.⁵⁸

- **New Orleans Bioinnovation Center.** Construction broke ground in August 2008 on the New Orleans Bioinnovation Center, a \$60 million, five-story, 65,000 square-foot manufacturing facility and lab incubator located on Canal Street in Downtown New Orleans. The Center's mission is to provide start-up facilities for early-stage biotechnology companies that have collaborative relationships with Louisiana universities and research institutions. As the home of the Louisiana Gene Therapy Research Consortium, a joint-venture between Tulane University and LSU Health Sciences Centers, the Center will include an 11,000 square-foot, FDA-compliant clinical manufacturing facility that will support Phase I and II clinical trials, gene therapy manufacturing, and DNA production. It will also have 54,000 square feet in wet lab incubator space with offices and conference rooms. Completion is scheduled for the end of 2009, and the facility is expected to create a total of 200 jobs when it reaches full occupancy.⁵⁹
- **Michoud Assembly Facility R&D Building.** Groundbreaking for this five-story, 120,000-square-foot, \$40 million research and development building took place in December 2007 at a ceremony hosted by Louisiana's Governor and NASA officials. The building is expected to be completed by October 2010.⁶⁰ State economic development experts expect the new R&D building to assist in attracting technology-based companies in the aerospace industry. NASA has selected the Michoud Assembly Facility to support several projects for the Constellation program, and its key partner organizations at Michoud include the University of New Orleans and the National Center for Advanced Manufacturing.⁶¹
- **The Summit Fremaux.** A \$900 million, 400-acre residential, office and retail development in Slidell has been proposed by Bayer Properties of Birmingham (Ala.). Plans for the The Summit Fremaux, which will be similar to Bayer's existing mixed-use lifestyle-oriented projects in Birmingham, Reno (Nev.) and Louisville (Ky.), call for 1,300 residential units, a 150-room hotel, one million square feet of retail space, a 500,000 square-foot medical facility, 325,000 square feet of office space, and a 25-acre research and technology campus for the University of New Orleans. In October 2007, the State Bond Commission designated

⁵⁸ About Us, Louisiana Cancer Research Consortium, www.lcrc.info, accessed October 2008; "New Orleans Cancer Center Set to Open in 2010," *The Times-Picayune*, July 27, 2007; "LSU Picks Site for \$98M Center," *New Orleans City Business*, February 4, 2008.

⁵⁹ "Bioinnovation Deal To Be A Summer Blockbuster," January 21, 2008, *New Orleans City Business*; Facilities, www.neworleansbio.com, accessed October 2009; "Bioinnovation Center Breaks Ground Wednesday," *New Orleans City Business*, August 18, 2008.

⁶⁰ "NASA – Michoud Assembly Facility Home Page." <http://www.nasa.gov/centers/marshall/michoud/index.html>, accessed October 2009.

⁶¹ "NASA's Michoud Assembly Facility Breaks Ground on R&D Building," December 19, 2007, News Release Archive, www.louisianaforward.com, accessed October 2008.

up to \$250 million in GO Zone bonds for Phase 1 of this project. Phase 1 of The Summit Fremaux will include 700,000 square feet of retail space, including a Dillard's and Belk department stores, restaurants, a cinema complex and a bookstore. Occupancy for Phase 1 is projected for the second quarter of 2010.^{62,63}

- **St. Tammany Parish Regional Cancer Center.** Slidell Memorial Hospital (SMH) is constructing a \$19 million regional cancer center, which broke ground in August 2009 and is expected to open in late 2010.⁶⁴ The new center will offer comprehensive services including diagnostic facilities, outpatient treatment and support services. It will allow SMH to provide care to regional patients in one central location. The design and construction team that has been selected by SMH includes architectural firm AE Design from Marietta (Ga.), a specialist in the field that has built more than 100 oncology facilities worldwide. Other members of the team include Duplantis Design Group of Thibodaux (La.), structural engineers Wardlaw and Lasseigne and Louisiana Landscape Specialty of Baton Rouge, and CRS Engineering and Design Consultants of Birmingham (Ala.).⁶⁵
- **930 Poydras Street Condominiums.** Crews have broken ground on the \$65 million, 250-unit, 21-story apartment tower under construction at the corner of Poydras and O'Keefe Streets in New Orleans' central business district. Building plans call for the tower to be developed under LEED's standards⁶⁶ by incorporating environmentally-friendly materials, energy efficiency, sustainable building practices and a recycling program during construction. In addition to including a parking structure, the building will also have ground-floor retail that will provide services, shops and dining options to the project's residents as well as Downtown office workers. Economic development officials at New Orleans' Downtown Development District have focused on bringing residents to the City's core and 930 Poydras will complement nearby residential properties such as the Civic Lofts on Baronne Street and condominiums at 825 and 909 Lafayette Street. Partially funded through New Market Tax Credits⁶⁷ and the bonus depreciation incentive offered through the GO Zone Act, 930 Poydras Street is scheduled to be completed by the end of 2009.⁶⁸
- **Traçage Luxury Condominiums.** A development group led by Jackson, Mississippi-based Spectrum Capital and New Orleans-based Isis Development Group has announced plans for a \$60 million, 24-story, 136-unit condominium project in the Warehouse District. According to sales representatives, interest in the Traçage units has been strong, and pre-sales include buyers ranging from local New Orleanians to destination travelers who are purchasing a second home. All of Traçage's three bedroom units are sold out, and its three bedroom penthouse units are priced at \$1.15 million. Studios start at \$255,000, one bedroom units are in the \$300,000s, and the two bedroom units start at \$425,000. Project amenities include a

⁶² "Retail, Office, Residential Complex Planned for Slidell," *The Times Picayune*, February 16, 2008.

⁶³ "Officials to Break Ground and Announce Progress Update on 400-Acre Mixed Use Development." July 16, 2008, Press Release, *Bayer Properties L.L.C.*, http://www.bayerproperties.com/files/07_16_08OfficialsBreakGroundinSlidell.pdf, accessed October 2009.

⁶⁴ "Cancer center breaks ground," *St. Tammany News*, August 7, 2009.

⁶⁵ "Georgia Firm To Work On Cancer Center In Slidell," *New Orleans City Business*, July 28, 2008.

⁶⁶ Leadership in Energy and Environmental Design; Slidell Memorial Hospital, www.slidellmemorial.org, accessed February 23, 2009.

⁶⁷ The U.S. Department of the Treasury's New Markets Tax Credit Program provides tax incentives to induce private sector, market-driven investment in businesses and real estate developments located in economically distressed communities.

⁶⁸ "250-Apartment Tower Being Built on Poydras," *The Times Picayune*, July 26, 2008.

rooftop terrace with an infinity pool, a roof-level community room, an event room, a state-of-the-art fitness center, floor-to-ceiling windows with river views, private balconies, high-speed internet access, and a 24-hour security staff. The project broke ground in 2007, but has now been put on hold pending the economic recovery.^{69,70,71}

- **Claiborne and Beechgrove Homes, NRP Development Group.** NRP Group, based in Cleveland, Ohio, has opened its Beechgrove Subdivision in Bridge City, Jefferson Parish, 12 miles from Downtown New Orleans. The 34-acre, \$45 million, 160-unit development includes 80 market rate units, 80 affordable units for low-income residents, along with two club houses and a daycare center. The project's nonprofit development partners include Jefferson Housing Foundation and the Caleb Community Development Corp. In order to comply with federal flood guidelines, all of the residences are built seven feet above ground. As of early 2009, the Claiborne development is complete, while the financing has been closed on the Beechgrove development.⁷²
- **Marathon Oil Refinery Expansion.** The \$3.2 billion expansion of Marathon Oil's Ashland Refinery in St. John the Baptist Parish will make it the fifth largest refinery in the U.S. The project, which broke ground in March 2007, will employ 2,000 daily construction workers, and up to 4,000 during peak periods. Scheduled for start up in the fourth quarter of 2009, the expanded Ashland facility will have a capacity of 425,000 barrels of oil per day and will add 270 new workers.⁷³
- **McMoRan Exploration Offshore LNG Project.** In January 2007, New Orleans-based McMoRan Exploration Co. received approval to construct a \$1.0 billion offshore liquid natural gas (LNG) terminal. Located 16 miles east of the Mississippi River, the facility will connect a mile-long hub of former sulfur platforms and will reuse them to transfer LNG to multiple deepwater vessels. When the project is completed, it is planned to have the capacity to process 10 percent of the total U.S. daily demand of 31 billion cubic feet. McMoRan's facility would be the only one in the U.S. capable of storing 2.8 billion cubic feet of LNG in underwater salt caverns. Its proposed offshore location is planned to help reduce port and canal congestion, and is expected to enhance the safety of transferring and receiving LNG cargoes in the U.S. Currently, McMoRan is in discussions with LNG suppliers, gas marketers and consumers to develop commercial agreements for processing, storage and distribution.⁷⁴

⁶⁹ "Traçage Condo Construction to Begin by Year's End," *New Orleans City Business*, August 27, 2007; www.tracageliving.com, accessed October 2008.

⁷⁰ "Market Keeps Skyscrapers Grounded," *New Orleans City Business*, October 20, 2008; www.neworleanscitybusiness.com/viewStory.cfm?recID=31936, accessed April 2009.

⁷¹ "Developer: Condo Development On Hold in N.O.," *Associated Press*, April 22, 2009.

⁷² "Cleveland Company plans \$45M in N.O.-area housing construction," *New Orleans CityBusiness*, August 2007; "The NRP Group LLC, Caleb Community Development Corp. and Jefferson Housing Foundation to Celebrate Grand Opening in Jefferson Parish," April 18, 2008, Press Release, The NRP Group LLC, www.nrpgroup.com, accessed October 2008.

⁷³ "Ashland Refinery Expansion," Projects, www.hydrocarbons-technology.com, July 30, 2007; "Road, Energy Projects Top \$41 Billion Construction Roll Call," *New Orleans City Business*, October 29, 2007; www.marathon.com, accessed March 16, 2009.

⁷⁴ "\$1 Billion LNG Plant to Cut Costs, Up Inventory," *New Orleans City Business*, January 22, 2007; Press Release, "McMoRan Exploration Co. Announces Regulatory Approval for Main Pass Energy Hub Offshore LNG Project," January 4, 2007, www.mcmoran.com, accessed October 2008; Main Pass Energy Hub Update and Approval, www.mpeh.com, accessed October 2008.

1.9.2 Manufacturing

The manufacturing sector accounted for approximately 36,400 employees in the Air Trade Area in 2008, and represented 6.9 percent of total nonagricultural employment. In 2004, the Air Trade Area had 39,000 manufacturing jobs that made up 6.3 percent of total nonagricultural employment.

Air Trade Area manufacturing includes significant production across many subsectors, including petro-chemicals, transportation equipment (shipyards), aerospace, and food processing. Large manufacturing companies in the Air Trade Area, which include Lockheed Martin, Northrop Grumman, and Textron, were able to regain their pre-storm employment levels by February 2007.⁷⁵ As financially strong, publicly-traded companies, these firms succeeded in contending with post-storm capacity reduction and applied inventive solutions to avoid losing their employee base, such as leasing cruise ships for housing and installing trailer camps on company property.

Lockheed Martin's Michoud facility in New Orleans has been involved in NASA's space shuttle program since its inception and is the manufacturer of the shuttle's external tank. NASA has selected Lockheed Martin as the prime contractor to design and build the Orion, the human space flight system that is planned to replace the space shuttle, which has an initial contract value of \$4 billion. The Orion program's large structures and composites will be built at Lockheed Martin's Michoud plant.⁷⁶ With 2,000 employees, Lockheed Martin is one of the largest manufacturing employers in Air Trade Area, and with 43 acres under one roof and a port with access to the Intercoastal Canal for the transportation of large space structures, its Michoud facility is one of the world's largest manufacturing plants.⁷⁷

Northrop Grumman's 268-acre Avondale Operations facility is located in Jefferson Parish, 12 miles upriver from Downtown New Orleans. At Avondale, Northrop Grumman is the prime contractor to design and build 12 of the U.S. Navy's next-generation amphibious assault ships. Other ships that Avondale has designed and built for the U.S. Navy and Coast Guard include minehunters, destroyer escorts, guided missile destroyers, icebreakers, oceanographic survey ships, and strategic sealift ships. In addition to its shipyard with three outfitting docks, the Avondale facility includes divisions for modular construction and steel sales. With 4,800 employees, Northrop Grumman is the Air Trade Area's largest manufacturing employer.⁷⁸

The Air Trade Area is also home to Textron Marine & Land Systems (TMLS) which manufactures specialty vehicles and equipment for military and commercial use, such as an armored security vehicle (ASV) for the U.S. Army and landing craft for the U.S. Navy. TMLS employs approximately 1,165 workers at four facilities in the Air Trade Area: its main yard on Chef Menteur Highway in New Orleans; engineering offices and an ASV outfitting facility in Slidell in St. Tammany Parish; and administrative facilities in east New Orleans.⁷⁹

⁷⁵ *Advancing in the Aftermath IV: Tracking the Recovery from Katrina and Rita*, Loren C. Scott, Ph.D., Louisiana State University, February 2007.

⁷⁶ "Lockheed Martin Team to Design and Build Successor to Space Shuttle as NASA's Primary Vehicle for Human Space Exploration," Press Release, August 31, 2006, www.lockheed.com, accessed October 2008.

⁷⁷ "About Michoud," www.lockheedmartin.com, accessed September 2009.

⁷⁸ "Gulf Coast Fact Sheet," www.sb.northropgrumman.com/about/assets/Gulf_Coast_Facts.pdf, accessed September 2009.

⁷⁹ *2007-2008 Book of Lists*, New Orleans City Business; Company Information, www.textronmarineandland.com, accessed October 2009.

The \$3.2 billion expansion of Marathon Oil's Ashland Refinery, previously referenced, is expected to be completed by the end of 2009. The Ashland operation, which opened in 1977, is the most recently constructed oil refining facility in the U.S. This expansion of capacity will require an additional 270 employees.⁸⁰

In May 2008, Nucor Corporation, the top steel manufacturer in the U.S., submitted an application to build a \$2 billion state-of-the-art iron making facility in St. James Parish. After a two-year location search of sites in the U.S. and Brazil, Nucor has proposed construction of a plant to make pig iron for use in producing steel at Nucor's other facilities in the U.S. Since the company currently imports pig iron, the Louisiana-based plant would assist in guaranteeing a domestic source as well as in reducing supply costs. Average employee earnings are estimated at \$75,000 per year for each of the plant's 500 workers. The plant is expected to begin production in 2011, pending an environmental permitting process, and an incentive package to be approved by the State Legislature.⁸¹

1.9.3 Trade

Trade in the Air Trade Area employed approximately 84,400 workers in 2008, equating to 16.0 percent of total nonagricultural employment. Of the 84,400 trade employees, approximately 71 percent, or 60,300 workers, were engaged in retail trade.⁸² In 2004, the Air Trade Area had 94,600 workers employed in trade, with an estimated 83 percent working in retail trade.

During 2008, \$41.9 billion in export goods moved through Louisiana's ports, a year-over-year gain of 38.3 percent compared to 2007. By comparison, total U.S. exports for 2008 showed an 11.8 percent increase over 2007. Louisiana's high export increases were led by growing global demand for agricultural products, which totaled \$15.8 billion in value, a 27.4 percent increase from 2007, with shipments of agricultural products through Louisiana's lower Mississippi River ports accounting for more than 50 percent of U.S. grain exports. Petroleum and coal products, chemicals, processed foods, and machinery round out the port's five largest export sectors in terms of value, each of which recorded at least a 25 percent gain over 2007. The five largest markets for exports through Louisiana in 2008 were Mexico (\$3.52 billion), China (\$3.51 billion), Japan (\$3.22 billion), the Netherlands (\$2.24 billion) and Canada (\$2.13 billion).⁸³

New Orleans is internationally known for its shopping in the historic French Quarter, which features a five-block retail district that offers local and imported products, dining, and entertainment. The French Quarter, which is the site of the oldest public market in the United States, emerged relatively undamaged after the storm.⁸⁴ Major shopping destinations in New Orleans include: The Shops at Canal Place, with 42 stores and cafes;⁸⁵ The Shops at Jax Brewery, a 110 year-old former brewhouse with four floors of shops, restaurants, bars, and cafes; Riverwalk Marketplace with 116 stores and

⁸⁰ "Ashland Refinery Expansion," Projects, www.hydrocarbons-technology.com, July 30, 2007; "Road, Energy Projects Top \$41 Billion Construction Roll Call," *New Orleans City Business*, October 29, 2007.

⁸¹ "Firm Ready to Build St. James Iron Plant," *The Times-Picayune*, August 9, 2008.

⁸² Current Employment Statistics Survey, Bureau of Labor Statistics, U.S. Department of Labor, www.bls.gov, accessed October 2008.

⁸³ Because Origin of Movement Series export data from the U.S. Census Bureau's Foreign Trade Division do not track the place of actual production, Louisiana's export data include both products originating in Louisiana as well as major commingled bulk commodities, such as grain and coal that are shipped from Louisiana's ports but produced in other states. "Louisiana Breaks State Export Record in 2008," World Trade Center of New Orleans, www.wtcno.org, accessed February 23, 2009.

⁸⁴ *Impact of Katrina*, John R. Logan, Ph.D., Director, Spatial Structures in the Social Sciences, Brown University, <http://www.s4.brown.edu/Katrina/report.pdf>, accessed October 2008.

⁸⁵ "Shops at Canal Place Directory." <http://www.theshopsatcanalplace.com>, accessed October 2008.

eateries⁸⁶ located next to the convention center; and the one million square-foot Lakeside Shopping Center in Metairie with 125 shops and restaurants.⁸⁷ Magazine Street, the Garden District's premier shopping street, stretches over six miles and counts 163 shops and restaurants in its Merchants Association.⁸⁸ Other major shopping malls in the Air Trade Area include: The Esplanade in Kenner, the largest tax-free zone in Louisiana with 112 stores and 910,000 square feet;⁸⁹ and Oakwood Shopping Center in Gretna, anchored by Dillard's and Sears, with 360,000 square feet of department stores, specialty stores, and restaurants.⁹⁰

Retail sales, defined as all net sales (gross sales minus refunds), are an important indicator of growth in the trade sector. **Table I-7** shows that, according to data from Woods & Pool Economics, Inc., retail sales in the Air Trade Area grew at a compounded annual rate of 5.4 percent between 2000 and 2005. Retail sales fell by 13 percent between 2005 and 2006, but then increased by 16.2 percent between 2006 and 2008. The growth of retail sales after 2006 reflects a higher level of spending as repopulation of the Air Trade Area continues and consumers rebuild their homes. In 2006, retail sales in the Air Trade Area exceeded \$11.8 billion and then rose to more than \$13.7 billion in 2008.

1.9.4 Transportation/Utilities

Transportation/utilities employment in the Air Trade Area accounted for approximately 24,600 employees in 2008, or 4.7 percent of total nonagricultural employment. This is significantly higher than the national level of 3.7 percent and illustrates the importance of the transportation/utilities sector to the Air Trade Area's economy. In 2004, there were 28,200 employees in the Air Trade Area with jobs in this sector, making up 4.6 percent of total nonagricultural employment.

The Air Trade Area is served by a comprehensive network of six class one rail lines: Burlington Northern/Santa Fe, Canadian National, CSX, Kansas City Southern, Norfolk Southern, and Union Pacific. The region is also serviced by four interstate highways (I-10, I-12, I-55, and I-59), as well as major federal highways such as US 61 and US 90.⁹¹

The Air Trade Area is the center of one of the world's busiest port complexes. The Port of New Orleans is the major end-point of a 14,500-mile inland waterway system with access to domestic and international markets.⁹² On a regional level, the Port supports 52,000 jobs and \$4.4 billion in earnings; on a national level, the Port's economic impact is roughly \$47 billion.⁹³ Although damaged by the storm, the Port of New Orleans reopened on September 7, 2005 and immediately began recovery efforts.⁹⁴ By June 2006, general cargo handling at the Port surpassed its pre-Katrina level in spite of the loss of the 110-acre France Road Container Terminal on the Mississippi River Gulf Outlet (MRGO).⁹⁵ The Port is currently working with state and federal officials on a \$175 million

⁸⁶ Store Directory, <http://www.riverwalkmarketplace.com>, accessed October 2008.

⁸⁷ Store Directory, <http://www.lakesideshopping.com>, accessed October 2008.

⁸⁸ Magazine Street Merchants Association Members List, <http://www.magazinstreet.com>, accessed October 2008.

⁸⁹ The Esplanade Store Directory, www.simon.com/mall/directory, accessed October 2008.

⁹⁰ Center Information, www.oakwoodcenter.com, accessed October 2008.

⁹¹ About the Port, Port of New Orleans Overview, www.portno.com, accessed October 2008.

⁹² About the Port, Port of New Orleans Overview, www.portno.com, accessed October 2008.

⁹³ Port of New Orleans Master Plan, <http://www.portno.com>, accessed October 2008.

⁹⁴ "Corporate Spotlight: Port of New Orleans," *American Executive*, accessed October 2008, www.americanexecutive.com.

⁹⁵ "Port of New Orleans Surpasses Pre-Katrina Tonnage Levels," *Logistics Management*, August 30, 2006.

Table I-7

Total Retail Sales (Dollars in Millions)

Year	Air Trade Area	Louisiana	United States
<u>Historical</u>			
2000	\$10,480	\$34,155	\$2,426,829
2001	\$10,797	\$35,121	\$2,532,891
2002	\$11,048	\$35,827	\$2,614,323
2003	\$11,636	\$37,792	\$2,777,435
2004	\$12,608	\$41,014	\$3,033,386
2005	\$13,644	\$44,483	\$3,315,017
2006	\$11,823	\$45,037	\$3,590,958
2007	\$12,859	\$48,103	\$3,827,221
2008	\$13,733	\$51,186	\$4,076,593
 <u>Compounded Annual Growth Rate</u>			
2000 - 2005	5.4%	5.4%	6.4%
2006 - 2008	4.3%	3.3%	3.2%

Note:

Figures shown in constant 2008 dollars.

Source: Woods & Poole Economics, Inc., December 2008.

Prepared by: Partners for Economic Solutions, August 2009.

plan to relocate its MRGO and Inner Harbor Navigation Canal terminals to the Mississippi River.⁹⁶ In addition, the Port plans to build a \$77 million breakbulk cargo terminal on the west bank of the Mississippi River in Jefferson Parish⁹⁷ to meet growing demand from the approximately 6,000 oceangoing vessels that traverse the Mississippi River each year.⁹⁸

Cruise terminal facilities in New Orleans are located on the east bank of the Mississippi River, adjacent to the Ernest N. Morial Convention Center and central business district, and within walking distance to the French Quarter. Although damaged by the storm, the Port's cruise terminals reopened in October 2006 and welcomed ships from Norwegian Cruise Lines and Royal Caribbean International.⁹⁹ The Julia Street Cruise Terminal, which is located in the Riverwalk shopping complex, is on the Riverfront street car line which carries visitors to the Aquarium of the Americas, Audubon Park, Harrah's Casino, and other destinations. One of the Port's major post-storm recovery projects was the construction of the \$37 million Erato Street Cruise Terminal which is located between the two existing Julia Street Cruise Terminal berths. The new Erato facility has a 90,000 square-foot terminal and a 1,000-space garage.¹⁰⁰ The Port recently converted its Poland Avenue Wharf into a new cruise ship terminal, which now allows the Port to accommodate three large cruise ships simultaneously.^{101, 102}

1.9.5 Information

The information sector combines communications, publishing, motion picture and sound recording, and online services. In the Air Trade Area, the information sector employed 9,200 workers in 2008, representing 1.7 percent of total nonagricultural employment. In 2004, this sector had 9,800 workers which made up 1.6 percent of total nonagricultural employment.

In the broader category of applied information technology, major employers in the Air Trade Area include the University of New Orleans/Northrop Grumman Maritime Technology Center, and the U.S. Navy, Space and Naval Warfare Systems Command Information Technology Center (enterprise applications technology).

One area of the information sector that has grown substantially in the Air Trade Area has been the motion picture industry. In July 2002, the Louisiana State Legislature approved tax incentives to encourage film production in the state. Since then, the Air Trade Area has seen an increase in film production and employment opportunities, and Louisiana as a whole ranks third in the U.S., after California and New York, as a location for filming. Between January and July of 2008, 13 movie productions have been filmed in New Orleans, including *Mardi Gras*, *Chess*, *Final Destination IV*

⁹⁶ *Relocate and Expand Port of New Orleans Terminals*, Orleans Parish Long-Term Community Recovery Plan, www.Louisianaspeaks-parishplans.org, accessed October 2008.

⁹⁷ *Relocate and Expand Port of New Orleans Terminals*, Orleans Parish Long-Term Community Recovery Plan, www.Louisianaspeaks-parishplans.org, accessed October 2008.

⁹⁸ "Port Signs Deal to Jointly Market Facilities," p. 14, *Port Record*, Spring 2007.

⁹⁹ "Port of New Orleans Officially Reopens for Cruise Ships," October 2006, www.shipsandcruises.com/PortofNewOrleans.html, accessed October 2008.

¹⁰⁰ "Erato Street Terminal Garners Top Award," p. 11, *Port Record*, Spring 2007.

¹⁰¹ Port of New Orleans Master Plan, <http://www.portno.com>, accessed October 2008.

¹⁰² Cruises – Port Facilities, www.portno.com/pno_pages/cargo_facilities_specs.htm, accessed September 2009.

and director Werner Herzog's *The Bad Lieutenant* with Nicolas Cage and Val Kilmer. New Orleans has also been the venue for location filming of many television programs in 2008, including broadcasts for BET, VH1, the Travel Channel and the History Channel.¹⁰³ A record total of 80 major films and television projects were filmed in Louisiana during 2008, up from 56 projects in 2007.¹⁰⁴

The Horizon Entertainment headquarters was recently relocated from Atlanta to New Orleans. Founded by Emmy Award-winning producer Jason Sciavicco, Horizon's credits include programming for ESPN, ABC, NBC and Fox for their Superbowl, Indy 500, NASCAR and Monday Night Football broadcasts. Horizon was expected to employ 45 full-time and 50 part-time employees at the completion of the relocation. The company's prior experience filming in Louisiana and working with LED resulted in forming a joint-venture with New Orleans-based Louisiana Media Co. and, ultimately, to its relocation decision.^{105, 106}

1.9.6 Financial

In 2008, the financial sector accounted for approximately 26,700 workers in the Air Trade Area (5.1 percent of total nonagricultural employment). This sector had 35,200 workers in 2004, representing 5.7 percent of total nonagricultural employment.

Table I-8 presents total bank deposits in the Air Trade Area, Louisiana and the United States between 1997 and 2008. Total bank deposits in the Air Trade Area increased at a compounded annual growth rate of 4.2 percent between 1997 and 2004. This increase exceeded that of Louisiana (3.8 percent); however, it was lower than the compounded annual growth rate of 6.6 percent for the United States. Between 2004 and 2008, the rate of growth in bank deposits in the Air Trade Area exceeded the national growth rate by approximately than 1.3 percentage points. This increase in the Air Trade Area's bank deposits from \$19.8 billion in 2004 to \$27.2 billion in 2008 reflects direct deposit assistance from FEMA, insurance settlements and loan proceeds;¹⁰⁷ it may also be attributed to a reallocation of financial assets from brokerage accounts and other forms of savings into bank deposit accounts.

With 2,150 local employees, McLean, Virginia-based Capital One Bank is a major employer in the Air Trade Area's financial services industry since it acquired Hibernia National Bank in November 2005 for \$4.9 billion.¹⁰⁸ In 2007, Capital One recorded \$15.2 billion in deposits at its 197 Louisiana Branches.¹⁰⁹ With 1,100 local employees and 60 Chase branches, JP Morgan Chase also has a significant presence in the Air Trade Area.¹¹⁰ Chase recorded \$13.7 billion deposits statewide.¹¹¹

¹⁰³ News, New Orleans Office of Film and Video, www.filmneworleans.org; accessed October 2008.

¹⁰⁴ "Louisiana Film Industry, Record Year in '08", New Release, December 22, 2008, New Orleans Office of Film and Video, www.filmneworleans.org, accessed February 2009.

¹⁰⁵ "Atlanta Company to Move to New Orleans," *New Orleans City Business*, August 19, 2008.

¹⁰⁶ www.horizontv.com, accessed September 2009

¹⁰⁷ "Hurricane Katrina: One Year Later," Insurance Information Institute, www.iii.org, accessed October 2008;

"Rebuilding Loans Buoy Banks," *New Orleans City Business*, March 19, 2007.

¹⁰⁸ "Hibernia Signs Replaced with Capital One Branding," *New Orleans City Business*, June 19, 2006; *2007-2008 Book of Lists*, New Orleans City Business.

¹⁰⁹ "Capital One seeks to hold top Louisiana deposit rank," *New Orleans City Business*, June 16, 2008, <http://www.neworleanscitybusiness.com>, accessed October 2008.

¹¹⁰ "JPMorgan Chase Employees to Donate Up to \$3 Million for Hurricane Katrina Relief," August 31, 2005, Newsroom, Press Releases, www.jpmorganchase.com, accessed October 2008.

¹¹¹ "Capital One seeks to hold top Louisiana deposit rank," *New Orleans City Business*, June 16, 2008, <http://www.neworleanscitybusiness.com>, accessed October 2008.

Table I-8

Total Bank Deposits (Dollars in Millions)

Year ^{1/}	Air Trade Area	Louisiana	United States
1997	\$14,865	\$42,635	\$3,496,763
1998	\$15,361	\$44,286	\$3,657,849
1999	\$15,628	\$44,763	\$3,783,554
2000	\$16,201	\$46,444	\$4,003,744
2001	\$17,065	\$48,580	\$4,326,207
2002	\$17,057	\$49,757	\$4,606,092
2003	\$18,008	\$52,626	\$5,132,110
2004	\$19,794	\$55,171	\$5,464,782
2005	\$20,066	\$57,069	\$5,933,763
2006	\$28,256	\$71,903	\$6,449,864
2007	\$26,895	\$72,980	\$6,702,212
2008	\$26,745	\$74,695	\$7,025,796
 Compounded Annual Growth Rate			
1997-2004	4.2%	3.8%	6.6%
2004 - 2007	7.8%	7.9%	6.5%

Note:

1/ 12 months ending June 30.

Source: Federal Deposit Insurance Corporation (FDIC), March 2009.

Prepared by: Ricondo & Associates, Inc.; Partners for Economic Solutions, March 2009.

Banks that are headquartered in the Air Trade Area include: Whitney National Bank with \$10.2 billion in assets and 1,400 local employees; Iberia Bank with \$3.2 billion in deposits and 568 local employees; and Hancock Bank of Louisiana with \$2.4 billion in deposits and 467 local employees.¹¹²

In late June 2009, Fitch Ratings downgraded New Orleans based Whitney National Bank, which offers a vast array of banking services in southern Louisiana, Texas, the coastal region of Mississippi, central and south Alabama, and the western panhandle and the Tampa Bay metropolitan area of Florida, to BBB from BBB-plus. Fitch cited nonperforming assets, to a large extent related to Florida real estate, as the catalyst for the downgrade. The downgrade follows a downgrade by Standard & Poor's in the middle of June 2009.¹¹³

1.9.7 Services

In 2008, 224,000 workers in the Air Trade Area were employed in the services sector. This accounted for 42.5 percent of total nonagricultural employment, the highest level among all of the Air Trade Area's employment sectors. Employment in this sector totaled 263,800 in 2004, representing 42.9 percent of total nonagricultural employment in the Air Trade Area. The following sections focus on the Air Trade Area's most significant sub-sectors in services employment such as: travel and tourism; recreation and sports; health care; and higher education.

1.9.8 Travel and Tourism

The travel and tourism industry is adjusting to the post-Katrina environment. Reconstruction is gaining momentum and visitors are returning to enjoy the Air Trade Area's unique attractions. According to the New Orleans Metropolitan Convention and Visitors Bureau (CVB), visitorship to the region reached 7.6 million in 2008, a figure that more than doubles the 3.7 million visitors in 2006, and is equal to 76 percent of pre-Katrina visitorship of 10 million people.¹¹⁴ The Air Trade Area's tourism industry is well diversified beyond the convention business and attracts a large number of visitors for corporate meetings, special events, cruise ship vacations and sporting events. Most recently, New Orleans was selected as the venue for the 2012 NCAA Men's Final Four Basketball Tournament and the 2013 NCAA Division I Women's Final Four Basketball Tournament (see below).

Recently, the New Orleans Hospitality Strategic Task Force was created to establish a long-term plan for the hospitality industry in New Orleans. The task force will spend at least \$250,000 this year to study how best to grow the city's tourism industry in the next decade. In addition to the group's long-term goal to achieve measurable success by 2018, the panel will also focus on the short-term goal to overcome the challenges of the current economic downturn that hinder the tourism industry now.¹¹⁵

1.9.8.1 Convention Business

The Ernest N. Morial Convention Center is the Air Trade Area's primary convention venue, and it is the largest convention center on one level in the United States, with approximately 1.1 million square

¹¹² *2007-2008 Book of Lists*, New Orleans City Business.

¹¹³ "Whitney hit by Fitch Ratings downgrade." *Associated Press*, June 30, 2009, <http://finance.yahoo.com/news/Whitney-hit-by-Fitch-Ratings-apf-3152648076.html?x=0&.v=2>, accessed August 2009.

¹¹⁴ "2007 Visitors Numbers Released," New Orleans Metropolitan Convention and Visitors Bureau, <http://www.neworleanscvb.com>, accessed October 2008; New Orleans Metropolitan Convention and Visitors Bureau. Press Release June 2, 2009.

¹¹⁵ "Task force tackles tourism study; 17-member group has 10-year vision," *The Times Picayune*, April 2, 2009.

feet of contiguous exhibit space. The Morial Convention Center underwent a post-storm \$60 million renovation that included new flooring and furnishings on all three levels, premium design and architectural finishes, upgraded lighting, high-speed wi-fi, a 4,000-seat Conference Auditorium, 12 separate/combinable exhibit halls, and 140 meeting rooms.¹¹⁶ Since its renovation, bookings at the Morial Convention Center are rebounding. In 2007, it hosted 101 events with 330,000 attendees.

Among the convention highlights in 2007 were: the American College of Cardiology (27,500); the Healthcare Information & Management Society (24,789); the American Academy of Ophthalmology (22,000); Pennwell Corporation (17,000); the American Chemical Society (14,000); and the American College of Surgeons (11,000).¹¹⁷ Highlights for 2008 included the American Heart Association meeting with 25,000 attendees¹¹⁸ and the Starbucks Leadership Conference, which brought 12,000 employees to New Orleans and which was held outside of Seattle for the first time in company history.¹¹⁹ Bookings for 2009 include 12 conventions with more than 10,000 attendees each such as: the Evangelical Lutheran Church in America (36,500) the National Automobile Dealers Association (25,000); the Association for Computing Machinery/SIGGRAPH (20,000); the Golf Course Superintendents of America (21,000); the American Society of Hematology (19,000); the Society for Human Resource Management (18,000), the National Science Teachers Association (15,000) the American Society of Anesthesiologists (16,000); and the TrueValue Company (14,000). In 2004 the Convention Center hosted 73 conventions and trade shows with a total of 615,680 attendees.¹²⁰

1.9.8.2 Corporate Meetings and CVB Marketing Initiatives

These attendance figures indicate the Air Trade Area's resilience and ability to attract conventions and conferences. The Ernest N. Morial Convention Center Board of Commissioners has decided to postpone Phase IV construction plans in order to focus on making major improvements to Phase I improvements that would give New Orleans a competitive advantage in attracting executive conferences and corporate business events. These improvements to the Convention Center's lighting, design, and communications technology are expected to offer additional benefits and amenities to the corporate meeting market and would allow New Orleans to diversify its convention business mix.¹²¹

Table I-9 shows that an important reflection of the Air Trade Area's sustained popularity among meeting planners has been the selection of the New Orleans Metropolitan Convention and Visitors Bureau for industry awards from *Meetings and Conventions* magazine, *Successful Meetings* magazine, Hospitality Sales & Marketing Association International, and *Corporate & Incentive Travel Magazine*. In the third quarter of 2008, the CVB unveiled a new strategy to attract conventions and meetings with demand for 1,000-plus room nights to New Orleans. The "ExtraOrdinary Experiences" program includes incentive packages for general session space, exhibit

¹¹⁶ *State of the City Report: July 2007*, New Orleans Metropolitan Convention and Visitors Bureau, www.neworleanscvb.com, accessed October 2008.

¹¹⁷ *State of the City Report: December 2007*, New Orleans Metropolitan Convention and Visitors Bureau, www.neworleanscvb.com, accessed October 2008.

¹¹⁸ "American Heart Association meeting to bring 25,000 to N.O.," *New Orleans City Business*, November 6, 2008.

¹¹⁹ "New Orleans Lands Starbucks Convention," *The Times-Picayune*, May 29, 2008.

¹²⁰ Telephone interview with Director of Marketing, New Orleans Metropolitan Convention and Visitors Bureau, October 16, 2008; Economic Impact of Tourism, Convention Information, New Orleans Metropolitan Convention and Visitors Bureau, www.neworleanscvb.com, accessed October 2008.

¹²¹ "New Orleans Morial Convention Center Phase IV Construction Postponed," August 27, 2007, www.expo.com, accessed October 2008.

Table I-9

Travel Awards

	Air Trade Area Travel Industry Awards
The New Orleans Grill (restaurant)	2007 Best Restaurant Décor, Zagat Hotel Survey
The New Orleans Grill (restaurant)	2006 America's Top Restaurants, Zagat Hotel Survey
Hotel Monteleone	2008 Upscale Hotel Outstanding Guest Experience Award, J.D. Powers and Associates
W French Quarter (hotel)	2008 T+L 500 - Greatest Hotels in the World, <i>Travel + Leisure</i> magazine
Carlson New Orleans Country Inn & Suites	2007 President's Award for Guest Satisfaction, Carlson Hotels Worldwide
Windsor Court, New Orleans (hotel)	2008 T+L 500 - Greatest Hotels in the World, <i>Travel + Leisure</i> magazine
Windsor Court, New Orleans (hotel)	2007 T+L 500 - Greatest Hotels in the World, <i>Travel + Leisure</i> magazine
Windsor Court, New Orleans (hotel)	2007 Top Hotel, Zagat Hotel Survey
Ritz-Carlton, New Orleans	2008 T+L 500 - Greatest Hotels in the World, <i>Travel + Leisure</i> magazine
Ritz-Carlton, New Orleans	2007 Hot List - 65 Best New Hotels in the World, <i>Conde Nast Traveller UK</i> Edition
Ritz-Carlton, New Orleans	2006 T+L 500 - Greatest Hotels in the World, <i>Travel + Leisure</i> magazine
New Orleans Convention & Visitors Bureau	2008 Gold Service Elite Award, <i>Meetings and Conventions Magazine</i>
New Orleans Convention & Visitors Bureau	2007 Pinnacle Award, <i>Successful Meetings</i> magazine
NOCVB "Forever New Orleans" Marketing Campaign	2007 Adrian Award, Hospitality Sales & Marketing Association International
New Orleans Convention & Visitors Bureau	2007 Award of Excellence, <i>Corporate & Incentive Travel Magazine</i>
City of New Orleans	2009 Best Domestic Travel City, <i>Global Traveler Magazine</i>
City of New Orleans	2008 Top 100 World Destinations, TripAdvisor Traveler's Choice Awards
City of New Orleans	2008 Top 25 U.S. Destinations, TripAdvisor Traveler's Choice Awards
City of New Orleans	2008 One of Six Top Walkable Cities in the U.S., Crocs Shoes Company
City of New Orleans	2007 America's Favorite Cities Award, CNN and <i>Travel + Leisure</i> magazine
City of New Orleans	2007 America The Beautiful Award, <i>NBC Today Show</i>
City of New Orleans	2007 Don't Miss Destination, <i>Los Angeles Times</i>
City of New Orleans	2007 Where to Go Next, <i>Travel + Leisure</i> magazine
City of New Orleans	2006 Top In Location, Orbitz
Degas House (bed-and-breakfast hotel)	2007 Top Bed-and-Breakfast in U.S., Readers Poll, <i>igougo.com</i>

Sources: concerge.com/entraveler; travelandleisure.com; corporate.ritzcarlton.com/en/About/Awards.htm; New Orleans Convention & Visitors Bureau; New Orleans City Business. Prepared by: Partners for Economic Solutions, August 2009.

space and conference rooms for organizations that book the Morial CC during off-peak periods in 2010 and 2011. Conventions booked under the program will also receive: complimentary Wi-Fi in public spaces; a cyber café with computers, Internet access, charging stations and beverages; and complimentary refreshments.¹²²

In another initiative, staff from the CVB and the Board's Community and Governmental Affairs Office have been working directly with schedule planners at several airlines to add extra-section flights during periods of elevated demand that is generated by high turnout rates at large conventions and other events. With access to convention booking and attendance data, airline schedule planners have added extra flights on days where there is high demand into the Air Trade Area. According to feedback from the carriers to Board and the CVB staff, this type of close collaboration between flight schedulers and airport and tourism professionals is very helpful to them. The extra sections have been successful and profitable for the airlines and have provided vital support for the success of conventions and major events.¹²³

1.9.8.3 Lodging Industry

According to the CVB, 210 metropolitan area lodging facilities are open with 34,700 hotel rooms available.¹²⁴ Prior to the storm, the area had an inventory of 38,590 hotel rooms.¹²⁵ The majority of the region's hotel properties have completed post-storm renovations¹²⁶ and newly constructed facilities are entering the market place. Luxury properties such as the Ritz-Carlton and Chateau Sonesta, which both reopened in December 2006, have added 527 rooms and 250 rooms to the Air Trade Area's inventory, respectively.¹²⁷ In addition, major investments by lodging brands such as Hilton, Marriott, and Starwood are occurring in the Air Trade Area with renovations and upgrades to their existing properties.¹²⁸ The 32-floor Hyatt Regency New Orleans, which served as a refuge for 3,800 people during the storm, is scheduled to reopen in 2010 with more than 1,100 rooms.¹²⁹ Hilton Hotels Corporation redeveloped The Fairmont New Orleans, a 114 year-old downtown hotel property also known as "The Roosevelt," as part of the Waldorf-Astoria Collection. The renovated property, which had been closed since the storm, re-opened on July 1, 2009.¹³⁰ The 26-floor Harrah's New Orleans Hotel opened in September 2006 with 450 rooms and suites, and three restaurants. The

¹²² "New Orleans Convention Center: A New Strategy," *Tradeshaw Week*, August 18, 2008.

¹²³ E-mail correspondence with the Deputy Director of Community and Governmental Affairs, Louis Armstrong New Orleans International Airport, October 16, 2008.

¹²⁴ *Hospitality Industry Report, 3rd Quarter 2009*, New Orleans Metropolitan Convention and Visitors Bureau, <http://www.neworleanscvb.com>, accessed September 2009.

¹²⁵ *Hospitality Industry Report, 3rd Quarter 2008*, New Orleans Metropolitan Convention and Visitors Bureau, <http://www.neworleanscvb.com>, accessed October 2008.

¹²⁶ *State of the City Report: July 2007*, New Orleans Metropolitan Convention and Visitors Bureau, www.neworleanscvb.com, accessed October 2008.

¹²⁷ www.ritzcarlton.com/en/Properties/NewOrleans; <http://www.sonesta.com/RoyalNewOrleans>, accessed October 2008.

¹²⁸ *State of the City Report: July 2007*, New Orleans Metropolitan Convention and Visitors Bureau, www.neworleanscvb.com, accessed October 2008.

¹²⁹ *Hospitality Industry Report, 3rd Quarter 2008*, New Orleans Metropolitan Convention and Visitors Bureau, <http://www.neworleanscvb.com>, accessed October 2008.

¹³⁰ *Hospitality Industry Report, 3rd Quarter 2008*, New Orleans Metropolitan Convention and Visitors Bureau, <http://www.neworleanscvb.com>, accessed October 2008; www.therooseveltneworleans.com, accessed April 2009.

property's 115,000 square-foot casino offers poker, 100 table games, and 2,100 slot machines.¹³¹ It is the single land-based gaming facility in Louisiana and its gross gaming revenue of approximately \$30 million per month for fiscal year 2007 was 25 percent higher than its pre-Katrina level.¹³²

Lodging demand from both business and leisure travelers is returning to the region. **Table I-10** shows that the Air Trade Area's hotel occupancy, which was 69 percent in 2004, fell to 58 percent in both 2006 and 2007 (data for 2005 are not available). Since 2007, the Air Trade Area's lodging market has had a marked revival, reaching an occupancy level of 63 percent in 2008. The average daily room rate (ADR) of \$118 in 2008 reflects the impact of the recession as lodging facilities in the Air Trade Area offered competitive rates which assisted in maintaining high occupancy levels. More noteworthy is the average duration of stay for visitors, which has improved significantly between 2004 and 2008. In 2004, the average visitor stayed 3.0 days in the Air Trade Area; in 2008, the average duration of stay rose to 4.6 days — an increase of 53 percent over the level in 2004.¹³³ However, for the fourth quarter of 2008, revenue from the hotel tax decreased by 1 percent. According to Stephen Perry, president of the New Orleans Metropolitan Convention and Visitors Bureau, travel in the fourth quarter dropped originally due to corporate meeting cancellations in an effort to cut costs, and then an eventual decrease in leisure travel as the national economy moved into a recession.¹³⁴

1.9.8.4 Special Events and Performing Arts

The Air Trade Area hosts a significant number of outdoor festivals, attractions, and events annually. According to the New Orleans Convention and Visitors Bureau attendance for the two-weeks of 2009 Mardi Gras parades and events reached pre-Katrina levels of approximately one million attendees.¹³⁵ Additionally, area hotels reported occupancy rates of 90 percent.¹³⁶ The New Orleans Jazz Heritage Festival, one of the Air Trade Area's annual springtime events, had an estimated 400,000 attendees in 2009—the highest number since 2003.^{137, 138} Similarly, the Essence Music Festival, a three-day event held in the summer that is among the country's major gatherings of musicians of multiple genres, attracted over 428,000 participants in 2009 to celebrate jazz music and African-American culture.¹³⁹ The French Quarter Festival, a three-day event with 150 musical

¹³¹ Harrah's New Orleans, Hotel Overview, www.harrahs.com, accessed October 2008.

¹³² Louisiana Gaming Control Board FY2007-2008 Annual Report, <http://www.dps.state.la.us/lgcb>, accessed October 2008.

¹³³ New Orleans, Louisiana Lodging Market Data, Smith Travel Research, October 2008; *2008 Annual Report*, New Orleans Tourism Marketing Corporation, May 2009.

¹³⁴ "Hotel tax revenue declines 1%; 4th-quarter dip costly to agencies," *The Times Picayune*, April 1, 2009.

¹³⁵ *Hospitality Industry Report, 3rd Quarter 2009*, New Orleans Metropolitan Convention and Visitors Bureau, <http://www.neworleanscvb.com>, accessed September 2009.

¹³⁶ "Mardi Gras Keeps Marching On", *USA Today*, February 24, 2009.

¹³⁷ *Hospitality Industry Report, 3rd Quarter 2008*, New Orleans Metropolitan Convention and Visitors Bureau, <http://www.neworleanscvb.com>, accessed October 2008.

¹³⁸ *Hospitality Industry Report, 3rd Quarter 2009*, New Orleans Metropolitan Convention and Visitors Bureau, <http://www.neworleanscvb.com>, accessed September 2009.

¹³⁹ *Hospitality Industry Report, 3rd Quarter 2009*, New Orleans Metropolitan Convention and Visitors Bureau, <http://www.neworleanscvb.com>, accessed September 2009.

Table I-10

Annual New Orleans Market Area Lodging Data

Year	Occupancy Rate %	Average Daily Room Rate (ADR)	Available Rooms	Average Duration of Stay
2001	68%	\$128	35,112	3.9
2002	70%	\$144	36,954	3.8
2003	69%	\$136	37,725	3.4
2004	69%	\$140	38,589	3.0
2005	n/a	n/a	n/a	n/a
2006	58%	\$137	29,000	5.1
2007	58%	\$116	31,888	4.1
2008	63%	\$118	33,988	4.6

Note: ADR data are in nominal dollars

Sources: Smith Travel Research; New Orleans Metropolitan Convention & Visitors Bureau, August 2009.

Prepared by: Partners for Economic Solutions, August 2009.

performances and 60 food booths, generated 441,000 attendees in 2009, an increase of about 6,000 from the 2008 attendance level¹⁴⁰ In addition, the New Orleans Seafood Festival, the Cajun/Zydeco Festival, and the Creole Tomato Festival (held simultaneously June 7-10, 2008) attracted a crowd of 40,000 to the French Quarter.¹⁴¹

Major performing arts organizations in the Air Trade Area are presenting full schedules in the 2008-2009 season, including the Louisiana Philharmonic Orchestra (LPO, based in New Orleans), and the New Orleans Ballet Association. The LPO is presenting a 34-week concert season, and the New Orleans Ballet has nine performances scheduled for the 2008-2009 season.¹⁴² Both organizations have major benefactors including the Freeport McMoRan Foundation, the Reilly Foundation, the Zemurray Foundation and the Andrew W. Mellon Foundation.¹⁴³ The New Orleans Ballet also receives support from Delta Air Lines, Sheraton Hotels, AT&T, Entergy, Capitol One Bank, and the MetLife Foundation.¹⁴⁴ Both the LPO and New Orleans Ballet, along with the New Orleans Jazz Orchestra, Broadway shows and other events are showcased at the 2,100 seat Mahalia Jackson Theater, which re-opened in January 2009.¹⁴⁵

1.9.8.5 Cruise Ship Vacations

New construction and upgrades at the Port of New Orleans' cruise terminal facilities (described in Section 1.6.4) brought the return of major cruise lines. The Carnival Cruise Line's *Fantasy* sails four- and five-day Western Caribbean cruises year-round from the Port, and Norwegian Cruise Line's *Norwegian Spirit* sails seasonal seven-day Western Caribbean cruises. In March 2009, the Port of New Orleans signed an agreement with Norwegian Cruise Line that extends its commitment to sail from New Orleans through October 31, 2014.¹⁴⁶ In addition to Caribbean voyages, Majestic America Cruise Line offers multi-day cruises along the Mississippi from New Orleans.¹⁴⁷ In 2007 (latest data available) there were 258,000 cruise passenger embarkations from New Orleans, accounting for 2.6 percent of all embarkations in the U.S. The Port's 2007 passenger traffic represents a significant recovery over the 72,000 embarkations from the Port in 2006.¹⁴⁸

Further confirmation of the resurgence of the Air Trade Area as a cruise destination is reflected in a recent award from *Porthole Cruise* magazine that named New Orleans the "Best Comeback Port" of 2007. This recognition from *Porthole Cruise*, a bi-monthly publication based in Fort Lauderdale, cites New Orleans' delivery of outstanding service and an excellent visitor experience.¹⁴⁹

¹⁴⁰ *Hospitality Industry Report, 3rd Quarter 2009*, New Orleans Metropolitan Convention and Visitors Bureau, <http://www.neworleanscvb.com>, accessed September 2009.

¹⁴¹ *Hospitality Industry Report, 3rd Quarter 2008*, New Orleans Metropolitan Convention and Visitors Bureau, <http://www.neworleanscvb.com>, accessed October 2008.

¹⁴² "New Orleans Ballet Association Presents Season of Dance, 2008-2009," New Orleans Ballet Association, <http://www.nobadance.com>, accessed October 2008.

¹⁴³ "Annual Report to the Community," Louisiana Philharmonic Orchestra, <http://www.lpomusic.com>, accessed October 2008.

¹⁴⁴ "New Orleans Ballet Association Presents Season of Dance, 2008-2009," New Orleans Ballet Association, <http://www.nobadance.com>, accessed October 2008. *The Performing Arts of New Orleans 2007-2008, Volume One*, New Orleans Publishing Group.

¹⁴⁵ Triumphant Return, www.mahaliajacksontheater.com, accessed April 2009.

¹⁴⁶ "Port of New Orleans signs agreement with Norwegian Cruise Line," *The Times-Picayune*, March 13, 2009.

¹⁴⁷ "Luxury Liner Arcadia Docks in New Orleans," *New Orleans City Business*, November 30, 2007, <http://www.neworleanscitybusiness.com>, accessed October 2008.

¹⁴⁸ *2007 Cruise Industry Economic Study*, Cruise Lines International Association, July 2008, <http://www.cruising.org/Press/research/index>, accessed November 2008.

¹⁴⁹ "Cruise Magazine Names New Orleans 'Comeback' Port of the Year," p 12, *Port Record*, Spring 2007.

Transfers to and from the Airport and the Port's cruise ship terminals are facilitated by walk-up/flat-fee airport shuttle service, walk-up airport limousine service, and flat-fee taxi service at both destinations. Similarly, a baggage transfer service to and from the Airport and the cruise ship terminals is operated by a private courier service that delivers luggage from the Airport's baggage claims area to a cruise passenger's cabin. The reverse service is also available whereby disembarking cruise ship passengers may drop off bags at the cruise ship terminal and then retrieve them at the Airport before going through TSA baggage security processing. This service allows visitors to conveniently enjoy sightseeing after the cruise and prior to departing for home.¹⁵⁰

1.9.8.6 Tourism Awards

The travel and tourism industry, a mainstay of the Air Trade Area's economy, has made important strides as it overcomes many post-storm challenges. A selection of awards shown in Table I-9 illustrates a high level of regard by industry peers for the Air Trade Area's restaurants, hotels, and tourism organizations. Travel magazines from Conde Nast (both U.S. and U.K. editions), *Travel + Leisure*, and *Zagat*, as well as industry publications such as *Successful Meetings* gave awards to Air Trade Area properties and tourism organizations in 2006, 2007, 2008 and 2009.

1.9.8.7 Recreational and Sports Activities

Major spectator sports in the Air Trade Area include collegiate football, basketball, and baseball at Tulane University; professional football of the National Football League New Orleans Saints; triple A minor league baseball of the New Orleans Zephyrs; and the National Basketball Association New Orleans Hornets.

The Superdome is home to the New Orleans Saints, Tulane University Green Wave Football, the Allstate Sugar Bowl Football Classic and Bowl Championship Series (BCS), and the State Farm Prep Classic. In 2008, the Superdome hosted the Allstate Bowl Championship Series (BCS) National Championship and will host the BCS championship again in 2012. A \$185 million post-storm repair project included full replacement of the Superdome's 9.7-acre roof, renovation of 137 box suites, replacement of 4,000 Club Level sideline seats and 10,000 padded Plaza and Terrace Level seats, a new flooring system, 38 permanent concession stands, and a new video board-scoreboard-LED ribbon system.¹⁵¹ The Superdome, which has hosted nine Superbowls (more than any other facility) reopened in September 2006 in a celebration that directed a spotlight on New Orleans and advertised the Air Trade Area's resurgence to regional and national viewers.¹⁵² Recently, New Orleans was awarded the 2013 Superbowl at the Superdome. The NFL predicts the economic impact of a Super Bowl between \$300,000,000 and \$400,000,000.¹⁵³ In 2010, the first and second round matchups of the NCAA Men's Basketball Tournament will be held at the Superdome, and in 2011 the facility will host the Men's Basketball Regional Championship. New Orleans has also been selected to host the 2012 NCAA Men's Final Four Basketball Tournament (to be held at the Superdome), marking the fifth time the City has been chosen by the NCAA as the tournament's venue.¹⁵⁴

¹⁵⁰ Airport Transportation, www.portno.com, accessed October 2008; Baggage Check Service, http://www.flymsy.com/airport_facilities.htm, accessed October 2008.

¹⁵¹ Press Release, "Louisiana Superdome Restoration Update August 2006," www.superdome.com, accessed October 2008.

¹⁵² *State of the City Report: July 2007*, New Orleans Metropolitan Convention and Visitors Bureau, www.neworleanscvb.com, accessed October 2008.

¹⁵³ "Touchdown! New Orleans awarded 2013 Super Bowl," *New Orleans CityBusiness*, May 19, 2009.

¹⁵⁴ "Men's Final Four Returning in 2012," *The Times-Picayune*, November 20, 2008.

New Orleans Arena, adjacent to the Superdome, survived the storm with minimal structural and roof damage. It reopened in March 2006 after post-storm repairs that included new locker rooms, storage areas, and a \$1.5 million scoreboard system with two end-zone matrix boards with video and LED displays.¹⁵⁵ The facility is home to the New Orleans Hornets NBA basketball team and was the venue for the February 2008 57th NBA All-Star basketball game. New Orleans hosted the NCAA Women's Basketball Regional Championship in March 2009, as well as the 2013 NCAA Women's Final Four Basketball Tournament. New Orleans, which was selected over seven other finalists for the 2013 event, will be the first city to host the Women's Final Four tournament on three occasions (the other two were held in 1991 and 2004). The tournament will coincide with the 2013 Women's Basketball Coaches Association Convention and the combined economic impact of these events is estimated at \$40 million.¹⁵⁶ Beyond sports competitions, concerts, performances, circuses, and other events are also held at New Orleans Arena.

The Air Trade Area is also host to the annual Bayou Classic collegiate football game that features Grambling State University and Southern University. This nationally televised game attracts approximately 200,000 visitors to the Air Trade Area each November.¹⁵⁷ Another major sporting event, the Crescent City Classic, is a 10,000-meter run and walk road race that features top international distance runners. The CC Classic is an Easter weekend tradition that attracts a field of more than 15,000 runners who race from Jackson Square to City Park.¹⁵⁸

Another major recreational attraction to the Air Trade Area is City Park. Founded in 1854, New Orleans' 1,300-acre City Park is larger than New York City's Central Park and is one of the Air Trade Area's most significant recreational attractions. In a full year of normal operations, City Park attracts over 11 million metropolitan visitors, generates 1,350 direct jobs, and has a total spending impact of \$100 million.¹⁵⁹ Although the storm toppled trees and damaged vegetation, park officials have assembled funding from public and philanthropic sources to pay for \$70 million in improvements and repairs. Local residents have joined a volunteer program to assist with recovery.¹⁶⁰

The Fair Grounds Race Course in New Orleans covers 145 acres and is home to the Louisiana Derby. Storm damage resulted in the relocation of racing to Louisiana Downs located in Bossier City in northern Louisiana. Racing returned to the Fair Grounds in November 2006 and the 81-meet season generated \$359 million in wagering and an average daily attendance of 1,891 spectators. The Fair Grounds Race Course was established in 1872 and is the third-oldest race track in North America. It was purchased by Churchill Downs Incorporated in 2004 and annually offers a series of Kentucky

¹⁵⁵ Fact Sheet, Reopening of the New Orleans Arena, March 6, 2006, www.neworleansarena.com, accessed October 2008.

¹⁵⁶ *State of the City Report: July 2007*, New Orleans Metropolitan Convention and Visitors Bureau, www.neworleanscvb.com, accessed October 2008; "Success of Superdome and New Orleans Arena," News, March 13, 2008, <http://superdome.com>, accessed October 2008; "New Orleans to Host Women's NCAA Final Four in 2013," *The Times-Picayune*, November 14, 2008.

¹⁵⁷ History of Bayou Classic, www.statefarmbayouclassic.com, accessed October 2008.

¹⁵⁸ New Orleans Metropolitan Convention and Visitors Bureau, Outdoor Activities, www.neworleanscvb.com, accessed October 2008.

¹⁵⁹ *Restore City Park*, Orleans Parish Long-Term Community Recovery Plan, www.louisianaspeaks-parishplans.org.

¹⁶⁰ "City Park Poised For Cash Infusion," *The Times-Picayune*, February 29, 2008.

Derby prep races for three-year-olds, which culminate in the high stakes Louisiana Derby.¹⁶¹ A temporary facility for 250 slot machines that opened at the Fair Grounds Race Course at the end of September 2007 was replaced with a permanent facility that opened in November 2008 with 606 reel and video games.¹⁶²

The City has played host to a PGA Tour tournament since 1938, when the Greater New Orleans Open Invitational was introduced at City Park Golf Club. The tournament, which was renamed the Zurich Classic of New Orleans, is held at the Tournament Players Club of Louisiana (TPC) with total attendance over the four-day event averaging 125,000. The tournament, which generates \$25 million annually for the local economy awarded \$6.2 million in prize money in 2008, marking the 50th year of consecutive play of a PGA Tour event in New Orleans.¹⁶³ The 2009 edition of the event commenced on April 23 and ended on April 26.¹⁶⁴

The Audubon Nature Institute, named for John James Audubon (1795-1851), the pre-eminent wildlife artist in the U.S. during the 19th Century, oversees several popular nature facilities in New Orleans that attract a total of three million visitors each year. With 1,500 animals representing 360 species, the Audubon Zoo is a major tourist destination that is consistently ranked as one of the top zoos in the U.S. The Audubon Aquarium of the Americas, one of the premier aquariums in the country, is famous for its exhibits of penguins and otters. The aquarium was severely damaged by the storm and spent \$3.5 million on a nine-month renovation in order to replace its collection and repair the facility. The Entergy IMAX Theatre, located next to the Audubon Aquarium, sustained storm damage and reopened in the summer of 2006. It is only one of six theaters in the world with high-definition, single projection, IMAX 3D and its flat screen is more than five stories in height.¹⁶⁵ The \$25 million, 23,000 square-foot Audubon Insectarium opened in June 2008 in Downtown New Orleans' historic U.S. Customs House on Canal Street. It is the largest freestanding museum in the United States devoted exclusively to the study of insects and is expected to attract 500,000 visitors a year.¹⁶⁶

1.9.8.8 Medical and Health

Historically, the Air Trade Area has been a major center for health care, with a focus on medical education and biomedical research. Two of the state's major medical schools, Louisiana State University (LSU) Medical Center and Tulane University Health Sciences Center are located in Downtown New Orleans.

Many of the Air Trade Area's medical facilities suffered storm damage and several were forced to close. Nonetheless, the Air Trade Area is served by 41 of its 55 hospitals, and 100 percent of the hospital facilities are open in St. Charles, St. James, St. John the Baptist, and St. Tammany

¹⁶¹ "Fairgrounds Concludes 136th Season," March 23, 2008, Racing News, www.fairgroundsracecourse.com, accessed October 2008.

¹⁶² Press Release, "Fair Grounds Opens Door to 'Our New House'", November 14, 2008, Fair Grounds Race Course and Slots, www.fairgroundsracecourse.com, accessed March 2009.

¹⁶³ Tournament History, www.zurichgolfclassic.com, accessed October 2008; Press Release, "Zurich Financial Services Announces 2-Year Extension To Its Commitment To PGA Tour Event In N.O.," July 2, 2007, www.zurichgolfclassic.com; TicketPackageInfo.pdf, www.zurichgolfclassic.com, accessed October 2008.

¹⁶⁴ www.pgatour.com/tournaments, accessed March 2009.

¹⁶⁵ About Us, Media Resources, www.auduboninstitute.org, accessed October 2008.

¹⁶⁶ "Audubon Insectarium Under Magnifying Glass as Key to Canal Street Revival," *New Orleans City Business*, June 8, 2008.

Parishes.¹⁶⁷ In an effort to replace damaged hospital facilities, the U.S. Department of Veterans Affairs announced its intention to build the VA Medical Center in Downtown New Orleans, its designated preferred site for reconstruction. The VA plans to collaborate with other medical care providers in New Orleans such as LSU and Tulane.¹⁶⁸ And as described previously, LSU and Tulane University are collaborating to develop the \$98 million Louisiana Cancer Research Center in Downtown New Orleans.

In addition, LSU, Tulane University and Xavier University are collaborating to form the Louisiana Vaccine Center in New Orleans. They have received a grant of \$5.5 million to establish a facility which will focus on research and development in vaccines for infectious diseases. The Center will also help Air Trade Area medical institutions recruit scientific professionals as well as retain existing researchers.¹⁶⁹

An important recruitment tool for physicians and health care professionals has been the \$50 million program sponsored by the U.S. Department of Health and Human Services that offers debt forgiveness of education loans to health care workers who re-locate to New Orleans and surrounding parishes. In response to the shortage of medical personnel in the Air Trade Area, the Greater New Orleans Health Service Corps offers health care professionals loan repayment, reduced medical liability insurance premiums, and relocation expense reimbursement in exchange for a three-year work commitment.¹⁷⁰

The Air Trade Area's health care community has shown resilience despite post-storm challenges. For example, the Tulane University School of Medicine's annual research budget reached its pre-storm level of \$136 million in 2006. Tulane was also able to recruit a new dean for its School of Medicine—Dr. Benjamin Sachs, a professor at Harvard Medical School and chairman of obstetrics and gynecology at Harvard teaching hospital Beth Israel Deaconess Medical Center.¹⁷¹ In addition, Ochsner Medical Center was ranked among the top 50 facilities in the U.S. for ear, nose and throat treatment in 2007 by the *Best Hospitals* survey from *U.S. News & World Report*.¹⁷²

1.9.8.9 Higher Education

Institutions of higher learning contribute to the economic base of the Air Trade Area. 2008 enrollment figures for a selection of the Air Trade Area's colleges and universities that are listed in **Table I-11** show that these ten institutions have a total student population of nearly 58,000. Tulane University has the second oldest medical school in the South and the 12th oldest law school in the U.S.¹⁷³ Loyola University New Orleans, which has the fourth largest number of summer study

¹⁶⁷ *Advancing in the Aftermath IV: Tracking the Recovery from Katrina and Rita*, Loren C. Scott, Ph.D., Louisiana State University, <http://www.lorenscottassociates.com/impactstudies.html>; Parish Statistics, St. James Parish, <http://www.stjamesla.com/James/Statistic.htm>, accessed October 2008.

¹⁶⁸ Press Release, "VA Announces Preferred Site for New Orleans Medical Center," August 21, 2007, <http://www1.va.gov/opa/pressrel/pressrelease.cfm?id=1372>, accessed October 2008.

¹⁶⁹ "\$5.5 Million Grant Funds New Vaccine Center," *Tulane University Magazine*, June, 18, 2007.

¹⁷⁰ "Doctors Enticed to N.O. by \$50 Million in Loan Forgiveness Deals," *New Orleans City Business*, July 30, 2007; GNO Health Services Corps Update, http://www.dhh.louisiana.gov/offices/publications/pubs-88/update%20GNO_August%201.pdf, accessed October 2008.

¹⁷¹ "Harvard Doctor to Lead Tulane Medical School," *The Times-Picayune*, July 26, 2007.

¹⁷² *Best Hospitals 2007*, The Editors of U.S. News & World Report.

¹⁷³ About Tulane, Traditions, <http://tulane.edu/about/traditions.cfm>, accessed August 2008; About Tulane Law School, <http://www.law.tulane.edu/tlsabout/index.aspx>, accessed October 2008.

Table I-11

Air Trade Area Colleges and Universities (2008)

Institution	Location	Enrollment
Delgado Community College	New Orleans	13,217
University of New Orleans	New Orleans	11,747
Tulane University of Louisiana	New Orleans	11,307
Loyola University New Orleans	New Orleans	5,000
Xavier University of Louisiana	New Orleans	3,088
New Orleans Baptist Theological Seminary	New Orleans	2,642
Southern University at New Orleans	New Orleans	2,642
University of Phoenix	Metarie	2,277
Louisiana State University Health Science Center	New Orleans	2,181
Our Lady of Holy Cross College	New Orleans	1,450
Dillard University	New Orleans	1,124
Nunez Community College	Chalmette	1,064
Total		57,739

Sources: *The New Orleans Index: Three Years After Katrina*, Greater New Orleans Community Data Center, August 2008; *2007-2008 Book of Lists*, New Orleans City Business; Louisiana Board of Regents, regents.state.la.us; tulane.edu; loyno.edu; dillard.edu; olhcc.edu.

Prepared by: Partners for Economic Solutions, December 2008.

abroad programs of all American law schools,¹⁷⁴ is ranked among the top five institutions in the South that offer master's level degrees.¹⁷⁵ Xavier University is the only historically Black, Catholic university in the Western Hemisphere.¹⁷⁶ According to the U.S. Department of Education, Xavier continues to rank first nationally in the number of African American students earning undergraduate degrees in biology, physics, and the physical sciences.¹⁷⁷ Xavier University is first in the nation in placing African American students into medical schools, where it has ranked for the past 14 years.¹⁷⁸

1.9.9 Government

The government sector accounted for 80,000 workers in the Air Trade Area in 2008, or 15.2 percent of total nonagricultural employment.

Local government in Louisiana is structured along parishes, which correspond to counties in other states. All parishes in the Air Trade Area exercise home rule, a system that allows each parish government to exercise any power and perform any function for the management of its own affairs that is not denied by general law or the Constitution of Louisiana. Each of the eight parishes in the Air Trade Area has a parish president, a full-time chief executive who oversees administration, and a parish council that serves to pass local ordinances. The parish president and parish council serve four-year terms. Orleans Parish and the City of New Orleans enjoy a city-parish consolidation in terms of governmental structure. The functions of the City and the parish are combined into one entity. The Mayor of New Orleans, who serves a four-year term, is also the chief executive of Orleans Parish.¹⁷⁹

The Air Trade Area is home to several major military bases. The Naval Air Station, Joint Reserve Base (NAS JRB New Orleans) is located 20 miles south of the City in Plaquemines Parish. It is home to 10 Department of Defense (DoD) tenant commands including the U.S. Naval Reserve Strike Fighter Squadron 204, the Louisiana Air National Guard, the U.S. Air Force Reserve, the U.S. Coast Guard Marine Air Group 42, and the 3rd Battalion 23rd Marines. The NAS JRB New Orleans has approximately 5,000 DoD civilian and military daily employees and is home to 1,700 military families.¹⁸⁰ The National Guard is also stationed in the Air Trade Area and its headquarters at Jackson Barracks, located in the Lower Ninth Ward, was flooded by the storm. Originally built in 1835 to protect troops stationed at river forts, the 100-acre historic Jackson Barracks facility is undergoing restoration and the Louisiana National Guard has temporarily moved its headquarters to Camp Beauregard in Rapides Parish. The \$40 million project is scheduled for completion in January 2010 when 700 National Guard employees will return to the facility, to be joined by an estimated 3,500 soldiers and airmen who drill on weekends.¹⁸¹

The Naval Support Activity New Orleans (NSA New Orleans) is located along both banks of the Mississippi River and is the largest military installation in the Air Trade Area. With approximately 2,862 military and civilian workers, NSA New Orleans is headquarters to the Naval Reserve Force

¹⁷⁴ College of Law, Programs of Study, LL.M. Program for International Students, <http://law.loyno.edu/fsp/llm/index.html>, accessed September 2009.

¹⁷⁵ "Higher Education," *The Times-Picayune*, August 23, 2009.

¹⁷⁶ About Xavier, www.xula.edu, accessed September 2009.

¹⁷⁷ About Xavier, www.xula.edu, accessed September 2009.

¹⁷⁸ Xavier is #1, www.xula.edu/premed, accessed September 2009.

¹⁷⁹ Parish Government Structure, Police Jury Association of Louisiana, www.lbgov.org, accessed October 2008.

¹⁸⁰ About Joint Reserve Base New Orleans, <https://www.cnic.navy.mil/JRBOreans/About/index.htm>, accessed October 2008.

¹⁸¹ "Soldiers Assist in Reconstruction of Jackson Barracks in New Orleans," July 6, 2006, www.la.ngb.army.mil, accessed October 2008; "Progress Evident at Jackson Barracks Site," *The Times-Picayune*, July 14, 2008.

and the Marine Forces Reserve along with almost 30 tenant commands that serve all aspects of military life.¹⁸² In 2005, the Department of Defense's Base Realignment and Closure (BRAC) program targeted the NSA New Orleans for closure. However, Louisiana's Economic and Development Department and the Department of the Navy have signed an agreement to convert the NSA New Orleans's west bank facility into Federal City, a campus for federal agencies that will include new facilities for the Marine Force Reserves. The State of Louisiana has committed \$150 million in bond financing to construct a Marine Force Reserves Headquarters building and provide improvements to numerous facilities throughout the site. At Federal City's groundbreaking ceremony on September 30, 2008, Governor Jindal called the facility "a critical investment that will help retain an estimated 1,660 jobs in the New Orleans area and add roughly 300 positions for a total of 1,960 jobs, in addition to spurring indirect economic development opportunities and investments throughout the region."¹⁸³

1.10 Summary

A summary of the socioeconomic trends in the Air Trade Area includes the following findings:

- The Air Trade Area's population increased by more than 53,000 between 2006 and 2008 from 1,011,937 to 1,065,432. Population growth projections indicate that the Air Trade Area's population will reach approximately 1.09 million in 2010, and 1.16 million in 2015.
- Per capita income in the Air Trade Area remained steady at approximately \$42,000 between 2006 and 2008. An estimated 40.5 percent of the Air Trade Area's households had annual income of \$60,000 or greater in 2008.
- In the post-storm economy, the Air Trade Area's labor force increased significantly from 487,000 in 2006 to 533,700 in 2008, a compounded annual increase of 4.6 percent. The annual unemployment rate in the Air Trade Area fell from 7.4 percent in 2005 to 3.5 percent in 2007 but increased to 7.3 percent in June 2009. However, the Air Trade Area's unemployment trends compare favorably to the U.S. overall where the non-seasonally adjusted unemployment rate increased from 4.6 percent in 2007 to 9.7.6 percent in June 2009.
- Construction increased from 6.4 percent of total employment in 2004 to 7.9 percent in 2008. Manufacturing employment increased from 6.3 percent to 6.9 percent of total employment, and trade grew from 15.4 percent to 16.0 percent of total employment. These trends are consistent with recovery efforts and demonstrate a shift in employment patterns toward industries that are directly engaged in rebuilding the Air Trade Area.
- On a percentage basis, employment by major industry categories in the Air Trade Area is similar to employment patterns in the U.S. overall (see Table I-4b). This indicates that the Air Trade Area's broad range of employers reflect a diversified economic base that can help the region to withstand fluctuations in the business cycle and, ultimately, can be expected to increase the demand for air travel during the projection period.

¹⁸² About Naval Support Activity New Orleans, <https://www.cnic.navy.mil/NewOrleans/index.htm>, accessed October 2008.

¹⁸³ "Lease Agreement for Naval Support Activity Site in New Orleans Finalized," September 30, 2008, News Release Archive, www.louisianafoward.com; About Federal City New Orleans, <http://www.nolafederalcity.com/>, accessed October 2008.

Overall, the Air Trade Area's population growth, per capita and household income levels, diversified employment base and ongoing investment in rebuilding indicate a resilient economy that is expected to withstand the current cyclical downturn and to continue to support growth in demand for air passenger and freight service.

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II. Air Traffic

This chapter describes historical and projected aviation activity at the Airport and discusses key factors affecting trends in this activity. The impacts that Hurricane Katrina had on Airport activity are presented and the ongoing recovery is summarized. Due to the significant impacts that Katrina had on all facets of activity at the Airport, this chapter examines historical periods through August 2005 depicting pre-Katrina levels of activity and service. Where applicable, 2004 is used as a benchmark for comparison because it represents the last full year prior to Katrina. In addition, where relevant, data for the period September 2005 through June 2009 is presented to illustrate the pace and breadth of the Airport's on-going recovery, which has also been impacted by the national economy. Data presented in an annual format is for the Board's fiscal year (year ending December 31), which is the same as a calendar year.

2.1 Airlines Serving the Airport

As of July 2009, the Airport had scheduled passenger service provided by six legacy/mainline carriers, three low-cost carriers, thirteen regional airlines¹, one foreign flag carrier², and three all-cargo carriers. Prior to Hurricane Katrina, in July 2005, scheduled passenger service was provided by six legacy/mainline carriers, six low-cost carriers, four regional airlines, two foreign flag carriers, one charter, and three all-cargo carriers.

Table II-1 lists the airlines serving the Airport as of July 2005 and those that served the Airport as of August 2009. As presented, all of the legacy/mainline carriers and all-cargo carriers have returned to the Airport since Hurricane Katrina and the legacy carriers have expanded the number of regional affiliates. This expansion of regional airlines is relatively consistent with current industry trends and to some extent reflective of the reduced demand since the Hurricane. Also, ExpressJet Airlines, which historically has been operating as an affiliate for Continental Airlines and continues as such, initiated service as an independent airline in April 2007 at the Airport. However, primarily due to the spike in jet fuel prices during the summer of 2008, ExpressJet suspended its self-branded commercial operations on September 2, 2008. The two foreign flag carriers that operated at the Airport prior to Katrina, Air Canada and TACA, and the two low-cost carrier airlines, Midwest and Frontier, have not returned to the Airport since the Hurricane. Also, as part of an aggressive plan to optimize its domestic capacity, United Airlines retired Ted in late August 2008, bringing all its economy-only class A320 aircraft back to its mainline two-class configuration.

Table II-2 presents the Airport's air carrier base for the 2003 through 2008 based on recent air carrier service. It also presents information for the months immediately following Katrina. As shown, American, Continental, Delta, Northwest, and Southwest have provided passenger service at the Airport in each month since Katrina. AirTran, jetBlue, and United reinstated service at the Airport in October 2005, and US Airways/America West reinitiated service in November 2005.

¹ ExpressJet Airlines ceased branded commercial passenger flight operations on September 2, 2008; however, it continues to operate at the Airport as a regional affiliate for Continental Airlines.

² On July 7, 2009 AeroMexico, a foreign flag carrier, commenced service at the Airport.

Table II-1

Scheduled Airlines Serving the Airport

Pre-Katrina ^{1/}	Post-Katrina ^{2/}
Legacy/Mainline (6)	Legacy/Mainline (6)
American	American
Continental	Continental
Delta	Delta
Northwest	Northwest
United	United
US Airways/America West	US Airways
Low-Cost Carrier (6)	Low-Cost Carrier (3)
AirTran	AirTran
Frontier	-
jetBlue	jetBlue
Midwest	-
Southwest	Southwest
Ted ^{3/}	
Regional (4)	Regional (13)
-	Air Wisconsin (dba US Airways Express)
-	American Eagle
-	Atlantic Southeast Airlines (dba Delta Connection)
-	Chautauqua (dba American Connection) ^{4/}
-	Chautauqua (dba Continental Express) ^{4/}
Chautauqua (dba Delta Connection) ^{4/}	Chautauqua (dba Delta Connection) ^{4/}
Chautauqua (dba United Express) ^{4/}	-
Comair (dba Delta Connection)	Comair (dba Delta Connection)
ExpressJet (dba Continental Express)	ExpressJet (dba Continental Express) ^{5/}
-	GoJet (dba United Express)
-	Mesaba (dba Northwest AirlinK)
-	Pinnacle (dba Delta Connection)
-	Republic (dba US Airways Express)
-	Shuttle America (dba Delta Connection) ^{4/}
-	Shuttle America (dba United Express) ^{4/}
-	SkyWest (dba Delta Connection)
Trans States (dba American Connection)	Trans States (dba American Connection)
Foreign Flag (2)	Foreign Flag (1)
Air Canada ^{6/}	AeroMexico ^{7/}
TACA	-
Scheduled Charter/Other (1)	Scheduled Charter/Other (0)
TransMeridian ^{8/}	-
All-Cargo Carriers (3)	All-Cargo Carriers (3)
DHL	DHL
Federal Express	Federal Express
United Parcel Service	United Parcel Service

Notes:

- 1/ As of July 2005.
- 2/ As of August 2009.
- 3/ Subsidiary of United. In August 2008, United retired the Ted brand.
- 4/ These airlines currently serve the Airport as code-sharing partners with multiple airlines. Each is counted once in the total for Regional/Commuter.
- 5/ ExpressJet Airlines ceased its branded commercial passenger flight operations on September 2, 2008. However, it continues to operate at the Airport as Continental Express.
- 6/ Includes operations by Air Canada's low-cost carrier affiliate, Jazz.
- 7/ Commenced service at the Airport in July 2009.
- 8/ Ceased all operations in September 2005.

Sources: New Orleans Aviation Board; Official Airline Guide (Accessed May 2009).
Prepared by: Ricondo & Associates, Inc., August 2009.

Table II-2
Scheduled Passenger Air Carrier Base - Pre-Katrina and Post-Katrina

Passenger Air Carrier ^{1/}	Pre-Katrina		Immediate Post-Katrina Months				Post-Katrina FYs			
	FY 2003	FY 2004	FY 2005	Sep-05	Oct-05	Nov-05	Dec-05	FY 2006	FY 2007	FY 2008
AirTran	•	•	•	•	•	•	•	•	•	•
American	•	•	•	•	•	•	•	•	•	•
Continental	•	•	•	•	•	•	•	•	•	•
Delta	•	•	•	•	•	•	•	•	•	•
Northwest	•	•	•	•	•	•	•	•	•	•
Southwest	•	•	•	•	•	•	•	•	•	•
United	•	•	•	•	•	•	•	•	•	•
US Airways/America West	•	•	•	•	•	•	•	•	•	•
jetBlue	•	•	•	•	•	•	•	•	•	•
ExpressJet ^{3/}										•

Scheduled Passenger Air Carriers no Longer Service the Airport
Air Canada ^{4/}
Taca International
Midwest
Frontier
Transmeridian ^{5/}

Notes:

- 1/ Includes regional affiliates, where applicable.
- 2/ Through August 2005.
- 3/ ExpressJet started independent air carrier service in April 2007, and ceased its branded commercial flight operations on September 2, 2008. However, it continues to operate at the Airport as Continental Express
- 4/ Includes operations by Air Canada's low-cost carrier affiliate, Jazz.
- 5/ Ceased all operations in September 2005.

Sources: New Orleans Aviation Board; Official Airline Guide (Accessed May 2009).
Prepared by: Ricondo & Associates, Inc., May 2009.

2.2 Historical Passenger Activity

This section presents historical trends in enplaned passengers at the Airport and the major factors influencing these trends, as well as historical market shares of enplanements by airline.

2.2.1 Enplaned Passengers

The Airport, classified by the FAA as a medium hub facility based on its percentage of nationwide enplanements, ranked 41st nationwide in total passengers enplaned and deplaned in calendar year (CY) 2004 (the last full year prior to Katrina).³ In 2006, the Airport was ranked 54th nationwide after experiencing a major decrease in total passengers, which is primarily attributable to the effects of Katrina.⁴ In 2007 and 2008, the Airport improved its ranking to 51st and 49th nationwide, respectively, as the recovery of air traffic has continued.^{5, 6} In fact, the Airport was the fastest growing medium and large airport as categorized by the FAA for 2007 and 2008 (based on preliminary data). **Table II-3** presents historical data for enplaned passengers at the Airport and the nation. As shown, enplanements at the Airport increased from approximately 4.48 million in 1998 to a peak of approximately 4.94 million in 2000. This increase represents a compounded annual growth rate of approximately 5.0 percent during this period, compared to 4.2 percent growth nationwide. The presence of Southwest at the Airport was a contributing factor in the growth in enplanements. During the period from 1994 to 2004, Southwest doubled its daily non-stop departures at the Airport, increasing its service from 28 daily departures to 57. Southwest's passenger activity at the Airport increased from 654,114 enplanements in 1994 to 1,508,644 enplanements in 2004, representing a compounded annual growth rate of 8.7 percent during this period. As also shown, the Airport's share of U.S. enplanements increased from 0.758 percent in 1998 to 0.770 percent in 2000, reflective of the higher compounded annual growth rate experienced at the Airport as compared to the nation during this period.

Enplaned passenger activity at the Airport decreased from 4,940,011 enplanements in 2000 to 4,624,301 in 2002, representing a 3.2 percent compounded annual decrease in enplanements during this period. Comparatively, nationwide enplanements decreased at a compounded annual rate of 5.3 percent between 2000 and 2002. The significant decreases in activity at the Airport and nationwide during this period was primarily due to the terrorist attacks of September 11, 2001 (hereinafter referred to as September 11) and the nationwide economic recession. Passenger activity at the Airport began to trend upward after 2002. As shown, enplanements at the Airport increased from 4,624,301 in 2002 to 4,862,525 in 2004. This increase represents a compounded annual growth rate of 2.5 percent during this period, compared to 4.5 percent growth nationwide. In 2005, the Airport was on pace to exceed five million enplanements for this first time in its history; however, this growth was interrupted with the impact of Katrina. However, the Airport did exceed the five million enplanement mark for the last 12-month period prior to the Hurricane.

The impacts resulting from Hurricane Katrina had a devastating effect on the Airport's aviation activity and were the primary cause for activity levels at the Airport to substantially decrease in subsequent months. Immediately following the Hurricane, commercial air service was suspended for

³ ACI Traffic Data 2004, Airports Council International.

⁴ ACI Traffic Data 2006, Airports Council International.

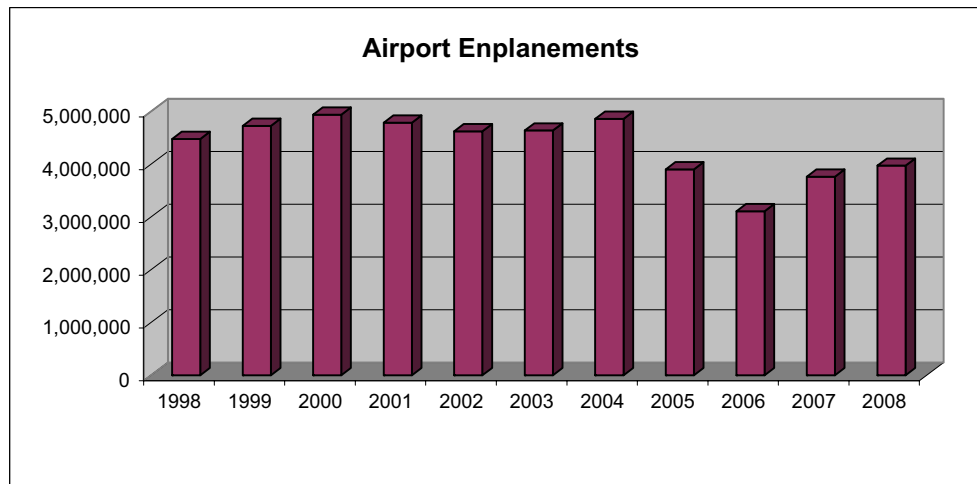
⁵ ACI Traffic Data 2007, Airports Council International.

⁶ U.S. Department of Transportation, Federal Aviation Administration, CY 2008 Passenger and All-Cargo Data (Preliminary).

Table II-3

Historical Enplanements

Fiscal Year	Airport Enplanements ^{1/}	Airport Growth	U.S. Domestic Enplanements ^{2/}	U.S. Growth	Airport Share of U.S.
1998	4,476,612	3.4%	590,400,000	2.2%	0.758%
1999	4,729,808	5.7%	610,900,000	3.5%	0.774%
2000	4,940,011	4.4%	641,200,000	5.0%	0.770%
2001	4,788,957	(3.1%)	625,800,000	(2.2%)	0.764%
2002	4,624,301	(3.4%)	575,100,000	(8.3%)	0.805%
2003	4,640,093	0.3%	587,800,000	2.3%	0.789%
2004	4,862,525	4.8%	628,500,000	6.7%	0.775%
2005	3,904,366	(19.7%)	669,500,000	6.5%	0.583%
2006	3,108,617	(20.4%)	668,400,000	(0.2%)	0.465%
2007	3,766,005	21.1%	690,100,000	3.2%	0.546%
2008	3,973,167	5.5%	679,600,000 ^{3/}	(1.5%)	0.585%
Fiscal YTD					
2008 (Jan - Aug)	2,833,779	-	333,588,000 ^{4/}	-	n/a
2009 (Jan - Aug)	2,640,140	(6.8%)	304,267,000 ^{4/}	(8.8%)	n/a
Compounded Annual Growth Rate					
1998 - 2000		5.0%		4.2%	
2000 - 2002		(3.2%)		(5.3%)	
2002 - 2004		2.5%		4.5%	
2004 - 2008		(4.9%)		2.0%	
1998 - 2008		(1.2%)		1.4%	



Notes:

- 1/ 12-month period ending December 31.
- 2/ 12-month period ending September 30.
- 3/ U.S. domestic enplanements for 2008 were estimated by the FAA.
- 4/ Bureau of Transportation Statistics, Domestic Revenue Passenger Enplanements, accessed September 2009. Data available is only through June 2009; thus, Fiscal YTD figures for U.S. Domestic Enplanements are for January through June 2009.

Sources: New Orleans Aviation Board; FAA Aerospace Forecast Fiscal Year 2009 - 2025 (U.S. domestic enplanements) (Accessed June 2009).

Bureau of Transportation Statistics: Domestic Revenue Passenger Enplanements Database (Accessed September 2009).

Prepared by: Ricondo & Associates, Inc., September 2009.

15 days and during this period the Airport was used as an air evacuation center, relief supply depot, triage center and hospital, as well as an operation center for various federal, state, and other governmental agencies. Airline capacity also significantly decreased after Katrina. Despite being on pace for record level enplanements in 2005, total enplanements decreased by almost 20 percent to 3.9 million as compared to 2004 levels, even though enplanement levels through August 2005 were approximately five percent higher than in the same period in 2004. As 2006 was the first full year with impacts from the Hurricane, enplaned passenger activity decreased further to 3.1 million enplanements or a 20.4 percent drop from 2005.

Total annual Airport enplanements rebounded in 2007, as they increased by 21.1 percent over 2006 levels to just under 3.8 million. According to FAA data, the Airport was the fastest growing airport in terms of enplaned passenger growth for all large and medium hub airports in the U.S.⁷

For the second consecutive year, post-Katrina, 2008 enplanements at the Airport increased by 5.5 percent as compared to 2007 levels, and the Airport was again the fastest growing airport for all large and medium hubs according to preliminary enplanement data from the FAA. With the exception of the September through November 2008 time period, every month in 2008 posted positive year-over-year gains in enplanement traffic. The primary reasons for decreases in September and October 2008 are related to the hurricanes experienced in the Gulf Region, which severely impacted operations from the Airport to the Houston area. For comparison purposes, enplaned passengers at the Airport for full year 2008 were up 5.5 percent when compared to the same period in 2007 while total domestic enplanements on all U.S. scheduled carriers declined by 1.5 percent compared to the same period in 2007.⁸

Enplanements for each of the first eight months in 2009 decreased compared to each respective month in 2008. However, the Airport is faring better than the national trend. U.S. Domestic enplanements from January through June 2009 decreased 8.8 percent compared to the same period in 2008, while the number of enplanements at the Airport for that particular period decreased 7.0 percent.

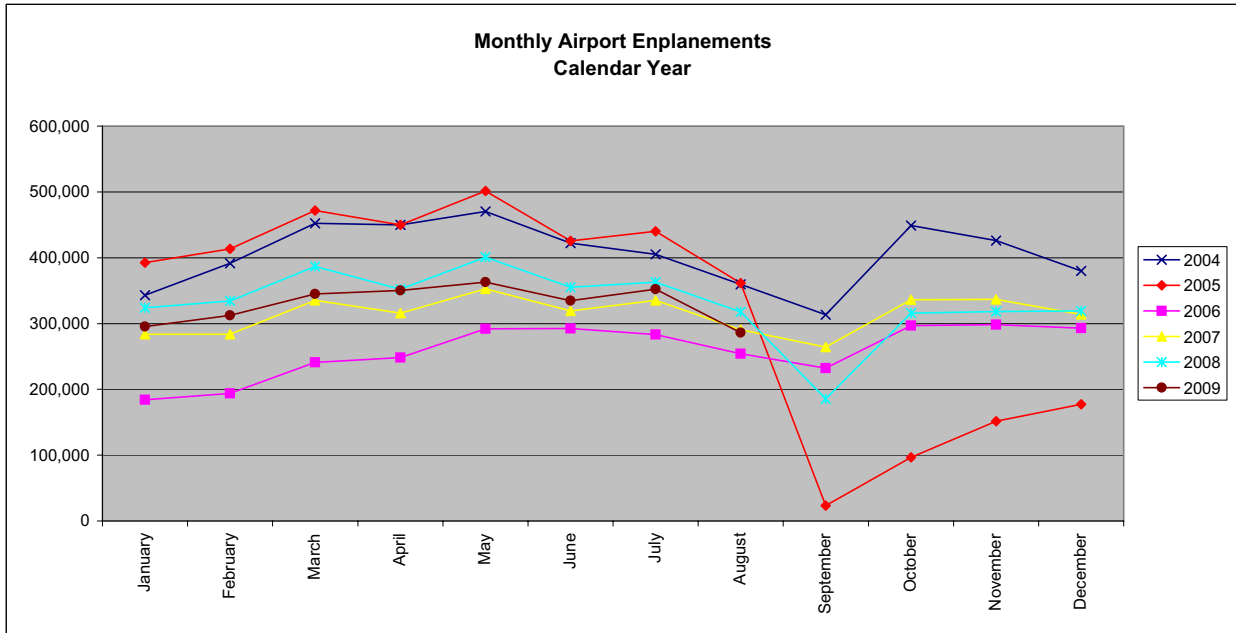
Table II-4 presents a month-by-month comparison of enplaned passenger activity for the months following Katrina as compared to the 12-month period prior to Katrina. As presented, enplanement levels have been generally trending upward since being 92.6 percent below pre-Katrina levels in September 2005. In August 2009, the Airport's enplaned passengers were 20.7 percent lower than August 2005, which is a general indicator of the Airport's overall traffic recovery. Enplanement activity for the period of September 2008 through August 2009 (the latest 12-month period of available data similar to the 12 months prior to Katrina) is approximately 3.8 million or 24.8 percent lower than the same 12-month period prior to Katrina (or September 2004 through August 2005). September 2008 through November 2008 enplanements were down 12.4 percent compared to the same months in 2007; however, aviation activity in September and October last year were adversely impacted by Hurricanes Gustav and Ike along with the national trend of reductions in overall air service. The Airport's December 2008 enplanements were up 1.7 percent compared to December 2007. However, monthly enplanements for January through August 2009 were lower than the respective monthly enplanements for January through August 2008 by 6.8 percent, which reflects the Air Trade Area's reliance on the national economy for its tourism industry and the system wide

⁷ FAA Air Carrier Activity Information System, September 26, 2008.

⁸ FAA Aerospace Forecast Fiscal Year 2009 - 2025, Domestic Revenue Passenger Enplanements.

Table II-4
Monthly Enplanement Comparisons

Month	Annual Enplanements					Percentage Change			
	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	04/05 vs. 05/06	04/05 vs. 06/07	04/05 vs. 07/08	04/05 vs. 08/09
September ^{1/}	313,389	23,232	232,149	264,086	185,790	(92.6%)	(25.9%)	(15.7%)	(40.7%)
October ^{1/}	448,904	96,797	296,917	336,265	315,988	(78.4%)	(33.9%)	(25.1%)	(29.6%)
November	426,201	151,337	298,288	336,595	318,453	(64.5%)	(30.0%)	(21.0%)	(25.3%)
December	379,782	177,351	292,865	313,732	319,157	(53.3%)	(22.9%)	(17.4%)	(16.0%)
January	392,500	183,954	283,681	324,094	295,341	(53.1%)	(27.7%)	(17.4%)	(24.8%)
February	413,317	193,827	283,577	334,062	312,201	(53.1%)	(31.4%)	(19.2%)	(24.5%)
March	471,579	240,982	335,275	386,622	344,786	(48.9%)	(28.9%)	(18.0%)	(26.9%)
April	450,095	248,055	315,637	352,328	350,381	(44.9%)	(29.9%)	(21.7%)	(22.2%)
May	501,320	291,842	352,471	400,626	363,085	(41.8%)	(29.7%)	(20.1%)	(27.2%)
June	425,347	292,610	318,960	355,368	334,737	(31.2%)	(25.0%)	(16.5%)	(21.3%)
July	440,196	283,163	335,165	363,139	352,304	(35.7%)	(23.9%)	(17.5%)	(20.0%)
August	361,295	253,965	290,561	317,540	286,342	(29.7%)	(19.6%)	(12.1%)	(20.7%)
Total (12-month period)	5,023,925	2,437,115	3,635,546	4,084,457	3,778,565	(51.5%)	(27.6%)	(18.7%)	(24.8%)



Note:
 1/ Activity for the months of September 2008 and October 2008 were adversely impacted by Hurricanes Gustav and Ike.

Source: New Orleans Aviation Board, September 2009.
 Prepared by: Ricondo & Associates, Inc., September 2009.

capacity cuts within the airline industry. Despite the recent decline in traffic at the Airport and possible negative growth in the near future, the Airport is expected to be impacted less than the overall U.S. as a whole.

2.2.2 Enplaned Passengers by Carrier

Table II-5 presents the historical share of enplanements and market share by carrier grouping at the Airport between 2004 and year-to-date 2009 through August. Southwest has historically had the largest share of enplanements at the Airport experiencing a 31.0 percent share during 2004. Southwest's market share at the Airport decreased below 30 percent for the years 2005 through 2008 primarily due to service reductions following Katrina and a relatively slower recovery pace to pre-Katrina levels of service as compared to other airlines. However, Southwest's market share increased to 30.4 percent in 2009 year-to-date through August. In 2008, Southwest's yearly enplanement totals were 18.4 percent higher than their 2007 total enplanement levels. Also in 2008, AirTran, Continental (including its regional affiliates), and jetBlue surpassed their 2004 pre-Katrina enplanement levels, while American (including its regional affiliates), Delta (including its regional affiliates), Northwest, United (including its regional affiliates), and US Airways (including its regional affiliates) had returned to 87.9, 68.6, 59.7, 76.5, and 83.9 percent of their 2004 pre-Katrina levels, respectively.

Air service at the Airport has been historically oriented toward the mainline passenger air carriers, as opposed to regional/commuter carriers.⁹ The legacy mainline passenger air carriers' share of total legacy enplanements at the Airport between 2001 and 2005 was over 90 percent. In 2006, the regional carrier share of total legacy enplanements increased to 13.9 percent. This trend has continued and regional carrier share of legacy enplanements further increased to 16.2 percent for 2008.

2.3 Historical Air Service

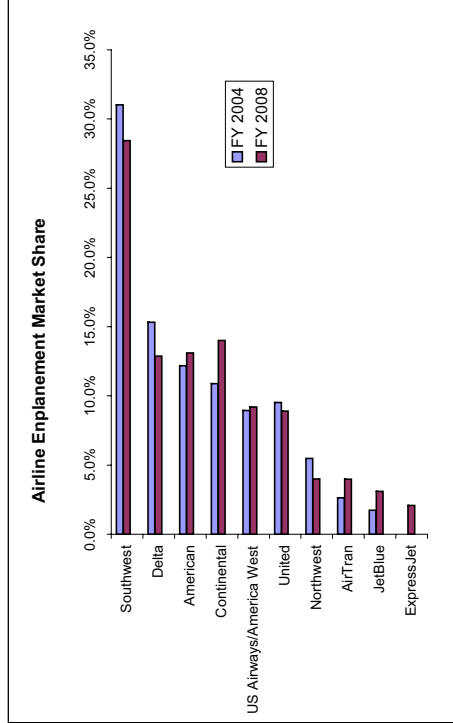
Specific points concerning the Airport's historical passenger air carrier base are presented below:

- As of July 2009, the Airport had 119 scheduled daily departures to 28 cities. **Exhibit II-1** presents the air service map for the Airport dated June 2009.
- The six legacy passenger airlines that have provided scheduled service at the Airport in every year shown in Table II-2 accounted for approximately 62.3 percent of the Airport's enplanements in 2004 (including their regional affiliates). For 2008, these carriers' share of overall enplanements at the Airport has increased to 64.1 percent. Since the Hurricane, the regional market share of legacy enplanements has increased, as described above.
- Southwest has historically accounted for the highest share of enplanements at the Airport and this is also the case for the period presented on Table II-5. New Orleans was the first city outside of Texas to be served by Southwest. The carrier initiated its low-fare service at the Airport in 1979 with service to Dallas. Prior to Katrina, Southwest provided a total of 57

⁹ Consistent with the FAA's definition for its forecasting purposes, a regional/commuter operates a majority of its flights using aircraft with 90 seats or less, primarily provides regularly scheduled passenger service, and its primary mission is to provide connecting service for its code-share partners. All other passenger air carrier service is provided by mainline passenger air carriers.

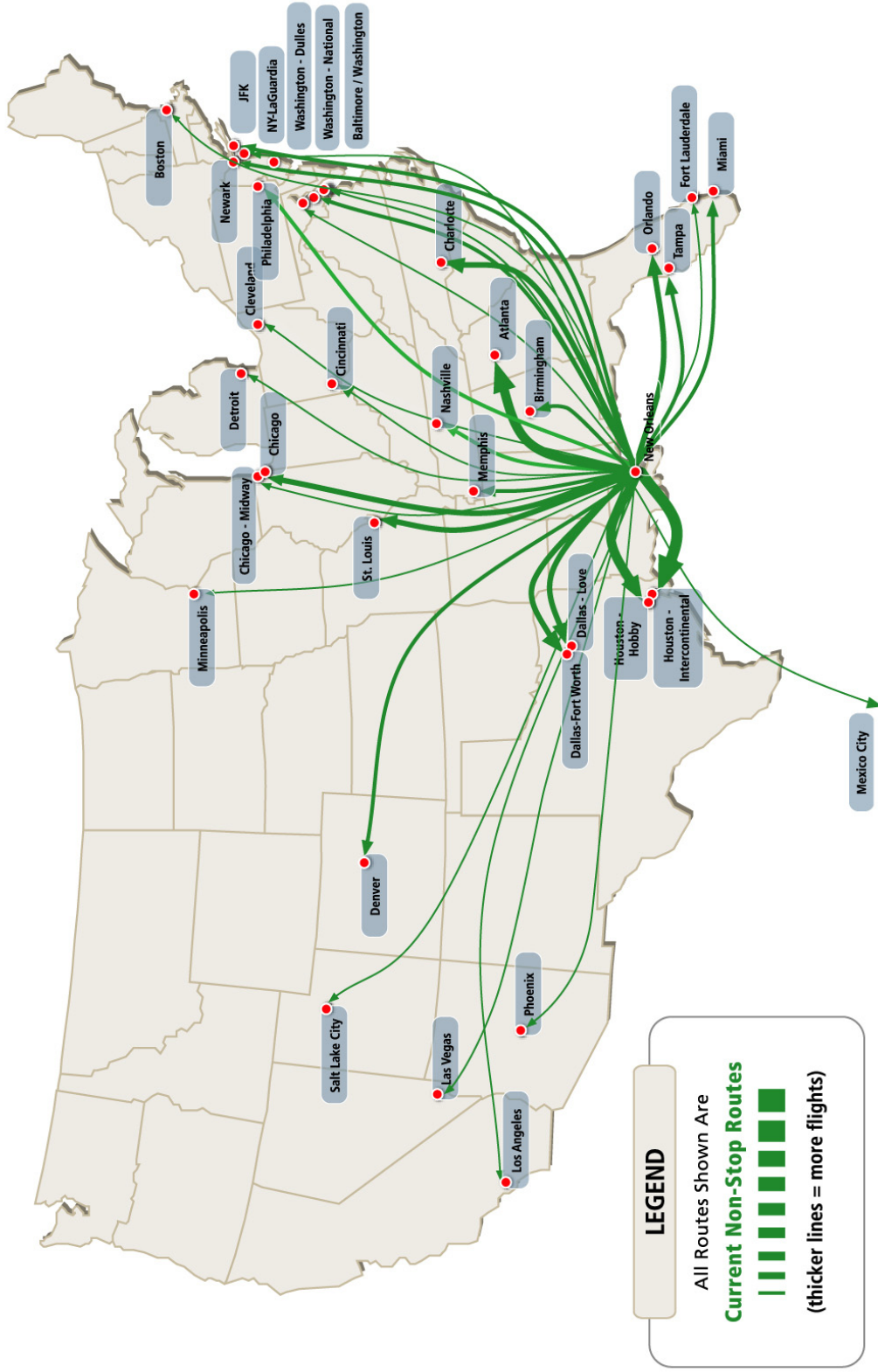
Table II-5
Historical Enplanements by Carrier

Airline ^{1/}	FY 2004			FY 2005			FY 2006			FY 2007			FY 2008			FY 2009 YTD ^{6/}		
	Enplanements	Share		Enplanements	Share		Enplanements	Share		Enplanements	Share		Enplanements	Share		Enplanements	Share	
Southwest	1,508,644	31.0%		1,123,721	28.8%		752,662	24.2%		954,360	25.3%		1,129,495	28.4%		714,223	30.4%	
Delta	744,999	15.3%		557,915	14.3%		415,612	13.4%		465,533	12.4%		511,494	12.9%		299,783	12.7%	
American	592,147	12.2%		484,588	12.4%		525,243	16.9%		570,710	15.2%		520,698	13.1%		297,837	12.7%	
Continental	529,083	10.9%		467,268	12.0%		528,144	17.0%		569,781	15.1%		555,869	14.0%		332,112	14.1%	
US Airways/America West	434,867	8.9%		378,811	9.7%		226,704	7.3%		346,868	9.2%		364,982	9.2%		212,134	9.0%	
United ^{2/}	462,395	9.5%		338,472	8.7%		289,614	9.3%		336,497	8.9%		353,738	8.9%		221,340	9.4%	
Northwest	265,903	5.5%		245,580	6.3%		165,079	5.3%		173,137	4.6%		158,824	4.0%		108,138	4.6%	
AirTran	127,653	2.6%		113,206	2.9%		104,289	3.4%		165,069	4.4%		157,701	4.0%		86,256	3.7%	
JetBlue	84,535	1.7%		97,171	2.5%		90,337	2.9%		90,976	2.4%		122,618	3.1%		78,215	3.3%	
ExpressJet ^{3/}	0	0.0%		0	0.0%		0	0.0%		79,769	2.1%		82,784	2.1%		0	0.0%	
Frontier	52,173	1.1%		38,724	1.0%		0	0.0%		0	0.0%		0	0.0%		0	0.0%	
Taca International	19,281	0.4%		13,054	0.3%		0	0.0%		0	0.0%		0	0.0%		0	0.0%	
AeroMexico	0	0.0%		0	0.0%		0	0.0%		0	0.0%		0	0.0%		839	0.0%	
Air Canada ^{4/}	19,150	0.4%		9,539	0.2%		0	0.0%		0	0.0%		0	0.0%		0	0.0%	
Midwest	935	0.0%		22,287	0.6%		0	0.0%		0	0.0%		0	0.0%		0	0.0%	
All Others ^{5/}	20,760	0.4%		13,030	0.3%		10,933	0.4%		13,305	0.4%		14,964	0.4%		2,651	0.1%	
Airport Total	4,862,525	100.0%		3,904,366	100.0%		3,108,617	100.0%		3,766,005	100.0%		3,973,167	100.0%		2,352,689	100.0%	



Notes:
 1/ Includes regional affiliate partners, as applicable.
 2/ Includes operations by United's low-cost carrier affiliate, Ted, which started service at the Airport in February 2004; however, the brand was retired in August 2008.
 3/ ExpressJet suspended branded commercial operations on September 2, 2008. However, it continues to operate at the Airport as Continental Express.
 4/ Includes operations by Air Canada's low-cost carrier affiliate, Jazz.
 5/ Consists of airlines no longer serving the Airport and/or charter airlines.
 6/ Through August 2009.

Source: New Orleans Aviation Board, September 2009
 Prepared by: Ricondo & Associates, Inc., September 2009.



Source: New Orleans Aviation Board, June 2009.
Prepared by: Ricondo & Associates, Inc.

Exhibit II-1

Louis Armstrong New Orleans International Airport Route Map

daily non-stop flights to 17 different cities. In July 2009, Southwest offered non-stop service to twelve cities with 35 average daily departures. AirTran and jetBlue also offered low-cost carrier service at the Airport.

- Prior to Katrina, TACA, Air Canada, and Air Canada's low-cost affiliate, Jazz, provided non-stop international flights to San Pedro Sula, Honduras and Toronto, Canada, respectively. For the first time since Katrina, as of July 7, 2009, a foreign flag carrier provides flights at the Airport; AeroMexico offers a flight, six days per week to Mexico City.

2.3.1 O&D Markets

One important air service demand characteristic is the distribution of passengers amongst origin-destination (O&D) markets. This is particularly true for the Airport, as it primarily serves O&D passengers. Based on U.S. DOT ticket sample data, O&D passengers accounted for approximately 85.6 percent of the total passengers at the Airport in 2004 and, since the Hurricane, this increased to 89.7 percent of passengers for 2008.

Table II-6 presents data comparing the Airport's primary (i.e., top 20 markets by total O&D passengers) O&D markets in 2004, the last full year before Katrina, with 2008. As shown, air service at the Airport consisted principally of short- to medium-haul markets, with an average stage length (i.e., passenger trip distance) of 1,012 miles in 2004 compared to an average of 981 miles in 2008. The average stage length primarily reflects the Airport's geographical location and strong local demand for major southern (i.e., Atlanta, Dallas, Houston, Orlando, and Tampa), western (i.e., Las Vegas, Los Angeles, and Oakland), and eastern (i.e., Baltimore, New York, Philadelphia, and Washington) markets. In 2004, non-stop departures were offered to all but one of the top 20 markets - Boston. However, non-stop service to Boston commenced in May 2008 by jetBlue Airways, and currently San Francisco and Austin are the only two markets in the Airport's top 20 O&D markets that are not served via non-stop flights. The top three O&D markets for the Airport have remained the same for these three periods, and, notably, Atlanta has supplanted Chicago as the fourth largest market. Other additions to the Airport's top 20 O&D markets in 2008 included Miami, Austin, and San Francisco. The markets of Oakland, San Diego, and Birmingham were within the Airport's top 20 O&D markets in 2004, but are not included in the 2008 top 20. Non-stop service by Southwest has not resumed to San Diego or Oakland since the Hurricane; however, Southwest has recommenced its non-stop service to Birmingham.

Key to the continuation of air service on a specific route is the ability of an airline to generate revenue. On a route-by-route basis or airport specific basis, airline revenues are not generally publicly available; however, certain data is available on a ten-percent sample basis through the U.S. Department of Transportation. Yield per coupon mile is related to airline revenues as it is an indication of the average fare paid by passengers on a mileage basis, and is also presented in Table II-6. This data is one measure of the relative revenue capability of O&D markets served.¹⁰ As shown, the yield per coupon mile for 12 of the Airport's top 20 O&D markets in 2004 exceed the nationwide average of \$0.1146; most notably those for Houston (\$0.2873), Atlanta (\$0.2667), Dallas (\$0.2096), and Birmingham (\$0.1917). The Airport's average yield per coupon mile increased substantially in 2008, partly due to the decrease in airline capacity at the Airport, and to a lesser extent, nationwide as the industry has been reducing domestic capacity, as a primary result of the

¹⁰ Average revenue received from each passenger for each coupon mile flown on a particular route.

Table II-6
Primary Domestic O&D Passenger Markets

Rank	Market	FY 2004 (Pre-Katrina)				FY 2008			
		Nonstop Service	Trip Length ^{1/}	Total O&D Passengers	Yield per Coupon Mile	Nonstop Service	Trip Length ^{1/}	Total O&D Passengers	Yield per Coupon Mile
1	Houston	●	SH	666,490	\$0.2873	●	SH	653,680	\$0.3510
2	New York	●	MH	646,880	\$0.1103	●	MH	561,890	\$0.1312
3	Dallas	●	SH	446,410	\$0.2096	●	SH	437,860	\$0.2353
4	Chicago	●	MH	308,830	\$0.1577	●	SH	271,350	\$0.2996
5	Atlanta	●	SH	300,770	\$0.2667	●	MH	259,140	\$0.1800
6	Los Angeles	●	MH	274,490	\$0.0897	●	SH	253,490	\$0.1825
7	Orlando	●	SH	273,440	\$0.1478	●	MH	229,160	\$0.2127
8	Baltimore	●	MH	240,570	\$0.0995	●	MH	205,700	\$0.1154
9	Washington	●	MH	229,530	\$0.1688	●	MH	204,680	\$0.1188
10	Philadelphia	●	MH	212,470	\$0.1212	●	MH	163,730	\$0.1396
11	Tampa	●	SH	200,480	\$0.1575	●	MH	159,780	\$0.0952
12	Denver	●	MH	173,070	\$0.1201	●	SH	157,460	\$0.1945
13	Nashville	●	SH	160,940	\$0.1441	●	MH	152,240	\$0.1454
14	Las Vegas	●	MH	160,730	\$0.0755	●	SH	135,680	\$0.1903
15	Ft. Lauderdale	●	MH	139,470	\$0.1532	●	MH	130,850	\$0.1382
16	Oakland	●	LH	133,410	\$0.0622	●	MH	126,490	\$0.1103
17	Boston	●	MH	132,490	\$0.0943	●	MH	94,430	\$0.1999
18	Phoenix	●	MH	121,960	\$0.0902	●	LH	93,920	\$0.0921
19	San Diego	●	MH	117,520	\$0.0782	●	SH	90,460	\$0.2602
20	Birmingham	●	SH	117,250	\$0.1917	●	MH	89,790	\$0.1128
Other O&D Markets				3,263,700				2,655,440	
O&D Passengers				8,320,900				7,127,220	
Total Passengers				9,724,347				7,944,397	
O&D % of Total Passengers				85.6%				89.7%	
Average									
Airport ^{2/}			1,012		\$0.1227		981		\$0.1523
United States			973		\$0.1146		1,146		\$0.1393

Notes:

- 1/ (SH) Short Haul = 0 to 600 miles
(MH) Medium Haul = 601 to 1,800 miles
(LH) Long Haul = over 1,800 miles
- 2/ Average calculated for all of the Airports O&D markets.

Source: O&D Survey of Airline Passenger Traffic, U.S. DOT. (Accessed May 2009).
Prepared by: Ricondo & Associates, Inc., May 2009.

nationwide recession. The Airport's average yield per coupon mile has increased from \$0.1227 in 2004 to \$0.1523 in 2008 while the national average has increased from \$0.1146 in 2004 to \$0.1393 in 2008. In 2008, twelve of the Airport's top 20 O&D markets were above the national average, with Houston and Atlanta having the top two highest yields at \$0.3510 and \$0.2996, respectively. Las Vegas, Boston, and San Francisco are the lowest yield per coupon mile markets of the Airport's top twenty O&D destinations.

On July 21, 2005, a representative pre-Katrina day, daily scheduled non-stop departure service was provided to 37 cities on 166 daily scheduled departures. Total airline capacity was 21,461 daily scheduled departing seats, resulting in a ratio of 129.3 seats per departure. There were 30 daily non-stop flights to Houston, the Airport's top O&D market. **Table II-7** compares the Airport's non-stop markets on this pre-Katrina day to scheduled non-stop markets for July 16, 2009 (a representative post-Katrina day). As shown, on July 16, 2009, 119 non-stop departures were scheduled to 28 cities with a total of 14,504 daily scheduled departing seats. The ratio of scheduled seats per departure on this day is 121.9, a decrease of approximately 5.7 percent compared to July 21, 2005. This can be primarily attributed to an increased share of regional affiliate service at the Airport. Total scheduled departing seats on July 16, 2009, were 67.6 percent of the pre-Katrina level. In addition to this, AirTran Airways announced that it will commence service between the Airport and Baltimore on October 6, 2009.

2.3.2 Low-Cost Carriers

Table II-8 presents historical data on enplanements by low-cost carriers at the Airport between 2001 and 2008. As shown, low-cost carrier enplanement market share remained stable at about 35 to 36 percent between 2002 and 2005. After Hurricane Katrina, however, two low-cost airlines, Frontier and Midwest, discontinued air service at the Airport, and, as discussed earlier, Southwest Airlines substantially reduced its service. These changes in service contributed to a resulting decrease in low-cost carrier enplanement market share from 35.8 percent in 2005 to 30.5 percent in 2006. However in 2008, the low-cost carrier enplanements have re-gained market share and was 35.5 percent; additionally, low-cost carrier enplanements are up 16.5 percent as compared to 2007. The overall low-cost market share increase is a result of the growth of jetBlue, AirTran, and the steady return of Southwest service at the Airport. For 2009 (through August), low-cost carrier enplanements have increased as compared to the same period for 2008 by 1.1 percent; while total enplanements for this period have decreased by 6.8 percent.

Historically, the Air Trade Area's destination market and its geographic position have been two primary factors in the Airport's appeal to low-cost carriers. In general, low-cost carriers are more prone to operate on a point-to-point basis (as opposed to a hub-and-spoke network); therefore, the demand for local or destination passengers is key to determining route decisions, as they generally do not have the added support of connecting traffic. Additionally, the Airport's geographic position within the southeastern U.S. contributes to it being able to support several medium-to-short haul routes to other reasonably large O&D markets domestically that are relatively compatible for typical low-cost carrier fleet types.

2.3.3 Airfare and Airline Yields

In addition to the availability of service to meet the air traffic demand of the market area, air service at an airport can also be characterized by the availability of competitive airfares and airline yields.

Table II-7

Nonstop Scheduled Markets

Market	Pre-Katrina ^{1/}				Post-Katrina ^{2/}				% Seat Recovery
	Daily Dep. Seats	Daily N/S Departures	Seats per Departure	Airline(s) ³	Daily Dep. Seats	Daily N/S Departures	Seats per Departure	Airline(s) ³	
Houston	4,083	30	136.1	Continental, Southwest	3,051	22	138.7	Continental, Southwest	74.7%
Atlanta	2,281	15	152.1	AirTran, Delta	1,697	14	121.2	AirTran, Delta	74.4%
Dallas	2,023	15	134.9	American, Southwest	1,662	12	138.5	American, Southwest	82.2%
New York	1,107	8	138.4	JetBlue	1,172	8	146.5	Continental, Delta, JetBlue	105.9%
Chicago	991	9	110.1	American, Southwest, United	711	7	101.6	American, Southwest, United	71.7%
Orlando	929	9	103.2	Delta, Southwest	548	4	137.0	Southwest	59.0%
Tampa	807	6	134.5	Southwest	411	3	137.0	Southwest	50.9%
Philadelphia	737	6	122.8	Southwest, US Airways	223	2	111.5	US Airways	30.3%
Washington	710	6	118.3	United, US Airways	554	7	79.1	United, US Airways	78.0%
Birmingham	685	5	137.0	Southwest	274	2	137.0	Southwest	40.0%
Charlotte	622	5	124.4	US Airways	532	5	106.4	US Airways	85.5%
Denver	582	4	145.5	Frontier, United	551	4	137.8	United, Southwest	94.7%
Miami	444	3	148.0	American	444	3	148.0	American	100.0%
Cincinnati	420	4	105.0	Delta	50	1	50.0	Delta	11.9%
Los Angeles	413	3	137.7	Southwest, United	418	3	139.3	United, Delta	101.2%
Nashville	411	3	137.0	Southwest	411	3	137.0	Southwest	100.0%
Phoenix	398	3	132.7	America West, Southwest	137	1	137.0	Southwest	34.4%
Memphis	373	3	124.3	Northwest	375	3	125.0	Northwest	100.5%
Detroit	372	3	124.0	Northwest	76	1	76.0	Northwest	20.4%
Cancun	330	1	330.0	Transmeridian	0	0	-	-	0.0%
Salt Lake City	300	2	150.0	Delta	70	1	70.0	Delta	23.3%
Ft. Lauderdale	274	2	137.0	Southwest	274	2	137.0	Southwest	100.0%
Las Vegas	261	2	130.5	America West, Southwest	274	2	137.0	Southwest	105.0%
Minneapolis	248	2	124.0	Northwest	76	1	76.0	Northwest	30.6%
St. Louis	186	2	93.0	American	176	4	44.0	American	94.6%
Kansas City	176	2	88.0	Midwest	0	0	-	-	0.0%
San Francisco	138	1	138.0	United	0	0	-	-	0.0%
Baltimore	137	1	137.0	Southwest	137	1	137.0	Southwest	100.0%
Jacksonville	137	1	137.0	Southwest	0	0	-	-	0.0%
Oakland	137	1	137.0	Southwest	0	0	-	-	0.0%
San Diego	137	1	137.0	Southwest	0	0	-	-	0.0%
Indianapolis	122	1	122.0	Southwest	0	0	-	-	0.0%
Pittsburgh	120	1	120.0	US Airways	0	0	-	-	0.0%
San Pedro Sula, Honduras	120	1	120.0	Taca	0	0	-	-	0.0%
Cleveland	100	2	50.0	Continental	50	1	50.0	Continental	50.0%
Raleigh	100	2	50.0	Delta	0	0	-	-	0.0%
Toronto	50	1	50.0	Air Canada	0	0	-	-	0.0%
Boston	0	-	-	-	100	1	100.0	jetBlue	n/a
Mexico City	0	-	-	-	50	1	50.0	AeroMexico	n/a
Total	21,461	166	129.3		14,504	119	121.9		67.6%

Notes:

1/ Scheduled flights for July 21, 2005.

2/ Scheduled flights for July 16, 2009.

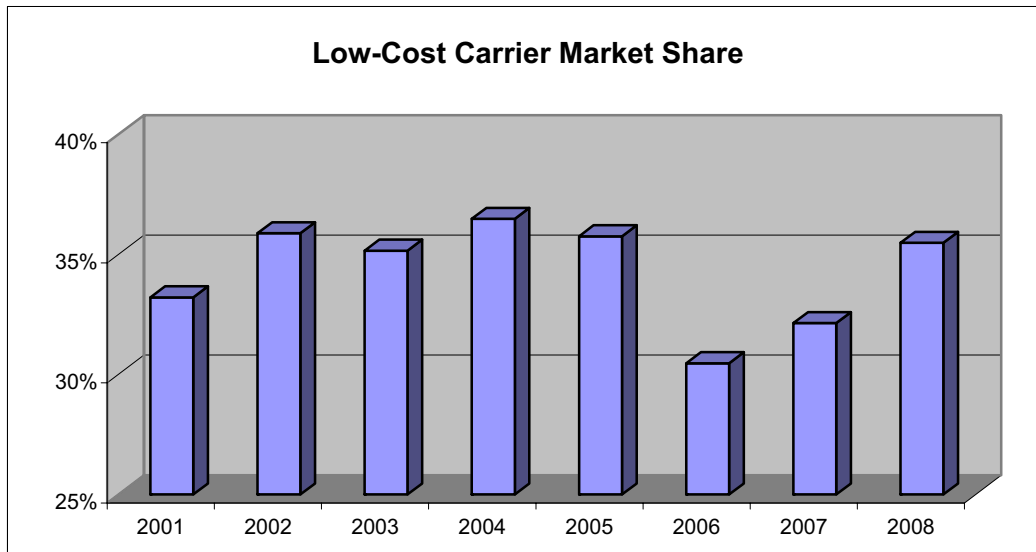
3/ Published Carrier

Source: Official Airline Guide (Accessed May 2009), New Orleans Aviation Board
Prepared by: Ricoondo & Associates, Inc., August 2009.

Table II-8

Historical Low-Cost Carrier Market Share ^{1/}

Year	Low Cost Carrier Enplanements	Annual Growth	Total Airport Enplanements	Total Airport Growth	LCC Market Share
2001	1,590,675		4,788,957		33.2%
2002	1,659,284	4.3%	4,624,301	(3.4%)	35.9%
2003	1,631,260	(1.7%)	4,640,093	0.3%	35.2%
2004	1,773,940	8.7%	4,862,525	4.8%	36.5%
2005	1,396,109	(21.3%)	3,904,366	(19.7%)	35.8%
2006	947,288	(32.1%)	3,108,617	(20.4%)	30.5%
2007	1,210,405	27.8%	3,766,005	21.1%	32.1%
2008	1,409,814	16.5%	3,973,167	5.5%	35.5%
Fiscal YTD					
2008 (Jan - Aug)	869,305	-	2,833,779	-	30.7%
2009 (Jan - Aug)	878,964	1.1%	2,640,140	(6.8%)	33.3%
Compounded Annual Growth Rate					
2001 - 2004		3.7%		0.5%	
2004 - 2008		(5.6%)		(4.9%)	
2001 - 2008		(1.7%)		(2.6%)	



Note: Figures may not add due to rounding.

1/ Low-Cost Carriers Include AirTran, Frontier, jetBlue, Midwest, and Southwest. Ted enplanements are not included.

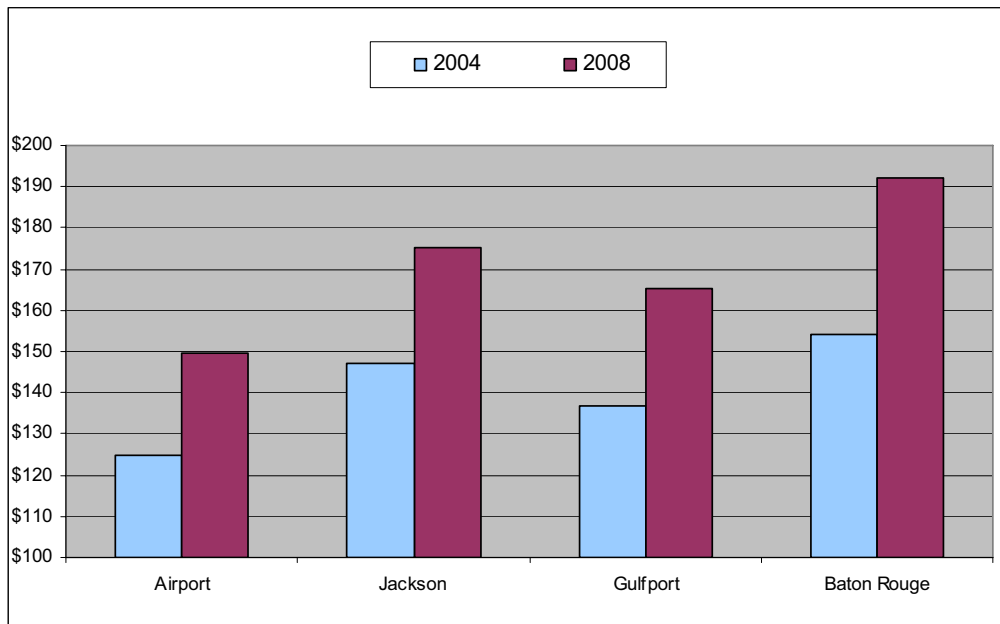
Source: New Orleans Aviation Board, September 2009.

Prepared by: Ricondo & Associates, Inc., September 2009.

Exhibit II-2 below provides a comparison of average one-way airfares at the Airport and surrounding FAA small hub airports located within or near its Air Trade Area, as previously defined in Chapter 1. As presented, the average airfare for each of these airports has increased over 2004 levels, which is consistent with trends nationwide. The decrease in airline capacity has also contributed to this increase in airfare at the Airport. As shown, the Airport compares relatively favorably with these other airports in the region, as it has a lower average airfare than each of these near-by airports. Contributing to the relatively competitive airfares at the Airport is the major share of low-cost carrier activity, which even at reduced levels after the Hurricane, is still larger than those of the other near-by airports. The Airport also has a substantial advantage in terms of total air service and number of non-stop flights as compared to these other airports in the region.

Exhibit II-2

Outbound Average Domestic Fare - 2004 vs. 2008



Source: US DOT Origin & Destination Survey of Airline Passenger Traffic (Accessed May 2009)
Prepared by: Ricondo & Associates, Inc., May 2009

Based on these comparisons, it can be concluded that competitive airfares are offered at the Airport as compared to other local airports in the region. Being the largest airport in the region and offering substantially more non-stop air service and competitive fares, the Airport appears to remain as a primary option for passengers in this region.

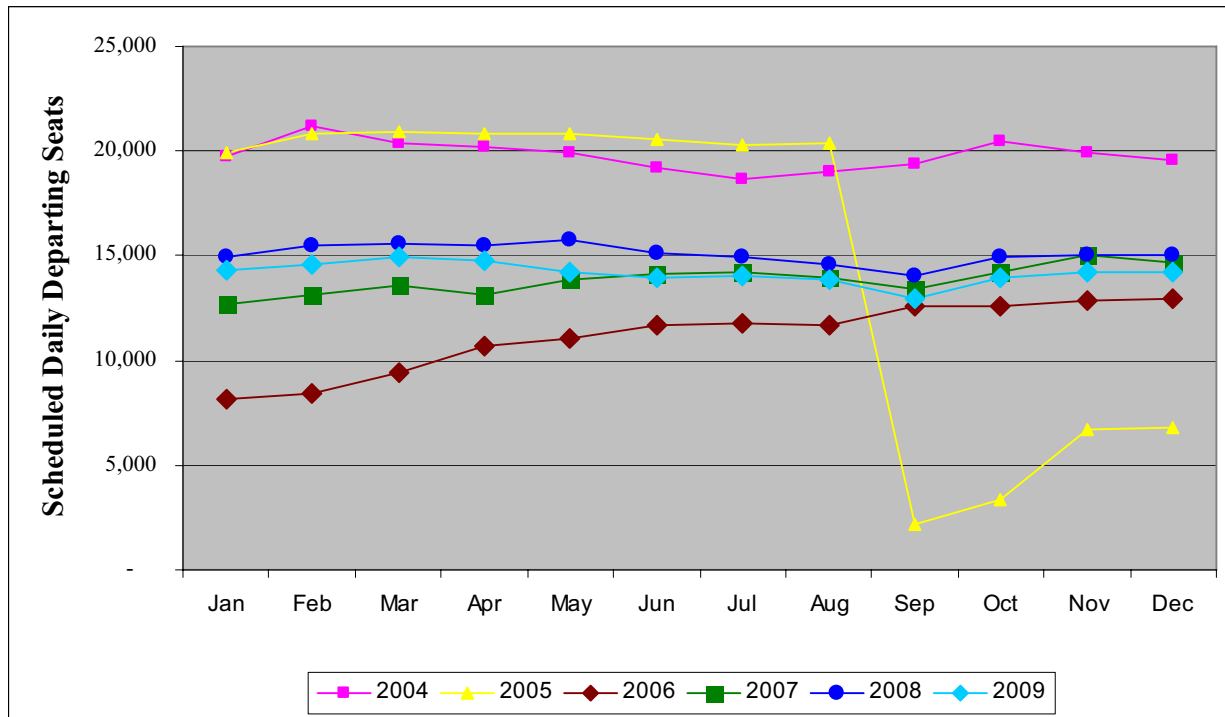
2.3.4 Airline Capacity

Because airlines shift capacity between fleet types of varying size (i.e., between mainline and regional aircraft), which can result in the fluctuation of the number of departures, it can be challenging to measure airline capacity based on the number of departures. Therefore, scheduled passenger airline departing seats is a key measure of airline capacity at an airport. **Exhibit II-3** presents average daily scheduled departing passenger seats by month from the Airport for 2004, 2005, 2006, 2007, 2008, and 2009. As presented, scheduled daily departing seats from the Airport

generally increased from 2006 to mid-2008, and have since slightly decreased and flattened from mid-2008 through 2009. Following Katrina, seats decreased from approximately 20,400 in August 2005 to approximately 2,200 in September 2005. However, scheduled departing seats at the Airport have increased from September 2005 through May of 2008, which illustrates the recovery of airline capacity at the Airport. From June 2008 through July 2009 the trend of scheduled daily departing seats slightly decreases and flattens, which reflects the current near-term outlook for the industry; which includes capacity cuts due originally to high jet fuel prices, and now to a recession. Since the Airport is still recovering from the impacts of Hurricane Katrina, it is expected that the industry capacity cuts being announced system-wide will not affect the Airport to the extent of the nation as a whole. The near-term outlook for the Airport is for capacity to remain around 14,000 scheduled daily departing seats per day.

Exhibit II-3

Scheduled Daily Departing Seats



Sources: New Orleans Aviation Board; Official Airline Guide (Accessed August 2009).
 Prepared by: Ricondo & Associates, Inc. (Updated August 2009).

The Airport is still performing favorably as compared to national trends regarding airline capacity cuts, albeit is still experiencing some decreases in its seat capacity or the total number of scheduled departing seats. Based on data from the Official Airline Guide, scheduled departing seats at the Airport is expected to decrease 6.4 percent from 2008 to 2009, while U.S. domestic scheduled departing seats is projected to decrease 7.6 percent for the same period.

2.4 Historical Aircraft Operations and Landed Weight

This section presents historical aircraft operations (takeoffs and landings) by category at the Airport, as well as historical landed weight by passenger airlines and all-cargo carriers.

2.4.1 Aircraft Operations

Table II-9 presents historical aircraft operations at the Airport by user category from 2004 to 2008. The Airport experienced a steep drop in aircraft operations primarily resulting from the impact of Hurricane Katrina during the period of 2004 to 2006, as 2006 levels decreased to 117,237 from 147,602 in 2004 (approximate 10.9 percent compounded annual decrease from 2004). In 2007, the Airport's aircraft operations recovered to a level of 128,628 or an approximate 9.7 percent increase over 2006. The Airport had a second straight year, post-Katrina, of total aircraft operations growth in 2008 with aircraft operations increasing to a level of 131,197 or a 2.0 percent increase over 2007.

Specific points concerning trends in certain categories of aircraft operational activity are discussed below:

- **Mainline Passenger Air Carriers.** Activity by mainline passenger air carriers decreased from 2004 to 2006 at an annual compounded rate of approximately 27.0 percent. This decline was primarily caused by two main factors. The first was a fundamental change throughout the industry with service provided by certain mainline passenger air carriers. Specifically over time, mainline legacy passenger air carriers have shifted their operations to their regional/commuter affiliates. The second primary driver was as a result of Hurricane Katrina. From 2006 to 2008 mainline carriers increased aircraft operations by approximately 15.3 percent to a level of 71,438 as the recovery of air service continued.
- **Regionals/Commuters.** Historically, regionals/commuters operations have been a relatively small segment of the aircraft operations at the Airport. Regional/commuter aircraft operation activity declined significantly in 2005 from 2004 levels due primarily to the impacts of Hurricane Katrina (14,544 in 2004 to a total of 7,657 operations in 2005). However after experiencing a low in 2005 and given the conditions after the Hurricane, regional aircraft operations increased to 15,641 in 2006. These operations increased further in 2007 primarily due to the start up of self-branded service by ExpressJet, which has since ceased all branded operations as of September 2008. Total regional/commuter activity again increased to 18,561 operations in 2008, an annual compounded growth rate of 6.1 percent over 2007.
- **All-Cargo.** Prior to Hurricane Katrina, all-cargo aircraft operations were experiencing a downward trend. A decline in all-cargo aircraft operations also occurred after Katrina, as they decreased from 4,393 operations in 2004 to 2,933 operations in 2006, representing a compounded annual decrease of 18.3 percent. From 2006 to 2008 the Airport's all-cargo activity further decreased to 2,698 operations or a compounded annual decrease of 4.1 percent during the period.

2.4.2 Landed Weight by Carrier

Table II-10 presents the historical share of landed weight by passenger carriers and all-cargo carriers at the Airport between 2004 and year-to-date 2009 through August. In 2004, total landed weight was approximately 7.1 billion pounds, and share of landed weight by airline is relatively similar to enplanement trends. All-cargo carriers represented approximately 5.1 percent of landed weight in 2004. The impacts of Hurricane Katrina were the primary cause for a significant decrease in landed

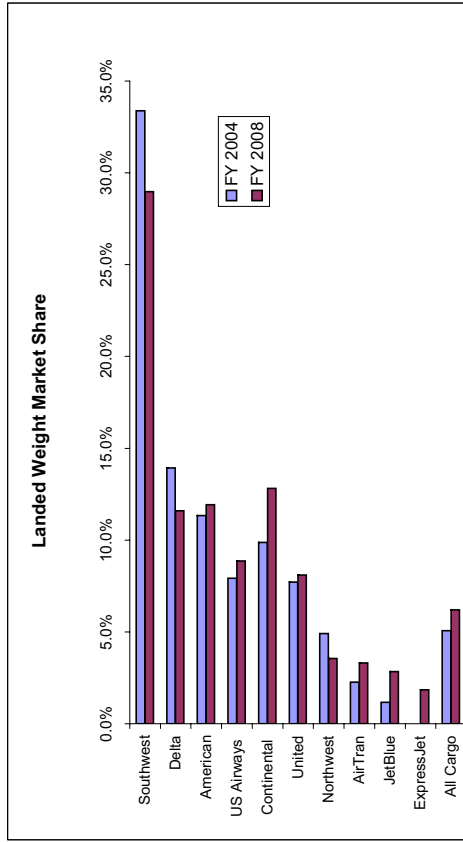
Table II-9
Historical Aircraft Operations

Fiscal Year	Scheduled Mainline Pass. Air Carriers	Sched. Regionals/ Commuters	Sched. Passenger Airline Total	General Aviation	All Cargo Air Taxi/Charter	Other	Military	Total
2004	100,960	14,544	115,504	17,724	4,393	9,416	565	147,602
2005	76,867	7,657	84,524	24,928	3,873	12,728	7,658	133,711
2006	53,764	15,641	69,405	29,655	2,933	13,877	1,367	117,237
2007	65,583	17,491	83,074	27,372	2,714	14,407	1,061	128,628
2008	71,438	18,561	89,999	23,567	2,698	13,577	1,356	131,197
Fiscal YTD								
2008 (Jan - Aug)	48,238	14,269	62,507	16,636	1,803	9,870	864	91,680
2009 (Jan - Aug)	47,239	9,414	56,653	12,484	1,679	7,470	766	79,052
Percent Change	(24.4%)	(34.0%)	(9.4%)	(25.0%)	(6.9%)	(24.3%)	(11.3%)	(13.8%)
Compounded Annual Growth Rate								
2004-2006	(27.0%)	3.7%	(22.5%)	29.4%	(18.3%)	21.4%	55.5%	(10.9%)
2006-2008	15.3%	8.9%	13.9%	(10.9%)	(4.1%)	(1.1%)	(0.4%)	5.8%
2004-2008	(8.3%)	6.3%	(6.0%)	7.4%	(11.5%)	9.6%	24.5%	(2.9%)

Source: New Orleans Aviation Board, FAA Air Traffic Activity Data System, September 2009.
Prepared by: Ricondo & Associates, Inc., September 2009.

Table II-10
Historical Landed Weight by Carrier (Weight in Thousand Pounds)

	FY 2004		FY 2005		FY 2006		FY 2007		FY 2008		FY 2009 YTD ^{6/}	
	Landed Weight	Share	Landed Weight	Share	Landed Weight	Share	Landed Weight	Share	Landed Weight	Share	Landed Weight	Share
Southwest	2,373,956	33.4%	1,617,588	29.2%	877,836	21.3%	1,198,744	24.3%	1,554,408	29.0%	1,023,484	29.4%
Delta	990,093	13.9%	733,979	13.3%	528,215	12.8%	578,217	11.7%	621,818	11.6%	401,068	11.5%
American	805,545	11.3%	593,610	10.7%	651,702	15.8%	682,674	13.8%	639,689	11.9%	413,086	11.9%
Continental	701,680	9.9%	580,380	10.5%	638,968	15.5%	709,766	14.4%	687,420	12.8%	453,668	13.1%
US Airways	563,498	7.9%	488,568	8.8%	286,861	7.0%	402,745	8.2%	475,078	8.9%	291,957	8.4%
United ^{2/}	548,180	7.7%	429,814	7.8%	379,578	9.2%	419,457	8.5%	434,700	8.1%	290,720	8.4%
Northwest	349,289	4.9%	330,930	6.0%	207,086	5.0%	202,541	4.1%	190,620	3.6%	141,633	4.1%
AirTran	160,392	2.3%	133,456	2.4%	116,192	2.8%	186,656	3.8%	177,890	3.3%	109,196	3.1%
JetBlue	83,329	1.2%	99,682	1.8%	89,114	2.2%	115,221	2.3%	151,841	2.8%	116,213	3.3%
ExpressJet ^{3/}	-	-	-	-	-	-	-	-	98,995	1.8%	-	-
Frontier	67,824	1.0%	51,243	0.9%	-	-	-	-	-	-	-	-
America West	48,262	0.7%	56,880	1.0%	-	-	-	-	-	-	-	-
Air Canada ^{4/}	31,473	0.4%	12,400	0.2%	-	-	-	-	-	-	-	-
Aero Mexico	-	-	-	-	-	-	-	-	-	-	-	-
Taca	23,732	0.3%	16,002	0.3%	-	-	-	-	-	-	-	-
Midwest Express	2,500	0.0%	35,200	0.6%	-	-	-	-	-	-	-	-
All-Cargo Carriers	360,342	5.1%	352,101	6.4%	342,130	8.3%	341,008	6.9%	332,451	6.2%	234,417	6.7%
Airport Total ^{5/}	7,110,094	100%	5,531,834	100%	4,117,683	100%	4,936,391	100%	5,364,909	100%	3,475,444	100%



Notes:
 1/ Includes regional affiliate partners, as applicable.
 2/ Includes operations by United's low-cost carrier affiliate, Ted, which started service at the Airport in February 2004; however, the brand was retired in August 2004.
 3/ ExpressJet suspended branded commercial operations on September 2, 2008.
 4/ Includes operations by Air Canada's low-cost carrier affiliate, Jazz, which started service at the Airport in June 2004.
 5/ Totals may not add due to individual rounding.
 6/ Through August 2009.

Source: New Orleans Aviation Board, August 2009.
 Prepared by: Reondo & Associates, Inc., August 2009.

weight at the Airport, as it declined to a low of approximately 4.1 billion pounds in 2006. However, the Airport started to recover in 2007 as landed weight was at approximately 4.9 billion pounds, and it experienced a compounded annual growth rate of 20.0 percent from 2006 to 2007. In 2008, landed weight continued to increase to approximately 5.4 billion pounds, a compounded annual growth rate of 8.7 percent over 2007.

2.5 Factors Affecting Aviation Demand

The projections included herein were, in part, prepared on the basis of measurable factors (e.g., socioeconomic variables) that determine aviation activity at the Airport. This section discusses qualitative factors that could influence future aviation activity at the Airport.

2.5.1 National Economy

Air travel demand is directly correlated to consumer income and business profits. As consumer income and business profits increase, so does demand for air travel. Economic indicators in the nation prior to September 11 were beginning to show signs of a recession. A recession, under the economic definition, is two consecutive quarters of negative growth in real GDP. In November 2001, the National Bureau of Economic Research (NBER) officially announced that in March 2001 the U.S. economy had entered its 10th recession since the end of World War II. The effects of September 11 accelerated the downturn in consumer spending on consumer goods and services, including spending on air travel.

According to the Bush Administration's Council of Economic Advisors (Council), economic conditions improved substantially in 2003 due to faster growth in household consumption, significant gains in residential investment, and strong growth in investment in equipment and software by businesses. Also according to the Council, the recovery of the national economy became a full-fledged expansion in 2004, with strong output growth and steady improvement in the labor market. This expansion of the U.S. economy continued in 2005, 2006, and 2007 with real GDP growth at 2.9 percent, 2.8 percent, and 2.0 percent respectively, from the previous year, and payroll employment increased by 2.0 million employees in 2005, 2.2 million employees in 2006 and 1.14 million employees in 2007.^{11,12} In 2008, the combination of falling construction, losses in housing-related securities, rising oil prices and a falling stock market eventually tipped the economy into recession. The nation's non-seasonally adjusted unemployment rate rose from 5.4 percent in January 2008 to 7.1 percent in December 2008. In the first half of 2009, the nation's unemployment rate continued to increase and by July 2009, the nation's unemployment rate was at 9.4 percent. U.S. GDP remained positive or slightly negative for the first three quarters of 2008, before entering a sharp decline of 5.4 percent in the fourth quarter of 2008. Consumer and business spending began to decline sharply in the third quarter of 2008 and mounting stress in financial markets reached a breaking point in September 2008, triggering a decline in stock market wealth that further reduced consumer and business spending. This sharp decline continued into the first quarter of 2009 as the nation's GDP decreased for the third straight quarter at a rate of -6.4 percent. On July 31, 2009 the U.S. Department of Commerce's Bureau of Economic Analysis reported the GDP for the second quarter of 2009 decreased by a smaller rate of -1.0 percent when compared to the first quarter of 2009.

¹¹ *Economic Report of the President*, February 2006.

¹² *Economic Report of the President*, February 2007.

In February 2009, the federal government passed a \$787 billion package of tax cuts and new federal spending aimed at stimulating private sector economic activity. Despite a 6.4 percent decline in GDP in the first quarter of 2009, the latest forecasts from the Congressional Budget Office (CBO) project a return to slow economic growth nationwide by the fourth quarter of 2009.¹³

2.5.2 State of the Airline Industry

The U.S. aviation industry has been significantly affected by a number of events that occurred earlier this decade (e.g., September 11, the economic slowdown, the outbreak of SARS in Asia and Canada, and the Middle East conflicts). These events contributed to substantial financial losses for the aviation industry between 2001 and 2005 (\$35 billion in cumulative net losses during this period, excluding extraordinary restructuring charges and gains). The U.S. aviation industry recorded a \$3 billion net profit in 2006; and, the Air Transport Association (ATA) reported that the U.S. airlines industry had a net profit of approximately \$5 billion in 2007. However, in 2008 the ATA reported the airlines had a loss of \$9.5 billion. The four largest carriers serving the Airport reported a net loss in the 4th quarter of 2008. This was mainly attributed to high fuel cost, turbulent financial market and an uncertain demand environment. Since the beginning of the decade, numerous U.S. passenger airlines filed for bankruptcy court protection under Chapter 11, including (in chronological order) US Airways (in 2002 and 2004), United, Hawaiian, Midway, ATA (in 2004 and 2008), Aloha (in 2004 and 2008), Delta, Northwest, Mesaba, Independence Air, SkyBus, and Frontier. Midway, Independence Air, and SkyBus ceased operations in 2003, 2006, and 2008, respectively; while Aloha and ATA file for bankruptcy protection for a second time in March 2008 and April 2008, respectively, and ceased operations thereafter. As mentioned previously, in September 2008, ExpressJet ceased its self-branded commercial operations, but continues to operate as a regional partner to Continental as Continental Express.

The airlines have responded to the changing nature of the industry by furloughing employees, negotiating significant wage reductions, deferring aircraft deliveries, streamlining operations, and improving productivity. The airlines have also responded to industry changes through mergers and acquisitions. US Airways and America West completed their merger in 2005 and began operating under a single operating certificate in September 2007. In April 2008, Delta and Northwest announced their merger agreement, subject to regulatory approval, which was granted in October 2008. The new airline is called Delta and headquartered in Atlanta. With the completion of the merger, Northwest Airlines is now a wholly owned subsidiary of Delta. The two airlines are currently flying their normal schedules while a plan of integration is being formed. According to Delta, the transaction is expected to generate \$2 billion or more in annual revenue and cost synergies, and a one time cash cost that will not exceed \$600 million. Airlines have dramatically changed the way they conduct business since 2001. Faced with the growth of low-cost airlines and evolving business technology, U.S. legacy airlines have been forced to change business practices. Carriers that once structured their services around the business traveler during the economic boom in the 1990s found that more and more businesses were either switching to low-cost carriers or significantly reducing or eliminating business travel. U.S. legacy carriers were therefore forced to reduce, eliminate, or switch service to smaller regional jets on unprofitable routes, reduce work force and implement pay cuts, and reduce fares in order to compete with low-cost carriers.

¹³ Congressional Budget Office, *Economic Projections*: <http://www.cbo.gov/budget/econproj.shtml>, accessed, May 20, 2009.

A major tangible change in the airline industry has been the significantly increased use of smaller, regional jets. According to Official Airline Guide data, scheduled flights on regional jets nationwide increased from an average of 85,300 monthly departures in 2000 to 279,600 in 2007, a compounded annual growth rate (CAGR) of 18.5 percent during this period. Scheduled regional jet traffic nationwide accounted for approximately 33 percent of scheduled domestic flights in 2007, compared to approximately 10 percent in 2000. The July 2008 record jet-fuel prices are now reversing the growth in regional jet traffic. With most mainline airline scope clauses relaxed to allow 70 to 76-seat jets, demand for the less cost-effective 50-seat regional jets will continue to decline. ExpressJet, American Eagle, and Republic are all expected to ground their Embraer Regional Jets (ERJ) 135s and 145s, which range from 37 to 50 seats.

Most industries have one or more of three inherent structural weaknesses: labor intensive, capital intensive, and/or vulnerability to cost and supply of a key commodity (e.g., aviation fuel). Airlines have all three weaknesses. Currently, the industry faces the challenge of high oil prices, a commodity that substantially influences the health of the industry. As discussed above, four of the six U.S. legacy carriers have undergone reorganization under Chapter 11 since the beginning of the decade. Chapter 11 protection affords these carriers the ability to pursue cuts in wages, pension, and health benefits for workers and retirees, among other strategies.

2.5.3 Factors Directly Affecting the Airline Industry

2.5.3.1 Cost of Aviation Fuel

As industry fundamentals go, the price of fuel is the most significant force affecting the airline industry today. The average price of jet fuel was \$0.82 per gallon in CY 2000 compared to \$3.07 in CY 2008, an increase of over 274 percent. According to the Air Transport Association, every one-cent increase in the price per gallon increases annual airline operating expenses by approximately \$190 million to \$200 million.

Also according to the Air Transport Association, U.S. airline fuel expense increased from \$16.4 billion in 2000 to \$57.8 billion in 2008 (the latest full year for which such data are currently available), a compounded annual growth rate of 16.7 percent during this period. The airline industry paid \$7.5 billion more for fuel in 2004 than in 2003, \$10.4 billion more in 2005 than in 2004, \$4.9 billion more in 2006 than in 2005, \$2.9 billion more in 2007 than in 2006, and over \$15.9 billion more in 2008 than in 2007.

2008 was a year of record breaking events. The price of oil per barrel had broken through the following thresholds:

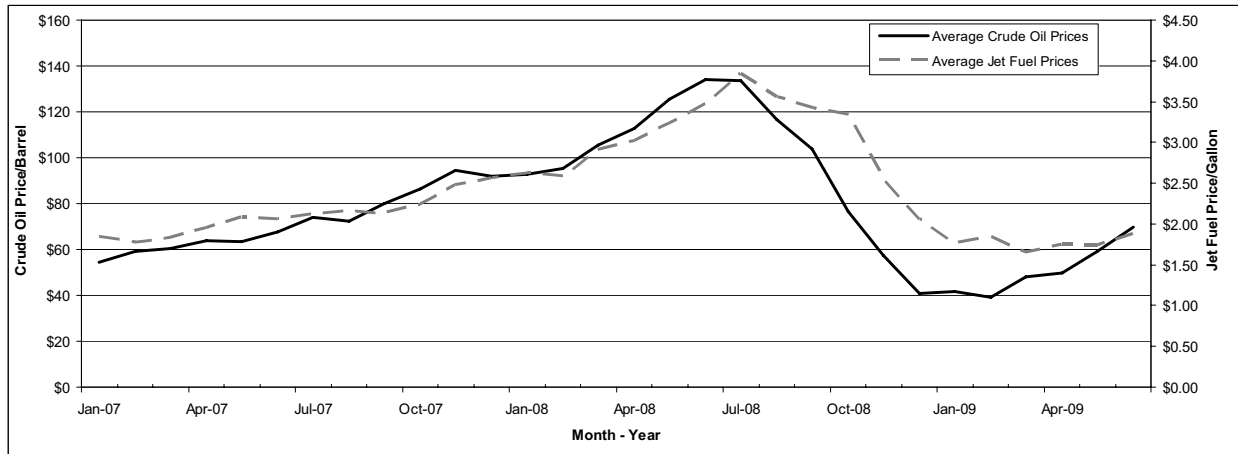
- \$110 – March 12, 2008
- \$125 – May 9, 2008
- \$130 – May 21, 2008
- \$135 – May 22, 2008
- \$140 – June 26, 2008
- \$145 – July 3, 2008

Finally, on July 11, 2008, oil prices rose to a new record of \$147 per barrel following concerns over Iranian missile testing. During the remaining months of 2008 oil prices continued to decline from their July peak and closed out the year with an average of approximately \$40 per barrel in December

2008. **Exhibit II-4** shows the monthly averages of jet fuel and crude oil prices from January 2007 through June 2009. On July 31, 2009, the NYMEX crude future oil price per barrel closed near the \$71 per barrel range.

Exhibit II-4

Historical Monthly Averages of Jet Fuel and Crude Oil Prices



Source: Air Transport Association (ATA), August 2009.
Prepared by: Ricondo & Associates, Inc., August 2009.

In 1999, jet fuel accounted for nearly 10 percent of an airline's operating expenses. This percentage is not only dependant on the market value of oil but also includes numerous factors such as aircraft, aircraft age, length of haul and hedging programs. Historically, fuel expense was the second highest operating expense for an airline behind labor. More recently, however, jet fuel has surpassed labor as an airlines highest operating expense according to the ATA. According to the most recent data available by the Bureau of Transportation Statistics of the U.S. Department of Transportation, fuel expense averaged 30.6 percent of U.S. network airlines' operating costs for 2008. Due to lower oil prices in the first quarter of 2009, fuel expenses retreated and labor had once again become the airlines' highest operating expense representing 25.8 percent of total operating expenses while fuel was at 21.3 percent.

Airlines hedged fuel prices through the purchase of oil futures contracts; however, the amount of hedged fuel cost has varied tremendously by airline and is limited by an individual airline's financial condition. The substantial increase in fuel prices has had a significant impact on profitability and future increases or sustained higher prices could affect airfares and airline service. Higher fuel prices were cited by Aloha, ATA, and SkyBus as contributing factors in their recent bankruptcy filings.

The significant increase in the price of jet fuel in first half of 2008 primarily led to airlines reducing their capacity in late 2008. Although jet fuel prices substantially decreased in the second half of 2008 and early 2009, jet fuel prices have increased recently. As a consequence of the recent increase in jet fuel expense, coupled with weakened travel demand due to the recession and swine flu virus, airlines followed through with plans to curtail capacity. Domestic airline seat capacity in the first half of 2009 compared to the same period in 2008 decreased 9.1 percent nationwide, based on the top

domestic carriers.¹⁴ Total domestic seats for these carriers decreased by 40.9 million seats from approximately 452.0 million in the first half of 2008 to 411.1 million in 2009. The legacy and other major carriers' domestic seat capacity has decreased by 9.4 percent, with Midwest having the largest percentage decrease at 44.2 percent. Low cost carriers have reduced domestic seat capacity during the first half of 2009 compared to 2008 by 5.3 percent.

In addition to capacity cuts, the price of jet fuel has forced some airlines to find ways of becoming more fuel efficient, and some airlines have found ways to save millions of dollars by taking many steps including using newer, more fuel-efficient airplanes, using only a single engine for taxi, lowering cruise speeds, onboard weight reduction, more direct routes, and other measures. Some U.S. airlines attempted to pass the higher fuel costs on to consumers by adding or increasing fuel surcharges; however, some of these attempts were unsuccessful as many airlines, selective low cost carriers, have refused to match or increase fuel surcharges in a number of instances.

2.5.3.2 Airport Security

With enactment of the Aviation and Transportation Security Act (ATSA) in November 2001, the Transportation Security Administration (TSA) was created, which established different and improved security processes and procedures. The ATSA mandates certain individual, cargo and baggage screening requirements, security awareness programs for airport personnel and deployment of explosive detection devices. The act also permits the deployment of air marshals on all flights and requires air marshals on all "high-risk" flights. To finance these federal security services, the ATSA provides for payment by the airlines of approximately \$700 million, estimated to be the cost of providing such services prior to the events of September 11, and imposes a passenger fee of \$2.50 for each flight segment, not to exceed \$5.00 per one-way trip.

In November 2002, Congress enacted the Homeland Security Act, which created the Department of Homeland Security (DHS) to accomplish several primary goals: (1) prevent terrorist attacks within the United States, (2) reduce the nation's vulnerability to terrorism, (3) minimize the damage of and assist in the recovery from terrorist attacks that do occur, (4) and monitor connections between illegal drug trafficking and terrorism and coordinate efforts to sever such connections. The TSA is now a part of the DHS.

2.5.3.3 Threat of Terrorism

As has been the case since September 11, the recurrence of terrorism incidents against either domestic or world aviation during the projection period remains a risk to achieving the activity projections contained herein. Tighter security measures have restored the public's confidence in the integrity of U.S. and world aviation security systems. Any terrorist incident aimed at aviation could have an immediate and significant impact on the demand for aviation services.

2.5.3.4 Impact of the Airline Industry on the Airport

Future increases to the cost of aviation fuel and/or an aviation-related terrorist incident during the projection period would negatively impact activity at the Airport. Higher fuel prices could

¹⁴ The following carriers and their affiliates were used in this analysis: AirTran, Alaska, Aloha, American, ATA, Continental, Delta, ExpressJet, Frontier, Hawaiian, jetBlue, Midwest, Northwest, Southwest, Spirit, United, US Airways, and Virgin America. These 18 carriers represent 98.4 percent of total domestic seats in the first half of 2009.

potentially impact the airline industry, and may hasten the need for other carriers serving the Airport to seek bankruptcy court protection. An aviation-related terrorist incident could further erode the health of the aviation industry and require the airlines to refine their business plans further to remain viable, which certain airlines may not be able to implement to survive.

The Wright Amendment, or Section 29 of the International Air Transportation Competition Act of 1979, originally restricted air service out of Dallas Love Field (DAL) in two primary ways. The first was to limit non-stop service from DAL to only within the State of Texas or to the four neighboring states of Louisiana, Arkansas, New Mexico, and Oklahoma. Non-stop service to other states was permitted; however, only on regional/commuter aircraft with under 56 seats. The Wright Amendment also restricted airlines from selling or marketing “through tickets” or on a single itinerary that would violate the above restrictions. In 1997, the Wright Amendment was modified to permit non-stop flights to Alabama, Kansas, and Mississippi from DAL. In 2005, it was further modified to permit non-stop flights from DAL to Missouri.

On June 15, 2006, the City of Dallas, the City of Fort Worth, Southwest Airlines, and American Airlines issued a joint statement regarding the Wright Amendment. This agreement was to ultimately seek the repeal of the Wright Amendment as follows:

- Immediately allow airlines serving DAL to offer through ticketing throughout the U.S.
- To essentially eliminate all the remaining restrictions on air service from DAL after eight years from the enactment of the legislation.

This agreement was placed into a bill and passed by the U.S. Congress on September 29, 2006 and was signed into law by President Bush in October 2006.

2.6 Projections of Aviation Demand

Projections of aviation demand are typically analyzed on the basis of local socioeconomic and demographic factors, historical shares of U.S. enplanement levels, impacts of the factors affecting aviation demand as described previously, and anticipated trends in air carrier usage of the Airport. However, due to the unique circumstances facing the Air Trade Area and Airport following Hurricane Katrina, additional judgment as to the ongoing recovery efforts and an analysis of airline capacity were also considered in developing future projections of aviation activity. As such, the projection period was divided into two separate periods, as follows:

- **Near-Term Recovery Period.** Near-term enplanement projections (2009 through 2013) were developed utilizing assumptions regarding the degree and timing of the ongoing destination market recovery following the Hurricane and the impact of U.S. economic downturn and volatile jet fuel prices in the near term. For this analysis, the overall airline capacity of the Airport was examined along with announced capacity changes and professional judgment and assumptions for future capacity changes and boarding load factor changes. The timing and degree of the destination market recovery was based on assumptions listed below and research and analyses documented earlier in this report.
- **Normal Growth Period.** The longer-term enplanement projections (2014 and beyond) were prepared on the basis of the Airport’s historical market shares of U.S. enplanements and anticipated trends in air carrier usage of the Airport between legacy and low-cost carriers. The FAA’s activity projections contained in FAA Aerospace Forecasts, Fiscal Years 2008-2025, were used as a basis for the market share analysis. Additionally, historical regression

relationships with various socioeconomic variables were reviewed to assist in determining future longer-term growth rates in enplanements. However, because of the changes in the Air Trade Area demographics since the Hurricane and the lack of data, it is difficult to assess how these relationships may have changed or will change in the future. Therefore, the primary methodology assessed for the Normal Growth Period was based on the market share approach and the review of historical growth rates in enplanements.

2.6.1 Activity Projection Assumptions

The resultant projections were based on a number of underlying assumptions, including the following:

- Historical activity at the Airport through June 2009 and projected activity for the remainder of 2009 based on current service levels, announced airline schedules, and anticipated service additions.
- New Orleans and the surrounding region will continue its efforts to rebuild and recover from the impacts of Katrina.
- The near-term recovery period is expected to continue through 2013, as passenger enplanements at the Airport continue to increase at “higher-than-normal” rates to reflect the passenger demand rebounding towards pre-Katrina levels. However this growth will be somewhat slower than prior projections and extended out an additional two years to 2013 primarily as a result of the national economic recession and system-wide capacity cuts by the airlines.
- In 2013 it is projected that the Airport will reach approximately 93 percent of its pre-Katrina annual enplanement levels.
- The rationale for the recovery to about 93 percent of pre-Katrina levels is primarily based on two factors.
 1. The first is related to connecting passengers on Southwest Airlines, which has historically been somewhat linked to the Wright Amendment (historically, three to four percent of total Airport enplanements). Given the October 2006 law regarding the Wright Amendment permitting Southwest to do “through-ticketing”, and the decrease in share of Southwest Airlines traffic since Katrina, it is assumed, for analysis purposes that this traffic will not return.
 2. Secondly, the Airport has historically had a larger share of destination passengers as opposed to origin passengers, which is indicative of New Orleans being a major destination market. However, the loss of population and the migration to outer areas from the City is assumed to have an impact on originating passengers over the projection period. This impact is reflected in increased enplanement activity at other airports in the region. One example, as previously stated, is Baton Rouge Metropolitan Airport, which has substantially fewer passengers than the Airport;

however, sustained an increase in activity levels at approximately 482,000 enplanements in 2007.¹⁵ However, based on preliminary data for calendar year 2008 (the latest calendar year for which data is available), BTR decreased to 408,134 enplanements.¹⁶

3. Combining these two impacts, the overall impact is projected at seven percent.
- The foreign flag traffic generally consistent with historical levels will return to the Airport by mid- 2009.
 - The longer-term projections of activity, beyond the near-term recovery period, represent trending towards historical growth rates. During this period, enplanements are projected to grow at a compound annual rate of approximately 2.5 percent. This level of growth is lower than the longer-term enplanement growth rate projected by FAA in its 2008 Terminal Area Forecast for the Airport of 3.4 percent annually.
 - The Airport will continue its role of serving primarily O&D passengers and providing non-stop service to the majority of its major markets. The composition of its air carrier base will continue to foster competitive pricing and scheduling diversity. In addition, the Airport will continue to serve primarily short-and medium-haul markets.
 - Volatile fuel prices and the U.S. recession in the short term will likely have an adverse impact on airline profitability, as well as hamper the recovery plans and cost-cutting efforts of certain airlines. These factors may cause changes in air service at the Airport; however, the passenger demand for its major O&D markets will continue to be served during the projection period.
 - Low-fare service will continue to be a significant component of air service at the Airport during the projection period. Low-fare service is anticipated to be relatively faster in returning to pre-Katrina activity levels as general consumers are more price-sensitive during economic downturns when household budgets are tight and tend to select the most affordable options for their travel arrangements.
 - Airline consolidation/mergers, such as Delta Air Lines and Northwest Airlines, may occur during the projection period and are not likely to negatively impact passenger activity levels at the Airport due to its high percentage of O&D passengers. New airline alliances, should they develop, will be restricted to code sharing and joint frequent flyer programs, and should not reduce airline competition at the Airport.
 - Individual airline bankruptcies or liquidations may occur during the projection period; however, over the long term, they will not adversely impact passenger activity levels projected herein. Although service deficiencies may occur in the short term following any airline bankruptcies or liquidations, it is assumed that other carriers will fill the demand left by the specific bankrupt or liquidated carrier in the long term. Consequently, any bankruptcies or consolidations are not anticipated to result in a major impact to aviation demand at the Airport during this period.

¹⁵ Air Carrier Activity Information System (ACAIS), Federal Aviation Administration, September 26, 2008.

¹⁶ Air Carrier Activity Information System (ACAIS), Federal Aviation Administration, July 2009.

- For these analyses, and similar to the FAA's assumptions for its nationwide projections, no terrorist incidents that negatively impact U.S. air traffic demand during the projection period were assumed and no major hurricanes or other significant natural disasters were assumed to impact the Airport or its market area.
- Economic disturbances will occur during the projection period causing year-to-year traffic variations; however, a long-term increase in nationwide traffic is expected to occur.

It is important to note that given the disruption and decline of aviation activity at the Airport driven by the impacts of Hurricane Katrina and the industry-wide financial strain placed on airlines via increasing fuel prices and national economic uncertainty, there is much uncertainty regarding future enplanement activity in the coming years. Therefore, the enplanement projections contained herein are based on several assumptions regarding the Air Trade Area as recovery continues from the devastating impacts from Katrina. Additionally, many of the factors influencing aviation demand on a system-level cannot necessarily nor readily be quantified. Consequently, actual future levels of Airport enplanements may differ from the projections presented herein because events or circumstances differ from the assumptions, and such differences may be material.

2.6.2 Enplanement Projections

Table II-11 presents historical and projected enplanements for the Airport's mainline legacy, regional, low-cost, and foreign flag/other carriers. As presented, total enplanements increased from approximately 3.77 million in 2007 to approximately 3.97 million in 2008, an increase of 5.5 percent during this period.

As the result of the U.S. recession and volatile fuel prices, Airport enplanements in 2009, year-to-date through June, decreased 7.0 percent, and airline capacity at the Airport is estimated to decline by 5.8 percent in 2009 for the full year. However, the projected enplanement loss in 2009 is somewhat buffered by three factors. First, boarding load factor is projected to increase somewhat, which will dampen the effect of the capacity cuts. Second, as a consequence of Hurricane Gustav and Hurricane Ike, September and October 2008 enplanements were abnormally low; thus, enplanements for September and October 2009 are expected to increase from their 2008 levels. Third, since November and December enplanements in 2008 were already negatively impacted by the economic downturn, enplanements for November and December 2009 are expected to remain at similar levels compared to their respective 2008 levels. Overall, enplanements at the Airport are expected to decline 2.1 percent to approximately 3.89 million from 2008 to 2009.

By 2013, total enplanements are projected to reach approximately 4.5 million representing a compounded annual growth rate of approximately 3.7 percent between 2009 and 2013. Enplanement growth at the Airport during this period is projected to increase at a more rapid rate, than longer-term growth trends as the U.S. begins an economic recovery towards the latter part of this period, and as carriers continue to return to pre-Katrina levels of service to meet rebounding passenger demand levels.

The compounded annual growth rate in total enplanements projected for the Airport for the period 2013 through 2018 is approximately 2.5 percent. As described in the above assumptions, this projected growth rate is representative of a period of normal growth following the post-Katrina recovery period and is consistent with long-term historical growth at the Airport. Over this period, total enplanements are projected to increase from approximately 4.5 million in 2013 to approximately 5.1 million in 2018.

Table II-11

Projected Enplanements (Thousands)

Fiscal Year	Mainline Legacy Carriers	Regional Carriers	Low-Cost Carriers	Foreign Flag/ Other Carriers	Airport Total
Historical					
2004	2,764	265	1,774	59	4,863
2005	2,316	157	1,396	36	3,904
2006	1,852	298	947	11	3,109
2007	2,174	368	1,210	12	3,765
2008	2,135	413	1,410	15	3,973
Projected					
2009	2,090	370	1,418	14	3,891
2010	2,148	374	1,481	35	4,038
2011	2,233	389	1,546	37	4,206
2012	2,323	405	1,614	38	4,380
2013	2,381	415	1,670	39	4,506
2014	2,440	426	1,714	40	4,620
2015	2,501	436	1,758	41	4,737
2016	2,564	447	1,804	42	4,857
2017	2,628	458	1,851	43	4,980
2018	2,694	470	1,899	43	5,106
Compounded Annual Growth Rate					
2004 - 2006	(18.1%)	6.0%	(26.9%)	(57.0%)	(20.0%)
2006 - 2008	7.4%	17.8%	22.0%	17.0%	13.1%
2008 - 2009	(2.1%)	(10.5%)	0.6%	(8.1%)	(2.1%)
2009 - 2013	3.3%	2.9%	4.2%	30.0%	3.7%
2013 - 2018	2.5%	2.5%	2.6%	2.0%	2.5%
2008 - 2018	2.4%	1.3%	3.0%	11.2%	2.5%

Sources: New Orleans Aviation Board (Historical Airport Enplanements); Ricondo & Associates, Inc. (Projected Airport Enplanements), June 2009.

Prepared by: Ricondo & Associates, Inc., June 2009.

Low-cost carrier growth in enplanements is expected to outpace the mainline legacy carriers both in the near-term as air service begins to return and in the longer-term as generally expected in the industry. As presented, low-cost carriers are projected to increase at a CAGR of 4.2 percent for the period 2009 through 2013 as they increase from approximately 1.4 million to 1.7 million enplanements. Mainline legacy airlines are projected to increase at a CAGR of 3.3 percent for the period 2009 through 2013 as they increase from approximately 2.1 million to 2.4 million enplanements. Regional carriers are projected to increase at a CAGR of 2.9 percent for the period 2009 to 2013 as aircraft increase in size and mainline legacy airlines continue a shift of operations to the regionals utilizing the larger aircraft types.

2.6.3 Projected Aircraft Operations

Table II-12 presents historical and projected aircraft operations for mainline passenger air carrier, regional passenger air carrier, total passenger, general aviation, all-cargo carrier, other air taxi, and military activity. Projections are based on historical operations, historical and scheduled departures, and professional predictions of recovery operation levels from Hurricane Katrina. Total aircraft operations increased 2.0 percent from approximately 128,600 in 2007 to approximately 131,200 in 2008. This increase is primarily a result of the Airport's recovery of passenger carrier operations from Katrina. In 2009, total Airport operations are projected to decline to approximately 121,900, a projected decrease of 7.1 percent from 2008 levels. This projected decline is principally explained by capacity cuts due to the economic recession and volatile jet fuel prices. Additionally, operations are expected to decrease as a result of ExpressJet discontinuing its self-branded service and the continued decrease in military, air-taxi, and general aviation operations, which were extraordinarily high after Hurricane Katrina. In 2013, total Airport operations are projected at approximately 128,100, which is 85.9 percent of the Airport's pre-Katrina (2004) level.

Based on passenger air carrier scheduled departures for 2009, mainline passenger carrier and regional passenger carrier activity combined is projected to decrease 7.4 percent from approximately 90,000 in 2008. However, regional airline activity is projected to decrease significantly more than mainline airline activity from 2008 to 2009 as ExpressJet has ceased all self-branded operations on September 2, 2008. Regional airline activity is projected to increase every year from 2009 to 2013 reaching approximately 15,500 operations in 2013, but well short of the approximately 18,600 actual operations for 2008.

General aviation operations increased to approximately 24,900 in 2005 (the year of Hurricane Katrina) from approximately 17,700 operations in 2004, and continued to increase through 2006 to approximately 29,700 operations. This increase is accredited to general aviation needs during the Katrina recovery. From 2006 to 2007, general aviation operations decreased by 7.7 percent. This decline should be expected as the need for general aviation will decrease as passenger carrier activity returns to normal. As a result, general aviation declined to approximately 23,600 thousand in 2008 and is expected to continue to decrease throughout the remainder of the projection period. It should be noted that general aviation operations at near-by Lakefront Airport (NEW) in New Orleans were also reviewed. According to the FAA Air Traffic Activity Data System (ATADS), general aviation operations at NEW decreased from 52,988 in 2004 to 36,136 in 2005. The significant decrease in activity was primarily due to Hurricane Katrina. Lakefront Airport was closed for repairs due to damaged by hurricane winds and storm surge of Hurricane Katrina in 2005. In 2006, NEW remained closed for repairs and had no aviation activity. After it had reopened in early August 2007, NEW

Table II-12
Projected Aircraft Operations (thousands)

Fiscal Year	Mainline Passenger Sched. Air Carriers Operations	Regional Passenger Sched. Air Carriers Operations	Total Passenger Sched. Air Carriers Operations	General Aviation Operations	All Cargo Operations	Other/ Air Taxi Operations	Military Operations	Airport Total Operations
Historical								
2004	101.0	14.5	115.5	17.7	4.4	9.4	0.6	147.6
2005	76.9	7.7	84.5	24.9	3.9	12.7	7.7	133.7
2006	53.8	15.6	69.4	29.7	2.9	13.9	1.4	117.2
2007	65.6	17.5	83.1	27.4	2.7	14.4	1.1	128.6
2008	71.4	18.6	90.0	23.6	2.7	13.6	1.4	131.2
Projected								
2009	69.4	13.9	83.3	22.4	2.7	12.5	1.0	121.9
2010	71.7	14.0	85.8	21.2	2.8	12.0	1.0	122.7
2011	74.7	14.6	89.3	20.1	2.8	11.5	1.0	124.7
2012	77.8	15.2	93.0	19.0	2.9	11.0	1.0	126.8
2013	80.1	15.5	95.6	18.0	2.9	10.5	1.0	128.1
2014	82.1	15.9	98.1	18.2	3.0	10.5	1.0	130.7
2015	84.2	16.3	100.5	18.3	3.0	10.5	1.0	133.4
2016	86.4	16.7	103.1	18.5	3.1	10.5	1.0	136.2
2017	88.5	17.1	105.7	18.7	3.2	10.5	1.0	139.1
2018	90.8	17.6	108.4	18.9	3.2	10.5	1.0	142.0
Compounded Annual Growth Rate								
2004 - 2006	(27.0%)	3.7%	(22.5%)	29.4%	(18.3%)	21.4%	55.5%	(10.9%)
2006 - 2008	15.3%	8.9%	13.9%	(10.9%)	(4.1%)	(1.1%)	(0.4%)	5.8%
2008 - 2009	(2.8%)	(25.1%)	(7.4%)	(5.1%)	0.0%	(7.9%)	(26.3%)	(7.1%)
2009 - 2013	4.9%	3.8%	4.7%	(7.0%)	2.7%	(5.6%)	0.0%	1.7%
2013 - 2018	2.1%	2.1%	2.1%	0.8%	1.7%	0.0%	0.0%	1.7%
2008 - 2018	2.4%	(0.5%)	1.9%	(2.2%)	1.8%	(2.5%)	(3.0%)	0.8%

Sources: New Orleans Aviation Board (Historical Airport Enplanements and Operations)
FAA (Historical Air Traffic Tower Report)
Ricondo & Associates, Inc. (Projected Airport Enplanements and Operations)
Prepared by: Ricondo & Associates, Inc., July 2009.

had a total 12,994 general aviation operations for the remainder of that year. General aviation operations at NEW increased to 32,835 in 2008, or an annual increase of 153 percent over 2007 activity levels. Looking back, it appears that the Airport may have benefitted somewhat from the closure of Lakefront Airport in 2005 and 2006.

All-cargo operations declined from approximately 4,400 in 2004 to approximately 2,900 in 2006 primarily due to Hurricane Katrina. In 2007, all-cargo operations decreased to 2,714. All-cargo operations remained flat in 2008 relative to 2007, and are expected to remain flat from 2008 to 2009. From 2009 to 2018, all-cargo operations are projected to increase by 2.0 percent each year.

Air taxi operations increased during 2005 (the year of Katrina) through 2007. However, air taxi operations usually remain relatively constant. Thus, the projections reflect a steady decline back to a normal level of 11.0 thousand operations in 2012 and declining slowly thereafter.

Military operations drastically spiked in 2005 to approximately 7,700 from a 2002 to 2004 average of approximately 500 due to the Katrina rescue and recovery efforts. Military operations are projected to decrease to one thousand in 2008 and remain constant through the projection period. Future military activity at the Airport will be influenced by U.S. Department of Defense policy, which largely dictates the level of military activity at an airport.

2.6.4 Projected Landed Weight

Table II-13 presents historical and projected passenger carrier and all-cargo carrier landed weight at the Airport. Projections are based on 2009 scheduled departures by airline, estimated airline average landed weight per arrival at the airport, projected operations, and professional judgment regarding the Airport's recovery levels from Hurricane Katrina. Passenger airline landed weight increased from 4,595 million pounds in 2007 to 5,032 million pounds in 2008. In 2009, projected passenger carrier landed weight is projected to decrease to 4,868 million pounds. From 2009 to 2013, passenger carrier landed weight is projected to increase year-to-year at a compounded annual growth rate of 4.0 percent. Furthermore, by 2013, projected passenger carrier landed weight reaches 5,693 million pounds, which is 84.3 percent of it pre-Katrina (2004) level. All-cargo landed weight at the Airport decreased from 341 million pounds in 2007 to 332 million pounds in 2008, and is projected to increase to 354 million in 2013 representing a compounded annual growth rate of approximately 1.6 percent from 2009 to 2013.

Table II-13

Projected Landed Weight (million-pound units)

Fiscal Year	Passenger Carriers	All Cargo	Airport Total
Historical			
2004	6,750	360	7,110
2005	5,180	352	5,532
2006	3,776	342	4,118
2007	4,595	341	4,936
2008	5,032	332	5,365
Projected			
2009	4,868	327	5,195
2010	5,102	333	5,435
2011	5,314	340	5,654
2012	5,534	347	5,881
2013	5,693	354	6,047
2014	5,838	361	6,198
2015	5,985	368	6,353
2016	6,137	375	6,512
2017	6,292	383	6,675
2018	6,452	390	6,842
Compounded Annual Growth Rate			
2004 - 2006	(25.2%)	(2.6%)	(23.9%)
2006 - 2008	15.5%	(1.4%)	14.1%
2008 - 2009	(3.3%)	(1.8%)	(3.2%)
2009 - 2013	4.0%	2.0%	4.2%
2013 - 2018	2.5%	2.0%	2.6%
2008 - 2018	2.5%	1.6%	2.5%

Sources: New Orleans Aviation Board (Historical Airport Landed Weight)
Ricondo & Associates, Inc. (Projected Airport Landed Weight)
Prepared by: Ricondo & Associates, Inc., July 2009.

APPENDIX “F”

FEASIBILITY REPORT OF UNISON CONSULTING, INC.

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**FINANCIAL FEASIBILITY REPORT
In Support of**

**THE NEW ORLEANS AVIATION BOARD
GULF OPPORTUNITY ZONE CFC REVENUE BONDS
(CONSOLIDATED RENTAL CAR PROJECT)
Series 2009**

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT

Prepared by:

Unison Consulting, Inc.

October 13, 2009



October 13, 2009

Ms. Patricia Malone
Interim Director of Aviation
New Orleans Aviation Board
Louis Armstrong New Orleans International Airport
P.O. Box 20007
New Orleans, LA 70141

**Subject: Financial Feasibility Report
Gulf Opportunity Zone CFC Revenue Bonds
(Consolidated Rental Car Facility Project), Series 2009**

Dear Ms. Malone:

Unison Consulting, Inc. ("Unison") is pleased to submit the attached Financial Feasibility Report in support of the issuance of *New Orleans Aviation Board Gulf Opportunity Zone CFC Revenue Bonds (Consolidated Rental Car Project), Series 2009* (the "Series 2009 Bonds"). The Series 2009 Bonds are being issued to provide a portion of the amounts needed to fund (i) the payment, or the reimbursement of the payment, of the costs of a consolidated rental car facility (the "CONRAC") and the rental car service centers (the "Service Centers") at the Louis Armstrong New Orleans International Airport ("MSY", or the "Airport"); (ii) pay the municipal bond insurance policy costs of the Series 2009 Bonds (the "Series 2009 Insurance Policy"); (iii) pay the costs of issuance of the Series 2009 Bonds; (iv) provide capitalized interest for the Series 2009 Bonds; and (v) provide a Debt Service Reserve Fund for the Series 2009 Bonds. The Series 2009 Bonds are secured by the CFCs remitted to the Board and other amounts included in the definition of "Revenues" pursuant to the CFC Master Indenture (defined below), as described in more detail in Section V of the attached Report.

The attached Report has been prepared to address the financial aspects of the CONRAC and the Service Centers (collectively referred to as the "Consolidated Facility"). The Report provides a general description of the Consolidated Facility, the U.S. rental car industry and the Airport rental car market, the Airport's local economic base, and the legal framework governing the financing of the Consolidated Facility. The Report also presents an analysis and forecast of rental car demand at the Airport, and projections of Customer Facility Charge ("CFC") revenues, debt service coverage, and the application of Revenues to the funds and accounts specified by the CFC Master Indenture.

The Consolidated Facility

The Consolidated Facility will combine all rental car operations at the Airport. The purpose of the Consolidated Facility is to provide sufficient space for rental car operations at the Airport through the year 2020, improve customer service, help relieve traffic congestion in

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terminal roadways and parking garage areas, and increase overall Airport efficiency. The Consolidated Facility is estimated to cost approximately \$116.5 million, of which approximately \$86.8 million is to be funded with the proceeds of the Series 2009 Bonds. Other amounts to be used to pay the costs of the Consolidated Facility will include (i) the proceeds of a rental car Customer Facility Charge (“CFC”) collected prior to the Date of Beneficial Occupancy (“DBO”) of the CONRAC, and (ii) a contribution from the Board of its legally available amounts, a portion of which contribution is presently anticipated to be reimbursed to the Board from the proceeds of a Passenger Facility Charge (“PFC”) secured financing.

Proposed Financing Structure

The governing legal documents for the issuance of the Series 2009 Bonds to finance the Consolidated Facility include the following:

- *The Customer Facility Charge Master Revenue Bond Trust Indenture by and among New Orleans Aviation Board, as Issuer, the City of New Orleans, and the Bank of New York Mellon Trust Company, N.A. as Trustee securing New Orleans Aviation Board Customer Facility Charge Revenue Bonds to be Issued From Time to Time, dated as of November 1, 2009 (the “CFC Master Indenture”).*
- *The First Supplemental Indenture by and among the New Orleans Aviation Board, as Issuer, the City of New Orleans, and the Bank of New York Mellon Trust Company, N.A., as Trustee, dated as of November 1, 2009 (the “First Supplemental CFC Indenture”).*

The CFC Master Indenture authorizes the issuance of bonds for the purpose of financing the costs of planning, acquiring, constructing and equipping projects to be paid for or financed with CFC Revenues. The First Supplemental CFC Indenture authorizes the issuance of the Series 2009 Bonds, in an amount not to exceed \$140 million, for the purpose of financing the costs of planning, acquiring, constructing, and equipping the Consolidated Facility.

On July 16, 2008, the Board passed a resolution to establish and impose the CFC (the “CFC Resolution”), which was amended by the Board on October 15, 2008. The CFC Resolution, as amended, requires all rental car companies operating on Airport property (the “On-Airport Rental Car Companies”) to collect the CFC, effective November 1, 2008, at a rate of \$5.50 per Transaction Day (as defined in the CFC Resolution). On May 13, 2009 the CFC Resolution was amended and restated to increase the CFC rate to \$6.20 per Transaction Day, effective June 1, 2009. The On-Airport Rental Car Companies are required to remit the CFC collections to the Board monthly. The CFC level may be adjusted by the Board from time to time by resolution. In addition, the Director of Aviation has the authority to adjust the CFC to a level sufficient to (i) satisfy “any rate covenants in any applicable bond indentures, resolutions, or other agreements”; and (ii) “meet all of the Board’s obligations and/or covenants in any applicable bond indentures, resolutions, or other agreements relating to the



CONRAC or the CFC.” However, the Director of Aviation may not adjust the CFC to a level higher than certain maximum CFC levels specified in the CFC Resolution without further Board authorization. It is the Board’s intent to amend the CFC Resolution to impose the CFC for any rental car companies that pick up and drop off rental cars at the Airport and do not enter into a Concession Agreement, and hence, will not be operating in the CONRAC or the Service Centers (the “Off-Airport RACs”).

It is anticipated that the Series 2009 Bonds will be issued in the approximate amount of \$97.985 million, with an average annual interest rate of 6.5%. The debt service will be amortized over 30 years. Interest payments will be due on January 1 and July 1 of each year, beginning on January 1, 2010, and principal payments will be due on January 1 of each year, beginning on January 1, 2015.

The CFC Master Indenture contains a provision known as the Rate Covenant, which states that the Board covenants to establish and adjust the CFC so that CFC collections for each Bond Year together with the other amounts included in Revenues for the next Bond Year, together with the amounts then on deposit in the Coverage Fund, will at least equal the Rate Requirement for such Bond Year. The CFC Master Indenture defines the Rate Requirement as the following:

“that Revenues must equal at least both (i) CFC Costs¹ and (ii) calculated separately an amount equal to 135% of Aggregate Debt Service for the applicable Bond Year after taking into account the amounts in the Coverage Fund which do not exceed 25% of Maximum Annual Debt Service on the last Business Day of ninth (9th) calendar month of any Bond Year with respect to the next ensuing Bond Year...”

Report Organization

Unison has prepared the attached Report to evaluate the ability of the Airport to meet the financial requirements established by the Trust Agreement. The following summary of the components of the Report provides an overview of the comprehensive analysis performed:

Section I – Introduction: An overview of the Airport, rental car operations at the Airport, and the Consolidated Facility.

Section II – Description of the Consolidated Facility: A description of the Consolidated Facility and the estimated capital costs.

Section III – The Rental Car Industry: An overview of the US rental car industry and the rental car companies serving the Airport.

¹ The CFC Master Indenture defines “CFC Costs” as the following costs that are intended to be paid with or recovered from CFC Revenues: (i) the annual debt service on the Series 2009 Bonds and any other bonds secured by CFC Revenues; (ii) annual Administrative Costs; (iii) deposits to the Maintenance Reserve Fund needed to meet the Maintenance Reserve Fund Requirement; (iv) deposits to the Coverage Account needed to restore the balance therein to the Coverage Account Requirement; and (v) any required deposits to the funds and accounts established pursuant to the CFC Master Indenture.



Section IV – Rental Car Demand Analysis and Forecasts: A review of the recent trends in rental car activity at the Airport and a presentation of the forecasts annual rental car demand (in transaction days) for the 2009 – 2018 period.

Section V – Financial Analysis: A description of the legal framework for the financing and operation of the Consolidated Facility, a discussion of the proposed funding, and projections of important financial indicators, including CFC Revenues and other Revenues, the flow of funds, and debt service coverage.

Assumptions

The analysis and forecasts of rental car demand at the Airport contained in the attached Report are based upon certain data, estimates, and assumptions that were provided by the Airport and the rental car companies, and certain data and projections from other independent sources. The attached Report should be read in its entirety for an understanding of the forecasts and the underlying assumptions. In our opinion, the data, estimates, and assumptions used in the report are reliable, and provide a reasonable basis for our forecast given the information available and circumstances as of the date of this report. However, any forecast is subject to uncertainties. Inevitably, some assumptions will not be realized, and unanticipated events and circumstances may occur. Therefore, the actual results achieved may vary from the forecasts, and the variations could be material.

The major assumptions utilized in the attached report are listed below:

1. The forecast of rental car demand used in the analysis is based in part on the forecast of aviation activity for the Airport that was prepared by Ricondo & Associates and presented in Exhibit E of the Official Statement.
2. The Consolidated Facility will be completed within the estimated costs and according to the estimated schedule.
3. The average daily rental rate, in real terms, is projected to continue to increase at an average annual rate of 0.7% per year during the forecast period.
4. Real Gross Domestic Product (“GDP”) per capita, used as a proxy to measure rental car customers’ income, is assumed to grow at an annual average rate of 1.6% during the forecast period.

Conclusion

Rental car demand, as measured by transaction days, is forecast to increase from 1.567 million in 2009 to 1.931 million in 2018. Based on the forecast transactions days, the attached Report concludes that at the current CFC rate of \$6.20 per transaction day, CFC Revenues will be sufficient such that the Rate Covenant will be met throughout the forecast period. Specifically, Revenues (as defined in the CFC Master Indenture) throughout the forecast period are anticipated to equal at least both (i) CFC Costs and (ii) calculated separately an amount equal to 135% of Aggregate Debt Service for the applicable Bond Year after taking into account the amounts in the Coverage

Ms. Patricia Malone
October 13, 2009



Fund which do not exceed 25% of Maximum Annual Debt Service, as provided in the CFC Master Indenture.

Sincerely,

UNISON CONSULTING, INC.

Unison Consulting, Inc.

SECTION I INTRODUCTION

The New Orleans Aviation Board (the “Board”) plans to issue the *New Orleans Aviation Board Gulf Opportunity Zone CFC Revenue Bonds (Consolidated Rental Car Project), Series 2009* (the “Series 2009 Bonds”). The Series 2009 Bonds are being issued to provide a portion of the amounts needed to fund (i) the payment, or the reimbursement of the payment, of the costs of a consolidated rental car facility (the “CONRAC”) and the rental car service centers (the “Service Centers”) at the Louis Armstrong New Orleans International Airport (“MSY” or the “Airport”); (ii) pay the municipal bond insurance policy costs of the Series 2009 Bonds (the “Series 2009 Insurance Policy”); (iii) pay the costs of issuance of the Series 2009 Bonds; (iv) provide capitalized interest for the Series 2009 Bonds; and (v) provide a Debt Service Reserve Fund for the Series 2009 Bonds. Other amounts to be used to pay the costs of the Consolidated Facility will include (i) the proceeds of a rental car Customer Facility Charge (“CFC”) collected prior to the Date of Beneficial Occupancy (“DBO”) of the CONRAC and (ii) a contribution from the Board of its legally available amounts, a portion of which contribution is presently anticipated to be reimbursed to the Board from the proceeds of a Passenger Facility Charge (“PFC”) secured financing. The Series 2009 Bonds are secured by the CFC Revenues remitted to the Board and other amounts included in the definition of “Revenues” pursuant to the CFC Master Indenture as amended, as described in more detail in **Section V**.

The CONRAC and the Service Centers (collectively referred to as the “Consolidated Facility”) will replace the existing rental car facilities on Airport property. Currently, the rental car companies operating at the Airport lease rental counter space in the passenger terminal building and four of the rental car companies lease service areas on Airport property, which contain ready/return spaces, vehicle storage spaces, and vehicle washing and fueling facilities. The CONRAC will consist of a multi-level parking garage containing rental car ready/return spaces and a Customer Service Building with rental car counters and office space. The Service Centers will contain vehicle washing and fueling facilities and rental car storage spaces. It is anticipated that the construction of the Service Centers will be completed approximately 12 months before the construction of the CONRAC is completed. Once the Service Centers open, the rental car companies’ servicing operations will be moved to the Service Centers, and when the CONRAC opens, all rental car counter, office, and ready/return operations will be moved to the CONRAC. A more detailed description of the Consolidated Facility is presented in **Section II**.

This Report is organized into the following sections:

- **Section I – Introduction:** An overview of the Airport and its governance; a description of the existing rental car operations at the Airport; and a summary of the proposed financing structure for the Consolidated Facility.

- **Section II – Description of the Consolidated Facility:** A description of the CONRAC and the Service Centers, the estimated capital costs, and the proposed sources of funding.
- **Section III – The Rental Car Industry:** An overview of the U.S. rental car industry and the rental car companies operating at the Airport.
- **Section IV – Rental Car Demand Analysis and Forecast:** An analysis of the recent trends in rental car activity at the Airport, a description of the rental car demand forecast model developed for the Airport, and a presentation of the forecast of annual rental car demand (in terms of transaction days). In developing the transaction day forecast, we relied on the enplanement forecast developed by Ricondo and Associates, as presented in the Air Traffic Report of the Aviation Consultant and included as Appendix E of the Official Statement for the Series 2009 Bonds.
- **Section V – Financial Analysis:** A description of the legal framework for the financing and operation of the Consolidated Facility; a discussion of the funding plan; and projections of important financial indicators, including the CFC level, CFC collections, the flow of funds, and debt service coverage.

A. THE AIRPORT AND ITS GOVERNANCE

The Airport is owned by the City of New Orleans (the “City”) and operated by the Board. The governance of the Board consists of nine members appointed by the Mayor with the approval of the City Council, to serve staggered five-year terms. The Board is authorized to appoint management personnel to carry on its functions.

The Airport is located approximately 14 miles west of downtown New Orleans in Jefferson Parish and St. Charles Parish. The Airport encompasses approximately 1,700 acres, with 1,500 acres in the City of Kenner (Jefferson Parish) and 200 acres in St. Charles Parish. The site of the Airport, originally named Moisant Field, was purchased by the City in 1940 to offer an alternative to the Lakefront Airport located in the eastern portion of the City. However, before commercial air service could begin at Moisant Field, it was used by the U.S. Government as an air base during World War II. Commercial air service began at the Airport in May 1946, and by 1947 the Airport contained four runways on 1,360 acres. The site has since been expanded to the present size of 1,700 acres.

A new passenger terminal and two new concourses were dedicated in 1959, and in 1962 the name of the Airport was changed to New Orleans International Airport. In 1974, two new concourses were added at the east end of the passenger terminal, thereby increasing the number of gates to 42, and an extensive renovation was done on the West Concourse in 1979. The Airport’s name was changed to the Louis Armstrong New Orleans International Airport in August 2001.

The Airport's facilities include the following:

- **Passenger terminal complex.** The passenger terminal complex (the Terminal Complex) contains four concourses with a total of 41 useable aircraft gates. Encompassing approximately one million square feet, the passenger terminal complex contains airline space, including ticketing, operations and baggage claim facilities; areas for car rental and ground transportation operations; concessions, banking and consumer services; offices for various entities including the Aviation Board, the U.S. Weather Bureau, the U.S. Immigration and Naturalization Services, the U.S. Customs Service, and the U.S. Department of Agriculture.
- **Airfield facilities.** The Airport has two air carrier runways and one general aviation runway. The air carrier runways are 10,104 feet long (Runway 10/28) and 7,001 feet long (Runway 01/19). The runway system accommodates all types of aircraft and is fully equipped for all-weather flying.
- **Public parking facilities.** The Airport has approximately 5,250 active public parking spaces in two parking garages. Both parking garages are located across the terminal roadway from the Terminal Complex, with the short-term garage located closest to the Terminal Complex and immediately adjacent to the terminal roadway. Of the 3,000 parking spaces in the short-term garage, 2,750 spaces are available for public parking, and approximately 240 spaces are allocated for employee parking and other ground transportation needs, with 10 spaces allocated to tenant managerial employees. The long-term garage contains 2,500 parking spaces, all of which are used for public parking.
- **Other Facilities.** Other facilities at the Airport include air cargo facilities; general aviation facilities; aviation support facilities; rental car facilities; and access roads. Vehicular access to the Airport is via Airline Highway and Jerome S. Glazer Airport Access Road, which provides access between the Airport and Interstate 10, the main highway between the Airport and downtown New Orleans.

B. EXISTING RENTAL CAR OPERATIONS AT THE AIRPORT

There are currently nine rental car brands that serve the rental car market at the Airport: Advantage, Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, and Thrifty. The Enterprise, Alamo, and National brands are owned by Enterprise, a privately-held company; Avis and Budget are owned and operated by Avis Budget Group, Inc.; Dollar and Thrifty are subsidiaries of Dollar Thrifty Automotive Group, Inc; Advantage is owned by Hertz; and Hertz is owned by an investor group of private equity firms.

In response to a Request for Bids process initiated in February 2009, the Board received bids for new concession agreements ("Concession Agreements") on May 8,

2009 and accepted the bids on May 13, 2009. Four car rental concessions were awarded to the parent entity of each of the following families of brands: Enterprise/Alamo/National; Avis/Budget; Hertz/Advantage; and Dollar/Thrifty. The parent entities executing a Concession Agreement are referred to in this Report as the “RACs.” The term of the Concession Agreements began on October 6, 2009. The provisions of the Concession Agreements are described in more detail later in this section and in Section V of this Report.

Total rental car transaction days at the Airport totaled approximately 1.9 million in 2008, a decrease of 5.9 percent from the 2.0 million transaction days reported by the rental car companies for 2007. The level of transaction days has fluctuated during the past 10 years, due to the effects of various events and conditions, including the economic recession in 2001 and the events of September 11, 2001; the effects of Hurricane Katrina in 2005; and the current economic recession. The trends in rental car demand at the Airport are discussed in more detail in **Section IV**.

C. PROPOSED FINANCING STRUCTURE

On February 25, 2008, the Board adopted a resolution (the “Bond Resolution”) that (i) authorized the issuance of the *New Orleans Aviation Board Special Facility Gulf Opportunity Zone Revenue Bonds (Consolidated Rental Car Facility Project) Series 2008* in an amount not to exceed \$200 million; and (ii) authorized the execution of a trust indenture (described below). On November 19, 2008, the Board supplemented and amended the Bond Resolution to redenominate the authorized bonds as the Series 2009 Bonds; reduce the maximum authorized principal amount of the bonds to \$140,000,000; and extend the permitted final maturity date to 40 years after their issuance. The financial analysis presented in Section V assumes a final maturity on January 1, 2040.

The governing legal documents for the issuance of bonds to finance the Consolidated Facility include the following:

- *The Customer Facility Charge Master Revenue Bond Trust Indenture by and among New Orleans Aviation Board, as Issuer, the City of New Orleans, and the Bank of New York Mellon Trust Company, N.A. as Trustee securing New Orleans Aviation Board Customer Facility Charge Revenue Bonds to be Issued From Time to Time*, dated as of November 1, 2009 (the “CFC Master Indenture”).
- *The First Supplemental Indenture by and among the New Orleans Aviation Board, as Issuer, the City of New Orleans, and the Bank of New York Mellon Trust Company, N.A., as Trustee*, dated as of November 1, 2009 (the “First Supplemental CFC Indenture”).

The CFC Master Indenture authorizes the issuance of bonds for the purpose of financing the costs of planning, acquiring, constructing and equipping the

Consolidated Facility. The First Supplemental CFC Indenture authorizes the issuance of the Series 2009 Bonds, in an amount not to exceed \$140 million, to provide funding to (i) finance the payment, or the reimbursement of the payment, of the costs of the Consolidated Facility; (ii) pay the municipal bond insurance policy costs of the Series 2009 Bonds (the “Series 2009 Insurance Policy”); (iii) pay the costs of issuance of the Series 2009 Bonds; (iv) provide capitalized interest for the Series 2009 Bonds; and (v) provide a Debt Service Reserve Fund for the Series 2009 Bonds.

On July 16, 2008, the Board passed a resolution to establish and impose the CFC (the “CFC Resolution”), which was amended by the Board on October 15, 2008. The CFC Resolution, as amended, requires all rental car companies operating on Airport property (the “On-Airport Rental Car Companies”) to collect the CFC, effective November 1, 2008, at a rate of \$5.50 per Transaction Day¹. On May 13, 2009 the CFC Resolution was amended and restated to increase the CFC rate to \$6.20 per Transaction Day, effective June 1, 2009. The On-Airport Rental Car Companies are required to remit the CFC collections to the Board monthly. The CFC level may be adjusted by the Board from time to time by resolution. In addition, the Director of Aviation has the authority to adjust the CFC to a level sufficient to (i) satisfy “any rate covenants in any applicable bond indentures, resolutions, or other agreements”; and (ii) “meet all of the Board’s obligations and/or covenants in any applicable bond indentures, resolutions, or other agreements relating to the CONRAC or the CFC.” However, the Director of Aviation may not adjust the CFC to a level higher than certain maximum CFC levels specified in the CFC Resolution without further Board authorization.² It is the Board’s intent to amend the CFC Resolution to impose the CFC for any rental car companies that pick up and drop off rental cars at the Airport and do not enter into a Concession Agreement, and hence, will not be operating in the CONRAC or the Service Centers (the “Off-Airport RACs”).

It is anticipated that the Series 2009 Bonds will be issued in the approximate par amount of \$98.0 million, with a average interest rate of 7.5%. The debt service will be amortized over 30 years. Interest payments will be due on January 1 and July 1 of each year, beginning on January 1, 2010, and principal payments will be due on January 1 of each year, beginning on January 1, 2015.

¹ A “Transaction Day” is defined in the CFC Resolution, as amended, as “a twenty-four (24) hour period or fraction thereof for which a rental car customer is provided the use of a rental car for compensation regardless of the duration or length of the rental term. However, if the same rental car is rented to more than one customer within such continuous twenty four (24) hour period, then each such rental shall be calculated as a ‘Transaction Day,’ except that a partial day that is a grace period of no more than two (2) hours after the last 24-hour day booked shall not be considered a Transaction Day.”

² The Director of Aviation may not increase the CFC level above a maximum level, which increases from \$7.00 (for years 2009 – 2010) to \$8.00 (for 2011 – 2012) to \$10.00 (for 2013 – 2032).

The “RACs” will operate under the terms of the Concession Agreements that will become effective on the date each respective Concession Agreement is executed by both the Board and the City after approval by the City Council (the “Commencement Date”) and will terminate upon the 10th anniversary of the DBO of the CONRAC, subject to execution of individual facilities leases (the “Facilities Leases”) with each RAC, pursuant to which the RACs will lease the Service Centers, effective as of DBO of the Service Centers, and the CONRAC, effective as of DBO of the CONRAC. In the event a RAC does not execute a Facilities Lease within 15 days of the Concession Agreement Commencement Date, the RAC’s Concession Agreement will terminate as of the DBO of the of the Service Centers. As of the date of this Report, all of the RACs have executed a CONRAC Facilities Lease. In the event the Service Centers and the CONRAC are not constructed, the term of the Concession Agreements will be limited to five (5) years and any obligations of the City, the Board, and the RACs related to the Service Centers and the CONRAC will terminate. Under the provisions of the Concession Agreement, each RAC will continue to pay the higher of (i) its Concession Fee equal to ten percent of its Gross Revenues (as defined in the Concession Agreement) and (ii) its Minimum Annual Guarantee (“MAG”). The Concession Fee revenues are not pledged to the Board for payment of the Bonds.

The Board anticipates that DBO of the Service Centers will occur approximately 12 months prior to DBO of the CONRAC. Each RAC will be assigned a Service Center. The Service Center sites are assigned to the RACs based on the RACs’ relative market shares. The RACs will select their counter locations and the location of their ready/return spaces in the CONRAC in order of their five-year total MAG bids (from highest to lowest). For the purposes of planning the CONRAC, the number of ready/return spaces allocated to each RAC will be based on each RAC’s market share, subject to the physical limitations of the CONRAC (subject to a minimum allocation for each RAC).

The Series 2009 Bonds are secured by “Revenues” pursuant to the CFC Master Indenture, which includes the CFCs remitted to the Board, Contingent Rent, and other Supplemental Facility Charges. Revenues do not include ground rent.³ The CFC Master Indenture contains a covenant known as the “Rate Covenant,” pursuant to which the Board has covenanted to adjust the CFC from time to time as necessary, and impose Contingent Rent as authorized under the provisions of the Facilities Lease. The provisions of the CFC Master Indenture and the Facilities Lease are described in more detail in **Section V**. The Series 2009 Bonds are limited obligations of the Board and are not an indebtedness or a loan of the Board or the City, and none of the general revenues of the Airport, including the rental car Concession Fee revenues or the ground rent received by the Airport from the RACs are pledged to the payment of the Series 2009 Bonds.

³ Please see Section V for a description of the financial analysis, including the components of Revenues.

SECTION II

THE CONSOLIDATED RENTAL CAR FACILITY

This section presents a description of the Consolidated Facility, and a summary of the estimated capital costs.

A. THE CONSOLIDATED FACILITY

The Consolidated Facility (defined to consist of the CONRAC and the Service Centers) is being developed to relocate rental car operations at the Airport from the Terminal Complex (where the rental car counters are currently located) and the existing service areas (where the ready/return spaces are currently located), and to provide expanded space for all rental car operations on Airport property. Customer access between the Terminal Complex and the CONRAC will be via a covered walkway. Therefore, effective at the opening of the CONRAC, there will no longer be any busing of rental car customers to and from the Terminal Complex.

The Consolidated Facility will provide facilities adequate to accommodate future rental car demand at the Airport. The CONRAC will include approximately 1,800 ready/return spaces. The Service Centers will provide facilities for the RACs' fueling, storage, and cleaning operations.

The CONRAC will include the following major components:

- **Garage.** The garage will consist of three covered levels, with a total of approximately 506,000 square feet. Each level will contain approximately 600 ready/return parking spaces, with a total of 1,800 spaces.
- **Customer Service Building ("CSB").** The CSB, which will be located immediately adjacent to the parking structure, will contain three levels. It will encompass almost 32,000 square feet, with the lobby area on the first level. The lobby area, which will include 180 linear feet of contiguous counter space, will be three stories high. All three levels of the CSB will contain office space, restrooms, an electrical room, and escalator and elevator access. Customers will have direct access to and from the parking structure on all three levels of the CSB. Upon the opening of the CONRAC, the rental car counters in the Terminal Complex will be eliminated.

Four (4) Service Centers will be constructed to the west of the CONRAC. The Service Centers will contain a total of nine (9) car wash bays, 13 service bays, 20 fuel pumps, employee parking, and rental car spaces to supplement the ready/return spaces in the CONRAC.

Prior to and during the construction of the CONRAC and the Service Centers, certain existing facilities will be demolished. The South Access Road will be

demolished, and a new access road will be constructed. Other facilities to be demolished include the buildings, paving, lighting, and fencing on the existing rental car service areas; the rental car counters in the terminal complex; the terminal maintenance building; the southern half of the employee parking lot; the lafrate building; and the underground stormwater system for the existing rental car service areas.

Infrastructure improvements related to the CONRAC and the Service Centers will be constructed, including the following: new utilities; site amenities such as lighting and landscaping; sidewalks; a replacement utility building; a new access road; signage; a covered walkway from the Terminal Complex to the CSB; and new signage in the Terminal Complex.

B. ESTIMATED CAPITAL COSTS

Table II-1 presents the estimated capital costs of the Consolidated Facility. The plan of finance is presented in Section V of this Report.

TABLE II-1
LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
CONSOLIDATED FACILITY ESTIMATED CAPITAL COSTS

Project Component	Estimated Capital Costs
Construction Costs	
Customer Service Building	\$11,806,480
Parking Garage ¹	32,516,398
Service Centers ²	12,562,339
Site Work	18,639,058
Utility Building ³	16,572,900
Iafrate Site Demolition	1,518,159
Terminal Maintenance Building	1,246,637
Terminal Maintenance Warehouse	1,102,940
Planning and Development Building	1,059,459
Covered Walkway	473,173
Construction Change Order Contingency	3,790,183
Total Project Costs	\$101,287,726
Fees and Project Management Costs ⁴	15,193,159
Total Estimated Capital Costs ⁵	\$116,480,885

Source: Capstone Planning and Control, Inc., *Final Statement of Estimated Construction Cost*, June 26, 2009.

¹ Parking garage cost includes 4th level garage floor.

² Includes four Service Centers and the demolition of the existing service areas.

³ It is anticipated that \$4,347,826 of the Utility Building costs will be funded with CFCs, and the remainder will be funded with a contribution from the Board, a portion of which is expected to be reimbursed from the proceeds of a Passenger Facility Charge (PFC) secured financing.

⁴ Fees and Project Management costs are estimated at 15% of project costs.

⁵ The sources of funding are presented in Section V. The sources are anticipated to include Bond proceeds, interest earnings on Bond proceeds, CFC Revenue collected prior to the DBO of the CONRAC, and a Board contribution, a portion of which is expected to be reimbursed from the proceeds of a PFC secured financing.

SECTION III RENTAL CAR INDUSTRY

This section describes the U.S. rental car industry, recent market and industry developments, and the rental car companies that serve the Airport's market. It sets the context for the detailed examination of the rental car market at the Airport in **Section IV**.

A. U.S. RENTAL CAR INDUSTRY

1. Background

The U.S. rental car industry has two distinct market segments: (1) the airport market and (2) the local retail and insurance replacement market ("local market"). The airport market, which is the focus of this Report, consists of business and leisure air travelers who rent cars at airports for ground transportation at their destinations.

The early rental car companies in the United States operated in downtown areas, usually at hotels and train stations. The Hertz Corporation, the oldest rental car company, traces its history to 1918 with the opening of the first rental car operation, in Chicago. In 1932, Hertz expanded into the airport market when it opened a location at Chicago Midway Airport. The post-World War II economic prosperity led to enormous growth in consumer demand for a variety of goods and services, including air travel. Warren Avis opened rental car locations at Detroit's Willow Run Airport and Miami International Airport in 1947 and at airports in Chicago, Dallas, Houston, Los Angeles, New York, and Washington, D.C. in 1948. Recognizing air travelers' need for a convenient mode of ground transportation at their destinations, the rental car industry subsequently expanded to provide rental car service at all commercial airports in the United States.

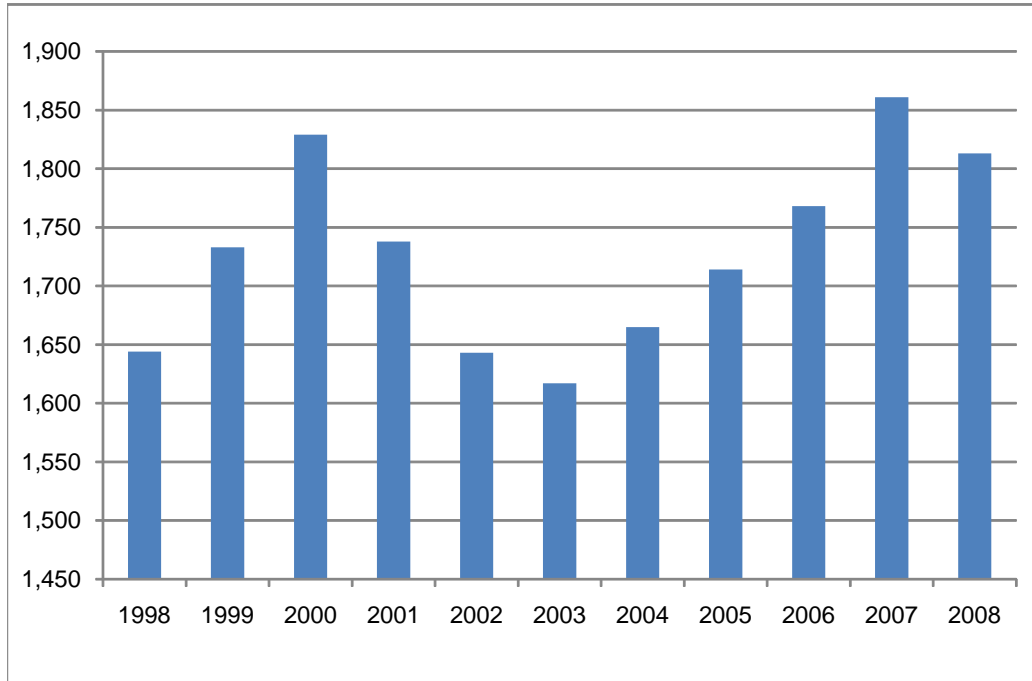
To serve rental car customers at airports, rental car companies typically pay a "concession fee" or an "airport privilege fee." The concession fee is typically set as the greater of a minimum annual guarantee or a percentage of gross revenues earned from the airport location. Rental car operators at the Airport pay a concession fee of ten percent of their gross revenues.

2. U.S. Rental Car Market Trends

As of 2008, the U.S. rental car industry operated a fleet of approximately 1.81 million cars (**Figure III-1**). The fleet grew 10.3% from 1998, or 0.98% per year on average. Rental car companies reduced their fleet to better match supply with reduced demand following the 2001 economic recession and September 11 terrorist attacks (the "September 11, 2001 Events"). The industry fleet continued to decline until 2003, shrinking to the lowest level in 10 years, to 1.62 million vehicles. In 2004, 2005 and 2006 the fleet size grew by 3.0%, 2.9% and 3.2% respectively. In 2007,

the industry fleet grew 5.3% before declining by 2.6% in 2008, to 1.81 million vehicles.

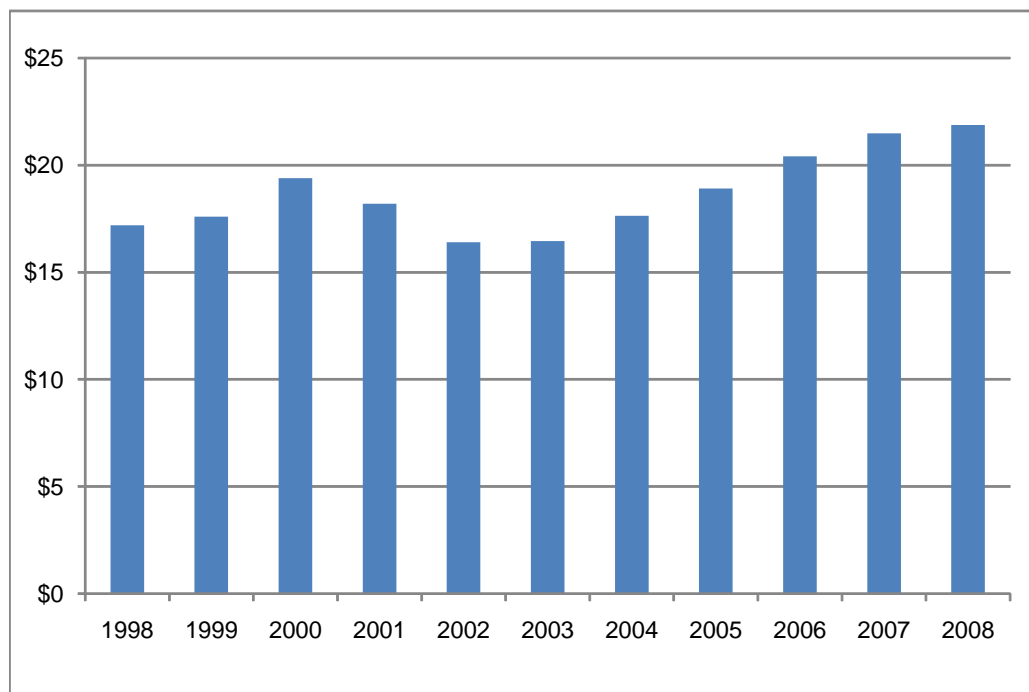
FIGURE III-1
U.S. RENTAL CAR FLEET (in thousands)
1998 - 2008



Source: Auto Rental News

A similar trend, although not as pronounced, is seen in the U.S. rental car market revenue (**Figure III-2**) – an expansion from approximately \$17.2 billion in 1998 to \$19.4 billion in 2000, followed by reductions in 2001 (to \$18.2 billion) and 2002 (to \$16.4 billion). The U.S. rental car market revenue increased marginally to \$16.5 billion in 2003, and then increased by 7.2% in 2004 to \$17.6 billion. Revenue continued to grow in 2005, 2006 and 2007 by 7.2%, 7.9% and 5.3% respectively. Industry revenue was estimated to total \$21.9 billion in 2008. Between 1998 and 2008, revenue increased by an average rate of 2.4% per year.

FIGURE III-2
U.S. RENTAL REVENUE (in billions)
1998 - 2008



Source: Auto Rental News

3. Recent Changes in the U.S. Rental Car Industry¹

A number of structural changes have occurred in the U.S. rental car industry during the last 20 years, including the following:

- *Ownership changes and consolidation.* In the 1980s, the three large U.S. car manufacturers acquired several rental car companies as outlets for excess new car inventory. In the mid-1990s, the car manufacturers began selling their interests in the rental car companies. In the subsequent years, the following major ownership changes and mergers have occurred:
 - Avis Budget Group, Inc. ("Avis Budget"). On August 23, 2006, Cendant Corporation separated into four, publicly-traded companies: Cendant real estate became Realogy, Cendant Hospitality became Wyndham Worldwide and Cendant Travel Distribution became Travelport. Cendant Corporation and the Cendant Car Rental Group

¹ The discussion in this sub-section is based on articles published in Auto Rental News and rental car company SEC filings and press releases.

became Avis Budget Group, Inc. and its common stock began to trade on the New York Stock Exchange under the symbol “CAR”.²

- Dollar-Thrifty Automotive Group, Inc. (“DTG”). DTG continues to pursue its strategic initiative to acquire franchise operations in the top 75 U.S. airport markets and other key leisure markets. In 2007 DTG acquired Thrifty and Dollar franchises in 16 and two U.S. markets respectively. Between 2005 and 2007, company owned locations increased by almost 28% while franchise locations decreased by nearly 24%.
- Enterprise Rent A Car Company (“Enterprise”). In August 2007, Enterprise acquired Vanguard Car Rental and its National Car Rental and Alamo Rent A Car businesses from Cerberus Capital Management, a New York investment firm. Terms of the transaction between the two privately held companies were not disclosed.³
- On April 9, 2009, Hertz Global Holdings, Inc. completed its acquisition of Advantage Rent-A-Car, which filed for bankruptcy in December 2008. For \$33 million, Hertz acquired the rights to the Advantage brand name, trademarks, copyrights, website and other assets. Hertz will operate 20 Advantage locations and states that the acquisition will be instrumental in Hertz’s long-term growth strategy.

Figure III-3 summarizes the current ownership structure of the rental car brands.

**FIGURE III-3
 RENTAL CAR BRAND OWNERSHIP**

Company	Brands Owned
Enterprise Rent-A-Car	Enterprise National Alamo
Hertz Global Holdings	Hertz Advantage
Avis Budget Group	Avis Budget
Dollar Thrifty Automotive Group	Dollar Thrifty

² Avis Budget Group, Inc., December 31, 2008 Form 10K.

³ Enterprise Rent A Car, “Acquisition of Vanguard Car Rental Complete,” *Press Release*, August 1, 2007.

- *Increased focus on profitability and ancillary revenue products.* The changes in the ownership of rental car companies and the decline in revenue following the September 11, 2001 Events caused rental car companies to renew focus on profitability and seek new revenue opportunities. Rental car companies now offer several conveniences for an additional fee. The customer may opt to rent car seats, global positioning system devices, satellite radio, portable DVD players and coming soon – satellite television. Increasingly, consumers are requesting the ability to rent more environmentally friendly vehicles. Rental car companies are steadily adding more hybrid vehicles to their fleets and are able to charge a premium for these vehicles.
- *Increased role of the Internet and technology.* The Internet has become a very important business tool and is being utilized by more and more by customers to make reservations. The use of the Internet has not only helped reduce operating costs, but has also promoted price transparency. Because customers can easily compare prices and service offerings on the Internet, rental car companies have become very competitive. Companies rely on information systems to assist in the automation of reservations, fleet and revenue management systems and vehicle tracking. They have installed mobile communication devices in their fleet, sophisticated technology for anti-carjacking, and automated emergency response, among others.
- *Market expansion.* Rental car companies are expanding beyond their traditional markets. For example, Hertz and Avis are expanding in the retail and insurance replacement business, which is not dependent on fluctuations in air travel activity. In the last few years, Enterprise, which has traditionally focused on the retail and insurance replacement business, has significantly increased its presence in the airport rental car market. A few companies have recently entered the car sharing market. Car sharing customers will enroll in the program and pay a monthly or annual fee. Members book vehicles online or via phone for an hour, a day or up to a week, with 24-hour access to vehicles. The cars are placed in designated parking spaces and are accessed electronically via an RFID reader and a smart card.

While structural changes have taken place within the rental car industry, changes have also taken place in the travel market. Passengers have come back to the air after a sharp decline in travel following the 2001 U.S. economic recession and the September 11, 2001 Events. However, travel patterns and preferences have changed. The Air Transport Association observed a disproportionate decline in short-haul air travel in favor of automobile travel. Heightened security at airports resulted in new taxes and fees, and longer passenger processing and wait times at airports. These added to the costs of air travel and made air travel less attractive relative to ground transportation, especially to short-haul destinations. While this trend hurt airline traffic and consequently airport rental car demand, it probably benefited the local market. A survey commissioned by Enterprise in 2003 found that 65% of business travelers surveyed had taken a short-haul driving trip (300 miles or

less) in the previous 12 months, and 44% of those who drove stated that they were taking more driving trips than in the past.⁴ The current economic environment is affecting the rental car industry, as discussed in the following subsection and in Section IV.

4. U.S. Rental Car Industry and the Current Economic Environment

According to the National Bureau of Economic Research (NBER) Business Cycle Dating Committee, a peak in economic activity occurred in the U.S. economy in December 2007, marking the end of the expansion that began in November 2001 and the beginning of a recession.⁵ The rental car industry is very susceptible to the state of the economy and the recent downturn in the United States economy has had a detrimental effect on the industry. Most rental customers rent vehicles for business or leisure travel and economic slowdowns tend to have a negative effect on all travel. Businesses decrease the number of face to face meetings and consumers have less discretionary money to spend on travel. Recent headlines highlight the difficulty that the industry has been experiencing:

- Hertz Global Holdings Inc. said on January 16, 2009, that it would cut more than 4,000 jobs in a worldwide restructuring through the first quarter due to falling demand.⁶ In July 2009, Moody's lowered Hertz's debt rating to "B1" from "Ba3" and Fitch Ratings downgraded the company to "BB-" from "BB". The rating agencies indicated that the downgrades were due to the deterioration in overall operating trends over the past year and expectations that the car rental business will remain weak through 2010.
- In December 2008, Avis Budget Group eliminated 2,200 jobs – about 7 percent of its employees – to help reduce costs by \$150 million to \$200 million annually.⁷ In July 2009, Avis Budget Group's Presentation to Investors predicts that rental days will be down 20-22 percent year over year.
- Dollar Thrifty Automotive Group Inc. posted a net loss of \$340.4 million in 2008 compared with a profit of \$1.2 million in 2007. Revenue fell 3.6 percent to \$1.7 billion.⁸

⁴ "Study Says More Business Travelers Opting to Drive," *Auto Rental News*, December 2003, page 12. The survey, "Short-Haul Business Travel Survey", was conducted by Greenfield Online on behalf of Enterprise Rent-A-Car. A total of 520 business travelers, all of whom have taken at least four business trips in the past year, participated in the survey.

⁵ National Bureau of Economic Research Business Cycle Dating Committee, *Determination of the December 2007 Peak in Economic Activity*, December 11, 2008.

⁶ Reuters, January 16, 2009

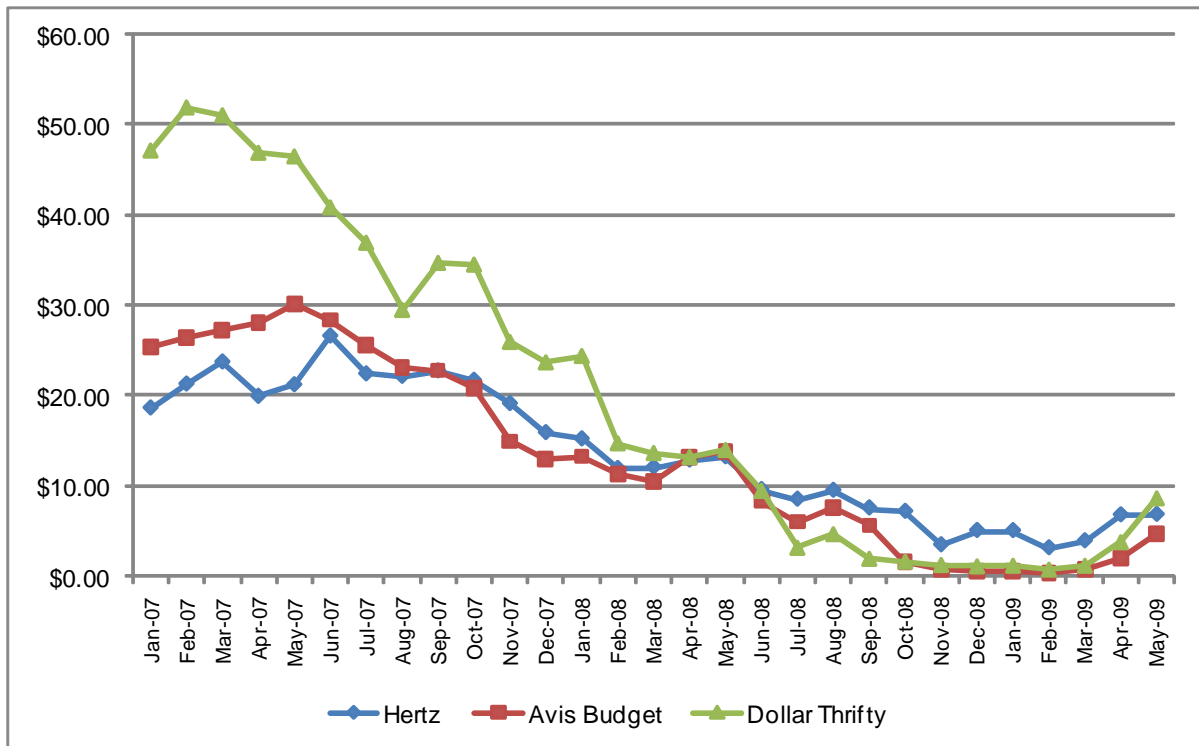
⁷ Trading Markets.com, January 17, 2009.

⁸ Dollar Thrifty Automotive Group, Inc. Form 10-K, March 3, 2009.

- In December 2008, Advantage Rent A Car and 14 affiliates filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Court in the United States Bankruptcy Court for Minnesota.⁹ On March 31, 2009 Advantage was acquired by The Hertz Corporation for \$33 million.

Figure III-4 presents the effect the current recession has had on the stock prices of the three rental car companies that are publicly traded. Between January 2007 and December 2008, the stock prices of Hertz Global Holdings, Avis Budget Group and Dollar Thrifty Automotive Group declined by 73%, 97% and 98% respectively. Although the stock prices improved slightly from January through May 2009, they remain well below the 2007 levels.

**FIGURE III-4
 STOCK PRICES OF PUBLICLY TRADED
 RENTAL CAR COMPANIES (01/07 TO 5/09)**



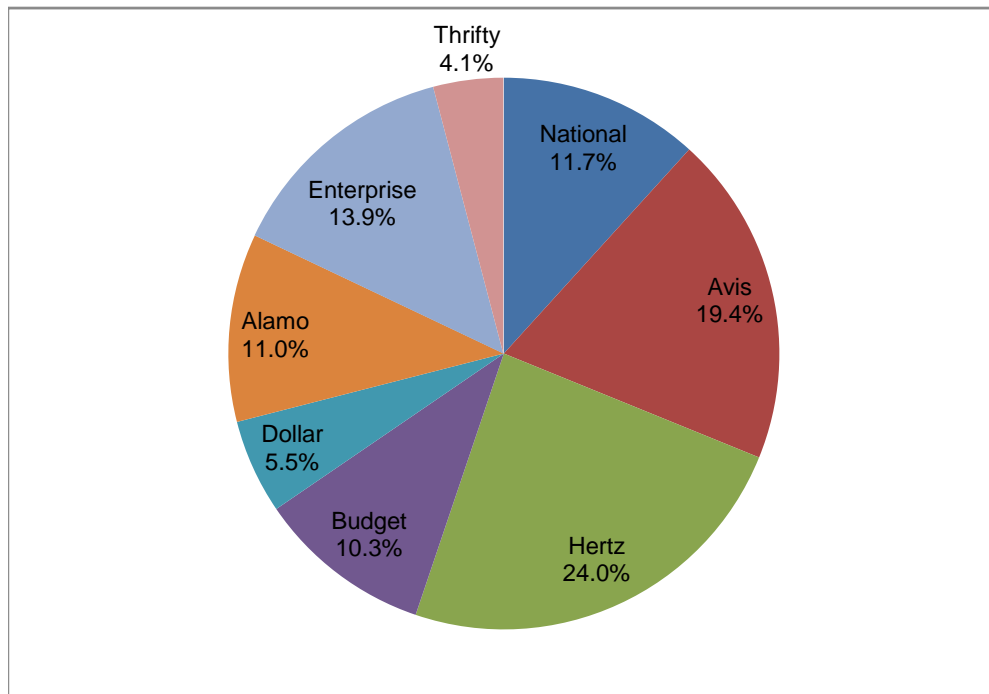
⁹ Business Wire, December 8, 2008.

B. RENTAL CAR COMPANIES SERVING THE AIRPORT¹⁰

As mentioned in **Section I**, the following eight rental car brands operate at the Airport: Alamo, National, Avis, Budget, Dollar, Enterprise, Hertz, and Thrifty. In 2008, these eight brands reported Gross Revenue (as defined in the concession agreement) at the Airport amounting to approximately \$93.2 million, representing a 4.4% increase from the previous year.

Figure III-5 shows the percentage distribution of rental car gross revenue at the Airport by company for 2008. Hertz held the largest share (24.0%) of gross revenues, followed by Avis (19.4%), Enterprise (13.9%) and National (11.7%). Alamo, Budget, Dollar and Thrifty, together accounted for the remaining 31.0% of gross revenues.

FIGURE III-5
LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
GROSS REVENUE SHARE BY BRAND
CY 2008



Following are brief profiles of the rental car brands that operate on-Airport:

¹⁰ The discussion in this subsection is based on information published on the individual company Internet sites, public documents, industry research, and Auto Rental News.

1. Alamo/National

Alamo provides rental cars primarily to family and leisure travelers. The company began operations in 1974 at four Florida locations (Miami, Fort Lauderdale, Tampa and Orlando) servicing the local replacement market. It has since expanded its operations nationwide, serving airport and local markets. In December 1996, Alamo merged with Republic Industries, Inc, which later became known as AutoNation, Inc. In January 2000, AutoNation, Inc. spun off its rental car unit into a separate, publically traded company, ANC Rental Corporation (“ANC”).

National Car Rental Systems, Inc. was incorporated in 1959, but the company was established by 24 independent rental car operators in 1947. National was based in St. Louis until 1961 when an investment group relocated the corporate headquarters to Minneapolis. The car rental company was acquired by General Motors in 1992, and became a subsidiary of ANC in January 2000.

ANC implemented dual branding of Alamo and National at many airports – renting both brands from the same counter space under a single concession agreement. In 2003, ANC filed for bankruptcy, was acquired by Cerberus Capital Management and became Vanguard Car Rental USA Inc. In August 2007, Enterprise acquired Vanguard Car Rental (and the Alamo and National brands) from Cerberus and operates it as a separate subsidiary. In 2008, Alamo/National had a rental car fleet of approximately 227,000 cars and operated nearly 650 locations domestically.

2. Avis Budget Group, Inc.

Avis began operations in 1946 at Detroit’s Willow Run Airport and Miami Airport. By 1946, Avis had expanded to locations in Chicago, Dallas, Houston, New York, Los Angeles and Washington D.C. Today the company domestically operates 220,000 cars from more than 1,200 locations.¹¹ The corporate ownership of Avis changed over the years, and in 1987, the company was purchased by its Employee Stock Ownership Plan, becoming one of the largest employee-owned companies in the United States. In 1989, General Motors Corporation acquired a 27% (later increased to 29%) ownership interest in the company. In October 1996, Avis was purchased by HFS, and then became a publicly traded company in 1997. In March 2001, Cendant, a successor in interest in HFS, acquired Avis Group Holdings, Inc., making Avis a wholly owned subsidiary of Cendant.

Budget Rent a Car System, Inc. was founded in Los Angeles in 1958 as a rental car company for the value conscious renter. It expanded its leisure traveler segment of the airport market during the 1960s and 1970s, and as of 2008, operated 155,000 vehicles across the United States at over 1,000 locations.¹¹ Budget was a subsidiary of Ford Motor Company until April 1997 when it was acquired by Team Rental Group, later renamed Budget Group, Inc. In November 2002, Cendant acquired Budget and merged its administrative functions with those of Avis.

In 2006, Cendant separated into four, publicly-traded companies. Avis and Budget became Avis Budget Group, Inc. Domestically, Avis Budget Group derives about 80% of its revenue from airport locations. Avis Budget operated a fleet of 375,000 vehicles from nearly 2,300 domestic locations in 2008.

3. Dollar Thrifty Automotive Group, Inc.

The Dollar and Thrifty brands represent a value-priced rental vehicle that generally appeals to leisure customers, small businesses and independent business travelers. Dollar Rent A Car Systems, Inc. began operating in Los Angeles in 1965 where its executive offices remained until relocating to Tulsa, Oklahoma in 1994. In 1990 the company was acquired by Chrysler Corporation, along with Thrifty Rent-A-Car System, Inc. and Snappy. Chrysler created Pentastar Transportation Group, Inc. ("PTG") to operate the rental car subsidiaries. In 1997, PTG merged into the Dollar Thrifty Automotive Group, Inc. ("DTG") and completed an initial public offering of its common stock.

Thrifty Rent-A-Car System, Inc. was incorporated in 1950 and began car rental operations in Tulsa, Oklahoma, with a focus on off-airport locations. As mentioned above, the Chrysler Corporation acquired Thrifty in 1989, and became part of DTG. DTG operated the Dollar and Thrifty brands under a brand-based corporate structure until January 1, 2003 when it adopted a functional corporate structure, combining the management of operations and administrative functions for both the Dollar and Thrifty brands.

DTG had a fleet of approximately 140,000 cars operated from about 600 domestic locations in 2008.

4. Enterprise Rent-A-Car Company

Jack Taylor founded Executive Leasing, a vehicle leasing company, in St. Louis in 1957. The rent-a-car operation was launched in 1962, and in 1969, Executive Leasing changed its name to Enterprise Leasing Company and began expanding its operations outside St. Louis. Enterprise and its subsidiaries have historically focused on the local replacement market but in recent years, have been expanding into the airport market. As of 2008, Enterprise averaged more than 627,000 cars in service and operated more than 6,100 locations domestically.

5. Hertz Global Holdings, Inc.

Hertz is the oldest rental car company in the industry, tracing its beginnings to 1918, when Walter L. Jacobs opened his first car rental operation in Chicago. The company took the name of Hertz in 1923 when Jacobs sold it to John Hertz. The company became a subsidiary of the Ford Motor Company (Ford) in 1994 and a publicly traded company in 1997. Hertz became a wholly owned subsidiary of Ford again when Ford reacquired the outstanding shares in 2001. On December 21,

2005, Ford completed the sale of all of its shares of Hertz common stock to an investor group of private equity firms (the Sponsors) for approximately \$4.4 billion in cash, debt refinanced or assumed of \$10.1 billion and transaction fees of \$447 million. Hertz completed an initial public offering in 2006 and a secondary public offering in 2007 which decreased the Sponsors' ownership percentage to approximately 55%. Domestically, in 2008, Hertz had an average of 311,000 cars in service and operated over 2,900 locations.¹¹ Hertz generates around 77% of its revenues from airport locations. In April 2009, the company acquired Advantage Rent A Car out of bankruptcy for \$33 million.

¹¹ Source: Auto Rental News. Statistics based on company-provided data, public documents, industry research and Auto Rental News estimates.

SECTION IV ANALYSIS AND FORECAST OF RENTAL CAR DEMAND

This section contains a review of the historical trends in rental car demand at MSY from 1999 through 2008; forecasts of transaction days for 2009 through 2019; and a discussion of the factors that affect rental car demand at MSY.

A. RECENT TRENDS IN RENTAL CAR DEMAND AT MSY

The trends in rental car demand are usually measured in terms of the number of transaction days, rental contracts (also known as transactions) and average contract duration. A transaction day is defined as the 24-hour period, or fraction thereof, during which a car is rented. A transaction occurs each time a rental contract is signed and a car is rented. The average contract duration in a rental market is calculated by dividing the number of transaction days by the number of rental contracts.

The specific rental car demand indicators for the MSY market are discussed in the following paragraphs. At a summary level, the trends indicate that several important shifts in the nature of demand in the MSY market have occurred since 1999. Rental car demand (as measured by transaction days and contracts) decreased significantly from 1999 through 2002, mainly due to the effects of the national economic recession in 2001 and the sharp decline in air traffic following the September 11, 2001 Events. Rental car demand recovered somewhat in 2003, and held fairly constant in 2004. Hurricane Katrina occurred in late August 2005, which resulted in a temporary shift in the nature of rental car demand at MSY through 2006. Many local residents evacuated the area; but the employment generated by the Katrina recovery efforts resulted in an influx of non-residents staying in the New Orleans area for extended periods of time. The effect on rental car demand at MSY was very noticeable: while enplanements and rental car contracts decreased in 2005, transaction days increased significantly. This indicates that fewer people were renting cars (reflecting the decrease in enplanements), but they were renting cars for a longer duration, on average. This anomaly can be seen in the significant increase in the average contract duration (calculated as the number of transaction days divided by the number of contracts) in 2006. In 2007, however, transaction days decreased while the number of contracts increased, resulting in a decrease in the average contract duration. In 2008 and the first six months of 2009, both the number of transaction days and the number of contracts decreased, with the number of transaction days decreasing more than the number of contracts – resulting in further decrease in the average contract duration. The decreasing trend in the average contract duration over the past two years indicates a return toward pre-Katrina conditions in the airport rental car market.

Table IV-1 summarizes the annual rental car market indicators at the Airport during the period 1999 through 2008 and the first six months of 2009. The following paragraphs discuss in more detail the historical trends in the market indicators:

TABLE IV-1
LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
ANNUAL DEMAND INDICATORS OF RENTAL CAR ACTIVITY
1999 - 2008; January - June 2009

Calendar Year	Demand Indicators ¹				
	Transaction Days		Rental Contracts		Avg. Contract
	Number	% Change	Number	% Change	Duration
1999	2,005,787		561,637		3.57
2000	1,877,204	-6.4%	534,797	-4.8%	3.51
2001	1,802,587	-4.0%	508,478	-4.9%	3.55
2002	1,739,435	-3.5%	480,062	-5.6%	3.62
2003	1,822,859	4.8%	503,149	4.8%	3.62
2004	1,828,017	0.3%	506,218	0.6%	3.61
2005	1,842,929	0.8%	448,825	-11.3%	4.11
2006	2,090,890	13.5%	459,731	2.4%	4.55
2007	1,971,777	-5.7%	507,614	10.4%	3.88
2008	1,855,336	-5.9%	486,396	-4.2%	3.81
Jan-Jun 2008	996,669	N/A	268,000	N/A	N/A
Jan-Jun 2009	827,311	-17.0%	219,302	-18.2%	3.77
	Average Annual Growth Rate				
1999-2008	-0.9%		-1.6%		0.7%

¹ Transaction day and transaction data obtained from the rental car companies.

- Transaction Days.** Total annual transaction days decreased from 1999 to 2002 and then increased from 2002 to 2006, back to the 1999 level. The combined effects of the U.S. economic slowdown beginning in 2000, leading to the 2001 recession, and the September 11, 2001 terrorist attacks were felt in the Airport rental car market as the number of transaction days declined 6.4 percent in 2000, 4.0 percent in 2001, and 3.5 percent in 2002. The decline in air passenger traffic following the September 11, 2001 Events exacerbated the market weakness that the rental car companies were already facing due to the economic recession. Annual transaction days dropped to a low of 1.7 million in 2002, before increasing 4.8 percent, to 1.8 million in 2003, and then held fairly constant in 2004 and 2005. On August 29, 2005, the storm surge from Hurricane Katrina breached several levees around the city of New Orleans. There was no commercial air traffic at the Airport for almost two weeks, and regular operations did not resume until early October. Transaction days decreased significantly during the two months after the storm, and then surged from November 2005 through April 2006. For the entire year 2006, transaction days increased 13.5 percent to 2.1 million, while enplanements at the Airport decreased 20.4 percent.

The surge in transaction days in 2006 reflected a shift in the nature of rental car demand in the year after Katrina, as is discussed in the next paragraphs. Transaction days decreased 5.7 percent in 2007 and an additional 5.9 percent in 2008, to less than 1.9 million. During the first six months of 2009, transaction days were 16.7 percent lower than during the comparable months in 2008.

- **Contracts (Transactions).** In the years leading up to Katrina, the trends in total annual contracts mirrored the trends in transaction days. The number of contracts decreased at approximately the same rate as transaction days during the period 1999 through 2002, and then increased at similar rates as transaction days in 2003 and 2004. In 2005, however, the number of contracts decreased 11.3 percent, while transaction days increased 0.8 percent. In 2006, contracts increased 2.4 percent, while transaction days increased 14.0 percent. This indicates that rental car customers were renting cars for a significantly longer duration, on average, than was the case prior to Katrina, particularly during the twelve months following Katrina. Those customers likely consisted of residents returning temporarily to the area, and disaster relief and recovery workers staying in the area for extended periods. In 2007, contracts increased 10.4 percent, while transaction days decreased 5.7 percent. In 2008, contracts decreased 4.2 percent, while transaction days decreased 5.9 percent. During the first six months of 2009, contracts were 18.2 percent lower than during the first six months of 2008.
- **Average Contract Duration.** The significant increase in transaction days in 2006 was largely a function of the increase in the average contract duration, measured as total annual transaction days divided by total annual contracts. The average contract duration increased from 3.57 in 1999 to 3.62 in 2002 and 2003, before decreasing slightly in 2004, to 3.61. The average contract duration increased to 4.09 days in 2005 and 4.55 days in 2006 – significantly higher than pre-Katrina levels. The average contract duration spiked from 3.83 days in August 2005 to 9.09 days in September 2005, the month immediately following Katrina. Rental car market indicators in 2007 and 2008 show decreases in the average contract duration to 3.88 and 3.81 days, respectively – still longer than the pre-Katrina averages. The average contract duration decrease further during the first six months of 2009 – to 3.77 days. The decreasing trend in the average contract duration over the past two years indicates that the average contract duration is settling back to lower levels recorded prior to Katrina.

In analyzing fluctuations in rental car demand, it is also useful to examine the trends in the average daily rental rate, which is calculated as annual gross revenues reported by the rental car companies divided by annual transaction days. The average daily rental rate measures the price of renting a car. This rate can be measured two ways: (1) the *nominal* daily rental rate, which is expressed in current dollars, and (2) the *real* daily rental rate, which we express in this report in constant 2000 dollars. As with most consumer goods and services, the demand for rental cars is often affected by changes

in the price of renting a car. An increase in price has a dampening effect on demand, while a decrease in price stimulates demand. The trends in gross revenues and the average daily rental rate (nominal and real) are summarized on **Table IV-2**. The average nominal daily rental rate at MSY increased from \$36.40 in 1999 to \$42.43 in 2004. It decreased slightly in 2005 and then increased each year through 2008, to \$50.26. These trends represent a nominal price increase of 3.6 percent annually, or 0.7 percent after eliminating the effects of inflation. The nominal daily rental rate increased to \$51.56 during the first six months of 2009. The decreases in transaction days in 2007 and 2008 coincided with increases in the average daily rental rate both in nominal and real terms.

TABLE IV-2
LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
ANNUAL REVENUE INDICATORS OF RENTAL CAR ACTIVITY
1999-2008; January - June 2009

Calendar Year	Gross Revenue ¹	Percent Change	Avg. Nominal Rental Rate ²	Avg. Real Rental Rate ²
1999	\$73,013,216		\$36.40	\$37.62
2000	\$76,268,343	4.5%	\$40.63	\$40.63
2001	\$77,106,114	1.1%	\$42.78	\$41.59
2002	\$77,403,898	0.4%	\$44.50	\$42.59
2003	\$76,488,327	-1.2%	\$41.96	\$39.27
2004	\$77,569,180	1.4%	\$42.43	\$38.68
2005	\$77,478,023	-0.1%	\$42.04	\$37.07
2006	\$91,918,343	18.6%	\$43.96	\$37.55
2007	\$89,281,895	-2.9%	\$45.28	\$38.68
2008	\$93,244,409	4.4%	\$50.26	\$40.20
Jan-Jun 2008	\$49,009,833	N/A	\$49.17	N/A
Jan-Jun 2009	\$42,657,310	-13.0%	\$51.56	4.9%
Average Annual Growth Rate				
1999-2008	2.8%		3.6%	0.7%

¹ Gross revenue data reported by the rental car companies to the Airport.

² The average rental rate is calculated by dividing annual gross revenue by transaction days. The nominal rental rate is in current dollars; the real rental rate is in constant 2000 dollars.

Source: Rental car companies.

We can also examine the rental car market trends by looking at the monthly variations in the demand indicators. **Table IV-3** and **Figure IV-1** present the recent trends in monthly transaction days at the Airport. The large decreases in September and October 2005, followed by the large increases in 2006, reflect the effects of Hurricane

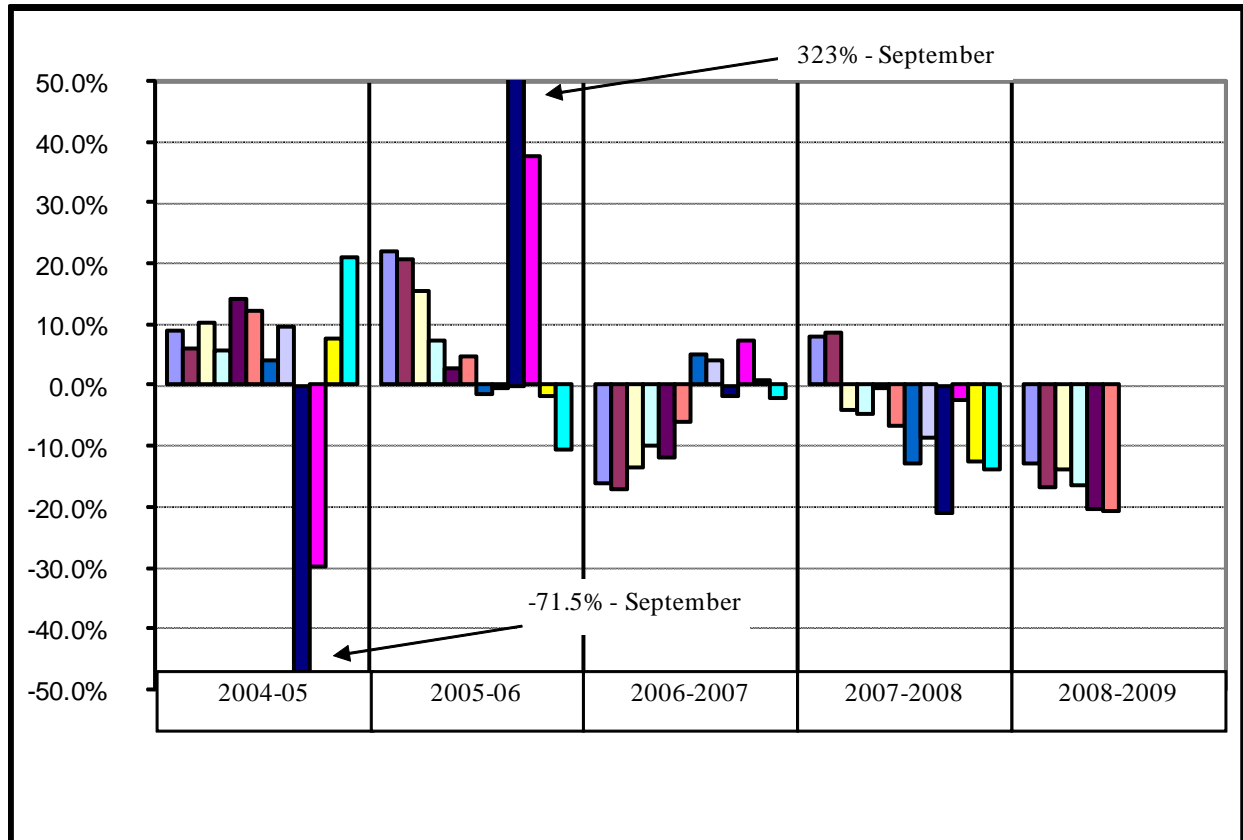
TABLE IV-3
LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
TRENDS IN MONTHLY TRANSACTION DAYS
January 2004 - June 2009

Month	Transaction Days ¹					
	2004	2005	2006	2007	2008	2009
January	122,634	133,781	163,041	136,864	147,722	128,500
February	136,993	145,193	175,349	145,096	157,520	130,952
March	165,199	182,402	210,403	181,725	174,591	150,246
April	175,988	185,739	199,341	179,251	170,535	142,413
May	181,623	207,137	212,614	187,254	187,130	149,150
June	154,857	173,994	181,931	170,775	159,170	126,050
July	165,864	172,480	169,977	178,487	155,410	
August	150,700	165,307	164,392	171,009	156,488	
September	124,065	35,348	149,545	147,081	116,477	
October	164,121	115,417	158,945	170,789	166,790	
November	148,281	159,421	156,378	157,558	137,589	
December	137,691	166,711	148,974	145,886	125,912	
Annual	1,828,017	1,842,929	2,090,890	1,971,777	1,855,336	N/A
Jan - June	937,295	1,028,246	1,142,679	1,000,966	996,669	827,311

Month	Year-over-Year Percent Change				
	2004-05	2005-06	2006-07	2007-2008	2008-2009
January	9.1%	21.9%	-16.1%	7.9%	-13.0%
February	6.0%	20.8%	-17.3%	8.6%	-16.9%
March	10.4%	15.4%	-13.6%	-3.9%	-13.9%
April	5.5%	7.3%	-10.1%	-4.9%	-16.5%
May	14.0%	2.6%	-11.9%	-0.1%	-20.3%
June	12.4%	4.6%	-6.1%	-6.8%	-20.8%
July	4.0%	-1.5%	5.0%	-12.9%	
August	9.7%	-0.6%	4.0%	-8.5%	
September	-71.5%	323.1%	-1.6%	-20.8%	
October	-29.7%	37.7%	7.5%	-2.3%	
November	7.5%	-1.9%	0.8%	-12.7%	
December	21.1%	-10.6%	-2.1%	-13.7%	
Annual	0.8%	13.5%	-5.7%	-5.9%	N/A
Jan - June	9.7%	11.1%	-12.4%	-0.4%	-17.0%

¹ Transaction days obtained from the rental car companies.

FIGURE IV-1
LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
YEAR-OVER-YEAR GROWTH TRENDS IN MONTHLY TRANSACTION DAYS
January 2004 - June 2009



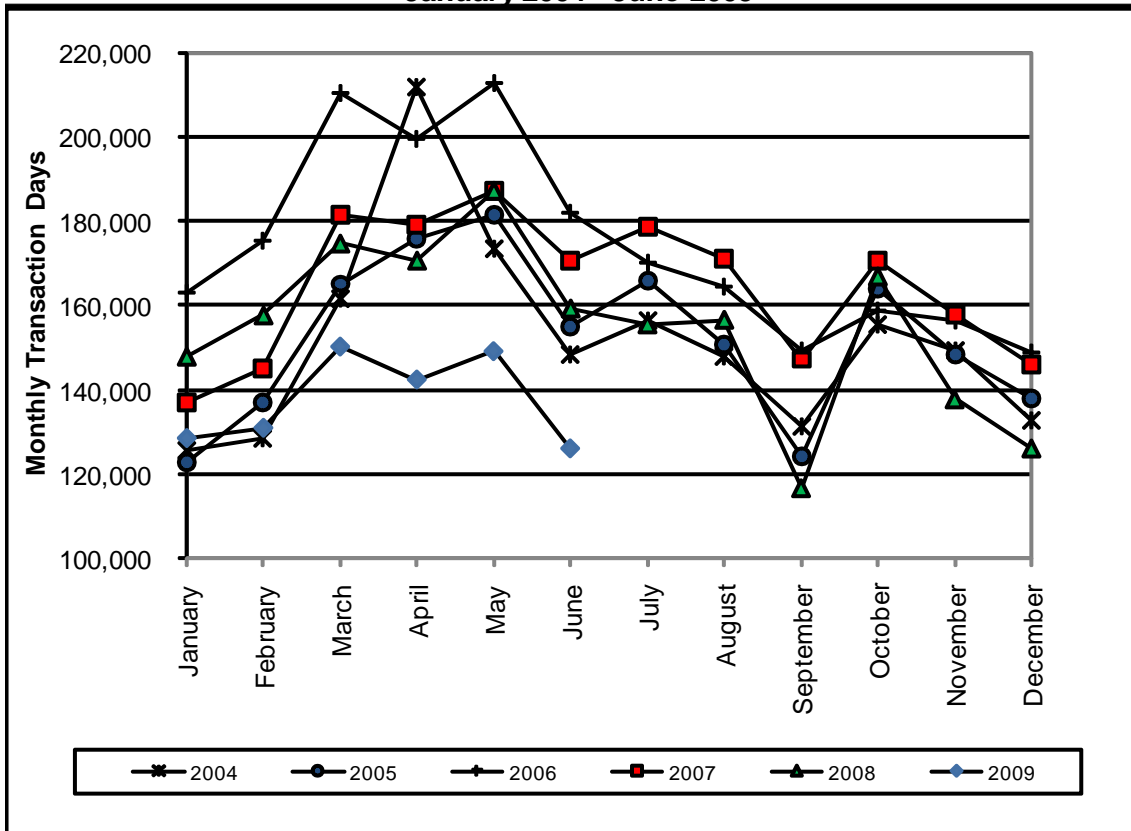
Source: RACs. Each bar represents the percentage change from the same month in the prior year.

Katrina, as discussed above. The subsequent year-over-year decreases in 2007 and 2008 indicate that rental car demand is returning back almost to the pre-Katrina levels. Transaction days in the last four months of 2008 were down significantly compared to the comparable months in 2007, and transaction days in January through June 2009 were also lower than transaction days in the first six months of 2008. This trend reflects recent economic conditions, which are discussed later in this section. This trend is also reflected in the transaction day forecast for 2009, as explained in the next sub-section.

The monthly rental car activity data also show that there is a seasonal pattern to rental demand at the Airport. As evident on **Figure IV-2**, transaction days are the highest in March, April, and May, while they are the lowest in September. September 2008 was a particularly low month, due to the effects of Hurricanes Gustav and Ike. **Figure IV-3** presents the monthly trends in average contract duration, which represents the

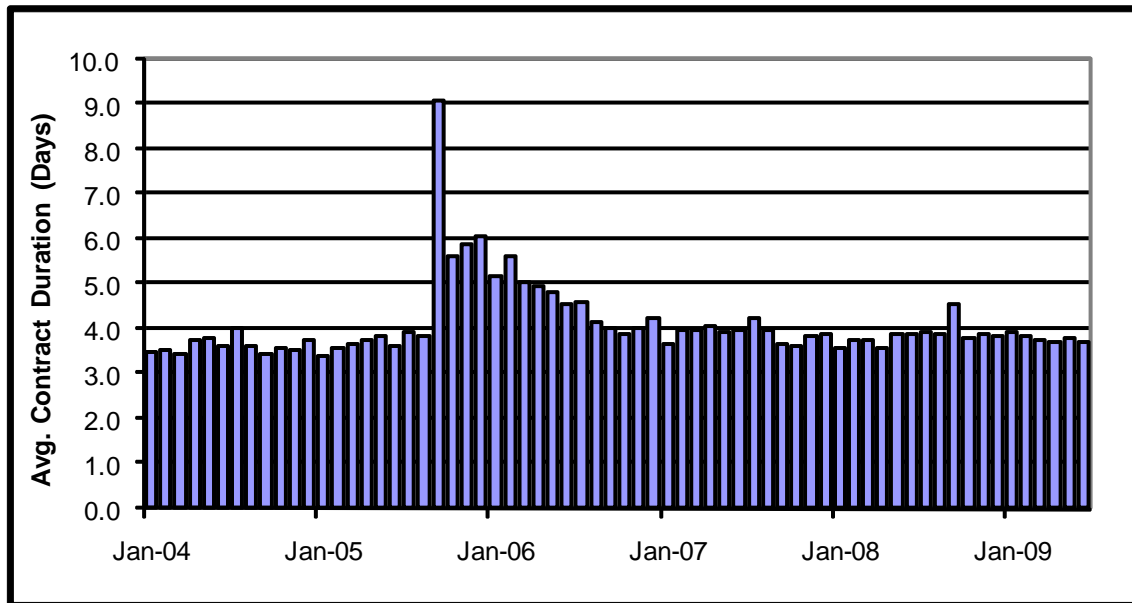
combined trends in monthly transaction days and monthly contracts. The graphic depiction illustrates the trend noted above – that the average contract duration increased after Hurricane Katrina, but has been decreasing down almost to pre-Katrina levels.

FIGURE IV-2
LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
MONTHLY TRANSACTION DAYS
January 2004 - June 2009



Source: Rental car companies.

FIGURE IV-3
LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
AVERAGE CONTRACT DURATION
January 2004 - June 2009



Source: Calculated using data from rental car companies.

B. FORECAST TRANSACTION DAYS

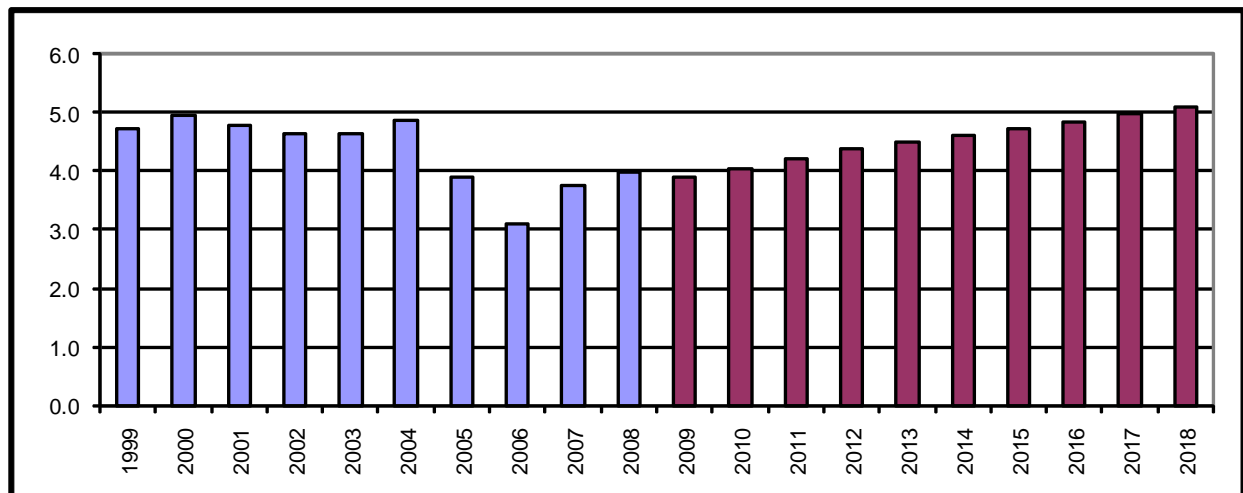
Unison generated forecasts of transaction days using multivariate regression analysis, combining econometric modeling techniques with economic theory and our understanding of airport rental car market dynamics. Multivariate regression analysis provides a systematic framework for quantifying the effects of multiple explanatory variables on rental car demand trends simultaneously using historical data and for linking forecasts of transaction days to projected trends in explanatory variables, facilitating sensitivity analysis. This approach minimizes subjective inputs, and the use of a least squares regression model specification, by design, minimizes forecast errors.

In modeling demand for rental cars at the Airport, we incorporated the following explanatory variables into the regression models:

- *Airport passenger traffic.* The demand for rental cars at airports is a derived demand – it results from the demand for air travel to an airport's service area. Arriving passengers (deplanements), particularly those visiting MSY, constitute the market for airport rental cars. An increase in arriving passengers tends to increase the demand for airport rental cars. Passenger traffic, however, is typically tracked in terms of the number of departing passengers (enplanements). We therefore use the number of enplanements as a proxy for the number of

deplanements. At MSY, passenger traffic is predominantly origination and destination (“O&D”) traffic; therefore, there is no need to distinguish O&D from connecting traffic. In generating forecasts of transaction days, we adopted the latest enplanement forecast for the Airport developed by Ricondo and Associates, as presented in the Air Traffic Report of the Aviation Consultant, incorporated as Appendix E of the Official Statement. The Air Traffic Report of the Aviation Consultant projects Airport enplanements to increase from slightly less than 4.0 million in 2008 to approximately 5.1 million in 2018 at an average annual growth rate of 2.5 percent. **Figure IV-4** shows the historical and projected levels of annual enplanements at the MSY.

FIGURE IV-4
LOUIS ARMSTRON NEW ORLEANS INTERNATIONAL AIRPORT
HISTORICAL AND PROJECTED ANNUAL ENPLANEMENTS (IN MILLIONS)
 1999 - 2018



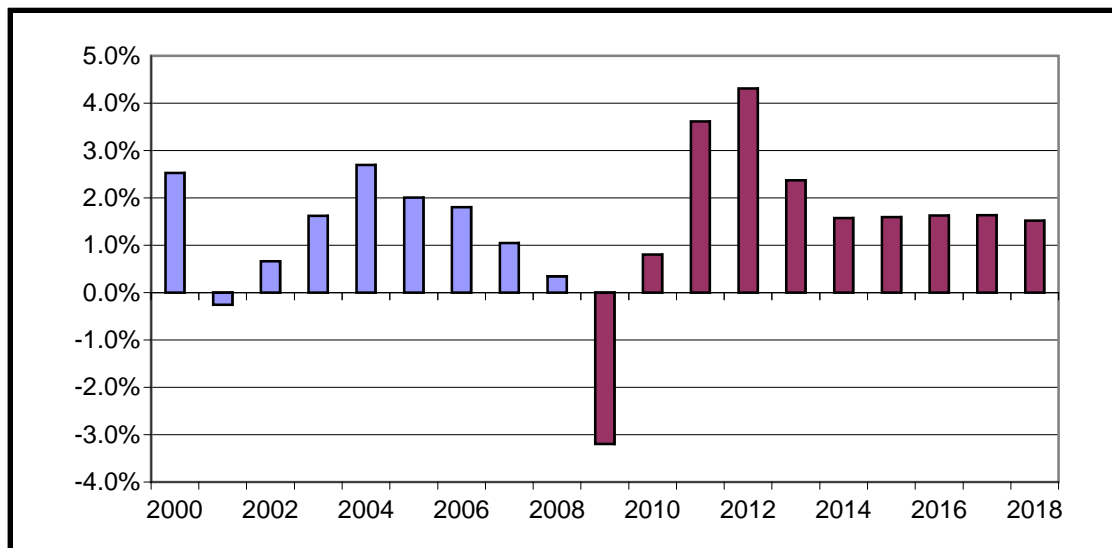
Sources:
 Airport records, for historical data, 1999-2008.
 Ricondo and Associates, Inc., for forecast data, 2009-2018.

- *Price of renting a car.* For any product or service, demand is an inverse function of price. Demand tends to decrease with an increase in price and increase with a decrease in price. We use the average daily rental rate, expressed in real terms, to indicate trends in the price of renting a car at MSY. As shown in **Table IV-2**, the average daily rental rate increased at an average annual rate of 0.7 percent, in real terms, from 1999 through 2008. For purposes of forecasting rental car demand, we assumed that the average daily rental rate would continue to increase at an average annual rate of 0.7 percent, in real terms, through 2018. We also added to the average daily rental rate the \$5.50 CFC per transaction day collected

beginning in November 2008, and the increase in the CFC rate to \$6.20, effective June 1, 2009.

- *Customers' income.* Demand tends to increase with income. Customers are more likely to rent cars and rent them for longer duration when their disposable income increases. We use real U.S. per capita Gross Domestic Product (GDP) as an indicator of income trends. We use a national measure of income, instead of a local measure, because rental car customers at the Airport typically come from outside the local area. We obtained historical and forecast data on U.S. real per capita GDP from Moody's economy.com. The U.S. real per capita GDP grew at an average annual rate of 1.4 percent from 1999 through 2008. Moody's economy.com forecasts the U.S. real per capita GDP to continue growing at an average annual rate of 1.6 percent through 2018. The trends in customers' income directly follow the U.S. business cycles: increasing during periods of economic expansion and decreasing during periods of economic recession. The forecast trends in the real U.S. per capita GDP underlying the forecasts of transaction days reflect deep recessionary effects in 2009 and economic recovery beginning in 2010. **Figure IV-5** shows the historical and projected annual changes in real U.S. per capita GDP.

FIGURE IV-5
REAL U.S. PER CAPITA GROSS DOMESTIC PRODUCT
HISTORICAL AND FORECAST ANNUAL PERCENT CHANGE
2000 - 2018



Historical, 2000-2008, and forecast, 2009-2018.

Source: Moody's economy.com.

- *Extraordinary events.* During the historical study period 1999-2008, two extraordinary events had a significant impact on air traffic and rental car activity at MSY: (1) the terrorist attacks on September 11, 2001 and (2) flooding in New Orleans caused by Hurricane Katrina in late August to early September 2005. Commercial air traffic was suspended at MSY for a few days following the terrorist attacks in 2001 and for almost two weeks following Hurricane Katrina in 2005. The devastation caused by Hurricane Katrina caused residents to flee the area. Many residents have since returned, and efforts to rebuild New Orleans and surrounding regions are ongoing. Passenger traffic at MSY has been recovering but remains below pre-Katrina levels. Transaction days, however, have recovered more quickly than enplanements due to an increase in the proportion of passengers renting a car and an increase in the average contract duration following Hurricane Katrina. We included dummy variables¹ in the regression models to capture the effects of these extraordinary events.

In addition to the above explanatory variables, we included trend variables to account for seasonality in rental car demand at the Airport, and the correlation between past and present levels of rental car demand (*serial correlation* typically observed in time series data).

Table IV-4 presents the forecast of transaction days with and without the CFC, assuming the current CFC rate of \$6.20 per transaction day remains in effect throughout the forecast period. This sensitivity analysis illustrates the degree of price elasticity of rental car demand. The CFC represents an addition to the price of renting a car and therefore has a dampening effect on demand. The addition of the CFC is not projected to have a significant impact on rental car demand. The CFC is projected to dampen demand by 8.2 percent in 2010, and the effect is projected to decrease each year thereafter, to 4.4 percent in 2018.

¹ *Binary*, or dummy, variables are useful devices in regression analysis to account for structural shifts, events, and or certain conditions that hold only for certain observations in the regression sample. Source: William H. Green, *Econometric Analysis*. New York: Macmillan Publishing Company, 1990, p. 239.

TABLE IV-4
LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
FORECAST TRANSACTION DAYS (IN THOUSANDS)
WITH AND WITHOUT THE CFC
2008 - 2018

Year	With \$6.20 CFC	Without CFC	Percent Difference
2008 Actual	1,855	1,855	0.0%
2009	1,567	1,633	-4.0%
2010	1,585	1,726	-8.2%
2011	1,648	1,783	-7.6%
2012	1,721	1,846	-6.8%
2013	1,765	1,882	-6.3%
2014	1,796	1,908	-5.9%
2015	1,829	1,935	-5.5%
2016	1,863	1,963	-5.1%
2017	1,897	1,992	-4.8%
2018	1,931	2,021	-4.4%
Average Annual Growth Rate			
2008-2009	-15.5%	-12.0%	
2009-2018	2.3%	2.4%	
2008-2018	0.4%	0.9%	

Source: Unison Consulting, Inc.

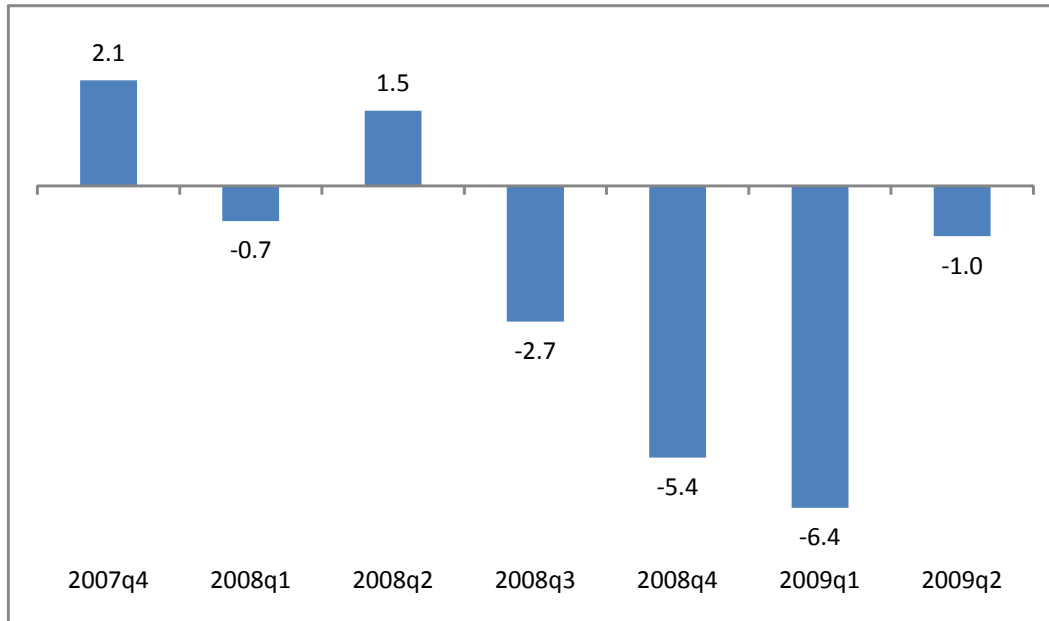
C. OTHER FACTORS THAT COULD AFFECT AIRPORT RENTAL CAR DEMAND

The forecasts of transaction days have been developed based on specific assumptions about the airport rental car market, key measurable factors that drive demand, and information available at the time of the analysis. There are broader factors that could affect the airport rental car market, and introduce risk and uncertainty into the forecasts. Some of these factors are discussed below.

Economic Conditions

The demand for air travel and related services such as car rental is affected by prevailing economic conditions. Economic expansion increases income, boosts consumer confidence, stimulates business activity, and increases demand. In contrast, economic recession reduces income, diminishes consumer confidence, dampens business activity, and weakens demand. The NBER Business Cycle Dating Committee, responsible for keeping a chronology of the beginning and ending dates of U.S. recessions, determined that the U.S. economy peaked in December 2007 and entered another period of recession. Compared to the 2001 recession, which was mild and brief, the 2008-2009 recession was deeper and longer. **Figure IV-6** shows the actual percent changes in U.S. real GDP, a broad measure of economic activity, from the fourth quarter of 2007 through the second quarter of 2009, as reported by the U.S. Bureau of Economic Analysis. **Figure IV-6** shows that the U.S. economy began contracting during the first quarter of 2008. The U.S. real GDP showed a modest expansion during the second quarter of 2008, before declining during the following four quarters. The deepest declines occurred during the fourth quarter of 2008 (-5.4 percent) and the first quarter of 2009 (-6.4 percent). According to independent economic forecasts, economic recovery is expected to begin in the third quarter of CY 2009 and would be sluggish through 2010. The economy is predicted to return to a path of robust growth beginning in 2011. **Table IV-5** shows the economic growth forecasts of the Administration (for the FY 2010 U.S. budget), the Congressional Budget Office, and the Blue Chip Consensus for the years 2009-2014.

FIGURE IV-6
PERCENT CHANGE IN U.S. REAL GROSS DOMESTIC PRODUCT¹
FOURTH QUARTER 2007 - SECOND QUARTER 2009



¹ Percent change from preceding period based on chained 2005 dollars; seasonally-adjusted annual rates.

Source: U.S. Bureau of Economic Analysis.

TABLE IV-5
FORECAST PERCENT CHANGE IN REAL U.S. GROSS DOMESTIC PRODUCT
2009-2014

Source	2009	2010	2011	2012	2013	2014
US Budget FY 2010, Feb-09	-1.2	3.2	4.0	4.6	4.2	2.9
Congressional Budget Office, Mar-09	-3.0	2.9	4.0	4.1	4.0	3.5
Blue Chip Consensus, Apr-09	-2.6	1.8	3.4	3.4	3.0	2.9

Alternative Modes of Ground Transportation

Apart from renting a car or using private automobiles, arriving passengers may choose from several other modes of ground transportation available at the Airport. These alternative modes of transportation differ in terms of convenience, service, price, and time requirements. The follow modes of ground transportation are available at the Airport:

- *Taxicabs.* A taxi ride costs approximately \$28.00 for a trip from the Airport to the Central Business District for one or two persons and \$12.00 (per passenger) for three or more passengers. There is a \$1 fuel surcharge added to the total fare. Taxicabs are good substitutes for rental cars because they are available on demand, and for travelers that are new to the New Orleans area, a cab ride eliminates the difficulties of driving in an unfamiliar environment. Taxicabs may also be cost-efficient in situations where the passenger is making a single destination stop to/from the Airport. In the case of multiple trips, taxicabs can become expensive and therefore cost prohibitive for the average air traveler.
- *Airport Shuttle.* The Airport Shuttle is an on demand, shared ride van service that offers transportation to and from the Airport; downtown, uptown and French Quarter hotels; the Ernest N. Morial Convention Center; cruise terminals; and the Superdome. The shuttle charges \$15.00 per person for each one-way trip. Service is available from the Airport on a continuous basis with vans departing approximately every 30 minutes. While the monetary cost of using the Airport Shuttle is lower than that of renting a car, shared rides have much longer wait and travel times.
- *Long range shuttles.* The Northshore Airport Express and Reliant Transportation provide ground transportation between the Airport and the Northshore of Lake Pontchartrain, Baton Rouge and the surrounding communities. Prices vary, based upon the length of the trip and the number of passengers. These shuttles are usually marketed to air travelers that live in these areas but need to fly from the Airport as opposed to typical ground transportation modes that serve air travelers visiting the New Orleans area.
- *Limousine Transportation.* AirportLimo.com provides a service for the traveler looking for chauffeured transportation. The company offers various services, including VIP, airport concierge (meet and greet), corporate travel and hourly charters.
- *Metro bus.* Jefferson Transit is a bus operation that serves Jefferson Parish. The E-2 route provides service from the Airport into New Orleans, and during weekdays into the Central Business District. The fare is \$1.10 per trip in Jefferson Parish and \$1.60 to go to downtown New Orleans. The bus departs from the Airport approximately every 35 to 45 minutes between 5:00 a.m. and

9:00 p.m. Although the cost is low, the bus may not be a viable option for most air travelers, particularly those traveling with multiple pieces of luggage.

Off-Airport Car Rental Locations

Four rental car companies operating at MSY also operate off-Airport locations. We compared the rates charged by the companies at their Airport locations with their rates at the two, full service, off-Airport locations closest to the Airport. The off-Airport locations surveyed averaged 12.1 miles from the Airport. For each search we selected the same criteria: a standard size car rented one weekday. The base rental rates at the Airport locations were higher than the rates at the off-Airport locations. The average total daily rate (base rate plus fees and taxes) at the Airport locations was \$111.82 compared to the average daily rate of \$55.72 at the off-Airport locations. The Airport locations are much more convenient, with free transportation to and from the passenger terminal. In contrast, the off-Airport locations are much less convenient for air travelers.

SECTION V FINANCIAL ANALYSIS

This section discusses the financial aspects of the Consolidated Facility, including the plan of finance. The discussion includes a summary of the legal framework for the financing and operation of the Consolidated Facility, and the financial analysis, which includes projections of the following items for each year during the forecast period: (1) CFC Revenues; (2) the application of CFC Revenues under the CFC Master Indenture; and (3) debt service coverage.

A. LEGAL FRAMEWORK FOR THE FINANCING AND OPERATION OF THE CONRAC AND THE SERVICE CENTERS

The financing and operation of the CONRAC and the Service Centers are governed by the following documents, which were defined in **Section I**: (1) The CFC Resolution, as amended; (2) The Bond Resolution; (3) the CFC Master Indenture and the First Supplemental CFC Indenture; (4) the Concession Agreement; and (5) the Facilities Lease.

1. CFC Resolution

The CFC Resolution, as amended, requires all On-Airport Rental Car Companies to collect the CFC, effective November 1, 2008, at a rate of \$5.50 per Transaction Day. The On-Airport Rental Car Companies are required to remit the CFC Revenues to the Board monthly. Effective June 1, 2009 the CFC rate was increased to \$6.20 per Transaction Day. The CFC rate may be adjusted by the Board from time to time by resolution. In addition, the Director of Aviation has the authority to adjust the CFC to a level sufficient to (i) satisfy “any rate covenants in any applicable bond indentures, resolutions, or other agreements”; and (ii) “meet all of the Board’s obligations and/or covenants in any applicable bond indentures, resolutions, or other agreements relating to the CONRAC or the CFC.” However, the Director of Aviation may not adjust the CFC to a level higher than certain maximum CFC levels specified in the CFC Resolution without further Board authorization.¹

2. Bond Resolution

The Bond Resolution, as amended, authorized the issuance of the Series 2009 Bonds in an amount not to exceed \$140.0 million with a final maturity date of not more than 40 years after the issuance of the Series 2009 Bonds, at a maximum rate not exceeding nine percent (9%) if they are fixed rate bonds.

¹ The Director of Aviation may not increase the CFC level above a maximum level, which increases from \$7.00 (for years 2009 – 2010) to \$8.00 (for 2011 – 2012) to \$10.00 (for 2013 – 2032).

3. CFC Master Indenture and First Supplemental CFC Indenture

The CFC Master Indenture authorizes the issuance of bonds for the purpose of financing CFC Projects. The First Supplemental CFC Indenture authorizes the issuance of the Series 2009 Bonds to finance a portion of the costs of planning, acquiring, constructing, and equipping the Consolidated Facility. The Series 2009 Bonds were authorized in an amount not to exceed \$140 million, to provide funding to (i) finance the payment, or the reimbursement of the payment, of the costs of the Consolidated Facility; (ii) pay the municipal bond insurance policy costs of the Series 2009 Bonds (the “Series 2009 Insurance Policy”); (iii) pay the costs of issuance of the Series 2009 Bonds; (iv) provide capitalized interest for the Series 2009 Bonds; and (v) provide a Debt Service Reserve Fund for the Series 2009 Bonds.

The CFC Master Indenture requires that the Board create an account at a bank of its choice (the “CFC Collection Account”). All Revenues (defined in the CFC Master Indenture to include CFC Revenues, Contingent Rent, and interest earnings on amounts held in certain other funds and accounts) must be deposited daily as received by the Board into the CFC Collection Account. The Board shall transfer all amounts from the CFC Collection Account to the Revenue Fund. On or before the third-to-last business day of each month, all amounts transferred into the Revenue Fund are to be applied by the Trustee to the following funds and accounts in the following order:

- After taking into account any monies representing capitalized interest in the Debt Service Account, to the Debt Service Account for each series of bonds within the Debt Service Fund, an amount sufficient to pay one-sixth of the interest due on each series of bonds on the next succeeding Interest Payment Date and one-twelfth of the principal amount due on each series of bonds on the next succeeding Principal Payment Date;
- To the Coverage Fund, an amount necessary (if any) to increase the amount on deposit to equal the Coverage Fund Requirement;
- To the Debt Service Reserve Account for each series of bonds within the Debt Service Fund, an amount necessary (if any) to increase the amount on deposit to equal the Debt Service Reserve Requirement; and to provide reimbursement of a Debt Service Reserve Account Surety Policy;
- To the Administrative Costs Fund all moneys until the amount on deposit is equal to the then budgeted Administrative Costs for the then-current Bond Year²;
- Until completion of the CONRAC, the Trustee shall transfer to the Construction Fund all amounts remaining in the Revenue Fund after the above transfers.

² A “Bond Year” is defined in the CFC Trust Indenture as a 12-month period commencing on January 2 of each calendar year and ending on January 1 of the next succeeding calendar year.

Effective at the completion of the CONRAC, the Trustee shall transfer all amounts remaining in the Revenue Fund after the above transfers, in the order indicated below:³

- Beginning in January 2013, to the Maintenance Reserve Fund amounts in substantially equal monthly installments during a 60-month period, an amount equal to the Maintenance Reserve Fund Requirement;
- To the Arbitrage Rebate Fund amounts due to the Internal Revenue Service as arbitrage rebate for any Tax-Exempt Bonds;
- To the Surplus Fund all remaining moneys.

After completion of the CONRAC, the Trustee shall not transfer any amounts to the Construction Fund.

Beginning with the end of the first Bond Year after DBO of the CONRAC within which the RACs pay O&M Expenses, monies in the Surplus Fund are to be used by the Trustee to pay to the Manager of the CONRAC the lesser of (1) the excess of CFC Revenues for the prior Bond Year over actual CFC Costs⁴ for the prior Bond Year, or (2) the actual O&M Expenses for the prior Bond Year. If actual CFC Revenues exceeded actual CFC Costs plus O&M Expenses for the prior Bond Year, monies in the Surplus Fund are also to be used by the Trustee to pay to the RACs the lesser of (1) that excess or (2) the amount of Ground Rentals paid by all the RACs to the Board in the prior Bond Year. Any remaining monies in the Surplus Fund are to be used to make a deposit to the Administrative Cost Fund when such Fund has a deficiency; fund repairs and replacements for the Consolidated Facility; expand the CFC Projects; purchase, defease, or retire the CFC Bonds; reimburse the Board any amounts expended by it with respect to planning, financing, constructing, or operating the Consolidated Facility; and any other lawful purpose of the Board with respect to the Consolidated Facility, the CFC Bonds, and certain ground transportation projects.

The CFC Master Indenture contains a provision known as the Rate Covenant, which states that the Board covenants to establish and adjust the CFC so that CFC Revenues for each Bond Year together with the other amounts included in Revenues for the next Bond Year, together with the amounts then on deposit in the Coverage Account, will at least equal the Rate Requirement for such Bond Year. The CFC Master Indenture defines the Rate Requirement as the following:

³ Any amounts remaining in the Construction Fund as of DBO of the CONRAC shall be transferred to the Surplus Fund.

⁴ The CFC Master Indenture defines "CFC Costs" as the following costs that are intended to be paid with or recovered from CFC Revenues: (i) the annual debt service on the Series 2009 Bonds and any other bonds secured by CFC Revenues; (ii) annual Administrative Costs; (iii) deposits to the Maintenance Reserve Fund needed to meet the Maintenance Reserve Fund Requirement; (iv) deposits to the Coverage Account needed to restore the balance therein to the Coverage Account Requirement; and (v) any required deposits to the funds and accounts established pursuant to the CFC Master Indenture.

“that Revenues must equal at least both (i) CFC Costs and (ii) calculated separately an amount equal to 135% of Aggregate Debt Service for the applicable Bond Year after taking into account the amounts in the Coverage Fund which do not exceed 25% of Maximum Annual Debt Services, on the last Business Day of ninth (9th) calendar month of any Bond Year with respect to the next ensuing Bond Year...”

Under the CFC Master Indenture, the Board has covenanted the following with respect to the CFC:

- a. The CFC shall continue at the current level until adjusted by the Director of Aviation or the Board as provided in the CFC Resolution. At least 120 days prior to the end of each Bond Year the Board will estimate CFC Revenues and CFC Costs for the next Bond Year and determine whether the Rate Requirement was met for the then current Bond Year and will be met for the next succeeding Bond Year. If the Board projects that CFC Revenues for the next succeeding Bond Year will not be sufficient to meet the Rate Requirement without increasing the CFC level (a “CFC Deficit”), the Board will engage an independent consultant (the “Independent Airport Consultant”) to recommend actions to cure the projected CFC Deficit.
- b. If an Independent Airport Consultant is engaged as described in paragraph (a) above, at least 90 days prior to the end of the Bond Year, the Independent Airport Consultant will prepare the Rate Consultant’s Report recommending (i) an increase in the per-transaction day CFC rate, (ii) the implementation of Contingent Rent, (iii) the imposition of Supplemental Facility Charges, or (iv) any combination thereof. If the Independent Airport Consultant determines that the required increase in the CFC rate will result in a reduction in annual transaction days greater than 25 percent, the Independent Airport Consultant will recommend the implementation of Contingent Rent or a combination of Contingent Rent, Other Supplemental Facility Charges, and an increase in the CFC rate. At least 60 days prior to the end of each Bond Year, the RACs must provide notice in writing of any objections to the Report of the Independent Airport Consultant. The Director or the Board as appropriate pursuant to the CFC Resolution shall make a final determination of the plan to fund the CFC Deficit for the next Bond Year.
- c. An interim report shall be prepared by the Independent Airport Consultant if (i) there is an unscheduled draw of the Coverage Fund or any Debt Service Reserve Account, or (ii) the actual CFC Costs exceed by 10 percent or more the monthly projected CFC Costs or (iii) the monthly CFC Revenues actually received were 90 percent or less of the monthly amounts projected for such Bond Year for three consecutive months, the latest of which is within the first eight months of the Bond Year. Based on the interim Report of the Independent

Consultant, the Director of Aviation shall adjust the CFC rate, impose or increase Contingent Rent and/or Supplemental Facility Charges or a combination thereof for the remainder of the Bond Year so that Revenues for the current Bond Year together with the amounts then on deposit in the Coverage Fund which do not exceed 25% of Maximum Annual Debt Service, will at least equal the Rate Requirement for the current Bond Year plus the amount necessary to replenish the Coverage Fund or the respective Debt Service Reserve Accounts for the amounts transferred to the applicable Debt Service Accounts.

4. Concession Agreement

In response to a Request for Bids process, the Board received bids for new concession agreements (“Concession Agreements”) on May 8, 2009 and accepted the bids on May 13, 2009. Four car rental concessions were awarded to the parent entity of each of the following families of brands:

- Enterprise/Alamo/National
- Avis/Budget
- Hertz/Advantage
- Dollar/Thrifty

The term of the Concession Agreements began on October 6, 2009 (the “Commencement Date”), and shall terminate upon the 10th anniversary of the DBO of the CONRAC. However, the Board reserves the right to terminate, as of the DBO of the Service Centers, the Concession Agreement for car rental concessionaire that does not execute a Facilities Lease prior to the DBO of the Service Centers. In the event the Board determines to not construct the CONRAC, then the Concession Agreement shall terminate upon the 5th anniversary of the Commencement Date. Each successful bidder was required to represent that it will cooperate in the development of the Consolidated Facility and that it will execute a Facilities Lease. As of the date of this Report, each of the successful bidders has executed a Facilities Lease.

The car rental concessions will be operated at the Airport pursuant to the Concession Agreements as follows:

- a. *Until DBO of the Service Centers:* The RACs will operate from the existing Airport-owned service areas. All leasehold interests in the existing Airport owned service areas granted under the Concession Agreement will terminate as of DBO of the Service Centers.
- b. *Until DBO of the CONRAC:* The RACs will operate from a counter location, selected in the order of the RACs’ MAG bids (from highest to lowest). All

leasehold interests in the Terminal granted under the Concession Agreement shall terminate as of DBO of the CONRAC.

- c. *Effective as of DBO of the Service Centers:* Each RAC will be assigned one Service Center. The Service Centers will be sized in proportion to the market share of each RAC, subject to the physical limitations of the sites.
- d. *Effective as of DBO of the CONRAC:* The RACs will operate from (a) the rental counters in the CONRACs, selected in the order of the RACs' MAG bids (from highest to lowest); and (b) the Ready/Return Spaces in the CONRAC, the *location* of which will be selected by the RACs in order of their MAG bids (from highest to lowest). For the purposes of planning the CONRAC, the *number* of Ready/Return Spaces allocated to each RAC will be based on each RAC's market share, subject to the physical limitations of the CONRAC, and subject to a minimum allocation for each RAC. Twelve months prior to the anticipated DBO of the CONRAC, the number of Ready/Return Spaces assigned to each RAC will be adjusted based on the RACs' market shares during the previous 12-month period.

Under the provisions of the Concession Agreement, the RACs are obligated to pay the following fee considerations:

- a. Each RAC must pay a Concession Fee equal to the greater of: (i) 10% of Gross Receipts (as defined in the Concession Agreement) or (ii) its MAG. Each RAC's MAG is the MAG bid by the RAC for each of the first five (5) years of the Concession Agreement. Effective at the beginning of the sixth (6th) year, and at the beginning of each subsequent year during the term of the Concession Agreements, each RAC's MAG will be adjusted to an amount equal to eighty percent (80%) of the RAC's Concession Fee for the prior year; provided, however, that in no event shall the MAG be reduced below the MAG for the prior year.
- b. The RACs must collect and remit the CFC at the per-transaction day level established, and amended from time to time, pursuant to the CFC Resolution.
- c. Beginning as of the Commencement Date and continuing until DBO of the CONRAC, the RACs must pay rent on their respective rental counters (including office and adjacent queuing space).
- d. Beginning as of the Commencement Date and continuing until DBO of the Service Centers, the RACs must pay ground and building rent on their respective existing service centers.

In addition to the above fee considerations, the RACs will be obligated to certain rental amounts pursuant to the provisions of the Facilities Leases, as described below.

5. Facilities Lease

By entering into a Concession Agreement, each RAC has agreed to reasonably cooperate with the Board in the planning and construction of the CONRAC and the Service Centers, and to execute a Facilities Lease. Effective as of DBO of the Service Centers, all rental car operations conducted in the existing service areas will be relocated to the Service Centers. Effective as of DBO of the CONRAC, the rental counter operations and the Ready/Return space operations will be relocated to the CONRAC. The RACs' leasehold interests in the existing Airport-owned service areas granted under the Concession Agreement will terminate as of DBO of the Service Centers, and all leasehold interests in the existing counters and office areas in the Terminal Complex will terminate as of DBO of the CONRAC.

It is anticipated that the construction of the Service Centers will be completed approximately 12 months prior to the completion of construction of the CONRAC. The term of the Facilities Lease will begin as of the DBO of the Service Centers and terminate on the tenth anniversary of the DBO of the CONRAC.

The Facilities Lease requires each RAC to collect and remit to the Board the CFC as required pursuant to the CFC Resolution.

In consideration for the use of the Consolidated Facilities, the RACs will be obligated under the provisions of the Facilities Lease to pay the following rentals to the Board:

- a. Ground Rent for each RAC's prorated share of the ground used for the site of the CONRAC, calculated as the percentage obtained by dividing the square footage of each RAC's exclusive use premises in the CONRAC by the total square footage of all premises in the CONRAC;⁵
- b. Ground Rent for each RAC's share of the ground used for its Service Center (paid in conjunction with the other RACs, if any, in the same family of brands occupying its assigned Service Center);⁶
- c. Contingent Rent, which will be assessed by the Board under certain circumstances. At least 120 days prior to the end of each Bond Year, the Board shall calculate the estimated CFC Revenues and the CFC Cost⁶ for the next Bond Year. If the Board determines that CFC Revenues for the next Bond Year are estimated to be less than the estimated CFC Cost for such Bond Year (defined as a "CFC Deficit"), the Board will engage an Independent Airport Consultant to develop a recommended plan to fund the estimated CFC Deficit –

⁵ Ground rent is not included in pledged revenues for the Series 2009 Bonds.

⁶ The "CFC Cost" is defined in the CONRAC Facilities Lease as the sum of the following items: (a) annual debt service requirements on the Series 2009 Bonds and any additional bonds issued pursuant to the CFC Trust Indenture (collectively referred to as the "Bonds"); (b) costs of issuance of the Bonds; (c) annual Administrative Expenses; and (d) any deposits to the Repair and Replacement Fund, reserve funds, and any other funds and accounts established pursuant to the CFC Trust Indenture.

by raising the CFC rate, imposing Contingent Rent, or a combination of both. The Independent Airport Consultant shall prepare the Rate Consultant's Report at least 90 days prior to the end of the Bond Year. The process, including notification to the RACs, required in the imposition of Contingent Rent, is detailed in the Facilities Lease.

Under the terms of the Facilities Lease, an entity will be selected as an agent of the RACs or the Board (the "Manager"), which will be responsible for paying the operation and maintenance expenses ("O&M Expenses") related to the common areas of the CONRAC. Each RAC will be responsible for the expenses associated with the operation and maintenance of its exclusive use premises in the CONRAC and in its assigned Service Center.

B. PLAN OF FINANCE

The financial analysis assumes that the capital costs of the Consolidated Facility will be financed with bonds secured by a pledge of CFC Revenues. It also assumes that the Date of Beneficial Occupancy (DBO) of the Service Centers will be at the end of 2011, and the DBO of the CONRAC will be at the end of 2012.

Fullerton & Friar, Inc. developed estimated debt service schedules based on the following assumptions:

- 30-year bond amortization period
- Bond issue date of November 15, 2009
- 6.5% average interest rate
- Interest payments due January 1 and July 1 each year, beginning on January 1, 2010
- Principal payments due January 1 of each year, beginning on January 1, 2015
- Level annual debt service
- A Debt Service Reserve Fund equal to maximum annual debt service will be funded from bond proceeds
- A Coverage Fund equal to 25 percent of annual debt service will be funded from CFC Revenues remitted prior to the date the Series 2009 Bonds are issued
- Interest earnings at a 1.0% investment rate on the balances in the CFC Fund, Debt Service Reserve Fund, Coverage Fund, and Project Reserve Fund.

The estimated sources and uses of Bond proceeds are summarized on **Table V-1**. As shown on **Table V-2**, the sources of funding for the capital costs of the Consolidated Facility are anticipated to consist of Bond proceeds, interest earnings on Bond

proceeds, CFC Revenues collected prior to the DBO of the CONRAC, and moneys contributed by the Board.⁷

TABLE V-1
LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
SOURCES AND USES OF BOND PROCEEDS
CONSOLIDATED FACILITY

Sources of Bond Proceeds	
Par Amount of Bonds	\$97,985,000
Total Sources of Bond Proceeds	\$97,985,000
Uses of Bond Proceeds	
Deposit to Construction Fund	\$86,770,915
Deposit to Capitalized Interest Fund	805,201
Deposit to Debt Service Reserve Fund	8,054,913
Original Issue Discount	390,510
Underwriters' Spread	979,850
Other Costs of Issuance and Rounding	983,611
Total Uses of Bond Proceeds ¹	\$97,985,000

Source: Fullerton & Friar, Inc.

¹ A Coverage Fund, with a balance equal to 25% of Maximum Annual Debt Service, will be funded from CFC Revenues collected prior to the date the Series 2009 Bonds are issued.

⁷ It is anticipated that approximately \$14.1 million of the Board contribution will be reimbursed with the proceeds of a Passenger Facility Charge (PFC) secured financing.

TABLE V-2
LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
SOURCES OF CAPITAL COST FUNDING
CONSOLIDATED FACILITY

Bond proceeds	\$86,770,916
Interest earnings on Bond proceeds	\$1,475,484
CFC Revenues collected prior to DBO of CONRAC	14,175,649
Board contribution ¹	14,058,836
Total Funding Sources	\$116,480,885

Source: Fullerton & Friar, Inc.

¹ It is anticipated that approximately \$14.1 million of the Board contribution will be reimbursed with proceeds of a Passenger Facility Charge (PFC) secured financing.

C. DEBT SERVICE

The estimated debt service schedule prepared by Fullerton & Friar, Inc. is presented on **Table V-3**. Annual debt service is estimated to equal approximately \$6.9 million during the interest only period, and then increase to \$8.1 million in Bond Year 2014, when the first principal payment is due, and remain level at that amount through maturity of the bonds on January 1, 2040, which is the last day of Bond Year 2039.

D. PROJECTED CFC REVENUES

Based on the transaction day forecast presented in Section IV, and assuming the CFC rate will remain at the current level of \$6.20, CFC Revenues are projected to increase from approximately \$9.6 million in 2009 to \$9.8 million in 2010, and then increase throughout the remainder of the forecast period, to almost \$12.0 million in 2018 (**Table V-4**).

TABLE V-3
LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
ESTIMATED ANNUAL DEBT SERVICE

Bond Year ¹	Principal	Interest	Total Debt Service
2009	\$0	\$816,520	\$816,520
2010	0	6,390,163	6,390,163
2011	0	6,390,163	6,390,163
2012	0	6,390,163	6,390,163
2013	0	6,390,163	6,390,163
2014	1,660,000	6,390,163	8,050,163
2015	1,745,000	6,307,163	8,052,163
2016	1,835,000	6,219,913	8,054,913
2017	1,920,000	6,128,163	8,048,163
2018	2,030,000	6,022,563	8,052,563
2019	2,140,000	5,910,913	8,050,913
2020	2,260,000	5,793,213	8,053,213
2021	2,395,000	5,657,613	8,052,613
2022	2,540,000	5,513,913	8,053,913
2023	2,690,000	5,361,513	8,051,513
2024	2,850,000	5,200,113	8,050,113
2025	3,020,000	5,029,112	8,049,112
2026	3,220,000	4,832,812	8,052,812
2027	3,430,000	4,623,512	8,053,512
2028	3,650,000	4,400,562	8,050,562
2029	3,890,000	4,163,312	8,053,312
2030	4,140,000	3,910,462	8,050,462
2031	4,420,000	3,631,012	8,051,012
2032	4,720,000	3,332,662	8,052,662
2033	5,040,000	3,014,062	8,054,062
2034	5,375,000	2,673,862	8,048,862
2035	5,740,000	2,311,050	8,051,050
2036	6,145,000	1,909,250	8,054,250
2037	6,570,000	1,479,100	8,049,100
2038	7,035,000	1,019,200	8,054,200
2039	7,525,000	526,750	8,051,750
	\$97,985,000	\$137,739,133	\$235,724,133

Source: Fullerton & Friar, Inc.

¹ The debt service schedule assumes interest payments will be due January 1 and July 1 of each year, beginning on January 1, 2010, and that principal payments will be due January 1 of each year, beginning on January 1, 2015. A Bond Year begins on January 2 and ends on the following January 1. For example, Bond Year 2014 begins on January 2, 2014 and ends on January 1, 2015. Therefore, this table includes the the payment due on January 1, 2015 in the Bond Year 2014 total. The final maturity date is January 1, 2040. The payment due on January 1, 2040 is shown in Bond Year 2039.

TABLE V-4
LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
PROJECTED CFC REVENUES

Year	Transaction Days	CFC Revenues
2009 ¹	1,567,000	\$9,632,377
2010	1,585,000	\$9,827,000
2011	1,648,000	\$10,217,600
2012	1,721,000	\$10,670,200
2013	1,765,000	\$10,943,000
2014	1,796,000	\$11,135,200
2015	1,829,000	\$11,339,800
2016	1,863,000	\$11,550,600
2017	1,897,000	\$11,761,400
2018	1,931,000	\$11,972,200

¹ The projected CFC collections for 2009 reflect the increase in the CFC rate from \$5.50 to \$6.20, effective June 1, 2009.

E. RATE COVENANT CALCULATION

As mentioned above, the CFC Master Indenture contains a provision known as the Rate Covenant, which states that the Board covenants to establish and adjust the CFC so that CFC Revenues for each Bond Year together with the other amounts included in Revenues for the next Bond Year, together with the amounts then on deposit in the Coverage Account, will at least equal the Rate Requirement for such Bond Year. The CFC Master Indenture defines the Rate Requirement as the following:

“that Revenues must equal at least both (i) CFC Costs and (ii) calculated separately an amount equal to 135% of Aggregate Debt Service for the applicable Bond Year after taking into account the amounts in the Coverage Fund which do not exceed 25% of the Maximum Annual Debt Service, on the last Business Day of ninth (9th) calendar month of any Bond Year with respect to the next ensuing Bond Year...”

The projected rate covenant calculation is shown on **Tables V-5** and **V-6**.

TABLE V-5
LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
CALCULATION OF EXCESS OF REVENUES OVER CFC COSTS ¹

Bond Year	Revenues			CFC Costs					Excess of Revenues over CFC Costs
	CFC Revenues ²	Interest Earnings ³	Total Revenues	Debt Service ⁴	Admin. Expenses ⁵	Deposits to Maintenance Reserve Fund ⁶	Deposits to Other Funds	Total CFC Costs	
2010	\$9,827,000	\$100,686	\$9,927,686	\$6,390,163	\$250,000	\$0	\$0	\$6,640,163	\$3,287,524
2011	\$10,217,600	\$100,686	\$10,318,286	\$6,390,163	\$255,000	\$0	\$0	\$6,645,163	\$3,673,124
2012	\$10,670,200	\$100,686	\$10,770,886	\$6,390,163	\$260,000	\$0	\$0	\$6,650,163	\$4,120,724
2013	\$10,943,000	\$100,686	\$11,043,686	\$6,390,163	\$265,000	\$300,000	\$0	\$6,955,163	\$4,088,524
2014	\$11,135,200	\$100,686	\$11,235,886	\$8,050,163	\$270,000	\$300,000	\$0	\$8,620,163	\$2,615,724
2015	\$11,339,800	\$100,686	\$11,440,486	\$8,052,163	\$275,000	\$300,000	\$0	\$8,627,163	\$2,813,323
2016	\$11,550,600	\$100,686	\$11,651,286	\$8,054,913	\$281,000	\$300,000	\$0	\$8,635,913	\$3,015,373
2017	\$11,761,400	\$100,686	\$11,862,086	\$8,048,163	\$287,000	\$300,000	\$0	\$8,635,163	\$3,226,923
2018	\$11,972,200	\$100,686	\$12,072,886	\$8,052,563	\$293,000	\$0	\$0	\$8,345,563	\$3,727,323

¹ The Rate Covenant requires that Revenues equal at least both (a) CFC costs and (b) calculated separately an amount equal to 135% of debt service after taking into account the monies in the Coverage Fund which do not exceed 25% of Maximum Annual Debt Service. This table calculates the first part of the requirement.

² From Table V-4.

³ Interest earnings on the balances in the Debt Service Reserve Fund and the other funds to be established pursuant to the CFC Master Indenture, as estimated by Fullerton & Friar, Inc.

⁴ From Table V-3.

⁵ Administrative Expenses assumed to increase approximately 2% per year.

⁶ Beginning in January 2013, the Trustee shall make transfers to the Maintenance Reserve Fund equal monthly installments over a period of 60 months until the total of all deposits equal the Maintenance Reserve Requirement (\$1.5 million).

TABLE V-6
LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
CALCULATION OF PROJECTED DEBT SERVICE COVERAGE¹

Bond Year	Total Revenues	Monies in Coverage Fund	Total Revenues Plus Monies in Coverage Fund	Debt Service	Debt Service Coverage
2010	\$9,927,686	\$2,013,728	\$11,941,414	\$6,390,163	1.87
2011	\$10,318,286	\$2,013,728	\$12,332,014	\$6,390,163	1.93
2012	\$10,770,886	\$2,013,728	\$12,784,614	\$6,390,163	2.00
2013	\$11,043,686	\$2,013,728	\$13,057,414	\$6,390,163	2.04
2014	\$11,235,886	\$2,013,728	\$13,249,614	\$8,050,163	1.65
2015	\$11,440,486	\$2,013,728	\$13,454,214	\$8,052,163	1.67
2016	\$11,651,286	\$2,013,728	\$13,665,014	\$8,054,913	1.70
2017	\$11,862,086	\$2,013,728	\$13,875,814	\$8,048,163	1.72
2018	\$12,072,886	\$2,013,728	\$14,086,614	\$8,052,563	1.75

¹ The Rate Covenant requires that Revenues equal at least both (a) CFC costs and (b) calculated separately an amount equal to 135% of debt service after taking into account the monies in the Coverage Fund, which do not exceed 25% of Maximum Annual Debt Service. This table calculates the second part of the requirement.

For each year in the forecast period, Revenues are projected to exceed CFC Costs. In addition, Revenues plus the balance in the Coverage Fund which do not exceed 25 percent of Maximum Annual Debt Service, are projected to total more than 135% of debt service on the Series 2009 Bonds. Annual debt service coverage (Revenues divided by Debt Service) is projected to be maintained at 1.65 or higher throughout the forecast period, thus exceeding the Rate Covenant ratio. It should be noted that the lowest annual debt service coverage ratio (1.65) is projected to occur in 2014, the year of the first principal payment, and that debt service coverage is projected to increase each year thereafter, as transaction days (and CFC Revenues) increase.

F. APPLICATION OF REVENUES

The application of projected Revenues, pursuant to the flow of Funds set forth in the CFC Master Indenture, is summarized on **Table V-7**. Deposits to the Surplus Fund are projected to decrease from approximately \$4.1 million in 2013 to \$2.6 million in 2014 (due to the increase in debt service in that year), and then increase each year thereafter to \$3.7 million in 2018.

TABLE V-7
LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
PROJECTED APPLICATION OF REVENUES

Bond Year	Deposits To Revenue Fund ¹	Deposits to:						
		Debt Service Fund ²	Coverage Fund ³	Debt Service Reserve Fund ³	Admin. Costs Fund ⁴	Construction Fund ⁵	Maintenance Reserve Fund ⁶	Surplus Fund ⁷
2010	\$9,927,686	\$6,390,163	\$0	\$0	\$250,000	\$3,287,524	\$0	\$0
2011	\$10,318,286	\$6,390,163	\$0	\$0	\$255,000	\$3,673,124	\$0	\$0
2012	\$10,770,886	\$6,390,163	\$0	\$0	\$260,000	\$4,120,724	\$0	\$0
2013	\$11,043,686	\$6,390,163	\$0	\$0	\$265,000	\$0	\$300,000	\$4,088,524
2014	\$11,235,886	\$8,050,163	\$0	\$0	\$270,000	\$0	\$300,000	\$2,615,724
2015	\$11,440,486	\$8,052,163	\$0	\$0	\$275,000	\$0	\$300,000	\$2,813,323
2016	\$11,651,286	\$8,054,913	\$0	\$0	\$281,000	\$0	\$300,000	\$3,015,373
2017	\$11,862,086	\$8,048,163	\$0	\$0	\$287,000	\$0	\$300,000	\$3,226,923
2018	\$12,072,886	\$8,052,563	\$0	\$0	\$293,000	\$0	\$0	\$3,727,323

¹ CFC Revenues plus interest earnings on the Coverage Fund and the Debt Service Reserve Fund.

² From Table V-2.

³ Deposits are required to the Coverage Fund and the Debt Service Reserve Fund only if the balances in those funds fall below the Coverage Fund Requirement or the Debt Service Reserve Requirement, respectively.

⁴ The Trustee shall make transfers to the Administrative Costs Fund until the total of all deposits in the Bond Year equal the budgeted Administrative Costs for such Bond Year.

⁵ Until completion of the CONRAC, the Trustee shall transfer to the Construction Fund all amounts remaining in the Revenue Fund after the transfers to the Debt Service Fund, Coverage Fund, Debt Service Reserve Fund, and Administrative Costs Fund. After completion of the CONRAC, the Trustee shall not transfer any amounts to the Construction Fund.

⁶ Beginning in January 2013, the Trustee shall make transfers to the Maintenance Reserve Fund equal monthly installments over a period of 60 months until the total of all deposits equal the Maintenance Reserve Requirement (\$1.5 million).

⁷ All Revenues remaining after the deposits to the other Funds shall be transferred to the Surplus Fund.

As explained on page V-3, beginning after the end of the first Bond Year after DBO of the CONRAC within which the RACs pay O&M Expenses, the monies in the Surplus Fund are to be used by the Trustee as follows (as projected on **Table V-8**):

(a) To pay to the Manager of the CONRAC the lesser of:

(1) the excess of CFC Revenues for the prior Bond Year over actual CFC Costs for the prior Bond Year, or

(2) the actual O&M Expenses for the prior Bond Year;

(b) If actual CFC Revenues exceeded actual CFC Costs plus O&M Expenses for the prior Bond Year, the monies in the Surplus Fund will also be used by the Trustee to pay to the RACs the lesser of the following (as projected on **Table V-9**):

- (1) the excess of actual CFC Revenues over actual CFC Costs plus O&M Expenses for the prior Bond Year, or
- (2) the amount of Ground Rentals paid by all the RACs in the prior Bond Year.

The remaining monies in the Surplus fund shall be used by the Trustee to make a deposit to the Administrative Cost Fund when such Fund has a deficiency; fund repairs and replacements for the Consolidated Facility; expand the CFC Projects; purchase, defease, or retire the CFC Bonds; and for any other lawful purpose of the Board with respect to the Consolidated Facility, the CFC Bonds, and certain ground transportation projects.

The amounts projected to be paid from the Surplus Fund, and the resulting Surplus Fund balance for each Bond Year in the forecast period, are presented on **Table V-10**. The Surplus Fund balance is projected to increase to approximately \$14.0 million by the end of Bond Year 2018.

TABLE V-8
LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
O&M EXPENSES PROJECTED TO BE PAID
FROM SURPLUS FUND

Bond Year	CFC Revenue ¹	Total CFC Costs ²	Excess of CFC Revenue over CFC Costs	O&M Expenses ³	Amount Paid from Surplus Fund ⁴
2013	\$10,943,000	\$6,955,163	\$3,987,838	\$1,700,000	\$0
2014	\$11,135,200	\$8,620,163	\$2,515,038	\$1,734,000	\$1,700,000
2015	\$11,339,800	\$8,627,163	\$2,712,637	\$1,769,000	\$1,734,000
2016	\$11,550,600	\$8,635,913	\$2,914,687	\$1,804,000	\$1,769,000
2017	\$11,761,400	\$8,635,163	\$3,126,237	\$1,840,000	\$1,804,000
2018	\$11,972,200	\$8,345,563	\$3,626,637	\$1,877,000	\$1,840,000

¹ From Table V-4.

² From Table V-5.

³ O&M Expenses, as estimated by Unison-CRS, include building maintenance, utility, janitorial, and other expenses typically incurred in the operation of a CONRAC facility. O&M Expenses are anticipated to begin in January 2013, the estimated DBO of the CONRAC. O&M Expenses are assumed to increase 2% per year.

⁴ The amount to be paid from the Surplus Fund is the lesser of (1) the excess of CFC Revenue over CFC Costs for the prior Bond Year and (2) O&M Expenses for the prior Bond Year.

TABLE V-9
LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
GROUND RENTAL AMOUNTS PROJECTED TO BE PAID
FROM SURPLUS FUND

Bond Year	CFC Revenue ¹	CFC Costs ²	O&M Expenses ³	CFC Costs plus O&M Expenses	Excess of CFC Revenue over CFC Costs plus O&M	Ground Rentals ⁴	Ground Rentals Paid from Surplus Fund
2013	\$10,943,000	\$6,955,163	\$1,700,000	\$8,655,163	\$2,287,838	\$345,515	\$0
2014	\$11,135,200	\$8,620,163	\$1,734,000	\$10,354,163	\$781,038	\$345,515	\$345,515
2015	\$11,339,800	\$8,627,163	\$1,769,000	\$10,396,163	\$943,637	\$345,515	\$345,515
2016	\$11,550,600	\$8,635,913	\$1,804,000	\$10,439,913	\$1,110,687	\$345,515	\$345,515
2017	\$11,761,400	\$8,635,163	\$1,840,000	\$10,475,163	\$1,286,237	\$345,515	\$345,515
2018	\$11,972,200	\$8,345,563	\$1,877,000	\$10,222,563	\$1,749,637	\$355,881	\$345,515

¹ From Table V-4.

² From Table V-5.

³ From Table V-8.

⁴ Ground rentals for the Service Centers and the CONRAC, based on the ground rental rates specified in the CONRAC Facilities Leases, applied to the square footage measurements of the CONRAC and Service Center sites. The ground rental rates per square foot per year are \$0.48 for the CONRAC and \$0.30 for the Service Centers, with an inflation adjustment provision after the fifth year.

⁵ If the prior year CFC Revenue exceeded CFC Costs plus O&M Expenses, the amount to be paid from the Surplus Fund shall be the lesser of (1) the excess of CFC Revenue over CFC Costs plus O&M Expenses and (2) the Ground Rentals paid by the RACs in the previous Bond Year.

TABLE V-10
LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
PROJECTED SUPLUS FUND BALANCE

Bond Year	Deposits to Surplus Fund ¹	Paid from Surplus Fund		Balance in Surplus Fund
		Prior Year O&M Expenses ²	Prior Year Ground Rentals ³	
2010	\$0	\$0	\$0	\$0
2011	\$0	\$0	\$0	\$0
2012	\$0	\$0	\$0	\$0
2013	\$9,099,213	\$0	\$0	\$9,099,213
2014	\$2,626,413	\$1,700,000	\$345,515	\$9,680,110
2015	\$2,824,012	\$1,734,000	\$345,515	\$10,424,607
2016	\$3,026,062	\$1,769,000	\$345,515	\$11,336,154
2017	\$3,237,612	\$1,804,000	\$345,515	\$12,424,250
2018	\$3,738,012	\$1,840,000	\$345,515	\$13,976,747

¹ The deposits to the Surplus Fund consist of the amounts shown on Table V-6, plus the projected \$5.0 million construction contingency amount that would be transferred to the Surplus Fund after DBO of the CONRAC.

² From Table V-8.

³ From Table V-9.

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APPENDIX "G"

FORM OF BOND COUNSEL OPINION

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FORM OF BOND COUNSEL OPINION

December 9, 2009

Honorable Board of Commissioners
New Orleans Aviation Board
New Orleans, Louisiana

RE: \$96,515,000
New Orleans Aviation Board
Gulf Opportunity Zone CFC Revenue Bonds
(Consolidated Rental Car Project)
Series 2009 A (Non-AMT)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the New Orleans Aviation Board (the "Board") an unattached board of the City of New Orleans, Louisiana (the "City") of the \$96,515,000 New Orleans Aviation Board Gulf Opportunity Zone CFC Revenue Bonds (Consolidated Rental Car Project) Series 2009 A (Non-AMT) (the "Bonds"). The Bonds were issued pursuant to: authority conferred by Article VI, Section 37 of the Louisiana Constitution of 1974, as amended, Part XIV of Chapter 4 of Subtitle II of Title 39 of the Louisiana Revised Statutes of 1950, as amended, in particular Sections 1034(D) thereof, together with other constitutional and statutory authority supplemental thereto, including, without limitation, the provisions of Chapter 13 of Subtitle III, in particular Section 1430 thereof, of Title 39 of the Louisiana Revised Statutes of 1950, as amended (collectively the "Act"), the Gulf Opportunity Zone Act of 2005 (Public Law 109-135) and Section 1503 of the 2009 American Recovery and Reinvestment Act, resolutions of the Board duly adopted on February 25, 2008, November 19, 2008, May 13, 2009 and November 20, 2009 (collectively the "Bond Resolution"); and pursuant to the provisions of (i) that certain CFC Master Revenue Bond Trust Indenture among the Board, the City and The Bank of New York Mellon Trust Company, N. A. (the "Trustee") dated as of December 1, 2009, (the "CFC Master Indenture") and (ii) that certain First Supplemental Trust Indenture among the same parties dated as of December 1, 2009 (the "First Supplemental Indenture" and collectively with the CFC Master Indenture the "Indenture"). Defined terms used herein not defined herein shall have the meaning set forth in the Indenture.

The Bonds are payable from the Revenues as defined in the CFC Master Indenture the primary item of which is defined as the CFC Revenues and consists of the avails from a rental car customer facility charge (the "CFC") presently imposed at the rate of \$6.20 per Transaction Day pursuant to the Amended And Restated CFC Resolution adopted by the Commissioners on May 13, 2009 collectively the "CFC Resolution"). Additional secondary items included within the definition of Revenues include Contingent Rent as provided for under the Initial Facilities Leases and other Supplemental Facility Charges (as such terms are defined in the CFC Master Indenture) if imposed in the future pursuant to the CFC Master Indenture under certain circumstances when CFC Revenues are not sufficient to pay CFC Costs.

The Bonds have been issued for the purposes set forth in the First Supplemental Indenture generally described as providing the costs of planning, acquiring, constructing and equipping the Initial CFC Projects including a consolidated rental car facility to consist of (i) a multi-level customer service building which includes customer service areas, rental car company administrative areas, and ready/return car parking areas and (ii) multiple service areas used separately by one each of the companies occupying the consolidated rental car facility for the storage, refueling, and cleaning of motor vehicles (collectively the "Consolidated Facility") and providing a reserve for the Bonds and paying costs of issuance of the Bonds.

We have examined the Act, the Bond Resolution, the CFC Resolution, the Initial Facilities Leases, the CFC Master Indenture, the First Supplemental Indenture and such other documents, proceedings and other matters of law we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon our examination, we are of the opinion, as of the date hereof and under existing law, as follows:

1. The Bonds have been duly authorized and issued in accordance with the Constitution and statutes of the State of Louisiana, the Act, the Bond Resolution and the Indenture, and constitute legal, valid and binding limited obligations of the Board, payable solely from the sources provided in the Indenture.
2. The Bonds are payable from and secured by a pledge of (i) the Revenues which includes the CFC Revenues, Contingent Rent which is due by the Companies under the Initial Facilities Leases and other Supplemental Facility Charges if imposed in the future pursuant to the CFC Master Indenture in certain circumstances when the CFC Revenues are not sufficient to meet the rate covenants of the CFC Master Indenture, (ii) all moneys and securities in the Series 2009 Construction Fund, the Series 2009 Debt Service Account and the Series 2009 Debt Service Reserve Account of the Debt Service Fund, the Coverage Fund and the Surplus Fund (the "Pledged Funds" as defined in the CFC Master Indenture) and (iii) the other items of the Trust Estate as defined in the First Supplement Indenture. The Bonds are limited obligations of the Board and neither the faith and credit nor the general taxing power of the City, the State of Louisiana or any political subdivision thereof is pledged as security for the payment of the principal of, premium, if any, or interest on the Bonds. The Board has no taxing power.
3. The Bond Resolution has been duly adopted by the Board and the issuance of the Bonds has been approved by the State Bond Commission and the City Council of the City. The Indenture and the Initial Facilities Leases have been duly authorized, executed and delivered by the Board and the City, and assuming due authorization and execution by the other party thereto constitute legal, valid and binding

obligations of the City and the Board enforceable in accordance with their terms subject to bankruptcy, liquidation, reorganization, insolvency or other similar laws. The Bonds are entitled to the security and benefits of the Indenture for the payment thereof in accordance with the terms thereof.

4. The Board has the full legal power and authority to impose and collect the CFC, the CFC Resolution has been duly adopted by the Commissioners of the Board and the Companies are legally bound to collect and remit to the Board the CFC at the present rate of \$6.20 per Transaction Day.

5. The CFC Master Indenture creates a legal, valid and binding pledge of the Revenues, including the CFC Revenues and the other items of the Trust Estate described in the CFC Master Indenture and the First Supplemental Indenture.

6. Interest on the Bonds is excluded from gross income of the Owners thereof for federal income tax purposes, except that no opinion is expressed as to the status of interest on any of the Bonds for any period that any are held by a "substantial user" of the facilities financed by the Bonds or by a "related person" within the meaning of Section 147(a) of the Internal Revenue Code. Interest on the Bonds is not treated as a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. In addition, interest on the Bonds will not be included in a corporate taxpayer's "Adjusted Current Earnings" for purposes of computing the federal alternative minimum tax.

7. Under the Act, the Bonds and the interest thereon are exempt from all taxation for state, parish, municipal or other local purposes in the State of Louisiana.

In rendering the opinions expressed in item 6 above with respect to the exclusion from gross income of the Owners of the Bonds for federal income tax purposes, we have relied on representations of the Board with respect to matters solely within the knowledge of the Board which we have not independently verified, and have assumed continuing compliance with the covenants in the Indenture pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. In the event that such representations are determined to be inaccurate or the Board fails to comply with the foregoing covenants of the Indenture, interest on the Bonds could become includable in gross income from the date of original delivery, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion as to any federal or state tax consequences resulting from the ownership of, receipt of interest on or disposition of the Bonds.

It is to be understood that the rights of the Owners of the Bonds and the enforceability of the Bond Resolution, the Bonds, the Initial Facilities Leases and the Indenture as the case may be, may be subject to bankruptcy, insolvency, reorganization, moratorium, liquidation, readjustment of debt and other similar laws affecting creditors' rights and other similar laws affecting the remedies for the enforcement of the rights and security provided for therein, including the remedy of specific performance heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of the sovereign police powers of the State of Louisiana or its governmental bodies, and the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

THE GODFREY FIRM, PLC

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APPENDIX "H"
FINANCIAL STATEMENTS

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**FY 2008 AND 2007 FINANCIAL STATEMENTS AUDITED BY POSTLETHWAITE &
NETTERVILLE**

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LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Proprietary Component Unit of the City of New Orleans)

Financial Statements and Supplemental Schedules

December 31, 2008 and 2007

(With Independent Auditors' Report Thereon)



A Professional Accounting Corporation

www.pncpa.com

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Proprietary Component Unit of the City of New Orleans)

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Independent Auditors' Report

New Orleans Aviation Board and the
City Council of the City of New Orleans, Louisiana:

We have audited the accompanying financial statements of the Louis Armstrong New Orleans International Airport (the Airport), a proprietary component unit of the City of New Orleans, as of December 31, 2008 and 2007 for the years then ended, as listed in the foregoing table of contents. These financial statements are the responsibility of the Airport's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Airport's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louis Armstrong New Orleans International Airport as of December 31, 2008, and the changes in its financial position and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2009, on our consideration of the Airport's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. Supplemental schedules listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental schedules 1 and 2 have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken as a whole. Schedule 3 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

Postlethwaite & Netterville

Metairie, Louisiana
June 29, 2009



LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Component Unit of the City of New Orleans)

Management's Discussion and Analysis

December 31, 2008 and 2007

(Unaudited)

This narrative discussion and analysis is intended to serve as an introduction to the Louis Armstrong New Orleans International Airport's basic financial statements for the fiscal years ended December 31, 2008 and 2007, with selected comparative information for the fiscal year ended December 31, 2006. The information presented here should be read in conjunction with the financial statements, footnotes, and supplementary information found in this report.

Overview of the Financial Statements

The Louis Armstrong New Orleans International Airport (the Airport) is structured as an enterprise fund. The financial statements are prepared on the accrual basis of accounting. Therefore, revenues are recognized when earned and expenses are recognized when incurred. Capital assets are capitalized and depreciated, except for land, over their useful lives. See the notes to the financial statements for a summary of the Airport's significant accounting policies.

Following this Management Discussion and Analysis (MD&A) are the basic financial statements and supplemental schedules of the Airport. This information taken collectively is designed to provide readers with an understanding of the Airport's finances.

The balance sheets present information on all of the Airport's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of the Airport's financial position.

The statements of revenues, expenses, and changes in net assets present information showing how the Airport's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will result in cash flows in future fiscal periods.

The principal operating revenues of the Airport are from sources such as airlines, concessions, rental cars, and parking. Investment income, passenger facility charges, federal grants, and other revenues not related to the operations of the Airport are nonoperating revenues. Operating expenses include the cost of airport and related facilities maintenance, administrative expenses, and depreciation on capital assets. Interest expense and financing costs are nonoperating expenses.

The statements of cash flows relate to the flows of cash and cash equivalents. Consequently, only transactions that affect the Airport's cash accounts are recorded in these statements. A reconciliation is a part of these statements to assist in the understanding of the difference between cash flows from operating activities and operating loss.

Financial Highlights

On August 29, 2005, parts of the Louisiana and Mississippi Gulf Coast area were devastated by Hurricane Katrina. The City of New Orleans was particularly impacted as well as the Airport. As a result of the hurricane, there has been a significant financial impact on the Airport as can be seen on the following financial statements. The Airport incurred only minor damages to property and equipment, however, the biggest financial impact to the Airport was a result of the lack of operations due to the complete shutdown of the Airport. Following the

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Component Unit of the City of New Orleans)

Management's Discussion and Analysis

December 31, 2008 and 2007

(Unaudited)

hurricane, the normal activities at the Airport were discontinued until September 13, 2005 and remained at a reduced level for the remaining three and a half months of the year ending December 31, 2005. In response to the issues faced by the Airport, the New Orleans Aviation Board (the Board) has taken the following actions:

1. The Katrina Emergency Response Team (KERT) was created to monitor the temporary and permanent repairs to Airport facilities. The rehabilitation program is currently estimated to cost approximately \$27.5 million and will be funded by proceeds from Federal Emergency Management Assistance (FEMA) grants, Federal Aviation Administration grants, and insurance proceeds. Permanent construction was completed in February 2009. The Airport incurred \$803,500 of Katrina-related expenses as of December 31, 2005. The majority of these expenses related to temporary housing, janitorial clean-up, food supplies, and electric utilities. As of December 31, 2005, FEMA had reimbursed the Airport for \$795,096 of the expenses incurred. In 2006, an additional \$84,664 was received from FEMA for operating expenses incurred in 2005. In 2006 FEMA also paid \$581,926 for damages to buildings and equipment. The total paid by FEMA is \$2,213,867. The Airport sustained minor damages to its capital assets and as a result did not have to apply the provisions of Governmental Accounting Standards Board No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries (GASB Statement No. 42)*. In 2005, Continental Casualty (CNA) paid the Airport \$500,000 of insurance proceeds which represent advances on business interruption claims and are included in operating revenues. The Airport also received a \$1,000,000 advance on the property damage from the CNA insurance coverage. In 2006, an additional \$7,124,589 was received from CNA based on initial cost estimates. During June 2007, CNA remitted \$2,365,813 for Katrina related damages. Two checks dated February 1, 2008, in the amounts of \$5,041,706 and \$958,294 were issued by CNA. The check for \$5,041,706 covers undisputed loss on building. The check for \$958,294 covers undisputed loss of business income and is included in operating revenue. During October 2008, CNA remitted \$5,961,788 for Katrina related damages. This payment represented the final payment on Katrina related claims. On February 2, 2006, the Airport was struck by a tornado resulting in damages to several aircraft loading bridges, a portion of the Airport's roof and other damages for a damage estimate of \$982,000. To date, the Airport has received \$947,811 of insurance reimbursement related to the tornado, which is the final amount of the claim.

2. In November 2005, the Board approved a financial plan which is intended to provide a roadmap for how the Airport will manage its financial operations during the recovery from the impact of Hurricane Katrina. It included cash flow projections based on certain growth scenarios related to expenses, debt obligations, passenger growth projections, and nonairline revenues. The plan discusses meeting its operating needs by utilizing available cash balances, federal borrowings and grants, possible debt restructuring, and a working capital credit facility. The Board was authorized to receive up to a maximum of \$28,000,000 from the FEMA Community Disaster Loan Program. On June 15, 2006, the Airport received an \$8,112,103 Community Disaster Loan (CDL) from FEMA with an interest rate of 2.93% for a period of 60 months. On August 25, 2006, the Airport received an additional \$2,187,816 CDL from FEMA with an interest rate of 3.06% for a period of 60 months. On October 4, 2006, the Airport received another \$582,722 CDL from FEMA with an interest rate of 2.93% for a period of 60 months. In addition, the Board received approval for participation in the Gulf Tax Credit Bonds Program (Go Zone Tax Credit Bonds) sponsored by the State of Louisiana in an amount not exceeding \$36,000,000. The Airport was approved for \$35,371,990 for an interest free period of 60 months. On August 1, 2006, Hancock Bank as escrow trustee for the State of

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Louisiana with respect to its Go Zone Tax Credit Bonds Program transferred to the Trustee the amount of \$10,242,550 to be used to pay the August 2, 2006 debt service on the Bonds and related interest rate swap payments. The Hancock Bank transferred an additional \$25,129,440 in debt service between August 2006 and July 2008 which brought the loan to the approved amount of \$35,371,990 as of December 31, 2008. The Trustee continues to be responsible for making all debt service payments on the bonds. In August 2008, the Airport resumed transferring to the Trustee the total principal and interest portions of the debt service.

3. The Airport was in the process of negotiating a new Commercial Airline Lease with the Airline Transportation Companies as the current lease had expired on December 31, 2004. The fees charged to the Airline Transportation Companies for the period January 1, 2005 to June 30, 2005 were consistent with those of the expired Commercial Airline Lease. In July and August 2005, the draft lease agreement rates were implemented, while lease negotiations continued. Due to the drastic decrease in activity at the Airport, no fees were charged to the air carriers for the month of September 2005. In the aftermath of Hurricane Katrina, the Board determined that it was no longer feasible to continue to operate the Airport pursuant to the terms of the expired Commercial Airline Lease due to the reduced flight operations and enplanements. After consultation with the air transportation companies operating at the Airport, the Board approved the Rate Resolution, which established a flat rate per enplaned passenger and a set landing fee per 1,000 pounds of gross maximum landed weight. The Board and the airline transportation companies determined that the level of rates, fees, and charges established by the resolution, while not initially self-sustaining, were deemed to be the highest that could be imposed under the present conditions to assure the continuation of air service for the region. The rates are subject to modifications as the conditions improve in the operations of the airlines. As of March 2008, lease negotiations resumed between the Airport and the airlines. Negotiations with the airlines on a new Airline-Airport Use and Lease Agreement (Agreement) have concluded and the Agreement became effective starting January 1, 2009. The new agreement has an overall residual airline rate-setting methodology and a five-year term, which expires on December 31, 2013. Other key provisions to the Agreement include, a single terminal building rental rate, an annual deposit requirement to the General Purposes Fund, and airline approved capital projects that the NOAB may undertake at any time as demand warrants. To date, nine airlines, representing the vast majority of aviation activity at the Airport, have executed the Agreement. Pre-Katrina, the Airport had 162 daily departures to 42 cities with 20,676 average daily seats. As of December 2006, the service level was 110 daily departures to 31 cities with 12,962 average daily seats. In order to encourage additional air service, the Board has instituted an incentive plan that became effective January 1, 2007. As of December 2007, the service level was 132 daily departures to 37 cities with 15,440 average daily seats. As of December 2008, the service level was 125 daily departures to 33 cities with 15,769 average daily seats. As of May 2009, the service level was 121 daily departures to 33 cities with 15,135 average daily seats.

The Rate Resolution was approved by the Board and the Airline Transportation Companies and became effective October 1, 2005, which set rates at \$8.00 per enplaned passenger and a landing fee of \$1.07 per 1,000 pounds of gross maximum landed weight. As a result of the reduced operating revenues, the Airport determined that it would be unable to meet the debt service coverage ratio of 125% as required under the bond indenture for the Refunding and Revenue Bonds. As a result, the Board adopted the Rollover

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Coverage Resolution as an amendment to the Rate Resolution, which allows the Airport to include a specific amount of rollover coverage as revenues in the calculation of the debt service coverage ratio for each of the three fiscal years ending December 31, 2005, 2006, and 2007. In November 2007, the Board approved the implementation of Rollover Coverage for Fiscal Year 2008. The bond indenture allows for rollover coverage to be included in the covenant calculation in accordance with the Commercial Airline Lease. The bond indenture defines the Commercial Airline Lease as the previously existing lease that expired on December 31, 2004 or "in the event there is at any time no such lease in existence than it shall include the resolution or other proceedings adopted by the Board prescribing the effective rates and charges for the services, commodities and facilities of the Airport System." The Airport's calculation of the Historical Debt Service Coverage Ratio, as presented in the Supplemental Schedule III to the financial statements, is 128% for the year ended December 31, 2008. The Airport is current on all debt service payments as required by the bonds and there has been no documented correspondence from the Bond Insurers or Bond Holders regarding noncompliance with the debt service coverage covenant.

4. The Board instituted a major cost reduction plan that included a lay off of approximately 50% of the employees. In addition, other costs are being monitored to insure they are reasonable and necessary.
 - The assets of the Airport exceeded its liabilities at December 31, 2008 and 2007 by \$319,910,546 and \$324,111,229, respectively. Of these amounts, \$33,661,047 and \$38,137,271 may be used to meet the Airport's ongoing obligations to its passengers, tenants, and creditors.
 - The Airport's decrease in net assets was \$4,200,683 (1%) for fiscal year 2008 and an increase of \$2,632,053 (1%) for fiscal year 2007. The decrease in 2008 was due to a decrease in capital contributions received from the federal government to finance the cost of construction of airport facilities. In 2008, the Airport received \$4,082,510 and in 2007 received \$8,740,231 of capital contributions from the federal government.
 - The Airport's total debt decreased by \$5,113,822 (2%) during the current fiscal year. The key factors in this decrease were the payment of principal in the amount of \$11,015,000, which was offset by an increase in the GO Zone Tax Credit Bonds for \$4,144,357.
 - Operating revenues increased by \$3,372,442 (6%) over the prior year due primarily to the increase in air carrier operations, and passenger activity. This increase occurred particularly in the area of terminal building revenue which increased by \$4,104,471(8%) primarily in the area of airline terminal building rentals in the amount of \$1,927,394 (6%), ground transportation concessions in the amount of \$1,062,123(273%) and car rental concessions in the amount of \$603,944(7%). The increase in airline terminal rental revenue was a result of the increase in enplaned passengers of 207,162 over the prior year. Non airline revenue increased by \$804,038 (3%), due primarily to an increase in ground transportation concessions in the amount of \$1,062,123 (273%). This increase was offset by decreases in a variety of other revenues categories.

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- Operating expenses before depreciation and amortization increased by \$4,530,911 (11%) over the prior year, which were due primarily to an increase in bad debt expense in the amount of \$632,607, increased costs for legal services of \$352,556, increased utilities costs of \$750,634, increased fire services of \$874,003, increased shuttle services of \$365,679, and increase HVAV maintenance of \$578,483.
- Capital contributions decreased \$4,657,721 (53%) this fiscal year due to the decrease in construction projects funded by federal grants.

Financial Position

Total assets decreased by \$3,252,055 (1%) this year due primarily to a decrease in non-current assets. Non-current assets decreased by \$9,453,770, due to a decrease in long term investments of \$6,650,651, a decrease in capital assets of \$2,815,358. These decreases were offset by increases in a variety of current assets.

Current liabilities are higher this fiscal year by \$6,767,450 (23%). This increase was due to increases in Accounts Payable and Capital Projects Payable of \$ 4,661,935, and an Insurance Advance of \$3,038,469. Total noncurrent liabilities have decreased by \$5,818,822 (3%) due to the payment of principal on the bonds of \$11,015,000. This decrease is offset by an increase in the Go Zone Tax Credit Bonds of \$4,144,357.

The largest portion of the Airport's net assets, \$212,864,112 (67%) for 2008 and \$212,312,502 (66%) for 2007, represents its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. The Airport uses these assets to provide services to its passengers, visitors, and tenants of the airport; consequently, these assets are not available for future spending. Although the Airport's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from operations, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Airport's net assets, \$73,385,387 (23%) for 2008 and \$73,661,456 (23%) for 2007, represents resources that are subject to restrictions from contributors, bond resolutions, and state and federal regulations on how they may be used. The remaining balance of unrestricted net assets, \$33,661,047 (10%) for 2008 and \$38,137,271 (11%) for 2007, may be used to meet the Airport's ongoing obligations.

At the end of the current and previous fiscal year, the Airport reported positive balances in all three categories of net assets.

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Summary of Net Assets (in thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Assets:			
Current and other assets	\$ 187,108	\$ 187,544	\$ 149,717
Net capital assets	<u>393,233</u>	<u>396,049</u>	<u>414,245</u>
Total assets	<u>\$ 580,341</u>	<u>\$ 583,593</u>	<u>\$ 563,962</u>
Liabilities:			
Current liabilities	\$ 35,952	\$ 29,184	\$ 32,107
Long-term liabilities	<u>224,479</u>	<u>230,298</u>	<u>210,375</u>
Total liabilities	<u>\$ 260,431</u>	<u>\$ 259,482</u>	<u>\$ 242,482</u>
Net assets:			
Invested in capital assets, net of debt	\$ 212,864	\$ 212,313	\$ 215,122
Restricted	73,385	73,661	72,286
Unrestricted	<u>33,661</u>	<u>38,137</u>	<u>34,071</u>
Total net assets	<u>\$ 319,910</u>	<u>\$ 324,111</u>	<u>\$ 321,479</u>

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Airlines Rates and Charges

The Airport had negotiated and executed an Airline Operating Agreement and Terminal Building Lease in effect with the airlines known collectively as the Signatory Airlines. This agreement established the rates and charges methodology for the Signatory Airlines and their affiliates each year. This agreement remained in effect until December 30, 2004. The Airport was in lease negotiations with the airlines during 2005 and had agreed in principle to the terms of the new lease. The rates for the first six months of 2005 were carried over from 2004. In July and August 2005, the draft lease agreement rates were implemented, while lease negotiations continued. Due to Hurricane Katrina, no fees were charged to the air carriers for the month of September 2005. The Board, with the agreement of the air carriers, implemented the Rate Resolution in October 2005 by charging \$8.00 per enplaned passenger and a landing fee of \$1.07 per 1,000 pounds of gross maximum landed weight. Landing fees for nonscheduled airlines are assessed 115% of the signatory rates in addition to a \$0.04 per gallon fuel flowage fee.

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Signatory Airlines rates and charges:			
Rate Resolution (per enplaned passenger)	\$ 8.00	\$ 8.00	\$ 8.00
Landing fee-per 1,000 lbs. unit	1.07	1.07	1.07

As previously discussed, a new Airline – Airport Use and Lease Agreement has been negotiated and is effective starting January 1, 2009. These rates are as follows:

Terminal building rental rates (per sq. ft.)	\$ 98.94
Landing fee rate per (1,000 lbs.)	1.69
Apron Use Fee rate (per sq. ft.)	2.44
Loading Bridge use fee (per bridge)	24,960.00

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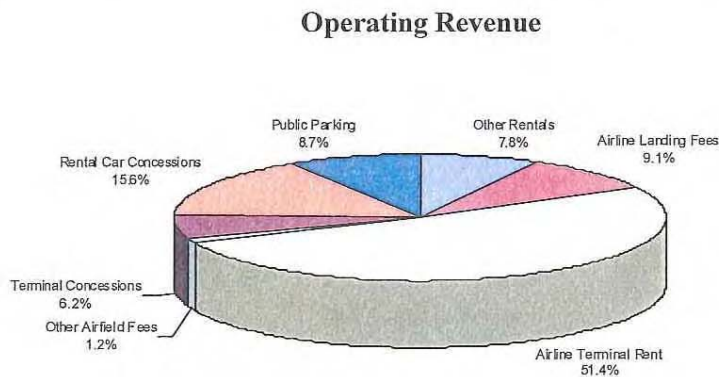
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Revenues

The following chart shows major sources and the percentage of operating revenues for the year ended December 31, 2008.



Operating Revenues by Major Source (in thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Passenger and cargo airlines:			
Airline landing fee payments	\$ 5,675	\$ 5,159	\$ 4,406
Airline terminal rental payments	31,921	29,994	24,717
Ground rents	50	62	74
Other rentals and fees	664	527	610
Total passenger and cargo airlines	<u>38,310</u>	<u>35,742</u>	<u>29,807</u>
Non airline rentals:			
Concessions-terminal	3,847	3,470	3,666
Concessions-car rentals	9,706	9,102	9,261
Public parking	5,374	5,331	5,081
Other rentals and fees	4,860	4,121	3,538
Business interruption insurance income	-	958	-
Total nonairline rentals	<u>23,787</u>	<u>22,982</u>	<u>21,546</u>
Total operating revenues	<u>\$ 62,097</u>	<u>\$ 58,724</u>	<u>\$ 51,353</u>

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2008 vs. 2007

The Rate Resolution implemented in 2005 was in effect for 2008. Total air carrier revenue for 2008 increased by \$2,568,414 (7%) over 2007 due to increased airline operations and passenger activity. The landing fees increased \$516,027 (10%) and airline terminal rentals increased by \$1,927,394 (6%). The increase in airline terminal rental revenue was a result of the increase in enplaned passengers of 207,162 over the prior year. Nonairline revenue increased by \$804,038 (3%), due primarily to an increase in ground transportation concessions in the amount of \$1,062,123 (273%). This increase was offset by decreases in a variety of other revenues categories.

2007 vs. 2006

The Rate Resolution implemented in 2005 remains in effect. Total air carrier revenue for 2007 increased by \$5,934,716 (20%) over 2006 due to increased airline operations and passenger activity. The landing fees increased \$752,731 (17%) and airline terminal rentals increased by \$5,276,915 (21%). The increase in airline terminal rental revenue was a result of the increase in enplaned passengers of 656,473 over the prior year. Nonairline revenue increased by \$1,437,090 (7%), due primarily to proceeds received from business interruption insurance in the amount of \$958,294.

Cost per enplaned passenger is a measure used by the airline industry to reflect the costs an airline pays to operate at an airport based upon the number of enplaned passengers for that airport. The cost per enplaned passenger decreased from \$9.37 in 2006 to \$9.34 in 2007 and increased to \$9.46 in 2008.

	<u>2008</u>		<u>2007</u>		<u>2006</u>
Cost per enplaned passenger:					
Airline revenues (in thousands)	\$ 37,596	\$	35,153	\$	29,123
Enplaned passengers (in thousands)	3,973		3,765		3,108
Cost per enplaned passenger	\$ 9.46	\$	9.34	\$	9.37

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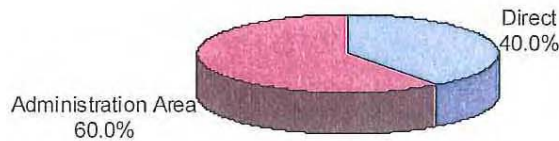
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Expenses

The following chart shows major expense categories and the percentage of operating expenses for the year ended December 31, 2008.

Operating Expenses (Excluding Depreciation)



Operating Expenses before Depreciation (in thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Direct (airfield, terminal building and area, hangars, leased sites, heliport)	\$ 18,705	\$ 16,154	\$ 14,691
Administration Area	<u>27,573</u>	<u>25,593</u>	<u>22,701</u>
	<u>\$ 46,278</u>	<u>\$ 41,747</u>	<u>\$ 37,392</u>

2008 vs. 2007

The operating expenses before depreciation and amortization increased by \$4,530,911 (11%) over the prior year, which were due primarily to an increase in bad debt expense in the amount of \$632,607, increased costs for legal services of \$352,556, increased utilities costs of \$750,634, increased fire services of \$874,003, increased shuttle services of \$365,679, and increase HVAV maintenance of \$578,483.

2007 vs. 2006

The operating expenses before depreciation increased by \$4,354,590 (12%) over the prior year, due primarily to increased security costs of \$2,098,399, costs in the Capital Improvement Fund that were expensed in the amount of \$1,559,896, increased janitorial costs of \$874,003, increased utilities costs of \$409,878, increased shuttle services of \$476,444. These increases were offset by decreases in a variety of other expense categories.

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Nonoperating Revenues, Net

2008 vs. 2007

Nonoperating revenues, net consists primarily of passenger facility charge (PFC) revenue, investment income, FAA grant revenue, and interest expense. PFC revenue increased 15% from \$15,598,476 in 2007 to \$16,298,855 in 2008. Investment income decreased by 58% from \$6,448,430 in 2007 compared to \$2,714,493 in 2008 due to unfavorable interest rates. FAA grant revenue decreased 53% from \$8,740,231 in 2007 to \$4,082,510 in 2008 due primarily to a decrease in the in capital contributions received from the federal government.. Interest expense and bond costs increased 4% from \$13,686,783 in 2007 to \$14,237,371 in 2008 as a result of higher interest expense.

2007 vs. 2006

Nonoperating revenues, net consists primarily of passenger facility charge (PFC) revenue, investment income, FAA grant revenue, and interest expense. PFC revenue increased 15% from \$13,598,301 in 2006 to \$15,598,476 in 2007. Investment income increased by 36% from \$4,739,600 in 2006 compared to \$6,448,430 in 2007 due to an increase in investments and favorable interest rates. FAA grant revenue increased 45% from \$6,042,248 in 2006 to \$8,740,231 in 2007 due primarily to the grant revenue for the Security Operations Center Project 1542. Interest expense and bond costs decreased 5% from \$14,406,036 in 2006 to \$13,686,783 in 2007 as a result of lower financing costs and interest expense, primarily on the 2004A Drawdown Bond Facility, which was paid off by the 2007 Refunding Bonds at a lower interest rate.

Total Revenues and Expenses (in thousands)

The following table reflects the total revenues and expenses for the Airport (in thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Total operating revenues	\$ 62,097	\$ 58,724	\$ 51,353
Total nonoperating revenues	20,548	22,048	18,338
Total revenues	<u>\$ 82,645</u>	<u>\$ 80,772</u>	<u>\$ 69,691</u>
Total operating expenses	\$ 76,691	\$ 72,363	\$ 68,298
Total nonoperating expenses	14,237	14,517	15,747
Total expenses	<u>\$ 90,928</u>	<u>\$ 86,880</u>	<u>\$ 84,045</u>

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Summary of Changes in Net Assets (in thousands)

	<u>2008</u>		<u>2007</u>		<u>2006</u>
Summary of changes in net assets:					
Operating revenues	\$ 62,097	\$	58,724	\$	51,353
Operating expenses	<u>46,278</u>		<u>41,746</u>		<u>37,392</u>
Operating income before depreciation and amortization	<u>15,819</u>		<u>16,978</u>		<u>13,961</u>
Depreciation and amortization	<u>30,413</u>		<u>30,616</u>		<u>30,906</u>
Operating loss	<u>(14,594)</u>		<u>(13,638)</u>		<u>(16,945)</u>
Nonoperating revenues, net	<u>6,311</u>		<u>7,530</u>		<u>2,591</u>
Loss before capital contributions and transfers	<u>(8,283)</u>		<u>(6,108)</u>		<u>(14,354)</u>
Capital contributions	<u>4,082</u>		<u>8,740</u>		<u>6,042</u>
Change in net assets	<u>\$ (4,201)</u>	\$	<u>2,632</u>	\$	<u>(8,312)</u>

Operating income before depreciation and amortization decreased \$1,159,468 or (7%) over last fiscal year. Depreciation and amortization expense decreased \$202,768 (1%). Capital contributions decreased by \$4,657,721 (53%) due primarily to a decrease in the capital contributions received from the federal government. Capital Contributions are composed of federal grants, which are being received to fund construction and reconstruction of runways and roads at the Airport, and for the Sound Insulation Program.

Capital Assets

The Airport's investment in capital assets can be noted in the following table. The total increase for this fiscal year was 3% before accumulated depreciation and amortization. Major capital asset events occurring this fiscal year include the following:

- Land Improvements/Other Buildings increased as a result of the completion cost of the East/West Runway (10/28) for \$989,278, Master Drainage Plan for \$120,627, and additional cost for Airport Perimeter fencing for \$32,427.
- Terminal Buildings and Furnishings increased due to New ARFF Fire Truck for \$743,349, Rent-A-Car Improvements for \$531,788, and completion costs for Denver Jet Bridges for \$116,740.
- Construction in Progress increased due to the Security Operations Center for \$5,375,377, Terminal Exterior Improvements for \$2,258,058, Terminal Interior Improvements for \$798,869, Aircraft Loading Bridges for \$7,561,819, and the Aircraft Rescue Fire Fighting (ARFF) for \$370,057, Expansion of Concourse "D" for \$404,512, Terminal Apron Rehab for \$459,033, and the Conrac Garage for \$2,746,204.

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- More detailed information on capital assets can be found in note 4 of the accompanying financial statements.

Net Capital Assets (in thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Land	\$ 86,598	\$ 84,325	\$ 84,252
Air rights	18,817	18,503	18,495
Land improvements	322,090	321,148	321,934
Buildings and furnishings	296,066	294,338	290,797
Equipment	5,862	6,492	6,353
Utilities	7,786	7,786	7,786
Heliport	3,070	3,067	3,067
Construction in process	49,990	27,653	18,744
	<u>790,279</u>	<u>763,312</u>	<u>751,428</u>
Total capital assets			
Less accumulated depreciation and amortization	<u>397,046</u>	<u>367,263</u>	<u>337,183</u>
Net capital assets	<u>\$ 393,233</u>	<u>\$ 396,049</u>	<u>\$ 414,245</u>

Debt Activity

At the end of the current fiscal year, the Airport had total debt outstanding of \$238,154,444. The majority of the Airport's debt represents bonds secured solely by operating revenue. The remainder represents bonds payable from PFC Revenue.

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Outstanding Debt (in thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Bonds:			
Refunding Bonds 1993B – C, 1995 and 1997A	\$ 102,030	\$ 112,760	\$ 122,840
Revenue Bonds 1997B	11,300	11,585	11,855
Revenue Refunding Bonds 1999 (PFC)	-	-	27,220
Revenue Refunding Bonds 2007 (PFC)	88,370	88,370	-
Drawdown Bond Facility 2004A	-	-	49,585
Unamortized bond discount	(45)	(47)	(414)
Unamortized loss on advanced refunding	(11,328)	(12,787)	(13,172)
Unamortized bond premium	771	798	-
Loans payable:			
FEMA	10,883	10,883	10,883
Go Zone Tax Credit Bonds	35,372	31,227	13,251
Interest payable:			
FEMA	801	479	157
	<u>\$ 238,154</u>	<u>\$ 243,268</u>	<u>\$ 222,205</u>

The Airport's total debt decreased \$5,113,822 (2%) during the current fiscal year due to the payment of principal in the amount of \$11,015,000, which was offset by an increase in the Go Zone Tax Credit Bonds for \$4,144,357.

More detailed information on long-term debt can be found in note 5 of the accompanying financial statements.

Debt Service Coverage

Airport revenue bond covenants require that revenues available to pay debt service, as defined in the bond resolution, are 125% or greater than the debt service on the airport Refunding Bonds Series 1993B, 1993C, 1995A, and 1997A and the Revenue Bonds Series 1997B-1 and 1997B-2. The bond resolution for the Revenue Refunding Bonds Series 2007A, 2007B-1 and 2007B-2, PFC Projects had a remaining ratio requirement of 105% or greater obtained by dividing the available amount by the cumulative debt amount. Coverage ratios for the past three years are shown in the following table.

The Board approved the Rate Resolution in November 2005, which significantly reduced the fees charged to the air transportation companies. As a result of the drastic reductions in flight operations and enplanements resulting from Hurricane Katrina, it was not feasible to continue to operate the Airport pursuant to a residual financial agreement. As a result of the reduced operating revenues, the Airport would not be able to meet the debt service coverage ratio of 125% as required under the General Revenue Bond Trust Indenture. In November 2006, the Board approved the Rollover Coverage Resolution, which provides for \$9,000,000 of coverage in 2005, \$15,000,000 in 2006, and \$13,000,000 in 2007. These amounts were determined by the Board through review of

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the actual 2005 covenant calculation and projected 2006 and 2007 covenant calculations in order for the Airport to specifically comply with the 125% debt service covenant in each of the three years. On November 30, 2006, the Airport completed three wire transfers, in accordance with the Rollover Coverage Resolution, in the amounts of \$9,000,000, \$15,000,000, and \$13,000,000 from the Airport Operating Account Fund into the Bank of New York (Trustee) 2005, 2006, and 2007 Rollover Accounts. The 2005 and 2006 funds were required to remain in the respective accounts for one business day and then were wired back to the Airport Operating Fund to be used to pay operation and maintenance expenses of the Airport. During 2007, the \$13,000,000 Rollover Coverage was wired back to the Airport Operating Fund to be used to pay operation and maintenance expenses of the Airport. On November 9, 2007, the Board approved the implementation of Rollover Coverage for Fiscal Year 2008 in the amount of \$7,000,000. The funds were wire transferred to the Trustee in December 2007 and transferred to the Airport Operating Account in 2008. On December 17, 2008, the Board approved the implementation of Rollover Coverage for Fiscal Year 2009 in the amount of \$5,600,000. The funds were wired to the Trustee on December 20, 2008, and transferred to the Airport Operating Account in 2009. As a result of the rollover coverage, the Airport is in compliance with the debt service coverage ratio at December 31, 2008.

	2008	2007	2006
Refunding Bonds and Revenue Bonds	128%	185%	176%
Revenue Refunding Bonds	121	115	107

Airport Activities and Highlights

Passenger totals for 2008 increased by 412,500 (5%) over 2007 due to an increase in air carrier operations and passenger activity. Since the Airport resumed air service in September 2005, air carrier operations have continued to increase as flights and destinations have been added. Prior to Hurricane Katrina the Airport had 162 daily flights to 42 cities with 20,676 average daily seats. On December 31, 2005, the Airport had 56 flights to 21 cities with 6,769 average daily seats. By December 31, 2006, the Airport had 110 flights to 31 cities with 12,962 average daily seats. As of December 2007, the Airport has 132 flights to 37 cities with 15,440 average daily seats. As of December 2008, the Airport had 125 daily departures to 33 cities with 15,769 average daily seats. As of May 2009, the Airport had 121 daily departures to 33 cities with 15,135 average daily seats. The aircraft landed weight decreased by 26% in 2006, increased by 20% in 2007 and increased by 9% in 2008.

The Airport is continuing a program to rehabilitate aging infrastructure to meet current demands. Work has been completed on the Rehabilitation of Runway 10/28 project, and is ongoing on the Security Operations Center. In addition, the Airport is continuing work on two projects: Aircraft Loading Bridges and Terminal Improvements. Also, the Airport is in the implementing stage on the Concourse D Expansion project and the Conrac Garage project.

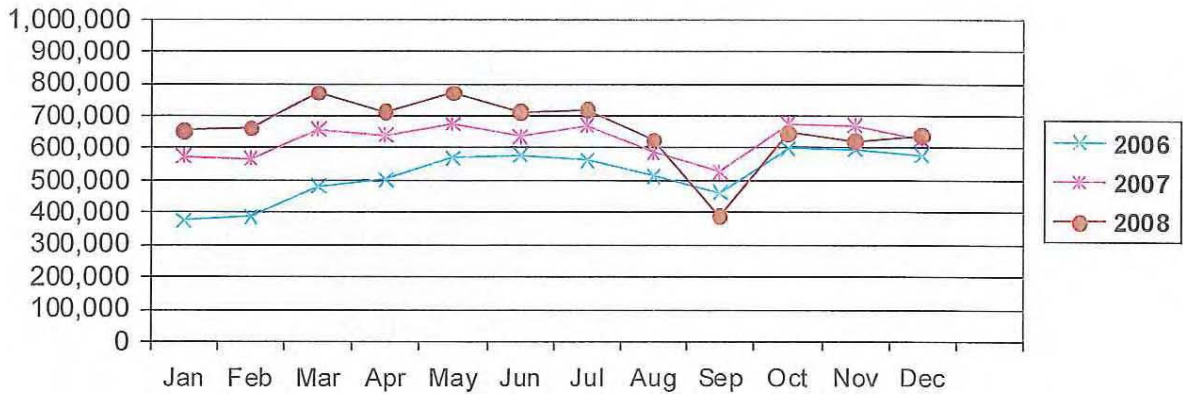
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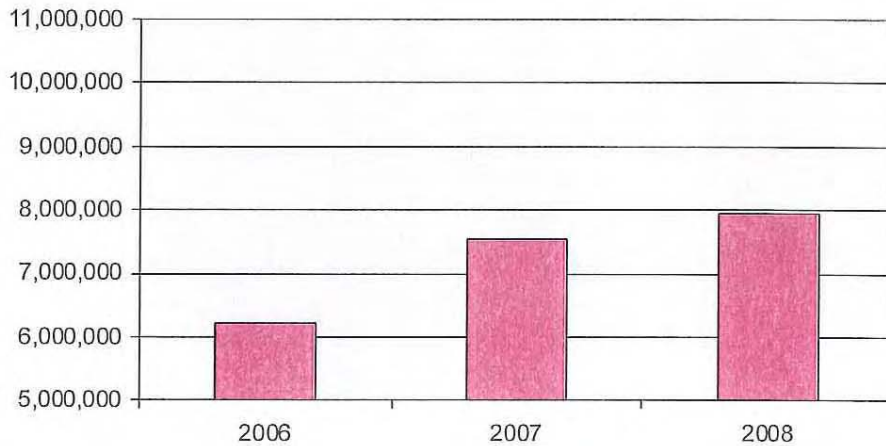
December 31, 2008 and 2007

(Unaudited)

Total Passengers



Total Passengers



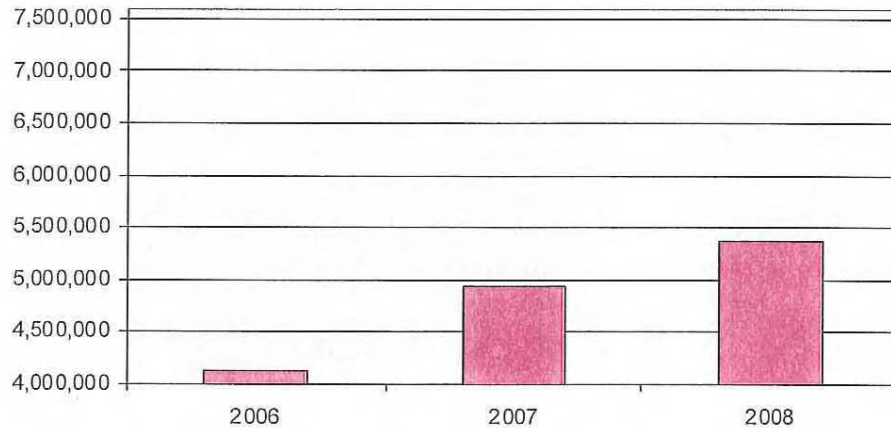
LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
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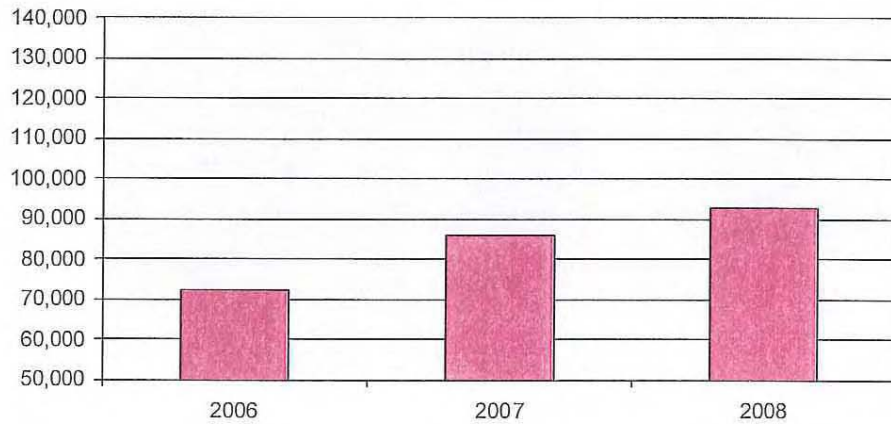
December 31, 2008 and 2007

(Unaudited)

Landed Weight



Passenger Flight Operations



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(Unaudited)

Selected statistical information about total passengers, aircraft landed weight, and air carrier operations for the past three years are presented in the table below.

<u>Fiscal year</u>	<u>Total passengers</u>	<u>landed weight (1,000 pound units)</u>	<u>Air carrier operations</u>
2006	6,218,419	4,117,683	72,338
2007	7,525,533	4,936,391	85,885
2008	7,944,397	5,365,879	92,989

Requests for Information

This financial report is designed to provide a general overview of the Airport's finances. Questions concerning any of the information should be addressed to the Deputy Director of Finance and Administration, Louis Armstrong New Orleans International Airport, Post Office Box 20007, New Orleans, Louisiana 70141.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
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Balance Sheets

December 31, 2008 and 2007

Assets	<u>2008</u>	<u>2007</u>
Current assets:		
Unrestricted assets:		
Cash (note 2)	\$ 3,255,197	\$ 6,548,070
Accounts receivable, less allowance for doubtful accounts of \$1,251,420 in 2008; \$1,840,941 in 2007	9,336,040	9,792,664
Investments (note 2)	79,110,926	69,966,406
Interest receivable	1,707	306,403
Insurance proceeds receivable	—	4,038,298
Inventory of materials and supplies	116,542	100,361
Prepaid expenses and deposits	968,385	2,222,103
Due from City of New Orleans	1,187,263	—
Total unrestricted assets	<u>93,976,060</u>	<u>92,974,305</u>
Restricted assets (notes 2, 3, and 5):		
Cash	159,074	285,666
Investments	20,487,294	14,440,611
Passenger facility charges receivable	1,490,937	1,749,443
Capital grant receivable	554,252	1,015,877
Total restricted assets	<u>22,691,557</u>	<u>17,491,597</u>
Total current assets	<u>116,667,617</u>	<u>110,465,902</u>
Noncurrent assets:		
Long-term investments (note 2):		
Investments, restricted	64,851,329	71,501,980
Total long-term investments	<u>64,851,329</u>	<u>71,501,980</u>
Capital assets (note 4):		
Capital assets not being depreciated	136,587,642	111,977,561
Capital assets being depreciated	653,691,948	651,333,976
Less accumulated depreciation	(397,046,324)	(367,262,913)
Total capital assets, net	<u>393,233,266</u>	<u>396,048,624</u>
Prepaid insurance on revenue bonds, less accumulated amortization of \$1,073,083 (\$931,429 in 2007)	2,667,333	2,808,987
Deferred cost of bond issuance, less accumulated amortization of \$1,964,958 (\$1,761,733 in 2007)	2,921,792	2,767,899
Total noncurrent assets	<u>463,673,720</u>	<u>473,127,490</u>
Total assets	<u>\$ 580,341,337</u>	<u>\$ 583,593,392</u>

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Component Unit of the City of New Orleans)

Balance Sheets

December 31, 2008 and 2007

Liabilities and Net Assets	<u>2008</u>	<u>2007</u>
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable	\$ 6,270,860	\$ 4,570,570
Due to City of New Orleans	—	3,584,038
Accrued salaries and other compensation	1,849,883	2,025,956
Capital projects payable	1,642,675	871,736
Accrued Expenses	3,038,469	—
Due to FAA- Iafrate	457,903	640,000
Total unrestricted current liabilities	<u>13,259,790</u>	<u>11,692,300</u>
Payable from restricted assets:		
Accounts payable	—	555,795
Accrued bond interest payable	3,168,185	863,932
Bonds payable, current portion (note 5)	13,675,000	12,970,000
Capital projects payable	5,848,372	3,101,870
Total restricted current liabilities	<u>22,691,557</u>	<u>17,491,597</u>
Total current liabilities	<u>35,951,347</u>	<u>29,183,897</u>
Noncurrent liabilities:		
Bonds payable, less current portion, unamortized loss on advance refunding and unamortized discount (note 5)	177,424,222	187,709,327
Loans payable	46,254,630	42,110,274
Loan interest payable	800,592	478,665
Total noncurrent liabilities	<u>224,479,444</u>	<u>230,298,266</u>
Total liabilities	<u>260,430,791</u>	<u>259,482,163</u>
Net assets:		
Invested in capital assets, net of related debt	212,864,112	212,312,502
Restricted for:		
Debt service	17,163,996	15,205,537
Capital acquisition	41,836,966	42,803,356
Operating reserve	14,384,425	15,652,563
Unrestricted	33,661,047	38,137,271
Total net assets	<u>319,910,546</u>	<u>324,111,229</u>
Total liabilities and net assets	<u>\$ 580,341,337</u>	<u>\$ 583,593,392</u>

See accompanying notes to financial statements.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Component Unit of the City of New Orleans)

Statements of Revenues, Expenses, and Changes in Net Assets

Years ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Operating revenues (note 8):		
Landing and airfield fees	\$ 6,512,475	\$ 6,081,862
Terminal building	53,652,932	49,548,461
Ground transportation and other areas	1,931,485	2,135,833
Recoveries from business interruption insurance	—	958,294
Total operating revenues	<u>62,096,892</u>	<u>58,724,450</u>
Operating expenses:		
Direct	18,705,183	16,153,566
Depreciation	30,413,037	30,615,805
Administrative	<u>27,572,567</u>	<u>25,593,274</u>
Total operating expenses	76,690,787	72,362,645
Operating loss	<u>(14,593,895)</u>	<u>(13,638,195)</u>
Nonoperating revenues (expenses):		
Investment income	2,714,493	6,448,430
Interest expense	(14,237,371)	(13,686,783)
Passenger facility charges	16,298,885	15,598,476
Customer facility charges	1,299,254	—
Other, net	<u>235,441</u>	<u>(830,106)</u>
Total nonoperating revenues, net	<u>6,310,702</u>	<u>7,530,017</u>
Loss before capital contributions	(8,283,193)	(6,108,178)
Capital contributions (note 6)	<u>4,082,510</u>	<u>8,740,231</u>
Change in net assets	(4,200,683)	2,632,053
Total net assets, beginning of year	<u>324,111,229</u>	<u>321,479,176</u>
Total net assets, end of year	<u>\$ 319,910,546</u>	<u>\$ 324,111,229</u>

See accompanying notes to financial statements.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Component Unit of the City of New Orleans)

Statements of Cash Flows

Years ended December 31, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Cash received from customers	\$ 62,553,516	\$ 60,126,458
Cash paid to suppliers for goods and services	(41,849,787)	(41,755,360)
Cash paid to employees and on behalf of employees for services	(6,993,305)	(7,477,913)
Other receipts	859,315	995,418
Net cash provided by operating activities	14,569,739	11,888,603
Cash flow from noncapital financing activities:		
Sales tax receipts	625,202	594,984
Insurance proceeds receipts	12,596,132	2,365,813
Net cash provided by noncapital financing activities	13,221,334	2,960,797
Cash flows from capital and related financing activities:		
Passenger facility charges collected	16,557,391	15,904,398
Customer facility charges collected	1,299,254	—
Acquisition and construction of capital assets	(24,080,239)	(10,942,520)
Capital grants received	4,362,038	9,074,025
Principal paid on revenue bond maturities	(11,015,000)	(87,155,389)
Issuance of revenue bonds	—	88,370,000
Proceeds from loans payable to Go Zone	4,144,356	17,976,661
Interest paid on bonds and loans	(11,080,492)	(13,224,737)
Cost of bond issuance and insurance	(357,119)	(2,923,720)
Projects paid from insurance receipts	(5,519,365)	(7,894,118)
Net cash provided by (used in) capital and related financing activities	(25,689,176)	9,184,600
Cash flows from investing activities:		
Sales of investments	136,668,581	210,100,957
Purchases of investments	(145,209,132)	(237,192,656)
Interest and dividends on investments	3,019,189	6,417,524
Net cash used in capital and related financing activities	(5,521,362)	(20,674,175)
Net decrease in cash and cash equivalents	(3,419,465)	3,359,825
Cash and cash equivalents at beginning of year	6,833,736	3,473,911
Cash and cash equivalents at end of year (note 2)	\$ 3,414,271	\$ 6,833,736
Noncash investing activities:		
Decrease in investments due to change in fair value	\$ (48,233)	\$ (247,773)
Noncash financing activities:		
Amortization of bond-related costs	\$ (1,779,774)	\$ (1,315,364)
Loss on disposal of assets	\$ —	\$ (167,671)

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
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Statements of Cash Flows

Years ended December 31, 2008 and 2007

	2008	2007
Reconciliation of operating loss to net cash provided		
by operating activities:		
Operating loss	\$ (14,593,895)	\$ (13,638,195)
Adjustments to reconcile operating loss to net cash		
provided by operating activities:		
Depreciation	30,413,037	30,615,805
Increase in allowance for doubtful accounts	(589,560)	(3,053,492)
Other	859,315	37,124
Changes in assets and liabilities:		
Accounts receivable	1,046,184	2,360,302
Insurance proceeds receivable	—	(4,038,298)
Inventory of materials and supplies	(16,181)	(19,621)
Prepaid expenses and deposits	1,253,718	(1,625,660)
Due from City of New Orleans	(1,999,856)	—
Accounts payable	1,144,495	(1,008,381)
Accrued salaries and other compensation	(176,073)	(85,148)
Due to City of New Orleans	(2,771,445)	2,344,167
Total adjustments	29,163,634	25,526,798
Net cash provided by operating activities	\$ 14,569,739	\$ 11,888,603

See accompanying notes to financial statements.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Component Unit of the City of New Orleans)

Notes to Financial Statements

December 31, 2008 and 2007

(1) Summary of Significant Accounting Policies

(a) Organization

The Louis Armstrong New Orleans International Airport (the Airport) is a proprietary component unit of the City of New Orleans, Louisiana. The New Orleans Aviation Board (the Board) was established in 1943 to provide for the operation and maintenance of the Airport. The Board consists of nine members appointed by the Mayor of the City of New Orleans with approval of the New Orleans City Council. The City of Kenner, Louisiana and the Parish of St. Charles, Louisiana each have input as to the selection of one board member.

The accompanying policies of the Airport conform to accounting principles generally accepted in the United States of America as applicable to proprietary component units of governmental entities.

(b) Basis of Presentation

Proprietary fund accounting is used for the Airport's ongoing operations and activities which are similar to those often found in the private sector. Proprietary funds are accounted for using the economic resources measurement focus. The Airport is a proprietary component unit and accounts for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The principal operating revenues of the authority are from sources such as airlines, concessions, rental cars, and parking. Investment income, passenger facility charges, customer facility charges, federal and state grants, and other revenues not related to the operations of the Airport are nonoperating revenues. Operating expenses include the cost of airport and related facilities maintenance, administrative expenses, and depreciation on capital assets. Interest expense and financing costs are nonoperating expenses.

(c) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting under which revenues are recognized when earned and expenses are recognized when incurred. Revenues from landing and airfield fees, terminal building, rental building, and leased areas are reported as operating revenues. Transactions, which are capital, financing, or investing related, are reported as nonoperating revenues. Expenses from employee wages and benefits, purchase of services, materials and supplies, and other miscellaneous expenses are reported as operating expenses. Interest expense and financing costs are reported as nonoperating expenses. Under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Fund Accounting*, the City of New Orleans has elected not to follow Financial Accounting Standards Board guidance issued subsequent to November 30, 1989.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
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Notes to Financial Statements

December 31, 2008 and 2007

(d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(e) Accounts Receivable

An allowance for estimated uncollectible accounts receivable is established at the time information becomes available, which would indicate the uncollectibility of the particular receivable.

(f) Investments

Investments are carried at fair value in the financial statements. Unrealized gains and losses on investments are reflected in the statements of revenues, expenses, and changes in net assets.

(g) Inventory

The inventory of materials and supplies is valued at lower of cost or market, determined by the first-in, first-out method.

(h) Capital Assets

Capital assets are carried at cost. An item is classified as an asset if the initial, individual cost is \$1,000 or greater. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. In situations involving the construction of certain assets financed with the proceeds of tax-exempt borrowings, interest earned on related interest-bearing investments from such proceeds are offset against the related interest costs in determining the amount of interest to be capitalized. There was capitalized interest in the amount of \$397,158 in 2008 and none in 2007.

Depreciation is provided over the estimated useful lives of the assets using the straight-line method commencing with the date of acquisition or, in the case of assets constructed, the date placed into service.

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Notes to Financial Statements

December 31, 2008 and 2007

The estimated useful lives by major classification are as follows:

	Estimated useful lives (years)
Air rights	25
Land improvements	10 – 25
Buildings and furnishings	3 – 25
Equipment	3 – 10
Utilities	10 – 25
Heliport	5 – 15

(i) Due from/Due to the City of New Orleans

Amounts recorded as due from and due to the City of New Orleans primarily relate to amounts paid by the City on behalf of the Airport. In addition, the City provides certain administrative services to the Airport. The cost of such services was \$1,514,755 and \$1,442,624 for the years ended December 31, 2008 and 2007, respectively, and is recorded in administrative expenses in the statements of revenues, expenses, and changes in net assets.

(j) Restricted Assets

Restricted assets include investments required to be maintained for debt service, capital additions and contingencies, operations and maintenance, and escrow under the indentures of the revenue and refunding bonds, as well as investments to be used for the construction of capital improvements. Restricted assets also include receivables related to Passenger Facility Charges and grants.

(k) Bond Insurance

In conjunction with bonds issued in 2007, 1999, 1997, 1995, and 1993, insurance was purchased which guarantees the payment of bond principal and interest and expires with the final principal and interest payment on the bonds. The insurance costs were capitalized at the dates of issuance and are being amortized over the life of the bonds using the interest method.

(l) Revenue Recognition

Landing and airfield fees, terminal building, rental building, and leased areas rentals are recorded as revenues of the year in which earned.

Due to the expiration of the Commercial Airline Lease at December 31, 2004, the Airport continued charging the Airline Transportation Companies in accordance with the expired lease until June 30, 2005. In July and August 2005, the draft lease agreement rates were implemented, while lease negotiations continued. On August 29, 2005, the Airport and the City of New Orleans sustained significant damages due to Hurricane Katrina. The Airport sustained minor damages to its capital assets and as a result did not have to apply the provisions of Governmental Accounting Standards Board No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for*

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Notes to Financial Statements

December 31, 2008 and 2007

Insurance Recoveries (GASB Statement No. 42). The major impact to the Airport was related to operations, and no fees were charged to the air carriers for the month of September 2005. As a result of the hurricane, the Airport entered into negotiations with the airline transportation companies in order to determine the maximum amount of fees and charges the Airport would be able to charge to retain the airline transportation companies and provide airline services to the City of New Orleans. In November 2005, the Board adopted the rates, fees and charges resolution whereby the airport transportation companies are charged \$8.00 per enplaned passenger. Landing fees were established at \$1.07 per 1,000 pounds of gross maximum landed weight. On January 1, 2009 all prospective Signatory Airlines will begin paying Signatory Airline rates and charges per the new lease agreement. The rates are as follows:

Terminal building rental rates (per sq. ft.)	\$ 98.94
Landing fee rate per (1,000 lbs.)	1.69
Apron Use Fee rate (per sq. ft.)	2.44
Loading Bridge use fee (per bridge)	24,960.00

(m) Passenger Facility Charges

On June 1, 1993, the Airport began imposing, upon approval of the Federal Aviation Administration (the FAA), a \$3.00 Passenger Facility Charge (PFC) on each passenger enplaned at the Airport. On April 1, 2002, the FAA approved an increase in the amount of this fee to \$4.50. As of December 31, 2008 the Airport is authorized to collect up to \$485,996,121 of PFC revenue of which \$228,806,039 has been collected. PFC revenues are pledged to secure the Series 1999 Revenue bonds, which funded construction of preapproved capital projects and redeemed the 1994 Series PFC Bonds. The estimated expiration date on PFC revenue collection is January 1, 2020.

(n) Federal Financial Assistance

The Airport receives financial assistance for costs of construction and improvements to airport facilities through grants from the FAA. The Airport is on the reimbursement basis for funds received for financial assistance. As of December 31, 2008, the Airport received \$2,213,867 from FEMA as reimbursement for repairs and expenses incurred by the Airport as a result of Hurricane Katrina.

(o) Vacation and Sick Leave

All full-time classified employees of the Airport hired prior to January 1, 1979 are permitted to accrue a maximum of 90 days of vacation (annual leave) and an unlimited number of days of sick leave (accumulated at a maximum of 24 days per year). Employees hired after December 31, 1978 can accrue a maximum of 45 days annual leave and an unlimited number of days of sick leave (accumulated at a maximum of 24 days per year). Upon termination of employment, an employee is paid for their accrued annual leave based on their current hourly rate of pay and for their accrued sick leave on a formula basis. If termination is the result of retirement, the employee has the option of converting their accrued annual and sick leave to additional pension credits. Annual leave and sick leave liabilities are accrued when incurred.

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Notes to Financial Statements

December 31, 2008 and 2007

(p) Statements of Cash Flows

For purposes of the statements of cash flows, cash and cash equivalents include unrestricted cash, unrestricted certificates of deposit, and restricted cash.

(2) Cash and Investments

Included in the Airport's cash balances are amounts deposited with commercial banks in interest bearing and noninterest bearing demand accounts. The commercial bank balances are entirely insured by federal depository insurance or by collateral held by the financial institution in the Airport's name.

The Airport follows GASB No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (GASB Statement No. 31), which requires the adjustments of the carrying values of investments to fair value, which is based on available market values. The local government investment pool is a "2a-7-like" pool in accordance with GASB Statement No. 31; therefore, it is not presented at fair value but at its actual pooled share price, which approximates fair value. At December 31, 2007 and 2006, the fair value of all securities regardless of balance sheet classifications as cash and cash equivalents or investments was as follows:

	2008	2007
Securities:		
U.S. Treasury and government agency securities	\$ -	\$ 2,678,081
Common Stock: Airline Bankruptcies	491,920	569,188
Local government investment pool	62,080,020	52,876,168
Investment in money market funds	101,877,609	99,785,560
Total securities, at fair value	\$ 164,449,549	\$ 155,908,997

These securities are held in the following accounts:

	2008	2007
Current assets:		
Cash and cash equivalents	\$ 3,414,271	\$ 6,833,736
Investments	99,598,220	84,407,017
Noncurrent assets:		
Investments	64,851,329	71,501,980
Total cash and investments	167,863,820	162,742,733
Less cash on deposit	(3,414,271)	(6,833,736)
Total securities, at fair value	\$ 164,449,549	\$ 155,908,997

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
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Notes to Financial Statements

December 31, 2008 and 2007

The Airport is authorized to invest in securities as described in its investment policy, in each bond resolution and state statute. As of December 31, 2008, and 2007, the Airport held the following investments as categorized below in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*:

Investment Maturities at December 31, 2008

Investment type	Less than 1 year	1 to 5 years	Total
U.S. Treasury and government agency securities	\$ -	\$ -	\$ -
Common Stock: Airline Bankruptcies	491,920	-	491,920
Local government investment pool	62,080,020	-	62,080,020
Money market funds	101,877,609	-	101,877,609
	<u>\$ 164,449,549</u>	<u>\$ -</u>	<u>\$ 164,449,549</u>

Investment Maturities at December 31, 2007

Investment type	Less than 1 year	1 to 5 years	Total
U.S. Treasury and government agency securities	\$ 2,678,081	\$ -	\$ 2,678,081
Common Stock: Airline Bankruptcies	569,188	-	569,188
Local government investment pool	52,876,168	-	52,876,168
Money market funds	99,785,560	-	99,785,560
	<u>\$ 155,908,997</u>	<u>\$ -</u>	<u>\$ 155,908,997</u>

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, investments are generally held to maturity. The Airport's investment policy requires the investment portfolio to be structured to provide sufficient liquidity to pay obligations as they come due. To the extent possible, investment maturities are matched with known cash needs and anticipated cash flow requirements. Additionally, maturity limitations for investments related to the issuance of debt are outlined in the Bond Resolution relating to the specific bond issue.

Credit Risk: The Airport's general investment policy applies the prudent-person rule:

Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculative investments. Airport policy limits investments to the highest credit rating category of Standard & Poor's (S&P). Funds can only be invested in money market funds rated AAAM, AAm, or AAAM-G by S&P. In accordance with the

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Authority's investment policy and bond resolutions, all U.S. government agency securities held in the portfolio are either issued by or explicitly guaranteed by the U.S. government.

Custodial Credit Risk: For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Airport will not be able to recover the values of its investments or collateral securities that are in the possession of an outside party. All of the Airport's investments are either held in the name of the Airport or held in trust under the Airport's name.

Concentration of Credit Risk: The Airport's investments are not subject to a concentration of credit risk.

In 2007, the Airport acquired common stock as a result of bankruptcy proceedings of three airlines. The common stock with a market value of \$491,920 at December 31, 2008 was subject to market risk as a result of the volatility of the stock market.

LAMP: LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with Louisiana R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to provide immediate access to participants. The fair market value of investments is determined on a weekly basis to monitor any variances between amortized cost and market value. For purposes of determining participants' shares, investments are valued at amortized cost.

(3) Summary of Restricted Assets

Assets restricted for specific purposes in accordance with bond indenture and other legal restrictions are composed of the following at December 31, 2008 and 2007:

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2008												
	Debt service fund	Debt service reserve fund	Renewal and replacement fund	Operations and maintenance reserve fund	Capital Improvement fund	Defeasance Escrow fund	Receipts fund	Rollover fund	PFC collect	Cost of issue	Receivable	2008 total
Assets:												
Cash and certificates of deposits	\$ 168	—	—	—	—	—	—	—	158,906	—	—	159,074
Dreyfus Treasury Prime Cash Management	4,235,443	6,743,923	—	—	46,814,451	—	725,866	5,600,000	—	—	—	64,119,683
JPM U.S. Treasury and U.S. money market fund	1,641,159	2,810,511	2,036,857	8,784,425	1,044,844	—	—	—	—	—	—	16,317,796
U.S. Treasury and U.S. agency obligations	4,901,144	—	—	—	—	—	—	—	—	—	—	4,901,144
Passenger facility charges receivable	—	—	—	—	—	—	—	—	—	—	1,490,937	1,490,937
Capital grant receivable	—	—	—	—	—	—	—	—	—	—	370,142	370,142
Transportation Security Admin Grant receivable	—	—	—	—	—	—	—	—	—	—	118,800	118,800
Hazard Material Grant receivable	—	—	—	—	—	—	—	—	—	—	65,310	65,310
	<u>\$ 10,777,914</u>	<u>9,554,434</u>	<u>2,036,857</u>	<u>8,784,425</u>	<u>47,859,295</u>	<u>—</u>	<u>725,866</u>	<u>5,600,000</u>	<u>158,906</u>	<u>—</u>	<u>2,045,189</u>	<u>87,542,886</u>
2007												
	Debt service fund	Debt service reserve fund	Renewal and replacement fund	Operations and maintenance reserve fund	Capital Improvement fund	Defeasance Escrow fund	Receipts fund	Rollover fund	PFC collect	Cost of issue	Receivable	2007 total
Assets:												
Cash and certificates of deposits	\$ 124	—	—	—	83,625	231	—	939	200,747	—	—	285,666
JPM U.S. Treasury and U.S. money market fund	3,243,992	10,149,084	2,006,064	8,651,624	50,021,372	—	1,840,906	7,000,000	—	353,156	—	83,266,198
U.S. Treasury and U.S. agency obligations	2,674,196	2,197	—	—	—	—	—	—	—	—	—	2,676,393
Passenger facility charges receivable	—	—	—	—	—	—	—	—	—	—	1,749,443	1,749,443
Capital grant receivable	—	—	—	—	—	—	—	—	—	—	1,015,877	1,015,877
	<u>\$ 5,918,312</u>	<u>10,151,281</u>	<u>2,006,064</u>	<u>8,651,624</u>	<u>50,104,997</u>	<u>231</u>	<u>1,840,906</u>	<u>7,000,939</u>	<u>200,747</u>	<u>353,156</u>	<u>2,765,320</u>	<u>88,993,577</u>

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(4) Capital Assets

Capital assets include assets acquired with the Airport's own funds as well as those acquired through resources externally restricted for capital acquisition. A summary of changes in capital assets for the years ended December 31, 2008 and 2007 is as follows:

	Balance December 31, 2007	Additions/ transfers during year	Deletions/ transfers during year	Balance December 31, 2008
Capital assets not being depreciated:				
Land	\$ 84,325,000	\$ 2,586,754	\$ (313,930)	\$ 86,597,824
Construction in progress	27,652,561	28,110,105	(5,772,848)	49,989,818
Total capital assets not being depreciated	111,977,561	30,696,859	(6,086,778)	136,587,642
Capital assets being depreciated:				
Air rights	18,503,125	313,930	-	18,817,055
Land improvements	321,148,047	1,142,333	(200,000)	322,090,380
Buildings and furnishings	294,337,818	1,411,802	316,740	296,066,360
Equipment	6,491,976	-	(629,626)	5,862,350
Utilities	7,786,124	-	-	7,786,124
Heliport	3,066,886	2,793	-	3,069,679
Total capital assets being depreciated	651,333,976	2,870,858	(512,886)	653,691,948
Total capital assets	763,311,537	33,567,717	(6,599,664)	790,279,590
Less accumulated depreciation:				
Air rights	2,148,713	741,448	-	2,890,161
Land improvements	154,604,931	15,134,672	-	169,739,603
Buildings and furnishings	197,741,354	13,974,037	-	211,715,391
Equipment	5,534,006	302,701	(629,626)	5,207,081
Utilities	4,168,834	258,634	-	4,427,468
Heliport	3,065,075	1,545	-	3,066,620
Total accumulated depreciation	367,262,913	30,413,037	(629,626)	397,046,324
Total capital assets, net	\$ 396,048,624	\$ 3,154,680	\$ (5,970,038)	\$ 393,233,266

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	<u>Balance December 31, 2006</u>	<u>Additions/ transfers during year</u>	<u>Deletions/ transfers during year</u>	<u>Balance December 31, 2007</u>
Capital assets not being depreciated:				
Land	\$ 84,251,895	\$ 81,688	\$ (8,583)	\$ 84,325,000
Construction in progress	18,744,182	13,628,201	(4,719,822)	27,652,561
	<u>102,996,077</u>	<u>13,709,889</u>	<u>(4,728,405)</u>	<u>111,977,561</u>
Total capital assets not being depreciated				
Capital assets being depreciated:				
Air rights	18,494,542	8,583	-	18,503,125
Land improvements	321,934,423	(673,565)	(112,811)	321,148,047
Buildings and furnishings	290,797,127	3,314,746	225,945	294,337,818
Equipment	6,352,732	139,244	-	6,491,976
Utilities	7,786,124	-	-	7,786,124
Heliport	3,066,886	-	-	3,066,886
	<u>648,431,834</u>	<u>2,789,008</u>	<u>113,134</u>	<u>651,333,976</u>
Total capital assets being depreciated				
Total capital assets	<u>751,427,911</u>	<u>16,498,897</u>	<u>(4,615,271)</u>	<u>763,311,537</u>
Less accumulated depreciation:				
Air rights	1,408,626	740,087	-	2,148,713
Land improvements	139,657,569	15,483,467	(536,105)	154,604,931
Buildings and furnishings	184,005,891	13,735,463	-	197,741,354
Equipment	5,137,405	396,601	-	5,534,006
Utilities	3,910,200	258,634	-	4,168,834
Heliport	3,063,522	1,553	-	3,065,075
	<u>337,183,213</u>	<u>30,615,805</u>	<u>(536,105)</u>	<u>367,262,913</u>
Total accumulated depreciation				
Total capital assets, net	<u>\$ 414,244,698</u>	<u>\$ (14,116,908)</u>	<u>\$ (4,079,166)</u>	<u>\$ 396,048,624</u>

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Construction in progress is composed of the following at December 31, 2008:

Description	Project authorization	Expended to December 31, 2008	Remaining commitments
Security Operations Center	\$ 28,170,190	19,814,657	8,355,533
Transport Center Expansion	2,000,000	338,823	1,661,177
Expansion Concourse "D"	37,933,000	4,614,244	33,318,756
New ARFF Fire Station	11,900,000	1,815,173	10,084,827
Terminal Apron Rehabilitation	35,000,000	1,671,980	33,328,020
Aircraft Loading Bridge	28,914,000	9,571,187	19,342,813
Terminal Exterior Improvements	3,387,359	2,787,794	599,565
Terminal Interior Improvements	7,223,378	1,286,370	5,937,008
Strategic Development Plan	4,723,276	2,599,984	2,123,292
Inter-Concourse Connector	2,000,000	2,023	1,997,977
Term/Con Hurricane Roof Repairs	5,210,514	18,893	5,191,621
Demo #10	250,000	17,403	232,597
USACE Airport Levee Coordination	5,830	5,830	—
Wildlife Management Study	500,000	3,758	496,242
Ross Upgrade to Ren 5.9	513,608	150,195	363,413
Termin Fids. Bids. Gids	2,310,069	134,859	2,175,210
Consolidated Rental Car Facility (CONRAC) Garage	118,000,000	2,149,483	115,850,517
Term/Baggage Claim Improvements	5,087,060	50,545	5,036,515
Expansion Taxiway Gulf Phase 1	10,601,755	7,496	10,594,259
Ext Term 2-Lower and Upper Roads	5,319,246	205,126	5,114,120
Job Order Costing	9,560	9,560	—
Hazard Mitigation Plan	234,800	120,484	114,316
Concourse "D" Apron	5,000,000	9,412	4,990,588
Other	2,604,539	2,604,539	—
	<u>\$ 316,898,184</u>	<u>49,989,818</u>	<u>266,908,366</u>

Land Swap

The City of New Orleans acting through the New Orleans Aviation Board completed the two step process referenced in the Notes to the Financial Statements for December 31, 2008 and 2007. On October 30,

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2008, the Board purchased the remaining 2/7 of the Iafates parcels for the sum of \$2,100,000, as per the parties previous agreement dated June 14, 2006, which was reached pursuant to appraisals dated May 11, 2006.

(5) Long-term Debt

Long-term debt activity for the years ended December 31, 2008 and 2007 was as follows:

<u>Long-Term Debt</u>	<u>Balance December 31, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2008</u>	<u>Amounts due within one year</u>
Bonds Payable:					
Series 1993B Refunding bonds, variable rates, final maturity 2016	\$ 81,095,000	\$ -	\$ (7,970,000)	\$ 73,125,000	\$ 8,405,000
Series 1993C Refunding bonds, variable rates, final maturity August 3, 2011	1,295,000	-	(280,000)	1,015,000	310,000
Series 1995A Refunding bonds, variable rates, final maturity August 1, 2015	12,700,000	-	(1,310,000)	11,390,000	1,425,000
Series 1997A Refunding bonds, variable rates, final maturity August 5, 2015	17,670,000	-	(1,170,000)	16,500,000	1,275,000
Series 1997B-1 Revenue bonds, with fixed interest rate at 5.45%, final maturity October 1, 2027	2,555,000	-	-	2,555,000	-
Series 1997B-2 Taxable revenue bonds, fixed interest rates (6.45% at December 31, 2004), final maturity October 1, 2027	9,030,000	-	(285,000)	8,745,000	305,000
Series 2007A Revenue Bonds with fixed interest rate January 1, 2038 at 4.25% final maturity	65,530,000	-	-	65,530,000	605,000
Series 2007B-1 Revenue Refunding bonds with fixed interest rate January 1, 2020 at 4.25% final maturity	4,295,000	-	-	4,295,000	-
Series 2007B-2 Revenue Refunding bonds, with fixed interest rate January 1, 2019 at 4.25% final maturity	18,545,000	-	-	18,545,000	1,350,000
	<u>212,715,000</u>	<u>-</u>	<u>(11,015,000)</u>	<u>201,700,000</u>	<u>13,675,000</u>

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<u>Bonds payable</u>	<u>Balance December 31, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2008</u>	<u>Amounts due within one year</u>
Less:					
Unamortized loss on advance refunding	\$ (12,787,348)	\$ -	\$ 1,459,305	\$ (11,328,043)	-
Unamortized discount on bonds	(46,495)	-	2,195	(44,300)	-
Unamortized premium on bonds	798,170	-	(26,606)	771,564	-
	<u>200,679,327</u>	<u>-</u>	<u>(9,580,106)</u>	<u>191,099,221</u>	<u>13,675,000</u>
Loans payable:					
FEMA	10,882,641	-	-	10,882,641	-
Go Zone	31,227,633	4,144,357	-	35,371,990	-
	<u>42,110,274</u>	<u>4,144,357</u>	<u>-</u>	<u>46,254,631</u>	<u>-</u>
Other liabilities:					
FEMA Interest Payable	478,665	321,927	-	800,592	-
	<u>478,665</u>	<u>321,927</u>	<u>-</u>	<u>800,592</u>	<u>-</u>
	<u>\$ 243,268,266</u>	<u>\$ 4,466,284</u>	<u>\$ (9,580,106)</u>	<u>\$ 238,154,444</u>	<u>\$ 13,675,000</u>

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	<u>Balance December 31, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2007</u>	<u>Amounts due within one year</u>
Series 1993B Refunding bonds, variable rates, final maturity 2016	\$ 88,650,000	\$ -	\$ (7,555,000)	\$ 81,095,000	\$ 7,970,000
Series 1993C Refunding bonds, variable rates, final maturity August 3, 2011	1,550,000	-	(255,000)	1,295,000	280,000
Series 1995A Refunding bonds, variable rates, final maturity August 1, 2015	13,895,000	-	(1,195,000)	12,700,000	1,310,000
Series 1997A Refunding bonds, variable rates, final maturity August 5, 2015	18,745,000	-	(1,075,000)	17,670,000	1,170,000
Series 1997B-1 Revenue bonds, with fixed interest rate at 5.45%, final maturity October 1, 2027	2,555,000	-	-	2,555,000	-
Series 1997B-2 Taxable revenue bonds, fixed interest rates (6.45% at December 31, 2004), final maturity October 1, 2027	9,300,000	-	(270,000)	9,030,000	285,000
Series 1999A-1 Revenue refunding bonds 2002), interest rates (5.00% at December 31, 2004), final maturity September 1, 2018, refunded in 2007	22,655,000	-	(22,655,000)	-	-
Series 1999A-2 Revenue refunding bonds, with fixed interest rate at 6.00%, final maturity September 1, 2019, refunded in 2007	4,565,000	-	(4,565,000)	-	-
Series 2004A Drawdown Bond Facility, variable rates, final maturity December 31, 2007	49,585,389	-	(49,585,389)	-	-
Series 2007A Revenue Bonds with fixed interest rate January 1, 2038 at 4.25% final maturity	-	65,530,000	-	65,530,000	605,000
Series 2007B-1 Revenue Refunding bonds with fixed interest rate January 1, 2020 at 4.25% final maturity	—	4,295,000	-	4,295,000	-
Series 2007B-2 Revenue Refunding bonds, with fixed interest rate at 4.25% final maturity	—	—	—	—	—
	—	18,545,000	—	18,545,000	1,350,000
	<u>\$ 211,500,389</u>	<u>88,370,000</u>	<u>(87,155,389)</u>	<u>212,715,000</u>	<u>12,970,000</u>

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	Balance December 31, 2006	Additions	Deductions	Balance December 31, 2007	Amounts due within one year
Less:					
Unamortized loss on advance refunding	\$ (13,171,785)	\$ (990,010)	\$ 1,374,447	\$ (12,787,348)	\$ -
Unamortized discount on bonds	(414,026)	(9,173)	376,704	(46,495)	-
Unamortized premium on bonds	-	798,170	-	798,170	-
	<u>197,914,578</u>	<u>88,168,987</u>	<u>(85,404,238)</u>	<u>200,679,327</u>	<u>12,970,000</u>
Loans payable:					
FEMA	10,882,641	-	-	10,882,641	-
Go Zone	13,250,972	17,976,661	-	31,227,633	-
	<u>24,133,613</u>	<u>17,976,661</u>	<u>-</u>	<u>42,110,274</u>	<u>-</u>
Other liabilities:					
FEMA Interest Payable	157,181	321,484	-	478,665	-
	<u>157,181</u>	<u>321,484</u>	<u>-</u>	<u>478,665</u>	<u>-</u>
	<u>\$ 222,205,372</u>	<u>\$ 106,467,132</u>	<u>\$ (85,404,238)</u>	<u>\$ 243,268,266</u>	<u>\$ 12,970,000</u>

Debt service requirements to maturity for all outstanding bonds are as follows:

	Interest	Principal	Total
Bonds payable:			
December 31:			
2009	11,080,621	13,675,000	24,755,621
2010	10,315,407	15,010,000	25,325,407
2011	9,481,559	15,925,000	25,406,559
2012	8,585,492	16,910,000	25,495,492
2013	7,635,197	17,885,000	25,520,197
2014-2018	24,122,498	56,485,000	80,607,498
2019-2023	15,081,740	17,080,000	32,161,740
2024-2028	10,793,961	15,025,000	25,818,961
2029-2033	6,714,856	14,770,000	21,484,856
2034-2038	2,459,125	18,935,000	21,394,125
	<u>\$ 106,270,456</u>	<u>\$ 201,700,000</u>	<u>\$ 307,970,456</u>

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Debt service requirements to maturity for all outstanding loans payable, assuming that all approved funds are borrowed under the GO Zone loan and FEMA are as follows:

	Interest	Principal	Total
Notes payable:			
December 31:			
2011	\$ 1,552,720	\$ 10,882,641	\$ 12,435,361
2012	1,641,260	1,684,138	3,325,398
2013-2017	6,959,053	9,667,940	16,626,993
2018-2022	4,498,060	12,128,933	16,626,993
2023-2025	1,410,616	11,890,979	13,301,595
	\$ 16,061,709	\$ 46,254,631	\$ 62,316,340

Bonds Payable

On November 20, 2007, the New Orleans Aviation Board issued in its own name for the benefit of the City of New Orleans the following tax exempt obligations: The \$65,530,000 New Orleans Aviation Board Revenue Bonds (Passenger Facility Charge Projects) Series 2007A and the \$22,840,000 New Orleans Aviation Board Revenue Refunding Bonds (Passenger Facility Charge Projects) Series 2007B.

The proceeds of the Series 2007A Bonds were used to 1) pay the entire outstanding balance of bond anticipation notes previously issued by the Board to pay the bond financed costs of the rehabilitation of Runway 10/28 at the Airport, 2) provide an additional \$10,000,000 to pay the costs of acquiring, constructing and installing approximately 17 aircraft loading bridges at the Airport, 3) provide a debt service reserve fund for such bonds, 4) pay the costs of credit enhancement, and 5) pay the costs of issuance incurred in connection with such bonds.

The proceeds of the Series 2007B Bonds were used to 1) refinance the \$35,585,000 original principal amount New Orleans Aviation Board Revenue Refunding Bonds Series 1999 A-1 and Series 1999 A-2, 2) provide a debt service reserve fund for such bonds, 3) pay the costs of credit enhancement, 4) pay the costs of issuance incurred in connection with such bonds.

On December 14, 2004, the New Orleans Aviation Board approved the issuance of \$65,000,000 New Orleans Aviation Board Interim Revenue Notes (Passenger Facility Charge Projects) Drawdown Bond Facility, Series 2004A. The 2004 PFC Projects mean collectively the acquisition and construction of 1) Aircraft Loading Bridges; 2) Expansion of Concourse D; and 3) Rehabilitation of Runway 10/28. The 2004A Series is subordinated debt to the New Orleans Aviation Board Revenue Refunding Bonds (Passenger Facility Charge Projects), Series 1999 A-1 and Series 1999 A-2. These bonds are secured by a pledge of PFC Revenue expected to be collected through January 1, 2018. The general indenture requires that the Airport maintain certain specified financial ratios and comply with other covenants. The Airport

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initiated multiple draw downs on this facility throughout the fiscal year with a balance of \$49,585,389 at December 31, 2006. Proceeds of the Series 2007A bonds were used to refinance these bonds in 2007.

On October 15, 1999, the Airport issued \$31,020,000 and \$4,565,000 in Revenue Refunding Bonds, Series 1999A-1 and Series 1999A-2, respectively. The proceeds of which were used to (i) redeem and refund remaining portions of the Series 1994 Revenue bonds, and (ii) provide a portion of the amounts needed to complete the construction of certain projects approved by the FAA. These bonds were secured by a pledge of PFC revenue expected to be collected through January 1, 2018 and by certain other Airport funds, including a portion of the Debt Service Reserve Account. Proceeds of the Series 2007B bonds were used to refinance these bonds in 2007.

On June 24, 1997, the Airport issued \$25,510,000 in Refunding bonds, Series 1997A, the proceeds of which were used to repay portions of the Series 1993A Taxable refunding bonds. As defined in the general indenture, the bonds are secured by a pledge of the Airport's revenues subject to prior payment of operation and maintenance expenses. The bonds are also secured by a portion of the Debt Service Reserve Account. The bonds are subject to optional redemptions, as defined in the general indenture. The general indenture requires that the Airport maintains certain specified financial ratios and comply with other covenants.

On October 1, 1997, the Airport issued \$2,555,000 in Revenue bonds, Series 1997B-1, and \$10,945,000 in Taxable Revenue Bonds, Series 1997B-2. The Series 1997B-1 bonds were issued for the purpose of reimbursing the Airport for costs previously paid by the Airport in connection with, or financing the costs of, the Airport's continuing Noise Mitigation and Land Acquisition Program at the Airport, including the purchase of certain noise-impacted properties, the purchase of properties for development purposes, the sound insulation of certain residential properties and the acquisition of certain navigation easements, servitudes and other property rights. The 1997B-2 bonds were issued for the purpose of (i) financing the Airport's Storm Water Drainage Program for apron fueling areas at the Airport, including the provision of trench drains and associated drainage piping to capture water flows from all concourse aprons and (ii) providing a continuing source of funds for financing the projects of the 1997B-1 bonds on an ongoing basis. As defined in the general indenture, the bonds are secured by a pledge of the Airport's revenues subject to prior payment of operation and maintenance expenses. The bonds are also secured by a portion of the Debt Service Reserve Account. The bonds are subject to optional redemptions, as defined in the general indenture. The general indenture requires that the Airport maintains certain specified financial ratios and comply with other customary requirements.

The Series 1993B Refunding bonds were issued on February 12, 1993 in order to advance refund all debt issues previously outstanding. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$32,184,971. In accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, this difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through August 2016. The refunded bonds had a zero balance at December 31, 2006.

The general indenture under which the Series 1993A-C, Series 1995A, and Series 1997A and B bonds were issued provides for the establishment of restricted accounts for the following purposes: The payment

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Component Unit of the City of New Orleans)

Notes to Financial Statements

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of interest and principal on outstanding bonds; the purchase of land, and repairs, replacements, and/or renovations to the Airport; operation and maintenance expenses for which amounts are not otherwise available; and future bond issuance costs. Consequently, the Airport has established the Debt Service Account, the Debt Service Reserve Account, the Renewal and Replacement Account, the Operations and Maintenance Reserve Account, and the Revenue Bond Escrow Account.

Interest Rate Swaps

The Airport has entered into four interest rate swap agreements to reduce the impact of changes in interest rates on its Series 1993B, 1993C, 1995A, and 1997A Variable-Rate Refunding Bonds (see note 5). As of December 31, 2008, \$102,030,000 in outstanding bonds was recorded as a liability in the financial statements related to these Series.

Objective of the interest rate swaps. As a means of lowering its borrowing costs, when compared against fixed-rate bonds, the Airport entered into four interest rate swap agreements in connection with its 1993B, 1993C, 1995A, and 1997A Variable-Rate Refunding Bonds. The intention of the swap agreements were to effectively change the City's variable interest rate on the bonds to a synthetic fixed rate of 5.49%, 5.34%, 6.14%, and 6.50% for the 1993B, 1993C, 1995A, and 1997A issues, respectively.

Terms. All four swap agreements are part of a Master Swap Agreement dated January 4, 1993. The swap agreements, having notional amounts of \$88,650,000, \$1,550,000, \$13,895,000, and \$18,745,000 for the 1993B, 1993C, 1995A, and 1997A issues, respectively, terminate in August of 2016, 2011, 2015, and 2015, respectively. The respective swap's notional amount matches the principal amount of the respective variable-rate bonds. Under the swap, the Airport pays the counterparty, AIG, fixed payments of 5.49%, 5.34%, 6.14%, and 6.50% for the 1993B, 1993C, 1995A, and 1997A issues, respectively, and receives a variable payment computed monthly by the swap counterparty. Conversely, the bond's variable-rate coupons are based on a floating rate market Index.

Fair value. The fair value of these swap agreements as of December 31, 2008 is a liability of \$17.1 million, which is not recorded in the financial statements. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Credit risk. As of December 31, 2008, the Airport was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the Airport would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated Aa2 by Moody's Investors Service as of December 31, 2008.

Termination risk. The Airport or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The swap may be terminated by the Airport if the swap guarantor's credit quality rating is withdrawn, suspended, or reduced below "A3" as issued by Moody's Investors Service or below "A-" as issued by S&P's Rating Services. If the swap is terminated, the variable-rate bond would no longer carry the synthetic interest rate provided by the swap. Also, if at the time of termination the swap has a negative fair value, the Airport would be liable to the counterparty for a

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payment equal to the swap's fair value. If at the time of termination the swap has a positive fair value the Airport would receive a cash payment.

On November 20, 2003, the Airport entered into a Reduced Variance® interest rate swap agreement with Rice Financial Products Company (RFPC) with a notional amount of \$81,250,000.

Objective of the interest rate swap. As a means of lowering the costs on its outstanding fixed rate obligations, the Airport entered into a subordinate Reduced Variance interest rate swap agreement in connection with its 1993B, 1993C, 1995A, and 1997A synthetically created Fixed-Rate Refunding Bonds and its 1997B-1 and 1997B-2 Fixed-Rate Revenue Bonds. The intention of the swap was to effectively change the Airport's synthetically created or actual fixed interest rates to synthetically created variable rates.

Terms. The swap agreement terminates in August 2016, and the swap's notional amount is one-half of the fixed-rate bonds. Under the swap, the Airport pays the counterparty, RFPC, a variable payment computed monthly, based on the fixed rate plus an adjustment factor, and receives a fixed payment of 6.25%. The adjustment factor is computed monthly by the Airport and is based on the BMA Index and LIBOR.

Fair value. The fair value of these swap agreements as of December 31, 2008 is a liability of \$1,734,864, which is not recorded in the financial statements. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Termination risk. The Airport or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The swap must be terminated by the Airport if the swap guarantors' credit quality rating is withdrawn, suspended, or reduced below "A3" as issued by Moody's Investors Service or below "A-" as issued by Standard and Poor's Rating Services. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the Airport would be liable to the counterparty for a payment equal to the swap's fair value. If at the time of termination the swap has a positive fair value, the Airport would receive a cash payment.

Credit risk. As of December 31, 2008, the Airport was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the City would be exposed to credit risk in the amount of the derivative's fair value.

A standby bond purchase agreement is also in effect over the life of the bonds whereby if the remarketing agent is unable to remarket these variable rate bonds, there is a liquidity provider that agrees to purchase the bonds at the principal amount plus interest. If the liquidity provider purchases the bonds, the interest rate would be the prime rate or the prime rate plus 2% (if the bonds are held by the liquidity provider in excess of one year) not to exceed the maximum permitted by law, or 25%.

The Board approved the Rate Resolution in November 2005, which significantly reduced the amounts charged to the air transportation companies. As a result of the drastic reductions in flight operations and

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enplanements resulting from Hurricane Katrina, it was not feasible to continue to operate the Airport pursuant to a residual financial agreement. As a result of the reduced operating revenues, the Airport would not be able to meet the debt service coverage ratio of 125% as required under the general revenue bond trust indenture. In November 2006, the Board approved the Rollover Coverage Resolution which allowed the Airport to provide for \$9,000,000 of rollover coverage in the 2005 debt service coverage ratio calculation. The Resolution provides for \$9,000,000 of coverage in 2005, \$15,000,000 in 2006, and \$13,000,000 in 2007. In November 2007, the Board approved the Rollover Coverage Resolution which allowed the Airport to provide for \$7,000,000 of rollover coverage for the December 31, 2008 debt service coverage ratio calculation. The operating funds were transferred to the NOAB Rollover Account 2008, held by The Bank of New York Mellon December 18, 2007.

Subsequent Activity

In February 2009, the New Orleans Aviation Board issued \$144,355,000 in Revenue Refunding Bonds, Series (Restructuring GARB's) Series 2009. The proceeds of these bonds were used to refund and defease the 1993B, 1993C, 1995A, 1997A, 1997B1 and 1997B2 bonds. They also paid the termination fees due with respect to the swap agreements associated with the 1993B bonds.

Loans Payable

The Board was authorized to receive up to a maximum of \$28,000,000 from the FEMA Community Disaster Loan (CDL) Program. On June 15, 2006, the Airport received an \$8,112,103 CDL from FEMA with an interest rate of 2.93% for a period of 60 months. On August 25, 2006, the Airport received a \$2,187,816 CDL from FEMA with an interest rate of 3.06% for a period of 60 months. On October 4, 2006, the Airport received a \$582,722 CDL from FEMA with an interest rate of 2.93% for a period of 60 months. The balance outstanding on these loans at December 31, 2008 is \$10,882,641.

In addition, the Board received approval for participation in the Gulf Tax Credit Bonds Program (Go Zone Tax Credit Bonds) sponsored by the State of Louisiana in an amount not exceeding \$36,000,000. The Airport was approved for \$35,371,990 for an interest free period of 60 months. On August 1, 2006, Hancock Bank as escrow trustee for the State of Louisiana with respect to its GO Zone Tax Credit Bonds Program transferred to the Trustee the amount of \$10,242,550 to be used to pay the August 2, 2006 debt service on the Bonds and related interest rate swap payments. The Hancock Bank transferred an additional \$25,129,440 in debt service between August 2006 and July 2008 which brought the loan to the approval amount of \$35,371,990 as of December 31, 2008. The Trustee continues to be responsible for making all debt service payments on the bonds.

(6) Capital Contributions and Transfers

Capital contributions recorded by the Airport represent amounts received from the federal government to finance the cost of construction of airport facilities.

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During the year ended December 31, 2008, the FAA contributed approximately \$3,898,401, Transportation Security Administration contributed \$118,800, and FEMA contributed \$65,310. During 2007, FAA contributed approximately \$8,740,231, to the Airport for various capital projects.

(7) Pension Plan

Employees and officers of the Airport are eligible for membership in the Employees' Retirement System of the City of New Orleans (the Plan), a defined benefit contributory retirement plan. A separate financial report on the plan for the year ended December 31, 2007 containing additional information required under GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, is available from the City of New Orleans Director of Finance, 2400 Canal Street, Room 342, New Orleans, Louisiana 70119, (504) 826-1985.

The Airport's annual contribution to the Employees' Retirement System is based on the amount determined by the actuary of the Plan, which includes amortization of past service costs over a period of 30 years. The Airport's contribution to the Plan for the years ended December 31, 2008 and 2007 was \$362,462 and \$411,457, respectively.

(8) Rentals under Operating Leases

The Airport leases space in its terminal to various airlines, concessionaires, and others. These leases are for varying periods ranging from one to ten years and require the payment of minimum annual rentals. A new lease between the Airport and the airlines (Airline Operating Agreement) was not signed in 2005 due to Hurricane Katrina with a consensus between the Airport and the airlines. The Board implemented the Rate Resolution in agreement with the airlines. Most leases are subject to adjustment upwards or downwards based upon the operational and capital requirements of the Airport. Leases with concessionaires require payment of percentage rent based on sales in excess of stipulated amounts. On January 1, 2009 all prospective Signatory Airlines will begin paying Signatory Airlines rates and charges per the new lease agreement.

In 2001, construction began on a new \$35.0 million Airport parking garage facility (the Facility). The Facility opened for business on October 15, 2003. The Facility was constructed on land leased by a 501(c)3 nonprofit corporation (the Corporation) from the Airport pursuant to a Parking Garage Ground Lease (the Ground Lease) dated January 1, 2001. The Commencement Date as defined in the Ground Lease went into effect January 1, 2002, and the ground rental term began. In accordance with the Ground Lease, the Corporation is required to design, finance, construct, and operate the Facility. The Facility is being financed by the Corporation with \$44.3 million of tax-exempt bonds. The bonds are not an obligation of the Airport. The initial term of the Ground Lease is ten years with three renewal periods of ten years at the option of the Corporation. During the term of the Ground Lease, the Corporation will pay the Airport \$10,624 a month plus percentage rent of 6% of gross revenues generated from the Facility in excess of \$7.0 million per year plus net cash flow rent, as defined in the Ground Lease. The payment of rent is subject to a minimum annual guarantee payment, as defined in the Ground Lease. The fixed rent shall increase by 3% per annum, effective on the first day of each lease year during the term. The 2008 monthly ground rent was \$12,686.

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Notes to Financial Statements

December 31, 2008 and 2007

The following is a schedule by year of aggregate future minimum rentals receivable on noncancelable operating leases as of December 31, 2008:

2009	3,226,910
2010	4,179,170
2011	4,151,932
2012	3,942,067
2013	3,404,482
2014-2022	5,696,151
	<u>\$ 24,600,712</u>

These amounts do not include contingent rentals which may be received under most of the leases; such contingent rentals, including month-to-month concession agreements, amounted to \$13,955,759 in 2008 and \$11,626,625 in 2007.

(9) Commitments and Contingencies

(a) Self-Insurance

The Airport is insured for hospitalization and unemployment losses and claims under the City of New Orleans self-insurance program. The Airport pays premiums to the City of New Orleans unemployment self-insurance program, and the Airport and its employees pay premiums to the City of New Orleans hospitalization self-insurance program.

(b) Commitments

In the normal course of business, there are various commitments and contingent liabilities, such as construction contracts and service agreements, which are not reflected in the accompanying financial statements.

(c) Claims and Judgments

There are several pending lawsuits in which the Airport is involved. Based upon management's review and evaluation of such lawsuits and the advice of legal counsel, the Airport believes that the potential claims resulting from such litigation and not covered by insurance would not materially affect the financial statements.

(d) Federal Financial Assistance

The Airport participates in a number of federal financial assistance programs. Although the grant programs have been audited through December 31, 2008 in accordance with the Single Audit Act of 1996, these programs are still subject to financial and compliance audits by governmental agencies.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Component Unit of the City of New Orleans)

Schedule 1

Supplemental Schedule of Investments
Year ended December 31, 2008

Description	Year acquired	Maturity date	Par value	Fair value
Unrestricted investments:				
Special receipts:				
Dreyfus Treasury Prime Cash Management The Bank of New York Mellon	2008	N/A	\$ 1,551,635	1,551,635
JPM U.S. Treasury Plus Investments The Bank of New York Mellon	2004	N/A	6,528,883	6,528,883
PFC reimbursement: Dreyfus Treasury Prime Cash Management The Bank of New York Mellon	2008	N/A	2,400,351	2,400,351
Stock: Airline Bankruptcies	2007	N/A	491,920	491,920
NOAB Reserve:				
JPM U.S. Treasury Plus Investments The Bank of New York Mellon	2004	N/A	6,058,116	6,058,117
City of New Orleans: LAMP	2003	N/A	<u>62,080,020</u>	<u>62,080,020</u>
Total unrestricted investments			<u>79,110,925</u>	<u>79,110,926</u>
Restricted investments:				
Debt service fund:				
Dreyfus Treasury Prime Cash Management The Bank of New York	2008	N/A	4,235,443	4,235,443
JPM U.S. Treasury Plus Investments The Bank of New York	2004	N/A	1,641,159	1,641,159
U.S. Treasury Bills The Bank of New York Mellon	2008	7/31/2009	<u>4,909,000</u>	<u>4,901,144</u>
			<u>10,785,602</u>	<u>10,777,746</u>
Debt service reserve fund:				
Dreyfus Treasury Prime Cash Management The Bank of New York Mellon	2008	N/A	6,743,923	6,743,923
JPM U.S. Treasury Plus Investments The Bank of New York Mellon	2004	N/A	<u>2,810,511</u>	<u>2,810,511</u>
			<u>9,554,434</u>	<u>9,554,434</u>
Renewal and replacement:				
JPM U.S. Treasury Plus Investments The Bank of New York Mellon	2004	N/A	<u>2,036,857</u>	<u>2,036,857</u>
Operations and maintenance				
Reserve fund:				
JPM U.S. Treasury Plus Investments The Bank of New York Mellon	2004	N/A	<u>8,784,425</u>	<u>8,784,425</u>
Receipts fund:				
Dreyfus Treasury Prime Cash Management The Bank of New York Mellon	2008	N/A	<u>725,866</u>	<u>725,866</u>

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Component Unit of the City of New Orleans)

Supplemental Schedule of Investments

Year ended December 31, 2008

Description	Year acquired	Maturity date	Par value	Fair value
Time reimbursement:				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2008	N/A	\$ 9,021,145	9,021,145
Project account:				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2008	N/A	4,096,098	4,096,098
JPM U.S. Treasury Plus				
Investments				
The Bank of New York Mellon	2004	N/A	1,044,844	1,044,844
			5,140,942	5,140,942
PFC restricted:				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2008	N/A	33,697,208	33,697,208
Rollover account:				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2008	N/A	5,600,000	5,600,000
Total restricted investments			85,346,479	85,338,623
Total			\$ 164,457,404	164,449,549

See accompanying independent auditors' report.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Component Unit of the City of New Orleans)

Supplemental Schedule of Operating Revenues and Expenses by Area of Activity

Year ended December 31, 2008

	<u>Landing area</u>	<u>Terminal buildings and area</u>	<u>Ground transportation</u>	<u>Total</u>
Operating revenues	\$ 6,512,475	53,652,932	1,931,485	62,096,892
Direct expenses	<u>2,461,695</u>	<u>14,509,733</u>	<u>1,733,755</u>	<u>18,705,183</u>
Operating revenues, less direct expenses	4,050,780	39,143,199	197,730	43,391,709
Depreciation of area assets	<u>15,879,333</u>	<u>12,575,908</u>	<u>1,102,758</u>	<u>29,557,999</u>
Operating revenues, less direct expenses and depreciation	<u>\$ (11,828,553)</u>	<u>26,567,291</u>	<u>(905,028)</u>	13,833,710
Other operating expenses:				
Depreciation of general assets				855,038
Administrative				<u>27,572,567</u>
Total other operating expenses				28,427,605
Operating loss				<u>\$ (14,593,895)</u>

See accompanying independent auditors' report.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Component Unit of the City of New Orleans)

Supplemental Schedule of Historical Debt Service Coverage Ratio as Required under
the General Revenue Bond Trust Indenture Dated February 16, 1993

Year ended December 31, 2008

(Unaudited)

Revenues:	
Airline rentals and landing fees	\$ 37,596,018
Other operating revenues	25,771,936
Nonoperating revenues	2,806,353
Rollover coverage	<u>7,000,000</u>
Total revenues	73,174,307
Less reserve requirements:	
Operation and maintenance reserve fund requirement	(891,499)
Operation and maintenance expenses	<u>(46,633,933)</u>
Net revenues	<u>\$ 25,648,875</u>
Debt service fund requirement:	
Principal payments	\$ 11,305,417
Interest expense	<u>8,686,604</u>
Total debt service fund requirement	<u>\$ 19,992,021</u>
Historical debt service coverage ratio	1.28

See accompanying independent auditors' report.

(1) Basis of Accounting

The accompanying supplemental schedule has been prepared in accordance with Section 205 of the General Revenue Bond Trust Indenture dated February 16, 1993. The supplemental schedule excludes certain revenues and expenses as defined in the trust indenture.

(2) Rollover Coverage

The Board approved the Rollover Coverage Resolution on November 9, 2007 which allowed the Airport to apply \$7,000,000 of rollover coverage for the December 31, 2008 debt service coverage ratio calculation. The operating funds were transferred to the NOAB Rollover Account 2008 held by the Bank of New York Mellon on December 18, 2007.

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**FY 2007 AND 2006 FINANCIAL STATEMENTS AUDITED BY POSTLETHWAITE &
NETTERVILLE**

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LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Proprietary Component Unit of the City of New Orleans)

Financial Statements and Supplemental Schedules

December 31, 2007 and 2006

(With Independent Auditors' Report Thereon)



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LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Proprietary Component Unit of the City of New Orleans)

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Independent Auditors' Report

New Orleans Aviation Board and the
City Council of the City of New Orleans, Louisiana:

We have audited the accompanying financial statements of the Louis Armstrong New Orleans International Airport (the Airport), a proprietary component unit of the City of New Orleans, as of December 31, 2007 and for the year then ended, as listed in the foregoing table of contents. These financial statements are the responsibility of the Airport's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Airport as of December 31, 2006, and for the year then ended, were audited by other auditors whose report dated December 14, 2007, expressed an unqualified opinion on those statements.

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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Airport's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louis Armstrong New Orleans International Airport as of December 31, 2007, and the changes in its financial position and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

The Management Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. Supplemental schedules listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental schedules 1 and 2 have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken as a whole. Schedule 3 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2008, on our consideration of the Airport's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Postlethwaite + Netterville

Metairie, Louisiana
June 20, 2008



LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT

(A Component Unit of the City of New Orleans)

Management's Discussion and Analysis

December 31, 2007 and 2006

(Unaudited)

This narrative discussion and analysis is intended to serve as an introduction to the Louis Armstrong New Orleans International Airport's basic financial statements for the fiscal years ended December 31, 2007 and 2006, with selected comparative information for the fiscal year ended December 31, 2005. The information presented here should be read in conjunction with the financial statements, footnotes, and supplementary information found in this report.

Overview of the Financial Statements

The Louis Armstrong New Orleans International Airport (the Airport) is structured as an enterprise fund. The financial statements are prepared on the accrual basis of accounting. Therefore, revenues are recognized when earned and expenses are recognized when incurred. Capital assets are capitalized and depreciated, except for land, over their useful lives. See the notes to the financial statements for a summary of the Airport's significant accounting policies.

Following this Management Discussion and Analysis (MD&A) are the basic financial statements and supplemental schedules of the Airport. This information taken collectively is designed to provide readers with an understanding of the Airport's finances.

The balance sheets present information on all of the Airport's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of the Airport's financial position.

The statements of revenues, expenses, and changes in net assets present information showing how the Airport's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will result in cash flows in future fiscal periods.

The principal operating revenues of the Airport are from sources such as airlines, concessions, rental cars, and parking. Investment income, passenger facility charges, federal grants, and other revenues not related to the operations of the Airport are nonoperating revenues. Operating expenses include the cost of airport and related facilities maintenance, administrative expenses, and depreciation on capital assets. Interest expense and financing costs are nonoperating expenses.

The statements of cash flows relate to the flows of cash and cash equivalents. Consequently, only transactions that affect the Airport's cash accounts are recorded in these statements. A reconciliation is a part of these statements to assist in the understanding of the difference between cash flows from operating activities and operating loss.

Financial Highlights

On August 29, 2005, parts of the Louisiana and Mississippi Gulf Coast area were devastated by Hurricane Katrina. The City of New Orleans was particularly impacted as well as the Airport. As a result of the hurricane, there has been a significant financial impact on the Airport as can be seen on the following financial statements. The Airport incurred only minor damages to property and equipment, however, the biggest financial impact to the Airport was a result of the lack of operations due to the complete shutdown of the Airport. Following the

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hurricane, the normal activities at the Airport were discontinued until September 13, 2005 and remained at a reduced level for the remaining three and a half months of the year ending December 31, 2005. In response to the issues faced by the Airport, the New Orleans Aviation Board (the Board) has taken the following actions:

1. The Katrina Emergency Response Team (KERT) was created to monitor the temporary and permanent repairs to Airport facilities. The rehabilitation program is currently estimated to cost approximately \$27.5 million and will be funded by proceeds from Federal Emergency Management Assistance (FEMA) grants, Federal Aviation Administration grants, and insurance proceeds. Permanent construction is anticipated to be completed by February 2009. The Airport incurred \$803,500 of Katrina-related expenses as of December 31, 2005. The majority of these expenses related to temporary housing, janitorial clean-up, food supplies, and electric utilities. As of December 31, 2005, FEMA had reimbursed the Airport for \$795,096 of the expenses incurred. In 2006, an additional \$84,664 was received from FEMA for operating expenses incurred in 2005. In 2006 FEMA also paid \$581,926 for damages to buildings and equipment. The total paid by FEMA is \$1,461,686. The Airport sustained minor damages to its capital assets and as a result did not have to apply the provisions of Governmental Accounting Standards Board No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries (GASB Statement No. 42)*. In 2005, Continental Casualty (CNA) paid the Airport \$500,000 of insurance proceeds which represent advances on business interruption claims and are included in operating revenues. The Airport also received a \$1,000,000 advance on the property damage from the CNA insurance coverage. In 2006, an additional \$7,124,589 was received from CNA based on initial cost estimates. During June 2007, CNA remitted \$2,365,813 for Katrina related damages. Two checks dated February 1, 2008, in the amounts of \$5,041,706 and \$958,294 were issued by CNA. The check for \$5,041,706 covers undisputed loss on building. The check for \$958,294 covers undisputed loss of business income and is included in operating revenue. On February 2, 2006, the Airport was struck by a tornado resulting in damages to several aircraft loading bridges, a portion of the Airport's roof and other damages for a damage estimate of \$982,000. To date, the Airport has received \$732,321 of insurance reimbursement related to the tornado.

2. In November 2005, the Board approved a financial plan which is intended to provide a roadmap for how the Airport will manage its financial operations during the recovery from the impact of Hurricane Katrina. It included cash flow projections based on certain growth scenarios related to expenses, debt obligations, passenger growth projections, and nonairline revenues. The plan discusses meeting its operating needs by utilizing available cash balances, federal borrowings and grants, possible debt restructuring, and a working capital credit facility. The Board was authorized to receive up to a maximum of \$28,000,000 from the FEMA Community Disaster Loan Program. On June 15, 2006, the Airport received an \$8,112,103 Community Disaster Loan (CDL) from FEMA with an interest rate of 2.93% for a period of 60 months. On August 25, 2006, the Airport received an additional \$2,187,816 CDL from FEMA with an interest rate of 3.06% for a period of 60 months. On October 4, 2006, the Airport received another \$582,722 CDL from FEMA with an interest rate of 2.93% for a period of 60 months. In addition, the Board received approval for participation in the Gulf Tax Credit Bonds Program (Go Zone Tax Credit Bonds) sponsored by the State of Louisiana in an amount not exceeding \$36,000,000. The Airport was approved for \$35,371,990 for an interest free period of 60 months. On August 1, 2006, Hancock Bank as escrow trustee for the State of Louisiana with respect to its Go Zone Tax Credit Bonds Program transferred to the Trustee the amount of

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\$10,242,550 to be used to pay the August 2, 2006 debt service on the Bonds and related interest rate swap payments. The Hancock Bank transferred an additional \$20,985,083 in debt service between August 2006 and December 2007 which increased the total loan to \$31,227,633 as of December 31, 2007. The Trustee continues to be responsible for making all debt service payments on the bonds. The Hancock Bank will continue to make the appropriate debt service transfers to the Trustee until the balance of the approval is reached, which will be in July 2008. In August 2007, the Airport resumed transferring to the Trustee the principal portion of the debt service for the 1993B, 1993C, 1995A, and 1997A Refunding Bonds. In October 2007, the Airport resumed transferring to the Trustee the principal portion of the debt service for the 1997B-2 Revenue Bonds. The interest portion of the debt service will continue to be transferred by Hancock Bank to the Trustee. The financial recovery plan will be updated periodically.

3. The Airport was in the process of negotiating a new Commercial Airline Lease with the Airline Transportation Companies as the current lease had expired on December 31, 2004. The fees charged to the Airline Transportation Companies for the period January 1, 2005 to June 30, 2005 were consistent with those of the expired Commercial Airline Lease. In July and August 2005, the draft lease agreement rates were implemented, while lease negotiations continued. Due to the drastic decrease in activity at the Airport, no fees were charged to the air carriers for the month of September 2005. In the aftermath of Hurricane Katrina, the Board determined that it was no longer feasible to continue to operate the Airport pursuant to the terms of the expired Commercial Airline Lease due to the reduced flight operations and enplanements. After consultation with the air transportation companies operating at the Airport, the Board approved the Rate Resolution, which established a flat rate per enplaned passenger and a set landing fee per 1,000 pounds of gross maximum landed weight. The Board and the airline transportation companies determined that the level of rates, fees, and charges established by the resolution, while not initially self-sustaining, were deemed to be the highest that could be imposed under the present conditions to assure the continuation of air service for the region. The rates are subject to modifications as the conditions improve in the operations of the airlines. As of March 2008, lease negotiations resumed between the Airport and the airlines. The anticipated implementation date for the new lease is January 1, 2009. Pre-Katrina, the Airport had 162 daily departures to 42 cities with 20,676 average daily seats. As of December 2006, the service level was 110 daily departures to 31 cities with 12,962 average daily seats. In order to encourage additional air service, the Board has instituted an incentive plan that became effective January 1, 2007. As of December 2007, the service level was 132 daily departures to 37 cities with 15,440 average daily seats. As of June 2008, the service level was 134 daily departures to 38 cities with 15,724 average daily seats.

The Rate Resolution was approved by the Board and the Airline Transportation Companies and became effective October 1, 2005, which set rates at \$8.00 per enplaned passenger and a landing fee of \$1.07 per 1,000 pounds of gross maximum landed weight. As a result of the reduced operating revenues, the Airport determined that it would be unable to meet the debt service coverage ratio of 125% as required under the bond indenture for the Refunding and Revenue Bonds. As a result, the Board adopted the Rollover Coverage Resolution as an amendment to the Rate Resolution, which allows the Airport to include a specific amount of rollover coverage as revenues in the calculation of the debt service coverage ratio for each of the three fiscal years ending December 31, 2005, 2006, and 2007. In November 2007, the Board approved the implementation of Rollover Coverage for Fiscal Year 2008. The bond indenture allows for

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rollover coverage to be included in the covenant calculation in accordance with the Commercial Airline Lease. The bond indenture defines the Commercial Airline Lease as the previously existing lease that expired on December 31, 2004 or "in the event there is at any time no such lease in existence than it shall include the resolution or other proceedings adopted by the Board prescribing the effective rates and charges for the services, commodities and facilities of the Airport System." The Airport's calculation of the Historical Debt Service Coverage Ratio, as presented in the Supplemental Schedule III to the financial statements, is 185% for the year ended December 31, 2007. The Airport is current on all debt service payments as required by the bonds and there has been no documented correspondence from the Bond Insurers or Bond Holders regarding noncompliance with the debt service coverage covenant.

4. The Board instituted a major cost reduction plan that included a lay off of approximately 50% of the employees. In addition, other costs are being monitored to insure they are reasonable and necessary.
- The assets of the Airport exceeded its liabilities at December 31, 2007 and 2006 by \$324,111,229 and \$321,479,176, respectively. Of these amounts, \$34,098,973 and \$34,070,964 may be used to meet the Airport's ongoing obligations to its passengers, tenants, and creditors.
 - The Airport's increase in net assets was \$2,632,053 (1%) for fiscal year 2007 and a decrease of \$8,312,018 (3%) for fiscal year 2006. The increase in 2007 was due to an increase in capital contributions received from the federal government to finance the cost of construction of airport facilities. In 2007, the Airport received \$8,740,231 and in 2006 received \$6,042,248 of capital contributions from the federal government.
 - The Airport's total debt increased by \$21,062,894 (9%) during the current fiscal year. The key factors in this increase were the addition of \$88,370,000 to the Revenue Refunding Bonds, Series 2007, and to the GO Zone Tax Credit Bonds for \$17,976,661, which were offset by the payment of principal in the amount of \$87,155,389 of the Refunding Bonds, Series 1993B-C, 1995A, and 1997A; 1997B Revenue Bonds; 1999 Revenue Refunding Bonds; and the Drawdown Bond Facility.
 - Operating revenues increased by \$6,413,442 (12%) over the prior year due primarily to the increase in air carrier operations, and passenger activity. This increase occurred particularly in the area of terminal building revenue which increased by \$5,658,805 (13%) primarily in the area of airline terminal building rentals in the amount of \$5,418,480 (22%). The increase in airline terminal rental revenue was a result of the increase in enplaned passengers of 656,473 over the prior year. Non airline revenue increased by \$1,437,020 (7%), due primarily to proceeds received from business interruption insurance in the amount of \$958,294.
 - Operating expenses before depreciation and amortization increased by \$4,354,590 (12%) over the prior year, which were due primarily to increased security costs of \$2,098,399, costs in the Capital Improvement Fund that were expenses in the amount of \$1,559,896, increased janitorial costs of \$874,003, increased utilities costs of \$409,878, increased shuttle services of \$476,444. These increases were offset by decreases in a variety of other expense categories.
 - Capital contributions increased \$2,697,983 (45%) this fiscal year due to the increase in construction projects funded by federal grants.

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Total assets increased by \$18,991,724 (3%) this year due primarily to an increase in current unrestricted assets. Current unrestricted assets increased by \$21,826,775 (31%), due to the Go Zone Tax Credit Bonds for \$17,976,661, which was used to pay debt, and Restricted Assets increased by the net of the Revenue Refunding Bonds, Series 2007 for \$10,000,000.

Current liabilities are lower this fiscal year by \$3,563,223 (11%). In 2006, the Airport had insurance proceeds of \$5,528,305, for capital expenditures that were not spent that year. In 2007, all insurance proceeds received were spent. This decrease was offset by increases in Accounts Payable and Capital Projects Payable of \$636,502, and in Due to the City of New Orleans of \$675,079. Total noncurrent liabilities have increased by \$19,922,894 (9%) due to the Revenue Refunding Bonds, Series 2007, and the Go Zone Tax Credit Bonds. This increase is offset by principal payments on the existing outstanding bonds in the amount of \$87,155,389.

The largest portion of the Airport's net assets, \$212,312,502 (66%) for 2007 and \$215,121,913 (67%) for 2006, represents its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. The Airport uses these assets to provide services to its passengers, visitors, and tenants of the airport; consequently, these assets are not available for future spending. Although the Airport's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from operations, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Airport's net assets, \$73,661,456 (23%) for 2007 and \$72,286,299 (23%) for 2006, represents resources that are subject to restrictions from contributors, bond resolutions, and state and federal regulations on how they may be used. The remaining balance of unrestricted net assets, \$38,137,271 (11%) for 2007 and \$34,070,964 (10%) for 2006, may be used to meet the Airport's ongoing obligations.

At the end of the current and previous fiscal year, the Airport reported positive balances in all three categories of net assets.

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Summary of Net Assets (in thousands)

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Assets:			
Current and other assets	\$ 186,904	\$ 149,717	\$ 115,997
Net capital assets	<u>396,049</u>	<u>414,245</u>	<u>436,369</u>
Total assets	<u>\$ 582,953</u>	<u>\$ 563,962</u>	<u>\$ 552,366</u>
Liabilities:			
Current liabilities	\$ 28,544	\$ 32,107	\$ 27,424
Long-term liabilities	<u>230,298</u>	<u>210,375</u>	<u>195,151</u>
Total liabilities	<u>\$ 258,842</u>	<u>\$ 242,482</u>	<u>\$ 222,575</u>
Net assets:			
Invested in capital assets, net of debt	\$ 212,313	\$ 215,122	\$ 236,180
Restricted	73,661	72,286	64,831
Unrestricted	<u>38,137</u>	<u>34,071</u>	<u>28,780</u>
Total net assets	<u>\$ 324,111</u>	<u>\$ 321,479</u>	<u>\$ 329,791</u>

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Airlines Rates and Charges

The Airport had negotiated and executed an Airline Operating Agreement and Terminal Building Lease in effect with the airlines known collectively as the Signatory Airlines. This agreement established the rates and charges methodology for the Signatory Airlines and their affiliates each year. This agreement remained in effect until December 30, 2004. The Airport was in lease negotiations with the airlines during 2005 and had agreed in principle to the terms of the new lease. The rates for the first six months of 2005 were carried over from 2004. In July and August 2005, the draft lease agreement rates were implemented, while lease negotiations continued. Due to Hurricane Katrina, no fees were charged to the air carriers for the month of September 2005. The Board, with the agreement of the air carriers, implemented the Rate Resolution in October 2005 by charging \$8.00 per enplaned passenger and a landing fee of \$1.07 per 1,000 pounds of gross maximum landed weight. Landing fees for nonscheduled airlines are assessed 115% of the signatory rates in addition to a \$0.04 per gallon fuel flowage fee.

	<u>2007</u>	<u>2006</u>	<u>10/05-12/05</u>	<u>7/05-8/05</u>	<u>1/05-6/05</u>
Signatory Airlines rates and charges:					
Main terminal average square foot rate	\$ -	\$ -	\$ -	\$ 120.91	\$ 61.71
Concourses A and B average square foot rate	-	-	-	-	45.22
Concourses C and D average square foot rate	-	-	-	-	65.31
Rate Resolution (per enplaned passenger)	8.00	8.00	8.00	-	-
Landing fee-per 1,000 lbs. unit	1.07	1.07	1.07	1.07	3.61

September 2005 fees were suspended in the aftermath of Hurricane Katrina.

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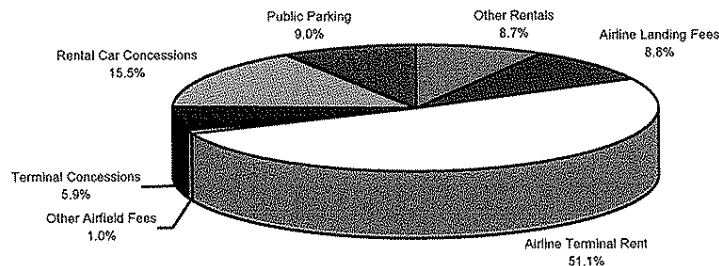
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Revenues

The following chart shows major sources and the percentage of operating revenues for the year ended December 31, 2007.

Operating Revenue



Operating Revenues by Major Source (in thousands)

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Passenger and cargo airlines:			
Airline landing fee payments	\$ 5,159	\$ 4,406	\$ 14,905
Airline terminal rental payments	29,994	24,717	18,095
Ground rents	62	74	70
Other rentals and fees	527	610	723
Total passenger and cargo airlines	<u>35,742</u>	<u>29,807</u>	<u>33,793</u>
Non airline rentals:			
Concessions-terminal	3,470	3,666	3,962
Concessions-car rentals	9,102	9,261	7,924
Public parking	5,331	5,081	3,331
Other rentals and fees	4,121	3,538	3,916
Business interruption insurance income	958	-	500
Total nonairline rentals	<u>22,982</u>	<u>21,546</u>	<u>19,633</u>
Total operating revenues	<u>\$ 58,724</u>	<u>\$ 51,353</u>	<u>\$ 53,426</u>

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2007 vs. 2006

The Rate Resolution implemented in 2005 remains in effect. Total air carrier revenue for 2007 increased by \$5,934,716 (20%) over 2006 due to increased airline operations and passenger activity. The landing fees increased \$752,731 (17%) and airline terminal rentals increased by \$5,276,915 (21%). The increase in airline terminal rental revenue was a result of the increase in enplaned passengers of 656,473 over the prior year. Nonairline revenue increased by \$1,437,090 (7%), due primarily to proceeds received from business interruption insurance in the amount of \$958,294.

2006 vs. 2005

The Rate Resolution implemented in 2005 remains in effect. Total air carrier revenue for 2006 decreased by \$3,985,341 (12%) over 2005 due to the fact that the new lower landing fee rates were in effect for the entire year. The landing fees decreased \$10,498,608 (70%) and were offset by increases in airline terminal rentals of \$6,621,753 (37%). The increase in airline terminal rental revenue was a result of the implementation of the \$8.00 per enplaned passenger fee adopted in the Rates by Resolution as opposed to the cost per square foot of rental space charged under the previous airline lease. Nonairline revenue increased \$1,911,947 (10%) primarily as a result of the parking revenues which were up \$1,749,018 (52%), and car rentals which increased \$1,336,451 (17%) and were offset by a decrease in various categories.

Cost per enplaned passenger is a measure used by the airline industry to reflect the costs an airline pays to operate at an airport based upon the number of enplaned passengers for that airport. The cost per enplaned passenger increased from \$8.46 in 2005 to \$9.37 in 2006 and decreased to \$9.34 in 2007.

	<u>2007</u>		<u>2006</u>		<u>2005</u>
Cost per enplaned passenger:					
Airline revenues (in thousands)	\$	35,153	\$	29,123	\$ 33,000
Enplaned passengers (in thousands)		3,765		3,108	3,904
Cost per enplaned passenger		9.34		9.37	8.46

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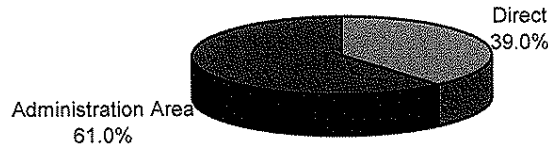
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Expenses

The following chart shows major expense categories and the percentage of operating expenses for the year ended December 31, 2007.

Operating Expenses (Excluding Depreciation)



Operating Expenses before Depreciation (in thousands)

	<u>2007</u>		<u>2006</u>		<u>2005</u>
Direct (airfield, terminal building and area, hangars, leased sites, heliport)	\$ 16,154	\$	\$ 14,691	\$	\$ 17,282
Administration Area	<u>25,593</u>		<u>22,701</u>		<u>30,239</u>
	<u>\$ 41,747</u>	\$	<u>\$ 37,392</u>	\$	<u>\$ 47,521</u>

2007 vs. 2006

The operating expenses before depreciation increased by \$4,354,590 (12%) over the prior year, due primarily to increased security costs of \$2,098,399, costs in the Capital Improvement Fund that were expensed in the amount of \$1,559,896, increased janitorial costs of \$874,003, increased utilities costs of \$409,878, increased shuttle services of \$476,444. These increases were offset by decreases in a variety of other expense categories.

2006 vs. 2005

The operating expenses before depreciation decreased by \$10,128,955 (21%) over the prior year due primarily to the decrease in the CIP costs that were determined to be expenses in 2005 in the amount of \$7,719,878. In addition, salaries and fringe benefits decreased by \$3,595,844 (35%) due to the layoff of the employees in the aftermath of Hurricane Katrina.

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Nonoperating Revenues, Net

2007 vs. 2006

Nonoperating revenues, net consists primarily of passenger facility charge (PFC) revenue, investment income, FAA grant revenue, and interest expense. PFC revenue increased 15% from \$13,598,301 in 2006 to \$15,598,476 in 2007. Investment income increased by 36% from \$4,739,600 in 2006 compared to \$6,448,430 in 2007 due to an increase in investments and favorable interest rates. FAA grant revenue increased 45% from \$6,042,248 in 2006 to \$8,740,231 in 2007 due primarily to the grant revenue for the Security Operations Center Project 1542. Interest expense and bond costs decreased 5% from \$14,406,036 in 2006 to \$13,686,783 in 2007 as a result of lower financing costs and interest expense, primarily on the 2004A Drawdown Bond Facility, which was paid off by the 2007 Refunding Bonds at a lower interest rate.

2006 vs. 2005

Nonoperating revenues, net consists primarily of passenger facility charge (PFC) revenue, investment income, FAA grant revenue, and interest expense. PFC revenue decreased 10% from \$15,069,767 in 2005 to \$13,598,301 in 2006 in the aftermath of Hurricane Katrina. Investment income increased by 81% from \$2,615,301 in 2005 compared to \$4,739,600 in 2006 due to an increase in investments and favorable interest rates. FAA grant revenue decreased 76% from \$25,090,350 in 2005 to \$6,042,248 in 2006 due primarily to the completion of the Rehabilitation of Runway 10/28 project. Interest expense and bond costs increased 14% from \$12,681,302 in 2005 to \$14,406,036 in 2006 as a result of increased financing costs and interest expense primarily on the 2004A Drawdown Bond Facility.

Total Revenues and Expenses (in thousands)

The following table reflects the total revenues and expenses for the Airport (in thousands)

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Total operating revenues	\$ 58,724	\$ 51,353	\$ 53,426
Total nonoperating revenues	22,048	18,338	17,685
Total revenues	<u>\$ 80,772</u>	<u>\$ 69,691</u>	<u>\$ 71,111</u>
Total operating expenses	\$ 72,363	\$ 68,298	\$ 75,939
Total nonoperating expenses	14,517	15,747	15,276
Total expenses	<u>\$ 86,880</u>	<u>\$ 84,045</u>	<u>\$ 91,215</u>

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Summary of Changes in Net Assets (in thousands)

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Summary of changes in net assets:			
Operating revenues	\$ 58,724	\$ 51,353	\$ 53,426
Operating expenses	<u>41,746</u>	<u>37,392</u>	<u>47,521</u>
Operating income before depreciation and amortization	<u>16,978</u>	<u>13,961</u>	<u>5,905</u>
Depreciation and amortization	<u>30,616</u>	<u>30,906</u>	<u>28,418</u>
Operating loss	<u>(13,638)</u>	<u>(16,945)</u>	<u>(22,513)</u>
Nonoperating revenues, net	<u>7,530</u>	<u>2,591</u>	<u>2,409</u>
Loss before capital contributions and transfers	<u>(6,108)</u>	<u>(14,354)</u>	<u>(20,104)</u>
Capital contributions	<u>8,740</u>	<u>6,042</u>	<u>25,090</u>
Change in net assets	<u>\$ 2,632</u>	<u>\$ (8,312)</u>	<u>\$ 4,986</u>

Operating income before depreciation and amortization increased \$3,017,146 or (22%) over last fiscal year. Depreciation and amortization expense decreased \$290,203 (1%). Capital contributions increased by \$2,697,983 (45%) due primarily to the grant revenue for Hurricane Katrina Rehab project and Security Operations Center 1542 project. Capital Contributions are composed of federal grants, which are being received to fund construction and reconstruction of runways and roads at the Airport, and for the Sound Insulation Program.

Capital Assets

The Airport's investment in capital assets can be noted in the following table. The total increase for this fiscal year was 2% before accumulated depreciation and amortization. Major capital asset events occurring this fiscal year include the following:

- Land Improvements/Other Buildings decreased due to the retirement of the Taca Hangar for \$694,051, Terminal Improvements for \$179,512 and Airborne Roof Insurance adjustment for \$112,811. These decreases were offset by the purchase of the Post Office Building for \$200,000.
- Terminal Buildings and Furnishings increased as a result of the completion costs of the Terminal HVAC for \$1,896,098, Denver Jet Bridges for \$931,757, Terminal Improvements Electrical for \$110,518, and Food and Beverage Infrastructure for \$222,698.
- Construction in Progress increased due to the Security Operations Center for \$11,346,121, Terminal Exterior Improvements for \$475,775, Terminal Interior Improvements for \$422,487, Strategic Development Plan for \$315,127, Aircraft Loading Bridges for \$104,473, and the Aircraft Rescue Fire Fighting (ARFF) for \$265,255. These increases were offset by the completion of various projects.

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- More detailed information on capital assets can be found in note 4 of the accompanying financial statements.

Net Capital Assets (in thousands)

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Land	\$ 84,325	\$ 84,252	\$ 89,501
Air rights	18,503	18,495	12,289
Land improvements	321,148	321,934	319,911
Buildings and furnishings	294,338	290,797	291,497
Equipment	6,492	6,353	6,268
Utilities	7,786	7,786	7,786
Heliport	3,067	3,067	3,067
Construction in process	<u>27,653</u>	<u>18,744</u>	<u>12,683</u>
Total capital assets	763,312	751,428	743,002
Less accumulated depreciation and amortization	<u>367,263</u>	<u>337,183</u>	<u>306,634</u>
Net capital assets	<u>\$ 396,049</u>	<u>\$ 414,245</u>	<u>\$ 436,368</u>

Debt Activity

At the end of the current fiscal year, the Airport had total debt outstanding of \$243,268,266. The majority of the Airport's debt represents bonds secured solely by operating revenue. The remainder represents bonds payable from PFC Revenue.

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Outstanding Debt (in thousands)

	2007	2006	2005
Bonds:			
Refunding Bonds 1993B – C, 1995 and 1997A	\$ 112,760	\$ 122,840	\$ 132,440
Revenue Bonds 1997B	11,585	11,855	12,110
Revenue Refunding Bonds 1999 (PFC)	-	27,220	28,625
Revenue Refunding Bonds 2007 (PFC)	88,370	-	-
Drawdown Bond Facility 2004A	-	49,585	48,228
Unamortized bond discount	(47)	(414)	(446)
Unamortized loss on advanced refunding	(12,787)	(13,172)	(14,546)
Unamortized bond premium	798	-	-
Loans payable:			
FEMA	10,883	10,883	-
Go Zone Tax Credit Bonds	31,227	13,251	-
Interest payable:			
FEMA	479	157	-
	\$ 243,268	\$ 222,205	\$ 206,411

The Airport's total debt increased \$21,062,894 (9%) during the current fiscal year due to the Go Zone Tax Credit Bonds for \$17,976,661 and the Revenue Refunding Bonds, Series 2007 for \$88,370,000. The total was decreased by the maturity of \$87,155,389 of principal payments netted against the amortization of a bond discount, premium and loss on advance refunding of \$1,550,138.

More detailed information on long-term debt can be found in note 5 of the accompanying financial statements.

Debt Service Coverage

Airport revenue bond covenants require that revenues available to pay debt service, as defined in the bond resolution, are 125% or greater than the debt service on the airport Refunding Bonds Series 1993B, 1993C, 1995A, and 1997A and the Revenue Bonds Series 1997B-1 and 1997B-2. The bond resolution for the Revenue Refunding Bonds Series 1999A-1 and 1999A-2, PFC Projects had a remaining ratio requirement of 105% or greater obtained by dividing the available amount by the cumulative debt amount. Coverage ratios for the past three years are shown in the following table.

The Board approved the Rate Resolution in November 2005, which significantly reduced the fees charged to the air transportation companies. As a result of the drastic reductions in flight operations and enplanements resulting from Hurricane Katrina, it was not feasible to continue to operate the Airport pursuant to a residual financial agreement. As a result of the reduced operating revenues, the Airport would not be able to meet the debt service coverage ratio of 125% as required under the General Revenue Bond Trust Indenture. In November 2006, the

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
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Management's Discussion and Analysis

December 31, 2007 and 2006

(Unaudited)

Board approved the Rollover Coverage Resolution, which provides for \$9,000,000 of coverage in 2005, \$15,000,000 in 2006, and \$13,000,000 in 2007. These amounts were determined by the Board through review of the actual 2005 covenant calculation and projected 2006 and 2007 covenant calculations in order for the Airport to specifically comply with the 125% debt service covenant in each of the three years. On November 30, 2006, the Airport completed three wire transfers, in accordance with the Rollover Coverage Resolution, in the amounts of \$9,000,000, \$15,000,000, and \$13,000,000 from the Airport Operating Account Fund into the Bank of New York (Trustee) 2005, 2006, and 2007 Rollover Accounts. The 2005 and 2006 funds were required to remain in the respective accounts for one business day and then were wired back to the Airport Operating Fund to be used to pay operation and maintenance expenses of the Airport. During 2007, the \$13,000,000 Rollover Coverage was wired back to the Airport Operating Fund to be used to pay operation and maintenance expenses of the Airport. On November 9, 2007, the Board approved the implementation of Rollover Coverage for Fiscal Year 2008 in the amount of \$7,000,000. The funds were wire transferred to the Trustee in December 2007 and transferred to the Airport Operating Account in 2008. As a result of the rollover coverage, the Airport is in compliance with the debt service coverage ratio at December 31, 2007.

	2007	2006	2005
Refunding Bonds and Revenue Bonds	185%	176%	129%
Revenue Refunding Bonds	115	107	124

Airport Activities and Highlights

Passenger totals for 2007 increased by 1,307,114 (21%) over 2006 due to an increase in air carrier operations and passenger activity. Since the Airport resumed air service in September 2005, air carrier operations have continued to increase as flights and destinations have been added. Prior to Hurricane Katrina the Airport had 162 daily flights to 42 cities with 20,676 average daily seats. On December 31, 2005, the Airport had 56 flights to 21 cities with 6,769 average daily seats. By December 31, 2006, the Airport had 110 flights to 31 cities with 12,962 average daily seats. As of December 2007, the Airport has 132 flights to 37 cities with 15,440 average daily seats. As of June 2008, the Airport had 134 daily departures to 38 cities with 15,724 average daily seats. The aircraft landed weight decreased by 22% in 2005, decreased by 26% in 2006, and increased by 20% in 2007.

The Airport is continuing a program to rehabilitate aging infrastructure to meet current demands. Work has been completed on the Rehabilitation of Runway 10/28 project, and is ongoing on the Security Operations Center. In addition, the Airport is in the implementing stage on two projects: Aircraft Loading Bridges and Terminal Improvements.

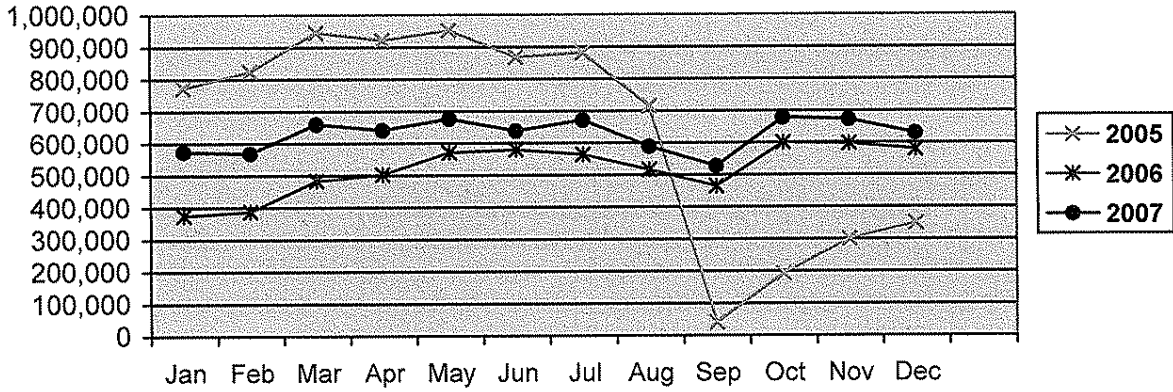
LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
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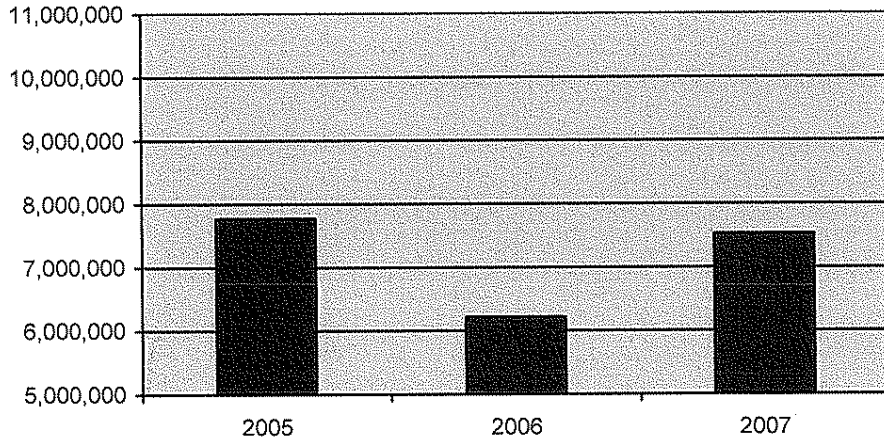
December 31, 2007 and 2006

(Unaudited)

Total Passengers



Total Passengers



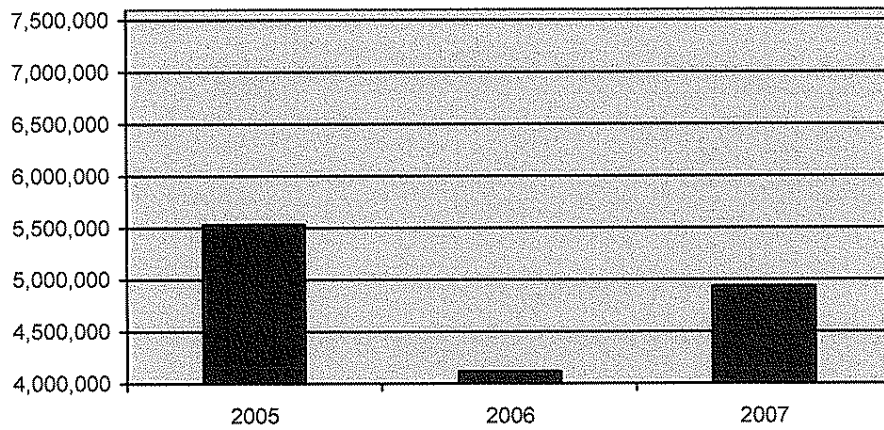
LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
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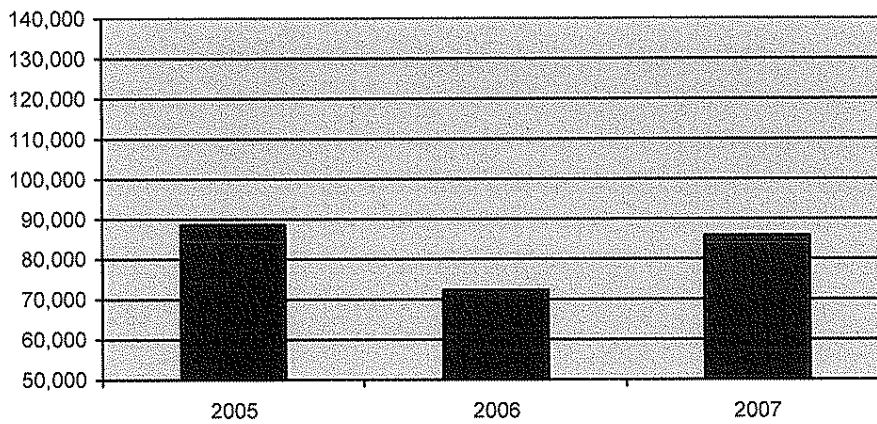
December 31, 2007 and 2006

(Unaudited)

Landed Weight



Passenger Flight Operations



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Management's Discussion and Analysis

December 31, 2007 and 2006

(Unaudited)

Selected statistical information about total passengers, aircraft landed weight, and air carrier operations for the past three years are presented in the table below.

<u>Fiscal year</u>	<u>Total passengers</u>	<u>Aircraft landed weight (1,000 pound units)</u>	<u>Air carrier operations</u>
2005	7,775,147	5,531,834	88,628
2006	6,218,419	4,117,683	72,338
2007	7,525,533	4,936,391	85,885

Requests for Information

This financial report is designed to provide a general overview of the Airport's finances. Questions concerning any of the information should be addressed to the Deputy Director of Finance and Administration, Louis Armstrong New Orleans International Airport, Post Office Box 20007, New Orleans, Louisiana 70141.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Component Unit of the City of New Orleans)

Balance Sheets

December 31, 2007 and 2006

Assets	<u>2007</u>	<u>2006</u>
Current assets:		
Unrestricted assets:		
Cash (note 2)	\$ 6,548,070	\$ 3,198,737
Accounts receivable, less allowance for doubtful accounts of \$1,840,941 (\$4,894,433 in 2006)	9,792,664	9,099,474
Investments (note 2)	69,966,406	56,227,550
Interest receivable	306,403	275,497
Insurance proceeds receivable	4,038,298	-
Inventory of materials and supplies	100,361	80,740
Prepaid expenses and deposits	2,222,103	596,443
Due from City of New Orleans	-	1,669,089
Total unrestricted assets	<u>92,974,305</u>	<u>71,147,530</u>
Restricted assets (notes 2, 3, and 5):		
Cash	285,666	275,174
Investments	15,080,611	11,233,997
Passenger facility charges receivable	1,749,443	2,055,365
Capital grant receivable	375,877	709,671
Total restricted assets	<u>17,491,597</u>	<u>14,274,207</u>
Total current assets	<u>110,465,902</u>	<u>85,421,737</u>
Noncurrent assets:		
Long-term investments (note 2):		
Investments, unrestricted	-	158,837
Investments, restricted	70,861,980	61,196,913
Total long-term investments	<u>70,861,980</u>	<u>61,355,750</u>
Capital assets (note 4):		
Capital assets not being depreciated	111,977,561	102,996,077
Capital assets being depreciated	651,333,976	648,431,834
Less accumulated depreciation	<u>(367,262,913)</u>	<u>(337,183,213)</u>
Total capital assets, net	<u>396,048,624</u>	<u>414,244,698</u>
Prepaid insurance on revenue bonds, less accumulated amortization of \$931,429 (\$977,114 in 2006)	2,808,987	868,745
Deferred cost of bond issuance, less accumulated amortization of \$1,761,733 (\$1,866,867 in 2006)	<u>2,767,899</u>	<u>2,070,738</u>
Total noncurrent assets	<u>472,487,490</u>	<u>478,539,931</u>
Total assets	<u>\$ 582,953,392</u>	<u>\$ 563,961,668</u>

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Component Unit of the City of New Orleans)

Balance Sheets

December 31, 2007 and 2006

Liabilities and Net Assets	<u>2007</u>	<u>2006</u>
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable	\$ 4,570,570	\$ 6,134,746
Due to City of New Orleans	3,584,038	2,908,959
Accrued salaries and other compensation	2,025,956	2,111,104
Capital projects payable	<u>871,736</u>	<u>1,149,799</u>
Total current liabilities (payable from unrestricted assets)	<u>11,052,300</u>	<u>12,304,608</u>
Payable from restricted assets:		
Accounts payable	555,795	-
Accrued bond interest payable	863,932	1,265,283
Bonds payable, current portion (note 5)	12,970,000	11,830,000
Capital projects payable	3,101,870	1,178,924
Accrued expenses	<u>-</u>	<u>5,528,305</u>
Total current liabilities (payable from restricted assets)	<u>17,491,597</u>	<u>19,802,512</u>
Total current liabilities	<u>28,543,897</u>	<u>32,107,120</u>
Noncurrent liabilities:		
Bonds payable, less current portion, unamortized loss on advance refunding and unamortized discount (note 5)	187,709,327	186,084,578
Loans payable	42,110,274	24,133,613
Loan interest payable	<u>478,665</u>	<u>157,181</u>
Total noncurrent liabilities	<u>230,298,266</u>	<u>210,375,372</u>
Total liabilities	<u>258,842,163</u>	<u>242,482,492</u>
Net assets:		
Invested in capital assets, net of related debt	212,312,502	215,121,913
Restricted for:		
Debt service	15,205,537	10,006,177
Capital acquisition	42,803,356	41,010,194
Operating reserve	15,652,563	21,269,928
Unrestricted	<u>38,137,271</u>	<u>34,070,964</u>
Total net assets	<u>324,111,229</u>	<u>321,479,176</u>
Total liabilities and net assets	<u>\$ 582,953,392</u>	<u>\$ 563,961,668</u>

See accompanying notes to financial statements.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Component Unit of the City of New Orleans)

Statements of Revenues, Expenses, and Changes in Net Assets

Years ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating revenues (note 8):		
Landing and airfield fees	\$ 6,081,862	\$ 5,310,633
Terminal building	49,548,461	43,889,655
Ground transportation and other areas	2,135,833	2,152,426
Recoveries from business interruption insurance	958,294	-
Total operating revenues	<u>58,724,450</u>	<u>51,352,714</u>
Operating expenses:		
Direct	16,153,566	14,698,302
Depreciation	30,615,805	30,906,008
Administrative	25,593,274	22,701,535
Hurricane Katrina expense (net)	-	(7,587)
Total operating expenses	<u>72,362,645</u>	<u>68,298,258</u>
Operating loss	<u>(13,638,195)</u>	<u>(16,945,544)</u>
Nonoperating revenues (expenses):		
Investment income	6,448,430	4,739,600
Interest expense	(13,686,783)	(14,406,036)
Passenger facility charges	15,598,476	13,598,301
Other, net	(830,106)	(1,340,587)
Total nonoperating revenues, net	<u>7,530,017</u>	<u>2,591,278</u>
Loss before capital contributions	(6,108,178)	(14,354,266)
Capital contributions (note 6)	<u>8,740,231</u>	<u>6,042,248</u>
Change in net assets	2,632,053	(8,312,018)
Total net assets, beginning of year	<u>321,479,176</u>	<u>329,791,194</u>
Total net assets, end of year	<u>\$ 324,111,229</u>	<u>\$ 321,479,176</u>

See accompanying notes to financial statements.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Component Unit of the City of New Orleans)

Statements of Cash Flows

Years ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Cash received from customers	\$ 60,126,458	\$ 50,519,344
Cash paid to suppliers for goods and services	(41,755,360)	(31,975,949)
Cash paid to employees and on behalf of employees for services	(7,477,913)	(6,132,526)
Other receipts	995,418	220,694
Net cash provided by operating activities	<u>11,888,603</u>	<u>12,631,563</u>
Cash flow from noncapital financing activities:		
Sales tax receipts	594,984	586,513
Insurance proceeds receipts	2,365,813	7,856,909
Projects paid from insurance receipts	(7,894,118)	(2,328,604)
Net cash provided by (used in) noncapital financing activities	<u>(4,933,321)</u>	<u>6,114,818</u>
Cash flows from capital and related financing activities:		
Passenger facility charges collected	15,904,398	12,796,316
Acquisition and construction of capital assets	(10,942,520)	(10,325,009)
Capital grants received	9,074,025	6,251,179
Principal paid on revenue bond maturities	(87,155,389)	(11,260,000)
Issuance of revenue bonds	88,370,000	1,357,977
Proceeds from Loans Payable	17,976,661	24,133,613
Interest paid on bonds and loans	(13,224,737)	(13,574,866)
Cost of bond issuance and insurance	(2,923,720)	-
Net cash provided by capital and related financing activities	<u>17,078,718</u>	<u>9,379,210</u>
Cash flows from investing activities:		
Sales of investments	210,100,957	193,432,839
Purchases of investments	(237,192,656)	(231,074,701)
Interest and dividends on investments	6,417,524	4,698,441
Net cash used in capital and related financing activities	<u>(20,674,175)</u>	<u>(32,943,421)</u>
Net increase (decrease) in cash and cash equivalents	3,359,825	(4,817,830)
Cash and cash equivalents at beginning of year	<u>3,473,911</u>	<u>8,291,741</u>
Cash and cash equivalents at end of year (note 2)	<u>\$ 6,833,736</u>	<u>\$ 3,473,911</u>
Noncash investing activities:		
Decrease in investments due to change in fair value	<u>\$ (247,773)</u>	<u>\$ (20,113)</u>
Noncash financing activities:		
Amortization of bond-related costs	<u>\$ (1,315,364)</u>	<u>\$ (1,686,922)</u>
Loss on disposal of assets	<u>\$ (167,671)</u>	<u>\$ (800,000)</u>

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Component Unit of the City of New Orleans)

Statements of Cash Flows

Years ended December 31, 2007 and 2006

	2007	2006
Reconciliation of operating loss to net cash provided		
by operating activities:		
Operating loss	\$ (13,638,195)	\$ (16,945,544)
Adjustments to reconcile operating loss to net cash		
provided by operating activities:		
Depreciation	30,615,805	30,906,008
Increase (decrease) in allowance for doubtful accounts	(3,053,492)	1,883,493
Other	37,124	220,694
Changes in assets and liabilities:		
Accounts receivable	2,360,302	(833,369)
Insurance proceeds receivable	(4,038,298)	-
Inventory of materials and supplies	(19,621)	39,579
Prepaid expenses and deposits	(1,625,660)	(40,167)
Accounts payable	(1,008,381)	(3,700,169)
Accrued salaries and other compensation	(85,148)	108,174
Due to City of New Orleans	2,344,167	992,864
Total adjustments	25,526,798	29,577,107
Net cash provided by operating activities	\$ 11,888,603	\$ 12,631,563

See accompanying notes to financial statements.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Component Unit of the City of New Orleans)

Notes to Financial Statements

December 31, 2007 and 2006

(1) Summary of Significant Accounting Policies

(a) Organization

The Louis Armstrong New Orleans International Airport (the Airport) is a proprietary component unit of the City of New Orleans, Louisiana. The New Orleans Aviation Board (the Board) was established in 1943 to provide for the operation and maintenance of the Airport. The Board consists of nine members appointed by the Mayor of the City of New Orleans with approval of the New Orleans City Council. The City of Kenner, Louisiana and the Parish of St. Charles, Louisiana each have input as to the selection of one board member.

The accompanying policies of the Airport conform to accounting principles generally accepted in the United States of America as applicable to proprietary component units of governmental entities.

(b) Basis of Presentation

Proprietary fund accounting is used for the Airport's ongoing operations and activities which are similar to those often found in the private sector. Proprietary funds are accounted for using the economic resources measurement focus. The Airport is a proprietary component unit and accounts for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The principal operating revenues of the authority are from sources such as airlines, concessions, rental cars, and parking. Investment income, passenger facility charges, federal and state grants, and other revenues not related to the operations of the Airport are nonoperating revenues. Operating expenses include the cost of airport and related facilities maintenance, administrative expenses, and depreciation on capital assets. Interest expense and financing costs are nonoperating expenses.

(c) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting under which revenues are recognized when earned and expenses are recognized when incurred. Revenues from landing and airfield fees, terminal building, rental building, and leased areas are reported as operating revenues. Transactions, which are capital, financing, or investing related, are reported as nonoperating revenues. Expenses from employee wages and benefits, purchase of services, materials and supplies, and other miscellaneous expenses are reported as operating expenses. Interest expense and financing costs are reported as nonoperating expenses. Under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Fund Accounting*, the City of New Orleans has elected not to follow Financial Accounting Standards Board guidance issued subsequent to November 30, 1989.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Component Unit of the City of New Orleans)

Notes to Financial Statements

December 31, 2007 and 2006

(d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(e) Accounts Receivable

An allowance for estimated uncollectible accounts receivable is established at the time information becomes available, which would indicate the uncollectibility of the particular receivable.

(f) Investments

Investments are carried at fair value in the financial statements. Unrealized gains and losses on investments are reflected in the statements of revenues, expenses, and changes in net assets.

(g) Inventory

The inventory of materials and supplies is valued at lower of cost or market, determined by the first-in, first-out method.

(h) Capital Assets

Capital assets are carried at cost. An item is classified as an asset if the initial, individual cost is \$1,000 or greater. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. In situations involving the construction of certain assets financed with the proceeds of tax-exempt borrowings, interest earned on related interest-bearing investments from such proceeds are offset against the related interest costs in determining the amount of interest to be capitalized. No interest amounts were capitalized during 2007 and 2006.

Depreciation is provided over the estimated useful lives of the assets using the straight-line method commencing with the date of acquisition or, in the case of assets constructed, the date placed into service.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Component Unit of the City of New Orleans)

Notes to Financial Statements

December 31, 2007 and 2006

The estimated useful lives by major classification are as follows:

	Estimated useful lives (years)
Air rights	25
Land improvements	10 – 25
Buildings and furnishings	3 – 25
Equipment	3 – 10
Utilities	10 – 25
Heliport	5 – 15

(i) Due from/Due to the City of New Orleans

Amounts recorded as due from and due to the City of New Orleans primarily relate to amounts paid by the City on behalf of the Airport. In addition, the City provides certain administrative services to the Airport. The cost of such services was \$1,442,624 and \$1,372,296 for the years ended December 31, 2007 and 2006, respectively, and is recorded in administrative expenses in the statements of revenues, expenses, and changes in net assets.

(j) Restricted Assets

Restricted assets include investments required to be maintained for debt service, capital additions and contingencies, operations and maintenance, and escrow under the indentures of the revenue and refunding bonds, as well as investments to be used for the construction of capital improvements. Restricted assets also include receivables related to Passenger Facility Charges and grants.

(k) Bond Insurance

In conjunction with bonds issued in 2007, 1999, 1997, 1995, and 1993, insurance was purchased which guarantees the payment of bond principal and interest and expires with the final principal and interest payment on the bonds. The insurance costs were capitalized at the dates of issuance and are being amortized over the life of the bonds using the interest method.

(l) Revenue Recognition

Landing and airfield fees, terminal building, rental building, and leased areas rentals are recorded as revenues of the year in which earned.

Due to the expiration of the Commercial Airline Lease at December 31, 2004, the Airport continued charging the Airline Transportation Companies in accordance with the expired lease until June 30, 2005. In July and August 2005, the draft lease agreement rates were implemented, while lease negotiations continued. On August 29, 2005, the Airport and the City of New Orleans sustained significant damages due to Hurricane Katrina. The Airport sustained minor damages to its capital assets and as a result did not have to apply the provisions of Governmental Accounting Standards Board No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for*

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
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Notes to Financial Statements

December 31, 2007 and 2006

Insurance Recoveries (GASB Statement No. 42). The major impact to the Airport was related to operations, and no fees were charged to the air carriers for the month of September 2005. As a result of the hurricane, the Airport entered into negotiations with the airline transportation companies in order to determine the maximum amount of fees and charges the Airport would be able to charge to retain the airline transportation companies and provide airline services to the City of New Orleans. In November 2005, the Board adopted the rates, fees and charges resolution whereby the airport transportation companies are charged \$8.00 per enplaned passenger. Landing fees were established at \$1.07 per 1,000 pounds of gross maximum landed weight.

(m) Passenger Facility Charges

On June 1, 1993, the Airport began imposing, upon approval of the Federal Aviation Administration (the FAA), a \$3.00 Passenger Facility Charge (PFC) on each passenger enplaned at the Airport. On April 1, 2002, the FAA approved an increase in the amount of this fee to \$4.50. As of December 31, 2007 the Airport is authorized to collect up to \$465,646,396 of PFC revenue of which \$211,664,813 has been collected. PFC revenues are pledged to secure the Series 1999 Revenue bonds, which funded construction of preapproved capital projects and redeemed the 1994 Series PFC Bonds. The estimated expiration date on PFC revenue collection is October 1, 2018.

(n) Federal Financial Assistance

The Airport receives financial assistance for costs of construction and improvements to airport facilities through grants from the FAA. The Airport is on the reimbursement basis for funds received for financial assistance. As of December 31, 2007, the Airport received \$1,461,686 from FEMA as reimbursement for repairs and expenses incurred by the Airport as a result of Hurricane Katrina.

(o) Vacation and Sick Leave

All full-time classified employees of the Airport hired prior to January 1, 1979 are permitted to accrue a maximum of 90 days of vacation (annual leave) and an unlimited number of days of sick leave (accumulated at a maximum of 24 days per year). Employees hired after December 31, 1978 can accrue a maximum of 45 days annual leave and an unlimited number of days of sick leave (accumulated at a maximum of 24 days per year). Upon termination of employment, an employee is paid for their accrued annual leave based on their current hourly rate of pay and for their accrued sick leave on a formula basis. If termination is the result of retirement, the employee has the option of converting their accrued annual and sick leave to additional pension credits. Annual leave and sick leave liabilities are accrued when incurred.

(p) Statements of Cash Flows

For purposes of the statements of cash flows, cash and cash equivalents include unrestricted cash, unrestricted certificates of deposit, and restricted cash.

(q) Reclassifications

Certain 2006 balances have been reclassified to conform to the 2007 presentation.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Component Unit of the City of New Orleans)

Notes to Financial Statements
December 31, 2007 and 2006

(2) Cash and Investments

Included in the Airport's cash balances are amounts deposited with commercial banks in interest bearing and noninterest bearing demand accounts. The commercial bank balances are entirely insured by federal depository insurance or by collateral held by the financial institution in the Airport's name.

The Airport follows GASB No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (GASB Statement No. 31), which requires the adjustments of the carrying values of investments to fair value, which is based on available market values. The local government investment pool is a "2a-7-like" pool in accordance with GASB Statement No. 31; therefore, it is not presented at fair value but at its actual pooled share price, which approximates fair value. At December 31, 2007 and 2006, the fair value of all securities regardless of balance sheet classifications as cash and cash equivalents or investments was as follows:

	2007	2006
Securities:		
U.S. Treasury and government agency securities	\$ 2,678,081	\$ 365,546
Common Stock: Airline Bankruptcies	569,188	-
Local government investment pool	52,876,168	34,802,710
Investment in money market funds	99,785,560	93,649,041
Total securities, at fair value	\$ 155,908,997	\$ 128,817,297

These securities are held in the following accounts:

	2007	2006
Current assets:		
Cash and cash equivalents	\$ 6,833,736	\$ 3,473,911
Investments	85,047,017	67,461,547
Noncurrent assets:		
Investments	70,861,980	61,355,750
Total cash and investments	162,742,733	132,291,208
Less cash on deposit	(6,833,736)	(3,473,911)
Total securities, at fair value	\$ 155,908,997	\$ 128,817,297

The Airport is authorized to invest in securities as described in its investment policy, in each bond resolution and state statute. As of December 31 2007, and 2006, the Airport held the following investments as categorized below in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*:

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Component Unit of the City of New Orleans)

Notes to Financial Statements

December 31, 2007 and 2006

Investment Maturities at December 31, 2007

<u>Investment type</u>	<u>Less than 1 year</u>	<u>1 to 5 years</u>	<u>Total</u>
U.S. Treasury and government agency securities	\$ 2,678,081	\$ -	\$ 2,678,081
Common Stock: Airline Bankruptcies	569,188	-	569,188
Local government investment pool	52,876,168	-	52,876,168
Money market funds	99,785,560	-	99,785,560
	<u>\$ 155,908,997</u>	<u>\$ -</u>	<u>\$ 155,908,997</u>

Investment Maturities at December 31, 2006

<u>Investment type</u>	<u>Less than 1 year</u>	<u>1 to 5 Years</u>	<u>Total</u>
U.S. Treasury and government agency securities	\$ -	\$ 365,546	\$ 365,546
Local government investment pool	34,802,710	-	34,802,710
Money market funds	93,649,041	-	93,649,041
	<u>\$ 128,451,751</u>	<u>\$ 365,546</u>	<u>\$ 128,817,297</u>

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, investments are generally held to maturity. The Airport's investments policy requires the investment portfolio to be structured to provide sufficient liquidity to pay obligations as they come due. To the extent possible, investment maturities are matched with known cash needs and anticipated cash flow requirements. Additionally, maturity limitations for investments related to the issuance of debt are outlined in the Bond Resolution relating to the specific bond issue.

Credit Risk: The Airport's general investment policy applies the prudent-person rule:

Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculative investments. Airport policy limits investments to the highest credit rating category of Standard & Poor's (S&P). Funds can only be invested in money market funds rated AAAM, AAm, or AAAM-G by S&P. In accordance with the Authority's investment policy and bond resolutions, all U.S. government agency securities held in the portfolio are either issued by or explicitly guaranteed by the U.S. government.

Custodial Credit Risk: For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Airport will not be able to recover the values of its investments or collateral securities that are in the possession of an outside party. All of the Airport's investments are either held in the name of the Airport or held in trust under the Airport's name.

Concentration of Credit Risk: The Airport's investments are not subject to a concentration of credit risk.

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In 2007, the Airport acquired common stock as a result of bankruptcy proceedings of three airlines. The common stock with a market value of \$569,188 at December 31, 2007 was subject to market risk as a result of the volatility of the stock market.

(3) Summary of Restricted Assets

Assets restricted for specific purposes in accordance with bond indenture and other legal restrictions are composed of the following at December 31, 2007 and 2006:

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2007												
	Debt service fund	Debt service reserve fund	Renewal and replacement fund	Operations and maintenance reserve fund	Capital Improve fund	Defeasance Escrow fund	Receipts fund	Rollover fund	PFC collect	Cost of issue	Receivable	2007 total
Assets:												
Cash and certificates of deposits	\$ 124	\$ -	\$ -	\$ -	\$ 83,625	\$ 231	\$ -	\$ 939	\$ 200,747	\$ -	\$ -	\$ 285,666
JPM U.S. Treasury and U.S. money market fund	3,243,992	10,149,084	2,006,064	8,651,624	50,021,372	-	1,840,906	7,000,000	-	353,156	-	83,266,198
U.S. Treasury and U.S. agency obligations	2,674,196	2,197	-	-	-	-	-	-	-	-	-	2,676,393
Passenger facility charges receivable	-	-	-	-	-	-	-	-	-	-	1,749,443	1,749,443
Capital grant receivable	-	-	-	-	-	-	-	-	-	-	375,877	375,877
	<u>\$ 5,918,312</u>	<u>\$ 10,151,281</u>	<u>\$ 2,006,064</u>	<u>\$ 8,651,624</u>	<u>\$ 50,104,997</u>	<u>\$ 231</u>	<u>\$ 1,840,906</u>	<u>\$ 7,000,939</u>	<u>\$ 200,747</u>	<u>\$ 353,156</u>	<u>\$ 2,125,320</u>	<u>\$ 88,353,577</u>
2006												
	Debt service fund	Debt service reserve fund	Renewal and replacement fund	Operations and maintenance reserve fund	Capital Improve fund	Redempt fund	Receipts fund	Rollover fund	PFC collect	Cost of issue	Receivable	2006 total
Assets:												
Cash and certificates of deposits	\$ 257,017	\$ -	\$ -	\$ -	\$ 17,477	\$ -	\$ -	\$ -	\$ 680	\$ -	\$ -	\$ 275,174
JPM U.S. Treasury and U.S. money market fund	2,920,623	7,887,111	2,000,000	8,269,925	36,749,836	1,227,439	169,263	13,000,002	-	2	-	72,224,201
U.S. Treasury and U.S. agency obligations	-	206,709	-	-	-	-	-	-	-	-	-	206,709
Passenger facility charges receivable	-	-	-	-	-	-	-	-	-	-	2,055,365	2,055,365
Capital grant receivable	-	-	-	-	-	-	-	-	-	-	709,671	709,671
	<u>\$ 3,177,640</u>	<u>\$ 8,093,820</u>	<u>\$ 2,000,000</u>	<u>\$ 8,269,925</u>	<u>\$ 36,767,313</u>	<u>\$ 1,227,439</u>	<u>\$ 169,263</u>	<u>\$ 13,000,002</u>	<u>\$ 680</u>	<u>\$ 2</u>	<u>\$ 2,765,036</u>	<u>\$ 75,471,120</u>

(Continued)

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(4) Capital Assets

Capital assets include assets acquired with the Airport's own funds as well as those acquired through resources externally restricted for capital acquisition. A summary of changes in capital assets for the years ended December 31, 2007 and 2006 is as follows:

	<u>Balance December 31, 2006</u>	<u>Additions/ transfers during year</u>	<u>Deletions/ transfers during year</u>	<u>Balance December 31, 2007</u>
Capital assets not being depreciated:				
Land	\$ 84,251,895	\$ 81,688	\$ (8,583)	\$ 84,325,000
Construction in progress	<u>18,744,182</u>	<u>13,628,201</u>	<u>(4,719,822)</u>	<u>27,652,561</u>
Total capital assets not being depreciated	<u>102,996,077</u>	<u>13,709,889</u>	<u>(4,728,405)</u>	<u>111,977,561</u>
Capital assets being depreciated:				
Air rights	18,494,542	8,583	-	18,503,125
Land improvements	321,934,423	(673,565)	(112,811)	321,148,047
Buildings and furnishings	290,797,127	3,314,746	225,945	294,337,818
Equipment	6,352,732	139,244	-	6,491,976
Utilities	7,786,124	-	-	7,786,124
Heliport	<u>3,066,886</u>	<u>-</u>	<u>-</u>	<u>3,066,886</u>
Total capital assets being depreciated	<u>648,431,834</u>	<u>2,789,008</u>	<u>113,134</u>	<u>651,333,976</u>
Total capital assets	<u>751,427,911</u>	<u>16,498,897</u>	<u>(4,615,271)</u>	<u>763,311,537</u>
Less accumulated depreciation:				
Air rights	1,408,626	740,087	-	2,148,713
Land improvements	139,657,569	15,483,467	(536,105)	154,604,931
Buildings and furnishings	184,005,891	13,735,463	-	197,741,354
Equipment	5,137,405	396,601	-	5,534,006
Utilities	3,910,200	258,634	-	4,168,834
Heliport	<u>3,063,522</u>	<u>1,553</u>	<u>-</u>	<u>3,065,075</u>
Total accumulated depreciation	<u>337,183,213</u>	<u>30,615,805</u>	<u>(536,105)</u>	<u>367,262,913</u>
Total capital assets, net	<u>\$ 414,244,698</u>	<u>\$ (14,116,908)</u>	<u>\$ (4,079,166)</u>	<u>\$ 396,048,624</u>

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	Balance December 31, 2005	Additions/ transfers during year	Deletions/ transfers during year	Balance December 31, 2006
Capital assets not being depreciated:				
Land	\$ 89,500,561	\$ 6,316,044	\$ (11,564,710)	\$ 84,251,895
Construction in progress	<u>12,683,386</u>	<u>9,560,354</u>	<u>(3,499,558)</u>	<u>18,744,182</u>
Total capital assets not being depreciated	<u>102,183,947</u>	<u>15,876,398</u>	<u>(15,064,268)</u>	<u>102,996,077</u>
Capital assets being depreciated:				
Air rights	12,289,380	6,205,162	-	18,494,542
Land improvements	319,910,958	2,633,056	(609,591)	321,934,423
Buildings and furnishings	291,497,141	63,044	(763,058)	290,797,127
Equipment	6,268,054	97,636	(12,958)	6,352,732
Utilities	7,786,124	-	-	7,786,124
Heliport	<u>3,066,886</u>	<u>-</u>	<u>-</u>	<u>3,066,886</u>
Total capital assets being depreciated	<u>640,818,543</u>	<u>8,998,898</u>	<u>(1,385,607)</u>	<u>648,431,834</u>
Total capital assets	<u>743,002,490</u>	<u>24,875,296</u>	<u>(16,449,875)</u>	<u>751,427,911</u>
Less accumulated depreciation:				
Air rights	896,090	512,536	-	1,408,626
Land improvements	124,389,677	15,610,658	(342,766)	139,657,569
Buildings and furnishings	169,959,601	14,047,038	(748)	184,005,891
Equipment	4,674,774	475,589	(12,958)	5,137,405
Utilities	3,651,566	258,634	-	3,910,200
Heliport	<u>3,061,969</u>	<u>1,553</u>	<u>-</u>	<u>3,063,522</u>
Total accumulated depreciation	<u>306,633,677</u>	<u>30,906,008</u>	<u>(356,472)</u>	<u>337,183,213</u>
Total capital assets, net	<u>\$ 436,368,813</u>	<u>\$ (6,030,712)</u>	<u>\$ (16,093,403)</u>	<u>\$ 414,244,698</u>

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Construction in progress is composed of the following at December 31, 2007:

Description	Project authorization	December 31, 2007	Remaining commitments
Security Operations Center	\$ 28,170,190	14,439,281	13,730,909
Transport Center Expansion	2,000,000	307,825	1,692,175
Expansion Concourse "D"	37,933,000	4,209,732	33,723,268
New ARFF Fire Station	11,570,881	1,445,116	10,125,765
Terminal Apron Rehabilitation	7,800,000	1,212,946	6,587,054
Aircraft Loading Bridge	28,914,000	2,009,368	26,904,632
Upgrade Light Main Terminal	6,000	156	5,844
Terminal Exterior Improvements	11,000,000	529,736	10,470,264
Terminal Interior Improvements	11,000,000	487,502	10,512,498
Strategic Development Plan	4,723,276	2,553,482	2,169,794
Inter-Concourse Connector	2,023	2,023	—
Wildlife Management Study	500,000	1,819	498,181
Concourse A-B Security Connector	2,194	2,194	—
Post Katrina High Mast Replacements	551,149	450,198	100,951
New ARFF Truck	1,000,000	1,183	998,817
	<u>\$ 145,172,713</u>	<u>27,652,561</u>	<u>117,520,152</u>

Land Swap

The City of New Orleans acting through the New Orleans Aviation Board (Board) entered into an Act of Exchange with RMGC, LLC the owner of the Iafrates property, which is adjacent to the Airport on the south side, for certain parcels owned by the Board located on the north side of the Airport. The transaction is a two step process.

The Act of Exchange addressed the first portion of the transaction wherein approximately 5/7 of the Iafrates parcels were exchanged for all of the property owned by the Airport on the north side of the interstate, referred to in the documents as the "32nd Street properties." The Board is buying the property in two steps. The first step took place in 2006 and the Board is in the process of taking the second and final step which requires some negotiation to resolve outstanding issues including easements, covenants and appraisal reconciliation. In the 2006 swap the Board's property appraised for \$5,800,000 and the RMGC property appraised for \$5,000,000 resulting in an accounting loss of \$800,000, which was recognized in the 2006 Financial Statements of the Airport. The carrying value of the land exchanged was \$11,564,710. The difference of \$5,764,710 between the appraised value of \$5,800,000 and the carrying value was accounted for as air rights. The Airport maintained the air rights for the property that was exchanged.

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(5) Long-term Debt

Long-term debt activity for the years ended December 31, 2007 and 2006 was as follows:

<u>Long-Term Debt</u>	<u>Balance December 31, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2007</u>	<u>Amounts due within one year</u>
Bonds Payable:					
Series 1993B Refunding bonds, variable rates, final maturity 2016	\$ 88,650,000	\$ -	\$ (7,555,000)	\$ 81,095,000	\$ 7,970,000
Series 1993C Refunding bonds, variable rates, final maturity August 3, 2011	1,550,000	-	(255,000)	1,295,000	280,000
Series 1995A Refunding bonds, variable rates, final maturity August 1, 2015	13,895,000	-	(1,195,000)	12,700,000	1,310,000
Series 1997A Refunding bonds, variable rates, final maturity August 5, 2015	18,745,000	-	(1,075,000)	17,670,000	1,170,000
Series 1997B-1 Revenue bonds, with fixed interest rate at 5.45%, final maturity October 1, 2027	2,555,000	-	-	2,555,000	-
Series 1997B-2 Taxable revenue bonds, fixed interest rates (6.45% at December 31, 2004), final maturity October 1, 2027	9,300,000	-	(270,000)	9,030,000	285,000
Series 1999A-1 Revenue refunding bonds 2002), interest rates (5.00% at December 31, 2004), final maturity September 1, 2018, refunded in 2007	22,655,000	-	(22,655,000)	-	-
Series 1999A-2 Revenue refunding bonds, with fixed interest rate at 6.00%, final maturity September 1, 2019, refunded in 2007	4,565,000	-	(4,565,000)	-	-
Series 2004A Drawdown bond facility, variable rates, final maturity December 31, 2007, refunded in 2007	49,585,389	-	(49,585,389)	-	-
Series 2007A Revenue Bonds with fixed interest rate January 1, 2038 at 4.25% final maturity	-	65,530,000	-	65,530,000	605,000
Series 2007B-1 Revenue Refunding bonds with fixed interest rate January 1, 2020 at 4.25% final maturity	-	4,295,000	-	4,295,000	-
Series 2007B-2 Revenue Refunding bonds, with fixed interest rate January 1, 2019 at 4.25% final maturity	-	18,545,000	-	18,545,000	1,350,000
	<u>211,500,389</u>	<u>88,370,000</u>	<u>(87,155,389)</u>	<u>212,715,000</u>	<u>12,970,000</u>

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Less:					
Unamortized loss on advance refunding	\$ (13,171,785)	\$ (990,010)	\$ 1,374,447	\$ (12,787,348)	\$ -
Unamortized discount on bonds	(414,026)	(9,173)	376,704	(46,495)	-
Unamortized premium on bonds	-	798,170	-	798,170	-
	<u>197,914,578</u>	<u>88,168,987</u>	<u>(85,404,238)</u>	<u>200,679,327</u>	<u>12,970,000</u>
Loans payable:					
FEMA	10,882,641	-	-	10,882,641	-
Go Zone	13,250,972	17,976,661	-	31,227,633	-
	<u>24,133,613</u>	<u>17,976,661</u>	<u>-</u>	<u>42,110,274</u>	<u>-</u>
Other liabilities:					
FEMA Interest Payable	157,181	321,484	-	478,665	-
	<u>157,181</u>	<u>321,484</u>	<u>-</u>	<u>478,665</u>	<u>-</u>
	<u>\$ 222,205,372</u>	<u>\$ 106,467,132</u>	<u>\$ (85,404,238)</u>	<u>\$ 243,268,266</u>	<u>\$ 12,970,000</u>

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	<u>Balance December 31, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2006</u>	<u>Amounts due within one year</u>
Series 1993B Refunding bonds, variable rates, final maturity 2016	\$ 95,885,000	\$ -	\$ (7,235,000)	\$ 88,650,000	\$ 7,555,000
Series 1993C Refunding bonds, variable rates, final maturity August 3, 2011	1,785,000	-	(235,000)	1,550,000	255,000
Series 1995A Refunding bonds, variable rates, final maturity August 1, 2015	14,985,000	-	(1,090,000)	13,895,000	1,195,000
Series 1997A Refunding bonds, variable rates, final maturity August 5, 2015	19,785,000	-	(1,040,000)	18,745,000	1,075,000
Series 1997B-1 Revenue bonds, with fixed interest rate at 5.45%, final maturity October 1, 2027	2,555,000	-	-	2,555,000	-
Series 1997B-2 Taxable revenue bonds, fixed interest rates (6.45% at December 31, 2004), final maturity October 1, 2027	9,555,000	-	(255,000)	9,300,000	270,000
Series 1999A-1 Revenue refunding bonds 2002), interest rates (5.00% at December 31, 2004), final maturity September 1, 2018	24,060,000	-	(1,405,000)	22,655,000	1,480,000
Series 1999A-2 Revenue refunding bonds, with fixed interest rate at 6.00%, final maturity September 1, 2019	4,565,000	-	-	4,565,000	-
Series 2004A Drawdown Bond Facility, variable rates, final maturity December 31, 2007	48,227,412	1,357,977	-	49,585,389	-
	<u>221,402,412</u>	<u>1,357,977</u>	<u>(11,260,000)</u>	<u>211,500,389</u>	<u>11,830,000</u>

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	Balance December 31, 2005	Additions	Deductions	Balance December 31, 2006	Amounts due within one year
Less:					
Unamortized loss on advance refunding	\$ (14,546,232)	-	\$ 1,374,447	\$ (13,171,785)	-
Unamortized discount on bonds	(445,506)	-	31,480	(414,026)	-
	<u>206,410,674</u>	<u>1,357,977</u>	<u>(9,854,073)</u>	<u>197,914,578</u>	<u>11,830,000</u>
Loans payable:					
FEMA	-	10,882,641	-	10,882,641	-
Go Zone	-	13,250,972	-	13,250,972	-
	<u>-</u>	<u>24,133,613</u>	<u>-</u>	<u>24,133,613</u>	<u>-</u>
Other liabilities:					
FEMA Interest Payable	-	157,181	-	157,181	-
	<u>-</u>	<u>157,181</u>	<u>-</u>	<u>157,181</u>	<u>-</u>
	<u>\$ 206,410,674</u>	<u>\$ 25,648,771</u>	<u>\$ (9,854,073)</u>	<u>\$ 222,205,372</u>	<u>\$ 11,830,000</u>

Debt service requirements to maturity for all outstanding bonds are as follows:

	Interest	Principal	Total
Bonds payable:			
December 31:			
2008	\$ 10,004,054	\$ 12,970,000	\$ 22,974,054
2009	11,080,621	14,245,000	25,325,621
2010	10,315,407	15,120,000	25,435,407
2011	9,481,559	16,055,000	25,536,559
2012	8,585,492	17,045,000	25,630,492
2013-2017	28,093,479	70,905,000	98,998,479
2018-2022	16,067,599	16,870,000	32,937,599
2023-2027	11,692,025	15,800,000	27,492,025
2028-2032	7,466,775	14,770,000	22,236,775
2033-2037	3,383,375	18,935,000	22,318,375
2038	104,125	-	104,125
	<u>\$ 116,274,511</u>	<u>\$ 212,715,000</u>	<u>\$ 328,989,511</u>

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Debt service requirements to maturity for all outstanding notes payable, assuming that all approved funds are borrowed under the GO Zone loan and are as follows:

	Interest	Principal	Total
Notes payable:			
December 31:			
2011	\$ 1,552,720	\$ 10,882,641	\$ 12,435,361
2012	1,641,260	1,684,138	3,325,398
2013-2017	6,959,053	9,667,940	16,626,993
2018-2022	4,498,060	12,128,933	16,626,993
2023-2025	1,410,616	11,890,979	13,301,595
	\$ 16,061,709	\$ 46,254,631	\$ 62,316,340

Bonds Payable

On November 20, 2007, the New Orleans Aviation Board issued in its own name for the benefit of the City of New Orleans the following tax exempt obligations: The \$65,530,000 New Orleans Aviation Board Revenue Bonds (Passenger Facility Charge Projects) Series 2007A and the \$22,840,000 New Orleans Aviation Board Revenue Refunding Bonds (Passenger Facility Charge Projects) Series 2007B.

The proceeds of the Series 2007A Bonds were used to 1) pay the entire outstanding balance of bond anticipation notes previously issued by the Board to pay the bond financed costs of the rehabilitation of Runway 10/28 at the Airport, 2) provide an additional \$10,000,000 to pay the costs of acquiring, constructing and installing approximately 17 aircraft loading bridges at the Airport, 3) provide a debt service reserve fund for such bonds, 4) pay the costs of credit enhancement, and 5) pay the costs of issuance incurred in connection with such bonds.

The proceeds of the Series 2007B Bonds were used to 1) refinance the \$35,585,000 original principal amount New Orleans Aviation Board Revenue Refunding Bonds Series 1999 A-1 and Series 1999 A-2, 2) provide a debt service reserve fund for such bonds, 3) pay the costs of credit enhancement, 4) pay the costs of issuance incurred in connection with such bonds.

On December 14, 2004, the New Orleans Aviation Board approved the issuance of \$65,000,000 New Orleans Aviation Board Interim Revenue Notes (Passenger Facility Charge Projects) Drawdown Bond Facility, Series 2004A. The 2004 PFC Projects mean collectively the acquisition and construction of 1) Aircraft Loading Bridges; 2) Expansion of Concourse D; and 3) Rehabilitation of Runway 10/28. The 2004A Series is subordinated debt to the New Orleans Aviation Board Revenue Refunding Bonds (Passenger Facility Charge Projects), Series 1999 A-1 and Series 1999 A-2. These bonds are secured by a pledge of PFC Revenue expected to be collected through January 1, 2018. The general indenture requires that the Airport maintain certain specified financial ratios and comply with other covenants. The Airport initiated multiple draw downs on this facility throughout the fiscal year with a balance of \$49,585,389 at December 31, 2006. Proceeds of the Series 2007A bonds were used to refinance these bonds in 2007.

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On October 15, 1999, the Airport issued \$31,020,000 and \$4,565,000 in Revenue Refunding Bonds, Series 1999A-1 and Series 1999A-2, respectively. The proceeds of which were used to (i) redeem and refund remaining portions of the Series 1994 Revenue bonds, and (ii) provide a portion of the amounts needed to complete the construction of certain projects approved by the FAA. These bonds were secured by a pledge of PFC revenue expected to be collected through January 1, 2018 and by certain other Airport funds, including a portion of the Debt Service Reserve Account. Proceeds of the Series 2007B bonds were used to refinance these bonds in 2007.

On June 24, 1997, the Airport issued \$25,510,000 in Refunding bonds, Series 1997A, the proceeds of which were used to repay portions of the Series 1993A Taxable refunding bonds. As defined in the general indenture, the bonds are secured by a pledge of the Airport's revenues subject to prior payment of operation and maintenance expenses. The bonds are also secured by a portion of the Debt Service Reserve Account. The bonds are subject to optional redemptions, as defined in the general indenture. The general indenture requires that the Airport maintains certain specified financial ratios and comply with other covenants.

On October 1, 1997, the Airport issued \$2,555,000 in Revenue bonds, Series 1997B-1, and \$10,945,000 in Taxable Revenue Bonds, Series 1997B-2. The Series 1997B-1 bonds were issued for the purpose of reimbursing the Airport for costs previously paid by the Airport in connection with, or financing the costs of, the Airport's continuing Noise Mitigation and Land Acquisition Program at the Airport, including the purchase of certain noise-impacted properties, the purchase of properties for development purposes, the sound insulation of certain residential properties and the acquisition of certain navigation easements, servitudes and other property rights. The 1997B-2 bonds were issued for the purpose of (i) financing the Airport's Storm Water Drainage Program for apron fueling areas at the Airport, including the provision of trench drains and associated drainage piping to capture water flows from all concourse aprons and (ii) providing a continuing source of funds for financing the projects of the 1997B-1 bonds on an ongoing basis. As defined in the general indenture, the bonds are secured by a pledge of the Airport's revenues subject to prior payment of operation and maintenance expenses. The bonds are also secured by a portion of the Debt Service Reserve Account. The bonds are subject to optional redemptions, as defined in the general indenture. The general indenture requires that the Airport maintains certain specified financial ratios and comply with other customary requirements.

The Series 1993B Refunding bonds were issued on February 12, 1993 in order to advance refund all debt issues previously outstanding. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$32,184,971. In accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, this difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through August 2016. The refunded bonds had a zero balance at December 31, 2006.

The general indenture under which the Series 1993A-C, Series 1995A, and Series 1997A and B bonds were issued provides for the establishment of restricted accounts for the following purposes: The payment of interest and principal on outstanding bonds; the purchase of land, and repairs, replacements, and/or renovations to the Airport; operation and maintenance expenses for which amounts are not otherwise available; and future bond issuance costs. Consequently, the Airport has established the Debt Service

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Component Unit of the City of New Orleans)

Notes to Financial Statements

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Account, the Debt Service Reserve Account, the Renewal and Replacement Account, the Operations and Maintenance Reserve Account, and the Revenue Bond Escrow Account.

Interest Rate Swaps

The Airport has entered into four interest rate swap agreements to reduce the impact of changes in interest rates on its Series 1993B, 1993C, 1995A, and 1997A Variable-Rate Refunding Bonds (see note 5). As of December 31, 2007, \$112,760,000 in outstanding bonds was recorded as a liability in the financial statements related to these Series.

Objective of the interest rate swaps. As a means of lowering its borrowing costs, when compared against fixed-rate bonds, the Airport entered into four interest rate swap agreements in connection with its 1993B, 1993C, 1995A, and 1997A Variable-Rate Refunding Bonds. The intention of the swap was to effectively change the City's variable interest rate on the bonds to a synthetic fixed rate of 5.49%, 5.34%, 6.14%, and 6.50% for the 1993B, 1993C, 1995A, and 1997A issues, respectively.

Terms. All four swap agreements are part of a Master Swap Agreement dated January 4, 1993. The swap agreements, having notional amounts of \$88,650,000, \$1,550,000, \$13,895,000, and \$18,745,000 for the 1993B, 1993C, 1995A, and 1997A issues, respectively, terminate in August of 2016, 2011, 2015, and 2015, respectively. The respective swap's notional amount matches the principal amount of the respective variable-rate bonds. Under the swap, the Airport pays the counterparty, AIG, fixed payments of 5.49%, 5.34%, 6.14%, and 6.50% for the 1993B, 1993C, 1995A, and 1997A issues, respectively, and receives a variable payment computed monthly by the swap counterparty. Conversely, the bond's variable-rate coupons are based on a floating rate market Index.

Fair value. The fair value of these swap agreements as of December 31, 2007 is a liability of \$13.6 million, which is not recorded in the financial statements. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Credit risk. As of December 31, 2007, the Airport was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the Airport would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated Aa2 by Moody's Investors Service as of December 31, 2007.

Termination risk. The Airport or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The swap may be terminated by the Airport if the swap guarantor's credit quality rating is withdrawn, suspended, or reduced below "A3" as issued by Moody's Investors Service or below "A-" as issued by S&P's Rating Services. If the swap is terminated, the variable-rate bond would no longer carry the synthetic interest rate provided by the swap. Also, if at the time of termination the swap has a negative fair value, the Airport would be liable to the counterparty for a payment equal to the swap's fair value. If at the time of termination the swap has a positive fair value the Airport would receive a cash payment.

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On November 20, 2003, the Airport entered into a Reduced Variance® interest rate swap agreement with Rice Financial Products Company (RFPC) with a notional amount of \$81,250,000.

Objective of the interest rate swap. As a means of lowering the costs on its outstanding fixed rate obligations, the Airport entered into a subordinate Reduced Variance interest rate swap agreement in connection with its 1993B, 1993C, 1995A, and 1997A synthetically created Fixed-Rate Refunding Bonds and its 1997B-1 and 1997B-2 Fixed-Rate Revenue Bonds. The intention of the swap was to effectively change the Airport's synthetically created or actual fixed interest rates to synthetically created variable rates.

Terms. The swap agreement terminates in August 2016, and the swap's notional amount is one-half of the fixed-rate bonds. Under the swap, the Airport pays the counterparty, RFPC, a variable payment computed monthly, based on the fixed rate plus an adjustment factor, and receives a fixed payment of 6.25%. The adjustment factor is computed monthly by the Airport and is based on the BMA Index and LIBOR.

Fair value. The fair value of these swap agreements as of December 31, 2007 is a liability of \$753,510, which is not recorded in the financial statements. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Termination risk. The Airport or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The swap must be terminated by the Airport if the swap guarantors' credit quality rating is withdrawn, suspended, or reduced below "A3" as issued by Moody's Investors Service or below "A-" as issued by Standard and Poor's Rating Services. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the Airport would be liable to the counterparty for a payment equal to the swap's fair value. If at the time of termination the swap has a positive fair value, the Airport would receive a cash payment.

Credit risk. As of December 31, 2007, the Airport was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the City would be exposed to credit risk in the amount of the derivative's fair value.

A standby bond purchase agreement is also in effect over the life of the bonds whereby if the remarketing agent is unable to remarket these variable rate bonds, there is a liquidity provider that agrees to purchase the bonds at the principal amount plus interest. If the liquidity provider purchases the bonds, the interest rate would be the prime rate or the prime rate plus 2% (if the bonds are held by the liquidity provider in excess of one year) not to exceed the maximum permitted by law, or 25%.

The Board approved the Rate Resolution in November 2005, which significantly reduced the amounts charged to the air transportation companies. As a result of the drastic reductions in flight operations and enplanements resulting from Hurricane Katrina, it was not feasible to continue to operate the Airport pursuant to a residual financial agreement. As a result of the reduced operating revenues, the Airport would not be able to meet the debt service coverage ratio of 125% as required under the general revenue bond

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trust indenture. In November 2006, the Board approved the Rollover Coverage Resolution which allowed the Airport to provide for \$9,000,000 of rollover coverage in the 2005 debt service coverage ratio calculation. The Resolution provides for \$9,000,000 of coverage in 2005, \$15,000,000 in 2006, and \$13,000,000 in 2007. These amounts were determined by the Board through review of the actual 2005 covenant calculation and projected 2006 and 2007 covenant calculations in order for the Airport to specifically comply with the 125% debt service covenant in each of the three years. On November 30, 2006, the Airport completed three wire transfers, in accordance with the Rollover Coverage Resolution, in the amounts of \$9,000,000, \$15,000,000 and \$13,000,000 from the Airport Operating Fund into the Bank of New York (Trustee) 2005, 2006, and 2007 Rollover accounts. The 2005 and 2006 funds were required to remain in the respective account for one business day and then were wired back to the Airport Operating Fund. The 2007 funds remained in the 2007 Rollover account until January 2007 and then were returned to the Airport Operating Fund. As a result of the rollover coverage, the Airport is in compliance with the debt service coverage ratio at December 31, 2007 and at December 31, 2006.

Subsequent Activity

In June 2008, the bond insurer's credit rating dropped with a negative outlook. The remarketing agent was unable to remarket a substantial amount of the Variable Rate Bonds and had to be purchased by a liquidity facility resulting in a liquidity put. This allowed the swap party to elect to pay the Alternative Floating Rate which is designated as 67% of LIBOR rather than the bond rate. The New Orleans Aviation Board's bond counsel has estimated the annual increase in interest cost to be \$3,358,000. As a result, the New Orleans Aviation Board is reviewing options regarding this occurrence which includes breaking the swaps and refinancing the debt.

Notes Payable

The Board was authorized to receive up to a maximum of \$28,000,000 from the FEMA Community Disaster Loan (CDL) Program. On June 15, 2006, the Airport received an \$8,112,103 CDL from FEMA with an interest rate of 2.93% for a period of 60 months. On August 25, 2006, the Airport received a \$2,187,816 CDL from FEMA with an interest rate of 3.06% for a period of 60 months. On October 4, 2006, the Airport received a \$582,722 CDL from FEMA with an interest rate of 2.93% for a period of 60 months.

In addition, the Board received approval for participation in the Gulf Tax Credit Bonds Program (Go Zone Tax Credit Bonds) sponsored by the State of Louisiana in an amount not exceeding \$36,000,000. The Airport was approved for \$35,371,990 for an interest free period of 60 months. On August 1, 2006, Hancock Bank as escrow trustee for the State of Louisiana with respect to its GO Zone Tax Credit Bonds Program transferred to the Trustee the amount of \$10,242,550 to be used to pay the August 2, 2006 debt service on the Bonds and related interest rate swap payments. The Hancock Bank transferred an additional \$20,985,083 in debt service between August 2006 and December 2007 which increased the total loan to \$31,227,633 as of December 31, 2007. The Trustee continues to be responsible for making all debt service payments on the bonds. The Hancock Bank will continue to make the appropriate debt service transfers to the Trustee until the balance of the approval is reached, which will be in July of 2008. In August 2007, the Airport resumed transferring to the Trustee the principal portion of the debt service for the 1993B, 1993C, 1995A, and 1997A Refunding Bonds. In October 2007, the Airport resumed transferring to the Trustee the

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principal portion of the debt service for the 1997B-2 Revenue Bonds. The interest portion of the debt service will continue to be transferred by Hancock Bank to the Trustee.

(6) Capital Contributions and Transfers

Capital contributions recorded by the Airport represent amounts received from the federal government to finance the cost of construction of airport facilities.

During the years ended December 31, 2007 and 2006, the FAA contributed approximately \$8,740,231 and \$6,042,248, respectively, to the Airport for various capital projects.

(7) Pension Plan

Employees and officers of the Airport are eligible for membership in the Employees' Retirement System of the City of New Orleans (the Plan), a defined benefit contributory retirement plan. A separate financial report on the plan for the year ended December 31, 2007 containing additional information required under GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, is available from the City of New Orleans Director of Finance, 2400 Canal Street, Room 342, New Orleans, Louisiana 70119, (504) 826-1985.

The Airport's annual contribution to the Employees' Retirement System is based on the amount determined by the actuary of the Plan, which includes amortization of past service costs over a period of 30 years. The Airport's contribution to the Plan for the years ended December 31, 2007 and 2006 was \$411,457 and \$455,998, respectively.

(8) Rentals under Operating Leases

The Airport leases space in its terminal to various airlines, concessionaires, and others. These leases are for varying periods ranging from one to ten years and require the payment of minimum annual rentals. A new lease between the Airport and the airlines (Airline Operating Agreement) was not signed in 2005 due to Hurricane Katrina with a consensus between the Airport and the airlines. The Board implemented the Rate Resolution in agreement with the airlines. Most leases are subject to adjustment upwards or downwards based upon the operational and capital requirements of the Airport. Leases with concessionaires require payment of percentage rent based on sales in excess of stipulated amounts.

In 2001, construction began on a new \$35.0 million Airport parking garage facility (the Facility). The Facility opened for business on October 15, 2003. The Facility was constructed on land leased by a 501(c)3 nonprofit corporation (the Corporation) from the Airport pursuant to a Parking Garage Ground Lease (the Ground Lease) dated January 1, 2001. The Commencement Date as defined in the Ground Lease went into effect January 1, 2002, and the ground rental term began. In accordance with the Ground Lease, the Corporation is required to design, finance, construct, and operate the Facility. The Facility is being financed by the Corporation with \$44.3 million of tax-exempt bonds. The bonds are not an obligation of the Airport. The initial term of the Ground Lease is ten years with three renewal periods of ten years at the option of the Corporation. During the term of the Ground Lease, the Corporation will pay the Airport \$10,624 a month plus percentage rent of 6% of gross revenues generated from the Facility in excess of \$7.0 million per year plus net cash flow rent, as defined in the Ground Lease. The payment of rent is subject to a minimum annual guarantee payment, as defined in the Ground Lease. The fixed rent shall

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increase by 3% per annum, effective on the first day of each lease year during the term. The 2007 monthly ground rent was \$12,316.

The following is a schedule by year of aggregate future minimum rentals receivable on noncancelable operating leases as of December 31, 2007:

2008	\$	2,191,680
2009		3,226,910
2010		4,179,170
2011		4,151,932
2012		3,942,067
2013-2022		7,213,446
	\$	<u>24,905,205</u>

These amounts do not include contingent rentals which may be received under most of the leases; such contingent rentals, including month-to-month concession agreements, amounted to \$11,626,625 in 2007 and \$11,206,804 in 2006.

(9) Commitments and Contingencies

(a) Self-Insurance

The Airport is insured for hospitalization and unemployment losses and claims under the City of New Orleans self-insurance program. The Airport pays premiums to the City of New Orleans unemployment self-insurance program, and the Airport and its employees pay premiums to the City of New Orleans hospitalization self-insurance program.

(b) Commitments

In the normal course of business, there are various commitments and contingent liabilities, such as construction contracts and service agreements, which are not reflected in the accompanying financial statements.

(c) Claims and Judgments

There are several pending lawsuits in which the Airport is involved. Based upon management's review and evaluation of such lawsuits and the advice of legal counsel, the Airport believes that the potential claims resulting from such litigation and not covered by insurance would not materially affect the financial statements.

(d) Federal Financial Assistance

The Airport participates in a number of federal financial assistance programs. Although the grant programs have been audited through December 31, 2007 in accordance with the Single Audit Act of 1996, these programs are still subject to financial and compliance audits by governmental agencies.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
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Supplemental Schedule of Investments

Year ended December 31, 2007

Description	Year acquired	Maturity date	Par value	Fair value
Unrestricted investments:				
Special receipts:				
One Group U.S. Treasury Securities money market fund: JP Morgan	2004	N/A	\$ 6,753,339	\$ 6,753,339
PFC reimbursement: One Group U.S. Treasury Securities money market fund: JP Morgan	2004	N/A	2,365,067	2,365,067
Stock: Airline Bankruptcies	2007	N/A	569,188	569,188
NOAB Reserve:				
One Group U.S. Treasury Securities money market fund: JP Morgan	2004	N/A	7,400,956	7,400,956
FNMA: JP Morgan	1993	1/25/2008	1,693	1,688
City of New Orleans: LAMP	2003	N/A	<u>52,876,168</u>	<u>52,876,168</u>
Total unrestricted investments			<u>69,966,411</u>	<u>69,966,406</u>
Restricted investments:				
Debt service fund:				
One Group U.S. Treasury Securities money market fund: JP Morgan	2004	N/A	3,243,992	3,243,992
U.S. Treasury Notes: JP Morgan	2007	07/31/08	<u>2,672,280</u>	<u>2,674,196</u>
			<u>5,916,272</u>	<u>5,918,188</u>
Debt service reserve fund:				
One Group U.S. Treasury Securities money market fund: JP Morgan	2004	N/A	10,149,084	10,149,084
FNMA: JP Morgan	1993	1/25/2008	<u>2,204</u>	<u>2,197</u>
			<u>10,151,288</u>	<u>10,151,281</u>
Renewal and replacement:				
One Group U.S. Treasury Securities money market fund: JP Morgan	2004	N/A	<u>2,006,064</u>	<u>2,006,064</u>
Operations and maintenance Reserve fund:				
One Group U.S. Treasury Securities money market fund: JP Morgan	2004	N/A	<u>8,651,624</u>	<u>8,651,624</u>
Receipts fund:				
One Group U.S. Treasury Securities money market fund: JP Morgan	2004	N/A	<u>1,840,906</u>	<u>1,840,906</u>

(continued)

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Component Unit of the City of New Orleans)

Supplemental Schedule of Investments

Year ended December 31, 2007

Description	Year acquired	Maturity date	Par value	Fair value
Time reimbursement:				
One Group U.S. Treasury Securities money market fund: JP Morgan	2004	N/A	\$ <u>11,871,692</u>	\$ <u>11,871,692</u>
Project account:				
One Group U.S. Treasury Securities money market fund: JP Morgan	2004	N/A	<u>11,366,319</u>	<u>11,366,319</u>
PFC restricted:				
One Group U.S. Treasury Securities money market fund: JP Morgan	2004	N/A	<u>26,783,361</u>	<u>26,783,361</u>
Cost of issuance:				
One Group U.S. Treasury Securities money market fund: JP Morgan	2004	N/A	<u>353,156</u>	<u>353,156</u>
Rollover account:				
One Group U.S. Treasury Securities money market fund: JP Morgan	2004	N/A	<u>7,000,000</u>	<u>7,000,000</u>
Total restricted investments			<u>85,940,682</u>	<u>85,942,591</u>
Total			<u>\$ 155,907,093</u>	<u>\$ 155,908,997</u>

See accompanying independent auditors' report.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
 (A Component Unit of the City of New Orleans)

Supplemental Schedule of Operating Revenues and Expenses by Area of Activity
 Year ended December 31, 2007

	<u>Landing area</u>	<u>Terminal buildings and area</u>	<u>Ground transportation</u>	<u>Total</u>
Operating revenues	\$ 6,081,862	\$ 49,548,461	\$ 2,135,833	\$ 57,766,156
Direct expenses	<u>1,943,972</u>	<u>12,622,242</u>	<u>1,587,352</u>	<u>16,153,566</u>
Operating revenues, less direct expenses	4,137,890	36,926,219	548,481	41,612,590
Depreciation of area assets	<u>16,225,107</u>	<u>12,248,244</u>	<u>1,075,372</u>	<u>29,548,723</u>
Operating revenues, less direct expenses and depreciation	<u>\$ (12,087,217)</u>	<u>\$ 24,677,975</u>	<u>\$ (526,891)</u>	12,063,867
Other operating expenses:				
Depreciation of general assets				1,067,082
Administrative				<u>25,593,274</u>
Total other operating expenses				26,660,356
Recoveries from business interruption insurance				<u>958,294</u>
Operating loss				<u>\$ (13,638,195)</u>

See accompanying independent auditors' report.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
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Supplemental Schedule of Historical Debt Service Coverage Ratio as Required under
the General Revenue Bond Trust Indenture Dated February 16, 1993

Year ended December 31, 2007

(Unaudited)

Revenues:		
Airline rentals and landing fees	\$	35,152,598
Other operating revenues		22,613,558
Nonoperating revenues		4,984,704
Rollover coverage		<u>13,000,000</u>
Total revenues		75,750,860
Operation and maintenance reserve fund requirement		594,038
Operation and maintenance expenses		<u>41,462,232</u>
Net revenues	\$	<u><u>33,694,590</u></u>
Debt service fund requirement:		
Principal payments	\$	10,624,583
Interest expense		<u>7,586,371</u>
Total debt service fund requirement	\$	<u><u>18,210,954</u></u>
Historical debt service coverage ratio		1.85

(1) Basis of Accounting

The accompanying supplemental schedule has been prepared in accordance with Section 205 of the General Revenue Bond Trust Indenture dated February 16, 1993. The supplemental schedule excludes certain revenues and expenses as defined in the trust indenture. The exclusions consist mainly of revenues and expenses (including depreciation) related to passenger facility charges and the debt service relating to bonds payable secured by passenger facility charges.

(2) Rollover Coverage

The Board approved the Rollover Coverage Resolution on November 30, 2006 which allowed the Airport to apply \$13,000,000 of rollover coverage for the December 31, 2007 debt service coverage ratio calculation. The operating funds were transferred to the NOAB Rollover Account 2006 held by The Bank of New York on November 30, 2006 and remained for one business day in accordance with the Rollover Coverage Resolution.

See accompanying independent auditors' report.

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APPENDIX "I"

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

\$96,515,000**New Orleans Aviation Board
Gulf Opportunity Zone CFC Revenue Bonds
(Consolidated Rental Car Project)
Series 2009 A (Non-AMT)**

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed by the New Orleans Aviation Board, (the "Board" or "Issuer"). The Board is charged with the administration and operation of the Louis Armstrong New Orleans International Airport (the "Airport") and is acting through its undersigned Chairman pursuant to Section 5-602 of the Home Rule Charter of the City of New Orleans and is authorized to issue bonds for the benefit of the Airport. The above captioned bonds (the "Bonds") are being issued under the authority of Article VI, Section 37 of the Louisiana Constitution of 1974, as amended, Part XIV of Chapter 4 of Subtitle II of Title 39 of the Louisiana Revised Statutes of 1950, as amended, in particular Sections 1034(D) thereof, together with other constitutional and statutory authority supplemental thereto, including, without limitation, the provisions of Chapter 13 of Subtitle III, in particular Section 1430 thereof, of Title 39 of the Louisiana Revised Statutes of 1950, as amended (collectively the "Act") and the Bonds are being issued pursuant to the Gulf Opportunity Zone Act of 2005 (Public Law 109-135). The Bonds are being issued pursuant to a Customer Facility Charge Master Revenue Bond Trust Indenture (the "CFC Master Indenture") and a First Supplemental Trust Indenture (the "First Supplemental Indenture," and collectively with the CFC Master Indenture, the "Indenture") both dated as of December 1, 2009 among the Issuer, the City and the Trustee, and are described in that certain Official Statement dated November 20, 2009 (the "Official Statement") which contains certain information concerning the Issuer, the Airport, the Bonds, the Revenues (as defined in the CFC Master Indenture), and certain items constituting the Trust Estate (as defined in the First Supplemental Indenture) securing the Bonds and certain financial and other information relating thereto. The Issuer covenants and agrees as follows:

SECTION 1. Definitions.

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

"Airport" shall mean the Louis Armstrong New Orleans International Airport.

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

"Bondholders" shall be given the meaning set forth in the Master Definition List attached as Appendix "A-I" to the Official Statement.

"Calendar Quarter" shall mean a three calendar month period consisting of one of (i) January, February, March, (ii) April, May June, (iii) July, August, September, and (iv) October, November and December.

“CFC Bonds” shall be given the meaning set forth in the Master Definition List attached as Appendix “A-I” to the Official Statement.

“CFC Deficit” shall be given the meaning set forth in the Master Definition List attached as Appendix “A-I” to the Official Statement.

“CFC Projects” shall be given the meaning set forth in the Master Definition List attached as Appendix “A-I” to the Official Statement.

“CFC Revenues” shall mean the revenues derived by the Issuer from the per diem charge expressed dollars or as a percentage of gross daily rental charges imposed by the Issuer on the lessor of rental cars rented at the Airport to be collected by the rental car companies operating within the Consolidated Facility as set forth in the Master Definition List attached as Appendix “A-I” to the Official Statement..

“Companies” shall be given the meaning set forth in the Master Definition List attached as Appendix “A-I” to the Official Statement.

“Consolidated Facility” shall mean the consolidated rental car facility of the Issuer located at the Airport.

“Contingent Rent” shall be given the meaning set forth in the Master Definition List attached as Appendix “A-I” to the Official Statement.

“EMMA” shall mean the internet-based portal referred to as the Electronic Municipal Market Access system operated by the MSRB which has an online address of www.emma.msrb.org.

“Dissemination Agent” shall mean the duly appointed Director of Aviation, or any successor Dissemination Agent designated by the Board.

“Independent Airport Consultant” shall be given the meaning set forth in the Master Definition List attached as Appendix “A-I” to the Official Statement.

“Listed Events” shall mean any of the events listed in Section 6(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Owners” shall be given the meaning set forth in the Master Definition List attached as Appendix “A-I” to the Official Statement.

“Participating Underwriters” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

“Rate Consultant’s Report” shall be given the meaning set forth in the Master Definition List attached as Appendix “A-I” to the Official Statement.

“Repositories” shall mean the MSRB through EMMA and the State Information Depository, if any.

“Revenues” shall be given the meaning set forth in the Master Definition List attached as Appendix “A-I” to the Official Statement.

“Rule” shall mean Rule 15c2-12 (b) (5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Supplemental Facility Charges” shall be given the meaning set forth in the Master Definition List attached as Appendix “A-I” to the Official Statement.

“State Information Depository” shall mean any public or private depository or entity designated by the State of Louisiana as a state depository for the purpose of the Rule.

“Tax-exempt” shall mean that interest on the Bonds which is excluded from gross income of the Owners for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

“Transaction Day” shall initially mean a twenty-four (24) hour period or fraction thereof for which a rental car customer is provided the use of a rental car for compensation regardless of the duration or length of the rental term; provided however, if the same rental car is rented to more than one customer within such continuous twenty-four (24) hour period, then each such rental shall be calculated as a “Transaction Day,” except that a partial day that is a grace period of no more than two (2) hours after the last 24-hour day booked shall not be considered a Transaction Day as such term may be amended from time to time by the Issuer pursuant to its resolutions imposing the CFC.

“Trustee” shall mean The Bank of New York Mellon Trust Company, N. A. or any successor trustee.

SECTION 2. *Purpose of the Disclosure Certificate.*

This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds, and the Participating Underwriters, and in order to assist the Participating Underwriters in complying with the Rule. Pursuant to this Disclosure Certificate, annual financial information and notices of material events, if any, will be provided on behalf of the Issuer.

SECTION 3. *Provision of Annual Reports.*

- a. The Issuer shall, or shall cause the Dissemination Agent to, in each year no later than eight (8) months from the end of the Issuer’s first fiscal year ending after issuance of the Bonds, with the first such report to be due not later than August 31, 2010, provide to the CPO or each of the Repositories an Annual Report which is consistent with the requirements set forth below. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as set forth below; provided that the audited financial statements of the Issuer (the “Board”) may be submitted separately from the balance of the Annual Report.
- b. If the Dissemination Agent is unable to provide to the MSRB an Annual Report by the date required in (a) above, the Issuer shall send a Notice of Failure to File Annual Report to the MSRB, in substantially the form attached as Exhibit "A."

- c. The Dissemination Agent shall determine each year prior to the date for providing the Annual Report the name and address of the MSRB.

SECTION 4. *Content of Annual Reports.*

The Issuer's Annual Report shall contain or incorporate by reference the following:

- a. audited financial statements of the Issuer for the preceding fiscal year, if available; and if audited financial statements are not available by the date of the report, the unaudited financial statement of the Issuer as submitted for audit together with the statement that the audited financial statements will be posted on the Issuer's web site flymsy.com under the section "News and Statistics"-**"FINANCIAL STATEMENTS."** In such event within a reasonable time after receipt of audited financial statements copies thereof shall be sent to each of the Repositories;
- b. the basis of accounting used by the Issuer in reporting its financial statements. The Issuer will follow GAAP principles and mandated Louisiana statutory accounting requirements as in effect from time to time. In the event of any material change in such requirements, the impact of such changes will be described in the Annual Report of the year such change occurs;
- c. the total amount of outstanding debt secured by Revenues (the "CFC Bonds") as defined in the CFC Master Indenture;
- d. total amounts of debt service coverage with respect to CFC Bonds for the prior fiscal year;
- e. a brief description of significant events concerning the CFC Projects for the Airport, if any;
- f. financial information relating to: (i) Revenues as defined in the CFC Master Indenture and expenses relating to CFC Projects for at least the first most recent completed fiscal year similar, (ii) enplaned passengers for at least the five (5) most recent completed fiscal years similar to that information contained in the chart captioned "HISTORICAL ENPLANEMENTS" found at page 42 of the Official Statement (iii) enplanements by carrier for at least the five (5) most recent completed fiscal years similar to that information contained in the chart caption "Historical Enplanements By Carrier" found at page 45 of the Official Statement, (iv) historic debt service coverage with respect to CFC Bonds for the most recent completed fiscal year and (v) domestic origin/destination patterns for most recent completed fiscal year;
- g. Updated tables reflecting the amount of CFC Revenues collected for at least the five (5) most recent completed fiscal years;
- h. If a Rate Consultant's Report was required at any time after the filing of the last Annual Report, a summary of the circumstances requiring such Rate Consultant's Report and a summary of such report or a copy of such report together with a description of the actions taken by the Aviation Board with respect to curing the CFC Deficit requiring such report; and

- i. A statement regarding whether Contingent Rent or other Supplemental Facility Charges have been imposed on the Companies and where imposed the amounts paid by the Companies for the five (5) most recent years within which Contingent Rent and/or other Supplemental Facility Charges have been imposed on the Companies.

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 the MSRB. If the document incorporated by reference is a deemed a final official statement, it shall be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. *Quarterly Reports.*

The Issuer shall, or shall cause the Dissemination Agent to, no later than 60 days after the end of each Calendar Quarter commencing with the Calendar Quarter ending March 31, 2010, with the first such report being due not later than May 30, 2010, provide to the CPO or each of the Repositories the following financial information for the prior Calendar Quarter:

1. The total number of Transaction Days;
2. Gross rental car revenues; and
3. Total CFC Revenues collected.

As reported by the rental car companies operating within the Consolidated Facility at the Airport for the applicable Calendar Quarter.

SECTION 6. *Reporting of Listed Events.*

- (a) This section shall govern the giving of notices of the occurrence of any of the following Listed Events:
 - (i) Principal and interest payment delinquencies;
 - (ii) Non-payment related defaults;
 - (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (v) Substitution of credit or liquidity providers or their failure to perform;
 - (vi) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
 - (vii) Modifications to rights of Bondholders;
 - (viii) Bond calls;
 - (ix) Defeasance;
 - (x) Release, substitution, or sale of property securing repayment of the Bonds; or
 - (xi) Rating changes.
- (b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall, as soon as reasonably possible, determine if such event would constitute material information for owners of Bonds, provided, that any event under (viii), (ix), or (xi) will always be deemed to be material.
- (c) After the Issuer determines the knowledge of the occurrence of a Listed Event is material, the Dissemination Agent shall file a notice of such occurrence with the MSRB, and with any State Information Depository. Notwithstanding the foregoing, notice of Listed Events described above in (viii) and (ix) need not be given under this paragraph (c) any

earlier than the notice (if any) of the underlying event is given to owners of affected Bonds pursuant to the Indenture.

- (d) The Trustee shall promptly advise the Issuer whenever, in the course of performing its duties as Trustee under the Indenture, the Trustee has actual notice of an occurrence which, if material, would require the Issuer to provide notice of any of the foregoing; provided, however, that the failure of the Trustee so to advise the Issuer shall not constitute a breach by the Trustee of any of its duties or responsibilities under this Disclosure Certificate.

SECTION 7. Management Discussion of Items Disclosed.

If an item required to be disclosed as part of the Annual Report or the Listed Events would be misleading without discussion, the Issuer shall additionally provide a statement clarifying the disclosure so that the statement made will not be misleading in light of the circumstances in which it is made.

SECTION 8. Termination of Reporting Obligation.

The obligations of the Issuer under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 9. Dissemination Agent.

The Issuer may, from time to time, appoint or engage a successor Dissemination Agent to assist it 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 10. 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, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 11. 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 not have any 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 12. Default.

In the event of a failure of the Issuer to comply with any provision of its Disclosure Certificate, any Bondowner of the Participating Underwriters may take such actions as may be necessary and

appropriate, 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 Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 13. *Beneficiaries.*

This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and owners from time to time of the Bonds, and shall create no rights in any other person or entity.

[REMAINDER OF PAGE LEFT BLANK INTENTIONALLY]

IN FAITH WHEREOF, the undersigned has executed this Continuing Disclosure Certificate on this 9th day of December 2009.

NEW ORLEANS AVIATION BOARD

By: _____
Daniel F. Packer, Jr., Chairman

ATTEST:

Patricia C. Malone, Interim Director of Aviation

Exhibit "A" To Continuing Disclosure Certificate

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: New Orleans Aviation Board

Name of Bond Issue:

\$96,515,000
New Orleans Aviation Board
Gulf Opportunity Zone CFC Revenue Bonds
(Consolidated Rental Car Project)
Series 2009 A (Non-AMT)

Date of Issuance: December 9, 2009.

NOTICE IS HEREBY GIVEN that the New Orleans Aviation Board (the "Board"), has not provided an Annual Report as required by the Continuing Disclosure Certificate executed by it dated December 9, 2009 relating to its issuance of the above mentioned Bonds. The Issuer anticipates that its Annual Report will be filed by _____.

Date: _____

NEW ORLEANS AVIATION BOARD

By: _____
Director of Aviation

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