NEW ISSUE – BOOK-ENTRY ONLY **RATINGS: See "Ratings" herein**

In the opinion of Bond Counsel, assuming compliance with the tax covenants described herein, under existing law interest on the Series 2016 Bonds is excluded from gross income for federal income tax purposes, except for interest on any Series 2016 Bond during any period such Series 2016 Bond is owned by a "substantial user" of the facilities refinanced with the proceeds of the Series 2016 Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended; however, interest on the Series 2016 Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Bond Counsel is further of the opinion that the Series 2016 Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, as defined in Chapter 220. See "TAX MATTERS" herein regarding certain other tax considerations.

$57,070,000
PALM BEACH COUNTY, FLORIDA
Airport System Revenue Refunding Bonds, Series 2016 (AMT)

Dated: Date of Delivery **Due: October 1, as shown on the inside cover**

The Palm Beach County, Florida, $57,070,000 Airport System Revenue Refunding Bonds, Series 2016 (the "Series 2016 Bonds") are being issued as fully registered bonds and will be initially issued to and registered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2016 Bonds. The Series 2016 Bonds will be available to purchasers in principal denominations of $5,000 and integral multiples thereof under the book-entry system maintained by DTC through brokers and dealers who are or act through, DTC Participants. Purchasers will not receive physical delivery of the Series 2016 Bonds. For so long as any purchaser is the Beneficial Owner (as defined herein) of a Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC Participant in order to receive payment of the principal of and interest on such Series 2016 Bond. See the caption "BOOK-ENTRY ONLY SYSTEM", herein. All capitalized terms not otherwise defined herein have the meanings ascribed thereto in the Bond Resolution referenced below.

Interest on the Series 2016 Bonds is payable October 1, 2016 and on each April 1 and October 1 thereafter until maturity. Certain of the Series 2016 Bonds are subject to redemption prior to their stated dates of maturity. See "REDEMPTION PROVISIONS", herein.

The Series 2016 Bonds are being issued by Palm Beach County, Florida (the "County" or the "Issuer") pursuant to Resolution No. R-84-427 of the Board of County Commissioners of the County, adopted April 3, 1984, as amended in full by Resolution No. R-84-1659, adopted November 1, 1984, as amended and supplemented, and particularly as supplemented by Resolution No. R-2016-0761, adopted June 21, 2016 (collectively, the "Bond Resolution") for the purpose of providing the moneys which, together with other funds legally available therefor, as will be sufficient (a) to current refund all or a portion of the County's Airport System Revenue Bonds, Series 2006A, and (b) to pay certain costs of issuance of the Series 2016 Bonds. The Series 2016 Bonds will be secured on a parity with the County's outstanding Airport System Taxable Revenue Refunding Bonds, Series 2006B and any Additional Bonds and Refunding Bonds issued and Outstanding pursuant to the Bond Resolution (collectively, the "Bonds").

The principal of and interest on the Bonds are payable from and secured by a pledge of all Net Revenues Available for Debt Service (as defined herein), and all Funds and Accounts established by the Bond Resolution, as provided in the Bond Resolution, except to the extent a Debt Service Reserve Subaccount secures only a specific Series of Bonds as permitted by the Resolution, or a specific Series of Bonds is not secured by the Debt Service Reserve Account or a Subaccount therein. See "SECURITY FOR THE SERIES 2016 BONDS" herein.

THE FULL FAITH AND CREDIT OF THE COUNTY IS NOT PLEDGED FOR THE PAYMENT OF THE SERIES 2016 BONDS AND THE SERIES 2016 BONDS DO NOT CONSTITUTE INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR OTHER PROVISION OR LIMITATION; NO SERIES 2016 BONDHOLDER SHALL EVER HAVE THE RIGHT TO REQUIRE OR COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE COUNTY OR TAXATION IN ANY FORM OF ANY REAL PROPERTY THEREIN FOR THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE SERIES 2016 BONDS OR THE MAKING OF ANY SINKING FUND OR RESERVE PAYMENTS PROVIDED FOR IN THE BOND RESOLUTION.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THE ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

SEE THE INSIDE COVER FOR MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES, YIELDS AND INITIAL CUSIP NUMBERS.

The Series 2016 Bonds are offered when, as and if issued and received by the Underwriters, subject to the opinion as to the validity of the Series 2016 Bonds by Greenspoon Marder, P.A., Boca Raton, Florida, Bond Counsel. Nabors, Giblin & Nickerson, P.A., Tampa, Florida, is Disclosure Counsel to the County with respect to the Series 2016 Bonds. The County is represented by the Office of the County Attorney. The Underwriters are represented by Mark E. Raymond, Esq., Palm Beach Gardens, Florida. The Series 2016 Bonds are expected to be delivered through the facilities of DTC on or about July 26, 2016.

RAYMOND JAMES

CITIGROUP

WELLS FARGO SECURITIES

This Official Statement is dated June 30, 2016

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES AND INITIAL CUSIP NUMBERS

$57,070,000
PALM BEACH COUNTY, FLORIDA
Airport System Revenue Refunding Bonds, Series 2016 (AMT)

Maturity (October 1)	Principal Amount	Interest Rate	Yield	Price	Initial CUSIP Number†
2017	$100,000	3.00%	0.830%	102.543	696499DH2
2018	100,000	4.00	0.950	106.565	696499DJ8
2019	100,000	4.00	1.090	109.071	696499DK5
2020	100,000	4.00	1.230	111.252	696499DL3
2021	2,400,000	5.00	1.380	118.036	696499DM1
2022	2,520,000	5.00	1.540	120.321	696499DN9
2023	2,645,000	5.00	1.680	122.366	696499DP4
2024	2,775,000	5.00	1.830	123.980	696499DQ2
2025	2,915,000	5.00	1.960	125.425	696499DR0
2026	3,060,000	5.00	2.060	126.873	696499DS8
2027	3,210,000	5.00	2.130*	126.139	696499DT6
2028	3,370,000	5.00	2.170*	125.722	696499DU3
2029	3,540,000	5.00	2.220*	125.203	696499DV1
2030	3,715,000	5.00	2.280*	124.584	696499DW9
2031	3,900,000	5.00	2.330*	124.071	696499DX7
2032	4,095,000	5.00	2.400*	123.356	696499DY5
2033	4,295,000	5.00	2.450*	122.849	696499DZ2
2034	4,505,000	5.00	2.500*	122.344	696499EA6
2035	4,745,000	5.00	2.540*	121.942	696499EB4
2036	4,980,000	5.00	2.580*	121.542	696499EC2

* Yield to first optional par call date of October 1, 2026.

† Neither the County nor the Underwriters shall be responsible for the use of CUSIP numbers, nor is any representation made as to their correctness. They are included solely for the convenience of the readers of this Official Statement.

PALM BEACH COUNTY, FLORIDA
301 N. Olive Avenue
West Palm Beach, FL 33401
(561) 355-2030

BOARD OF COUNTY COMMISSIONERS

MARY LOU BERGER..Mayor and Commissioner
HAL R. VALECHE...Vice Mayor and Commissioner
STEVEN L. ABRAMS..Commissioner
PAULETTE BURDICK.......................................Commissioner
MELISSA MCKINLAY.......................................Commissioner
PRISCILLA A. TAYLOR...................................Commissioner
SHELLEY VANA...Commissioner

County Administrator

VERDENIA C. BAKER

County Attorney

DENISE M. NIEMAN, ESQ.

Clerk & Comptroller

SHARON R. BOCK, ESQ.

Co-Financial Advisors

PUBLIC FINANCIAL MANAGEMENT, INC.
SPECTRUM MUNICIPAL SERVICES, INC.

Bond Counsel

GREENSPOON MARDER, P.A.

Disclosure Counsel

NABORS, GIBLIN & NICKERSON, P.A.

[THIS PAGE INTENTIONALLY LEFT BLANK]

No dealer, broker, salesman or any other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized by the County or the Underwriters (as herein defined). This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any of the Series 2016 Bonds, nor shall there be any sale of the Series 2016 Bonds by any persons in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the County, Public Financial Management, Inc. and Spectrum Municipal Services, Inc. (the "Co-Financial Advisors"), public documents, records and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, by and is not to be construed as a representation of information herein which was provided by the Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed a determination of relevance, materially or importance, and this Official Statement, including the Appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections in this Official Statement. The offering of the Series 2016 Bonds is made only by means of this entire Official Statement.

References to website addresses presented in this Official Statement are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements generally are identifiable by the terminology used, such as "plan", "expect", "estimate", "project", "forecast", "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The County does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

THE SERIES 2016 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW, NOR HAS THE BOND RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. IN MAKING AN 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 2016 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 MAY BE A CRIMINAL OFFENSE.

THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2016 BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

THIS OFFICIAL STATEMENT SHALL NOT CONSTITUTE A CONTRACT BETWEEN THE COUNTY OR THE UNDERWRITERS AND ANY ONE OR MORE HOLDERS OF THE SERIES 2016 BONDS.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE WEBSITE: WWW.MUNIOS.COM. THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR IF IT IS PRINTED IN FULL DIRECTLY FROM SUCH WEBSITE.

TABLE OF CONTENTS

PAGE

[THIS PAGE INTENTIONALLY LEFT BLANK]

OFFICIAL STATEMENT

$57,070,000
PALM BEACH COUNTY, FLORIDA
Airport System Revenue Refunding Bonds, Series 2016 (AMT)

INTRODUCTION

The purpose of this Official Statement, including the cover page and Appendices, is to set forth certain information relating to Palm Beach County, Florida (the "County" or the "Issuer") and the issuance by the County of its $57,070,000 Airport System Revenue Refunding Bonds, Series 2016 (AMT) (the "Series 2016 Bonds"). The Series 2016 Bonds are being issued pursuant to the Constitution and laws of the State of Florida, including particularly Chapters 125 and 166, Florida Statutes, and other applicable provisions of law (collectively the "Act"), and pursuant to Resolution No. R-84-427 adopted by the County on April 3, 1984, as amended in full by Resolution No. R-84-1659 adopted on November 1, 1984, as amended and supplemented thereafter, including particularly as supplemented by Resolution No. R2016-0761 adopted on June 21, 2016 (collectively, the "Bond Resolution").

Capitalized terms not otherwise defined in this Official Statement shall have the same meanings assigned to such terms in the Bond Resolution. (See APPENDIX A -- "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION - Selected Definitions".) This Official Statement also includes information about the County and certain reports and other statistical data. The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive. Each summary and reference is qualified in its entirety by reference to each such document, statute, report or instrument.

PURPOSE OF THE SERIES 2016 BONDS

The Series 2016 Bonds are being issued by the County for the purpose of providing the moneys which, together with other funds legally available therefor, as will be sufficient to current refund the County's outstanding Airport System Revenue Bonds, Series 2006A (the "Refunded Bonds"), and (b) to pay certain costs of issuance of the Series 2016 Bonds. The Series 2016 Bonds will be secured on a parity by a pledge of all Net Revenues Available for Debt Service, as provided in the Bond Resolution, with the County's outstanding Airport System Taxable Revenue Refunding Bonds, Series 2006B (the "Series 2006B Bonds"), and any Additional Bonds and Refunding Bonds issued pursuant to the Bond Resolution. See "SECURITY FOR THE SERIES 2016 BONDS", herein.

PLAN OF REFUNDING

To effect the current refunding of the Refunded Bonds, the County will deposit a portion of the proceeds of the Series 2016 Bonds with The Bank of New York Mellon Trust Company, N.A., as escrow agent (the "Escrow Agent"), together with other legally available moneys of the County, in a separate escrow deposit trust fund (the "Escrow Fund") held by the Escrow Agent, and apply a portion thereof to the purchase of direct obligations of the United States of America (the "Escrow Securities"). The Escrow Securities, together with the interest thereon and any cash balance on deposit in the Escrow Fund, will be calculated to be sufficient to pay all principal of and interest on the Refunded Bonds to their redemption date of October 1, 2016, at a redemption price of 100% of the principal amount thereof, plus interest accrued thereon to the redemption date.

By deposit of the Escrow Securities and uninvested cash with the Escrow Agent pursuant to the Escrow Deposit Agreement as described above, Bond Counsel will deliver its opinion (rendered in reliance upon the verification by R. Thomas, CPA of the mathematical accuracy of certain schedules provided by Public Financial Management, Inc., described under "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein) that the Refunded Bonds will be deemed paid in accordance with, and no longer Outstanding under, the provisions of the Bond Resolution. The maturing principal of and interest on the Escrow Securities and uninvested cash held by the Escrow Agent will not be available to pay the Series 2016 Bonds.

The refunding is being undertaken in order to achieve a reduction in debt service requirements for the County.

ESTIMATED SOURCES AND USES OF FUNDS

Sources of Funds:	
Par Amount of Series 2016 Bonds	$57,070,000.00
Original Issue Premium	13,303,336.00
Other Legally Available Moneys	854,620.00
Total Sources	$71,227,956.00
Use of Funds:	
Deposit to Escrow Fund	$70,758,067.68
Cost of Issuance[1]	469,888.32
Total Uses	$71,227,956.00

[1] Includes legal fees, financial advisor fees, Underwriters' discount, printing costs, ratings fees and other costs of issuance.

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)

DESCRIPTION OF THE SERIES 2016 BONDS

General Description

The Series 2016 Bonds will be issued as fully registered bonds and will be initially registered to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2016 Bonds. Individual purchases of the Series 2016 Bonds will be made in book-entry form only, and the purchasers will not receive physical delivery of the Series 2016 Bonds or any certificate representing their beneficial ownership interest in the Series 2016 Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein. The Bank of New York Mellon Trust Company, N.A. is Trustee, Bond Registrar and Paying Agent for the Series 2016 Bonds.

The Series 2016 Bonds shall be dated their date of delivery, and shall bear interest from that date at the rates (calculated based upon a year of 360 days consisting of twelve (12) thirty (30) day months) and shall mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. The Series 2016 Bonds are current interest bonds and shall be available to the purchasers thereof in denominations of $5,000 or any integral multiple thereof. Interest on the Series 2016 Bonds will be payable semi-annually on April 1 and October 1 of each year, commencing on October 1, 2016.

Principal of the Series 2016 Bonds shall be payable to the registered owners of the Series 2016 Bonds upon presentation and surrender of the Series 2016 Bonds as they become due at the designated corporate trust office of the Bond Registrar, as Paying Agent. Except as otherwise described under the heading "BOOK-ENTRY ONLY SYSTEM" and as otherwise set forth in the Bond Resolution with respect to defaulted interest, interest on the Series 2016 Bonds on any Interest Payment Date shall be payable by check, draft or wire of the Paying Agent, mailed on such Interest Payment Date to the registered owners thereof, as the case may be, as of the close of business on the fifteenth day (whether or not a business day) of the month next preceding an Interest Payment Date (the "Record Date") at the address of such registered owners as they shall appear on the registration books maintained pursuant to the Bond Resolution, notwithstanding the cancellation of any such Series 2016 Bonds upon any exchange or transfer thereof subsequent to the Record Date and prior to such Interest Payment Date, except that if and to the extent that there shall be a default in the payment of the interest due on such Interest Payment Date, such defaulted interest shall be paid to the owners in whose name any such Series 2016 Bonds (or any such Series 2016 Bonds issued upon transfer of exchange thereof) are registered at the close of business on the fifth business day next preceding the date of payment of such defaulted interest. Payment as aforesaid is required to be made in such coin or currency of the United States of America as, at the respective times of payment, shall be legal tender for the payment of public and private debts.

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)

REDEMPTION PROVISIONS

Optional Redemption

The Series 2016 Bonds maturing on and prior to October 1, 2026, are not redeemable prior to their stated dates of maturity. The Series 2016 Bonds or portions thereof maturing on October 1, 2027, and thereafter, are redeemable prior to their stated dates of maturity, at the option of the County, in whole or in part on October 1, 2026 (the "Par Call Date"), and on any date thereafter, at a price equal to the par amount thereof, together with accrued interest to the redemption date.

The Series 2016 Bonds maturing on or after October 1, 2027 may also be redeemed, in whole or in part, at the option of the County at any time prior to the Par Call Date (as defined above) at the "Make Whole Redemption Price" (as defined below).

The Make Whole Redemption Price is equal to the greater of:

(i) one hundred two percent (102%) of the "Amortized Value" (as defined below) of the Series 2016 Bonds to be redeemed; or

(ii) an amount equal to the sum of the present values of the remaining scheduled payments of principal and interest on the Series 2016 Bonds to be redeemed, from and including the date of redemption to the Par Call Date, discounted to the date of redemption on a semiannual basis at a discount rate equal to the "Applicable Tax-Exempt Bond Rate" (as defined below).

The "Amortized Value" will equal the principal amount of the Series 2016 Bonds to be redeemed multiplied by the price of such Series 2016 Bonds expressed as a percentage, calculated based on the industry standard method of calculating bond prices, with a delivery date equal to the date of redemption, a maturity date equal to the Par Call Date of such Series 2016 Bonds and a yield equal to such Series 2016 Bonds original offering yields as set forth on the inside cover of this Official Statement.

"Applicable Tax-Exempt Bond Rate" means the "Interpolated AAA Yields" rate for the Par Call Date as published by Municipal Market Data (MMD) at least five calendar days, but not more than 45 calendar days, prior to the redemption date of the Series 2016 Bonds to be redeemed. If no such rate is established for the applicable year, the "Interpolated AAA Yields" rate for the published maturities most closely corresponding to the applicable year will be determined, and the Applicable Tax-Exempt Bond Rate will be interpolated from those rates on a straight-line basis. Should MMD no longer publish the "Interpolated AAA Yields" rate, then the Applicable Tax-Exempt Bond Rate will equal the "Consensus Scale" rate for the applicable year as published by Municipal Market Advisors (MMA). In the further event that MMA no longer publishes the "Consensus Scale", the Applicable Tax-Exempt Bond Rate will be determined by Raymond James & Associates, Inc. or a successor determined by the County, as the quotation agent, based upon the rate per annum equal to the semiannual equivalent yield to maturity for those tax-exempt general obligation bonds rated in the highest rating category by Moody's

Investors Service, Inc. and S&P Global Ratings with a maturity date equal to the Par Call Date of such Series 2016 Bonds having characteristics (other than the ratings) most comparable to those of such Bonds in the judgment of the quotation agent. The quotation agent's determination of the Applicable Tax-Exempt Bond Rate shall be final and binding in the absence of manifest error.

Selection of Series 2016 Bonds to be Redeemed

A redemption of any of the Series 2016 Bonds shall be a redemption of the whole or of any part of such Series from any funds available for that purpose in accordance with the provisions of the Bond Resolution; provided there shall be no partial redemption of less than $5,000 principal amount of such Series. If less than all of the Series 2016 Bonds of a like maturity shall be called for redemption, the particular Series 2016 Bonds of such maturity or portion thereof to be redeemed shall be selected by the Bond Registrar, in such manner as the Bond Registrar in its discretion may deem fair and appropriate, in the principal amount designated to the Bond Registrar by the County or otherwise as required by the Bond Resolution; provided, further that the portion of any Series 2016 Bonds to be redeemed in part shall be in the principal amount of $5,000 or some integral multiple thereof and that, in selecting the Series 2016 Bonds for redemption, the Bond Registrar shall treat each such Series 2016 Bond as representing that number of the Series 2016 Bonds which is obtained by dividing the principal amount of such Series 2016 Bonds by $5,000 (such amount being hereinafter referred to as the "unit of principal amount"). If it is determined that one or more, but not all, of the units of principal amount represented by any such Series 2016 Bonds is to be called for redemption, then, upon notice of intention to redeem such one or more units of principal amount, the registered owner of such Series 2016 Bonds, upon surrender of such Series 2016 Bonds to the Paying Agent for payment to such registered owner of the Redemption Price of the unit or units of principal amount called for redemption, shall be entitled to receive a new Bond or Bonds of such Series in the aggregate principal amount of such Bonds. New Series 2016 Bonds, representing the unredeemed balance of the principal amount of such Series 2016 Bonds shall be issued to the registered owner thereof without charge therefor. If the registered owner of any such Series 2016 Bonds of a denomination greater that the unit or units of principal amount called for redemption shall fail to present such Series 2016 Bonds to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the unit or units of principal amount called for redemption (and to that extent only).

Procedure for Redemption of Series 2016 Bonds

The County shall give written notice to the Trustee and Bond Registrar of its election or direction to redeem Series 2016 Bonds not less than thirty-five (35) days prior to the date fixed for redemption, as provided in the Bond Resolution.

In the event any of the Series 2016 Bonds are called for redemption, the Bond Registrar shall give notice, in the name of the County, of the redemption of such Series or portion thereof, which notice shall (i) specify the title of the Series 2016 Bonds and their date of issue and the principal amounts, CUSIP numbers, maturity dates and interest rates of the Series 2016 Bonds to be redeemed, the date of publication, if any, of the redemption notice, the date fixed for redemption, the redemption price, and the name and address of the designated corporate trust office of the Paying Agent at which the amounts due upon redemption will be payable, and, unless all of the Series 2016 Bonds are to be redeemed as a whole, the Series 2016 Bond number and any other letters, numbers or distinguishing marks and the amount of principal of each Series 2016 Bond to be redeemed, (ii) state any condition to such redemption, and (iii) state that on the date fixed for redemption, and upon the satisfaction of any such condition, the Series 2016 Bonds or portions thereof to be redeemed shall cease to bear interest. Such notice may set forth any additional information relating to such redemption.

Notice of redemption of any Series 2016 Bonds shall be mailed, postage prepaid, by the Bond Registrar not less than thirty (30) days before the date fixed for redemption to the registered owners of the Bonds of such Series or portion thereof which are to be redeemed, at their last addresses, if any, as they appear on registration books kept by the Bond Registrar. Failure of the registered owners of any Series 2016 Bonds which are to be redeemed to receive any such notice shall not affect the validity of the proceedings for the redemption of such Series 2016 Bonds, or the validity of the redemption of any Series 2016 Bonds for which proper notice has been given.

Any Series 2016 Bonds which have been duly selected for redemption and which are deemed to be paid in accordance with the Bond Resolution shall cease to bear interest on the date fixed for redemption, and on such date shall cease to be entitled to any lien, benefit or security under the Bond Resolution and shall cease to be considered as Bonds under the Bond Resolution or as Outstanding for any purpose.

Payment of Redemption Price

For the redemption of any of the Series 2016 Bonds, the County shall cause to be deposited in the Debt Service Account in the Debt Service Fund or an escrow fund an amount sufficient to pay the principal of and interest to the redemption date on such Series 2016 Bonds or portions thereof to be redeemed. Any amount in the Debt Service Account in the Debt Service Fund available on such redemption date for payment of such principal of and accrued interest on such Series 2016 Bonds to be redeemed shall, at the option of the County, be credited against any amount required to be caused to be so deposited in the Debt Service Account in the Debt Service Fund.

BOOK-ENTRY ONLY SYSTEM

The information provided immediately below concerning DTC and the Book-Entry Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriters, the County or the Trustee.

Unless the book-entry system described herein is terminated, DTC will act as securities depository for the Series 2016 Bonds. The Series 2016 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One or more fully-registered bond certificates will be issued for the Series 2016 Bonds, and will be deposited with the Paying Agent on behalf of DTC. Individual purchases of beneficial interests in the Series 2016 Bonds will be made in increments of $5,000 or integral multiples thereof.

DTC and its Participants. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's Rating of AA+. The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The contents of such website do not constitute a part of this Official Statement.

Purchases. Purchases of the Series 2016 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2016 Bond ("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 purchases. Beneficial Owners are, however, expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2016 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Series 2016 Bonds is discontinued.

Transfers. To facilitate subsequent transfers, all Series 2016 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2016 Bonds with DTC and their registration in the name of Cede & Co. or such other

DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2016 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2016 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Notices. 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 the Series 2016 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2016 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Series 2016 Bonds may wish to ascertain that the nominee holding the Series 2016 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2016 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2016 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2016 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

NEITHER THE COUNTY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE SERIES 2016 BONDS. THE COUNTY CANNOT PROVIDE ANY ASSURANCE THAT DTC, DIRECT PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE SERIES 2016 BONDS PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR ANY NOTICES TO THE BENEFICIAL OWNERS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

Payments. Payments on the Series 2016 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Paying Agent on the relevant payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Paying Agent or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Discontinuance of Book-Entry-Only System. In the event the County determines that it is in the best interest of the Beneficial Owners that they be able to obtain Series 2016 Bond certificates, the County may notify DTC and the Bond Registrar and Paying Agent, whereupon DTC will notify the Participants, of the availability through DTC of Series 2016 Bond certificates, in all cases subject to DTC's policies and procedures. In such event, the Series 2016 Bonds will be transferable in accordance with the provisions of the Bond Resolution. DTC may determine to discontinue providing its services with respect to the Series 2016 Bonds at any time by giving notice to the County and the Bond Registrar and Paying Agent and discharging its responsibilities with respect thereto under applicable law. In such event the Series 2016 Bonds will be transferable in accordance with the provisions of the Bond Resolution. Whenever DTC requests the County and the Bond Registrar and Paying Agent to do so, the Bond Registrar and Paying Agent and the County will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Series 2016 Bonds. In such event the Series 2016 Bonds will be transferable to such securities depository in accordance with the provisions of the Bond Resolution.

No Assurance Regarding DTC Practices

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

So long as Cede & Co. is the registered owner of the Series 2016 Bonds as nominee of DTC, references herein to the holders or registered owners of the Series 2016 Bonds will mean Cede & Co. and will not mean the Beneficial Owners of the Series 2016 Bonds.

None of the County, the Paying Agent or the Underwriters will have any responsibility or obligation to the Participants, DTC or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or by any Direct or Indirect Participant of DTC, (ii) payments or the providing of notice to the Direct Participants, the Indirect Participants or the Beneficial Owners, (iii) the selection by DTC or by any Direct or Indirect Participant of any Beneficial Owner to receive payment in the event of a partial redemption of the Series 2016 Bonds or (iv) any other action taken by DTC or its partnership nominee as owner of the Series 2016 Bonds.

SECURITY FOR THE SERIES 2016 BONDS

Special Obligations

THE FULL FAITH AND CREDIT OF THE COUNTY IS NOT PLEDGED FOR THE PAYMENT OF THE SERIES 2016 BONDS AND THE SERIES 2016 BONDS DO NOT CONSTITUTE INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR OTHER PROVISION OR LIMITATION; NO BONDHOLDER SHALL EVER HAVE THE RIGHT TO REQUIRE OR COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE COUNTY OR TAXATION IN ANY FORM OF ANY REAL PROPERTY THEREIN FOR THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE SERIES 2016 BONDS OR THE MAKING OF ANY SINKING FUND OR RESERVE PAYMENTS PROVIDED FOR IN THE BOND RESOLUTION.

Source of Payment

Pursuant to the Bond Resolution, the County irrevocably pledges to the payment of the principal of and interest on the Bonds, all Net Revenues Available for Debt Service, and all Funds and Accounts established by the Bond Resolution; provided, however, a Subaccount may be established in the Debt Service Reserve Account that secures only a specific Series of Bonds, and a Series of Bonds may be issued without being secured by the Debt Service Reserve Account or a Subaccount therein. (See "Debt Service Reserve Account", below). The facilities comprising the Airport System have not been pledged to secure payment of the Bonds. As of the date of issuance of the Series 2016 Bonds, the Bonds will consist of the Series 2006B Bonds, currently outstanding in the aggregate principal amount of $14,430,000, and the Series 2016 Bonds.

The County may, at any time after the date of issuance of the Series 2016 Bonds, issue Additional Bonds and Refunding Bonds on a parity with the Outstanding Series 2016 Bonds, upon compliance with the terms of the Bond Resolution. See "Additional Bonds" below.

Net Revenues Available for Debt Service

"Net Revenues Available for Debt Service" under the Bond Resolution means, for any Fiscal Year or period of 12 calendar months, the Revenues during such Fiscal Year or period less Operation and Maintenance Expenses during such Fiscal Year or period.

The Bond Resolution defines "Revenues" as Operating Revenues plus Non-operating Revenues. "Operating Revenues" means all income and revenue from all sources, due and payable to the County in connection with the operation of the Airport System, including without limitation, except as expressly provided in the Bond Resolution, all rentals, charges, landing fees, use charges and concession revenue derived on behalf of the County in its capacity as the operator of the Airport System, or any part thereof. The term "Operating Revenues" excludes revenue relating to Special Purpose Facilities and may include, at the option of the County, the proceeds from passenger facilities fees/charges, the proceeds of any noise related surcharges, or the proceeds of any ad valorem tax levied by the County to pay Operating Expenses pursuant to the Act, if any. The County has not elected to include its Passenger Facilities Charges as a part of Operating Revenues to date. See "THE AIRPORT SYSTEM – Passenger Facilities Charges" herein.

"Non-operating Revenues" means any income of the Airport System which is not derived from the basic operation of the Airport System, not restricted in application to a special purpose and otherwise lawfully available to be applied pursuant to the Bond Resolution and includes without limiting the generality of the foregoing, all monies deposited into the Revenue Fund from any Fund or Account established and maintained pursuant to the Bond Resolution, and interest earned on investments and gains on sales of land.

"Operation and Maintenance Expenses" means Operating Expenses plus Non-operating Expenses, but only to the extent that such charges are made in conformity with Generally Accepted Accounting Principles, including amounts required by the Bond Resolution to be retained in the Revenue Fund for Operating and Maintenance Expenses the payment of which is not then immediately required. "Operation and Maintenance Expenses" shall not include expenses relating to Special Purpose Facilities or depreciation or obsolescence charges or reserves therefor, amortization of intangibles or other bookkeeping entries of a similar nature, interest charges and charges for the payment of principal, or amortization, of bonded or other indebtedness of the County relating to the Airport System, including the Bonds, costs or charges made therefor, for capital additions, replacements, betterments, extensions or improvements to the Airport System which under Generally Accepted Accounting Principles are properly chargeable to the capital account or the reserve for depreciation, and do not include losses from the sale, abandonment, reclassification, revaluation, or other disposition of any properties of the Airport System nor such property items which are capitalized pursuant to the then existing accounting practice of the County, all to the extent properly attributable to the Airport System.

"Operating Expenses" means the County's costs for operation, maintenance and repairs of the Airport System and shall include without limiting the generality of the foregoing, salaries and employees benefits, utility costs, ordinary maintenance, administrative and general expenses and security.

"Non-operating Expenses" means the expenses incurred in the performance of activities not directly related to the ordinary operations of the Airport System and shall include the expenses and compensation of the Fiduciaries and consultants required to be paid under the Bond Resolution, all to the extent properly attributable to the Airport System, interest expense and any charges relating to the payment of principal, and shall also include, with respect to the Bonds, the fees, expenses, and other amounts payable to any bank or other institution issuing a letter or credit, a standby-purchase agreement or any other credit or liquidity facility the proceeds of which will be available to be applied to pay the principal of and interest on any Series of Bonds, as well as any indexing agent, depository, or remarketing agent or any other person whose services are required with respect to the issuance of any Variable Interest Rate Bonds or Option Bonds.

Debt Service Reserve Account

General. The Bond Resolution provides for a Debt Service Reserve Account and Debt Service Reserve Subaccounts therein for the security of certain Bonds; however, pursuant to the terms of the Bond Resolution, the County may elect that neither the Debt Service Reserve Account nor any Debt Service Reserve Subaccount therein will secure any Series of Bonds. The Bond Resolution defines the Debt Service Reserve Requirement for Bonds secured on a common basis by the Debt Service Reserve Account to mean, as of any date of calculation, (a) an amount of money, securities and/or Debt Service Reserve Account Insurance Policy or Debt Service Reserve Account Policies equal to the maximum annual Debt Service for all Outstanding Bonds to be secured on a common basis by the Debt Service Reserve Account (expressly excluding Bonds for which a segregated Debt Service Reserve Subaccount has been established or which are issued without being secured by the Debt Service Reserve Account or a Subaccount therein), subject to any applicable requirements of the Code; provided that for purposes of the foregoing, the interest rate on each Series of Variable Interest Rate Bonds shall be deemed to be a rate equal to The Bond Buyer "Revenue Bond Index" as of the date of issuance of such Series. The Debt Service Reserve Requirement for a Series of Bonds secured by a Debt Service Reserve Subaccount will be determined by the Supplemental Resolution authorizing such Series of Bonds. Any Debt Service Reserve Subaccount shall secure and be available to pay only the Series of Bonds for which it is established, and such Series of Bonds shall have no claim on the Existing Reserve Policy (hereinafter defined).

The County has determined as of the date of this Official Statement, based on the authority provided by the Bond Resolution, that the Series 2016 Bonds will be secured by the Debt Service Reserve Account (rather than a Subaccount therein).

The Series 2006A Bonds and the Series 2006B Bonds are secured on a common basis by the Debt Service Reserve Account. As described below, the Existing Reserve Policy is currently on deposit to the credit of the Debt Service Reserve Account. The Bond Resolution provides that the issuer of any Debt Service Reserve Account Insurance Policy hereafter deposited to the Debt Service Reserve Account (rather than a Debt Service Reserve Subaccount therein), shall be an insurer whose credit is such that, on the date such insurer issues a commitment to provide such Policy, all municipal securities insured or guaranteed by it are then rated, because of such insurance or guarantee, in at least one of the two highest rating categories (without regard to gradations, such as "plus" or "minus" of such categories) by at least one of the following: Moody’s Investors Service, Standard & Poor’s Corporation and/or Fitch Ratings, and such Policy shall be payable (upon the giving of notice as required thereunder) on an interest or principal payment date on which a deficiency exists in the Debt Service Account with respect to any Series of Bonds secured on a common basis by a Debt Service Reserve Account Insurance Policy in the Debt Service Reserve Account.

The Bond Resolution provides that the criteria for the provider of a Debt Service Reserve Account Policy with respect to a segregated Debt Service Reserve Subaccount will be established by the related Supplemental Resolution.

The definition of "Debt Service Reserve Account Insurance Policy" in the Bond Resolution only establishes criteria to be met by the provider thereof on the date of deposit to the Debt Service Reserve Account of the applicable Debt Service Reserve Account Insurance Policy (which includes the Existing Reserve Policy) and there are no provisions in the Bond Resolution providing for the replacement thereof following such initial deposit for any reason, including if there is an adverse change in the rating of all municipal securities insured or guaranteed by the provider of the Existing Reserve Policy and/or other Debt Service Reserve Account Insurance Policy deposited to the credit of the Debt Service Reserve Account or Subaccount therein if other circumstances occur that adversely impact the value of such Existing Reserve Policy and/or other Debt Service Reserve Account Insurance Policy or the ability of the County to obtain payment as a result of claims thereon. See "THE AIRLINE INDUSTRY AND OTHER INVESTMENT CONSIDERATIONS -- Existing Reserve Policy" for a discussion of other considerations relating to the Existing Reserve Policy.

Existing Reserve Policy. On May 17, 2006, MBIA Insurance Corporation ("MBIA Corp.") issued its debt service reserve fund surety bond numbered 479392, referred to herein as the "Existing Reserve Policy," in connection with the Series 2006A Bonds and the Series 2006B Bonds, which Existing Reserve Policy remains in full force and effect. A copy of the Existing Reserve Policy is attached hereto as APPENDIX E. See also "The Existing Reserve Policy Insurer" below. The Existing Reserve Policy secures the "Obligations" (as defined therein), which consist of the Series 2006A Bonds, the Series 2006B Bonds and any Bonds issued on a parity therewith to the extent the related Supplemental Resolution provides for such Bonds to secured by the common Debt Service Reserve Account (excluding any Subaccounts therein), subject to the maximum limit of the Existing Reserve Policy ($17,632,517.76), through the stated maturity date of the Existing Reserve Policy, described below.

On the date of issuance of the Series 2016 Bonds, based upon the County's determination as described above, the Obligations secured by the Existing Reserve Policy will consist of the Series 2016 Bonds and the Series 2006B Bonds, and the Debt Service Reserve Requirement for such Obligations will be met by the Existing Reserve Policy. In the event that, following the issuance of the Series 2016 Bonds, the Debt Service Reserve Requirement applicable to the Obligations (including the Series 2016 Bonds) secured by the Debt Service Reserve Account on a common basis is increased to an amount in excess of the maximum limit of the Existing Reserve Policy as a result of the issuance of Additional Bonds, the County is required to fund the excess in the manner provided in the Bond Resolution, as described below under "Application and Use of Revenues," by the deposit of cash and/or a Debt Service Reserve Account Insurance Policy.

The Existing Reserve Policy provides that upon notice from the Paying Agent to MBIA Corp. to the effect that insufficient amounts are on deposit in the Debt Service Fund to pay the principal of (at maturity or pursuant to mandatory redemption requirements) and interest on the Obligations, MBIA Corp. will promptly deposit with the Paying Agent an amount sufficient to pay the principal of and interest on the Obligations or the available amount of the Existing Reserve Policy, whichever is less. Upon the later of: (i) three (3) days after receipt by MBIA Corp. of a Demand for Payment in the form attached to the Existing Reserve Policy, duly executed by the Paying Agent; or (ii) the payment date of the Obligations as specified in the

Demand for Payment presented by the Paying Agent to MBIA Corp., MBIA Corp. will make a deposit of funds in an account with U.S. Bank National Association, in New York, New York, or its successor, sufficient for the payment to the Paying Agent, of amounts which are then due to the Paying Agent (as specified in the Demand for Payment) subject to the available amount of the Existing Reserve Policy.

The available amount of the Existing Reserve Policy is the initial face amount of the Existing Reserve Policy less the amount of any previous deposits by MBIA Corp. with the Paying Agent which have not been reimbursed by the Issuer. The Issuer and MBIA Corp. have entered into a Financial Guaranty Agreement dated May 17, 2006 (the "Agreement"). Pursuant to the Agreement, the Issuer is required to reimburse MBIA Corp., within one year of any deposit, the amount of such deposit made by MBIA Corp. with the Paying Agent under the Existing Reserve Policy.

No optional redemption of Obligations may be made until the Existing Reserve Policy is reinstated. The Existing Reserve Policy is held by the Paying Agent in the Debt Service Reserve Account and is provided as an alternative to the Issuer depositing funds equal to the available amount of the Existing Reserve Policy. The Existing Reserve Policy expires on the earlier of (i) October 1, 2036 (the final maturity of the Series 2016 Bonds) or (ii) the date on which the Issuer has made all payments required to be made on the Obligations under their applicable documents.

See "Application and Use of Revenues" and "APPENDIX A -- SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION" for additional information relating to the Debt Service Reserve Account.

The Existing Reserve Policy Insurer

The following information has been furnished by National Public Finance Guarantee Corporation ("National") for use in this Official Statement. National does not accept any responsibility for the accuracy or completeness of any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding National and the Existing Reserve Policy under which National is obligated. Additionally, National makes no representation regarding the Series 2016 Bonds or the advisability of investing in the Series 2016 Bonds.

On February 18, 2009, MBIA Inc., the parent holding company of MBIA Corp., announced that it had established a new U.S. public finance financial guarantee insurance company within the MBIA Inc. group by restructuring MBIA Corp. and its subsidiaries. As part of the restructuring, (i) the stock of MBIA Insurance Corp. of Illinois (which, effective March 19, 2009, was renamed National Public Finance Guarantee Corporation), an existing public finance financial guarantee insurance subsidiary of MBIA Corp., was transferred to a newly established intermediate holding company, National Public Finance Guarantee Holdings, Inc. ("National Holdings"), also a subsidiary of MBIA Inc.; and (ii) effective January 1, 2009, MBIA Corp. ceded to National all of MBIA Corp.'s U.S. public finance business, including the Existing Reserve Policy, pursuant to that certain Quota Share Reinsurance Agreement between MBIA Corp. and National (the "Reinsurance Agreement"). Pursuant to the Reinsurance Agreement, MBIA Corp. paid to National approximately $2.89 billion (which equals the net unearned premium, loss and loss adjustment expense reserves, net of the 22 percent ceding commission that MBIA Corp. received) as a premium to reinsure the policies covered under the Reinsurance Agreement (each a "Covered Policy"). The Existing Reserve Policy is a Covered Policy. National was further capitalized with $2.09 billion from funds distributed by MBIA Corp. to MBIA Inc. as a dividend and return of capital, which was ultimately contributed to National through National Holdings. The Reinsurance Agreement provides a cut-through provision enabling the holder of a Covered Policy to make a claim for payment directly against National. In addition, National has also issued second-to-pay policies for the benefit of the holder of a Covered Policy, granting such policyholder the right to make a claim directly against National if MBIA Corp. did not honor such claim.

National Public Finance Guarantee Corporation. National is an operating subsidiary of MBIA Inc., a New York Stock Exchange listed company. MBIA Inc. is not obligated to pay the debts of or claims against National. National is domiciled in the State of New York and is licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico and the U.S. Virgin Islands.

The principal executive offices of National are located at 1 Manhattanville Road, Suite 301, Purchase, New York 10577 and the main telephone number at that address is (914) 765-3333.

Regulation. As a financial guaranty insurance company licensed to do business in the State of New York, National is also subject to the New York Insurance Law which, among other things, prescribes minimum capital requirements and contingency reserves against liabilities for National, limits the classes and concentrations of investments that are made by National and requires the approval of policy rates and forms that are employed by National. State law also regulates the amount of both the aggregate and individual risks that may be insured by National, the payment of dividends by National, changes in control with respect to National and transactions among National and its affiliates.

The National Insurance Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law. The insurance provided by the Existing Reserve Policy is not covered by the Florida Guaranty Association created under Chapter 631, Florida Statutes.

Financial Strength Ratings of National. National's current financial strength ratings from the major rating agencies are summarized below:

Agency	Ratings	Outlook
S&P	AA-	Stable
Moody's	A3	Negative
KBRA	AA+	Stable

Each rating of National should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of National and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Series 2016 Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Series 2016 Bonds. National does not guaranty the market price of the Series 2016 Bonds nor does it guaranty that the ratings on the Series 2016 Bonds will not be revised or withdrawn.

Recent Litigation. In the normal course of operating its business, National may be involved in various legal proceedings. Additionally, MBIA Inc. may be involved in various legal proceedings that directly or indirectly impact National. For additional information concerning material litigation involving National and MBIA Inc., see MBIA Inc.'s Annual Report on Form 10-K for the year ended December 31, 2015 and Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, which is hereby incorporated by reference into this Official Statement and shall be deemed to be a part hereof, as well as the information posted on MBIA Inc.'s web site at http://www.mbia.com.

MBIA Inc. and National are defending against/pursuing the aforementioned actions and expect ultimately to prevail on the merits. There is no assurance, however, that they will prevail in these actions. Adverse rulings in these actions could have a material adverse effect on National's ability to implement its strategy and on its business, results of operations and financial condition.

Other than as described above and referenced herein, there are no other material lawsuits pending or, to the knowledge of National, threatened, to which National is a party.

National Financial Information. Based upon statutory financials, as of March 31, 2016, National had total net admitted assets of $4.6 billion (unaudited), total liabilities of $2.1 billion (unaudited), and total surplus of $2.5 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

For further information concerning National, see the financial statements of MBIA Inc. and its subsidiaries as of December 31, 2015, prepared in accordance with generally accepted accounting principles, included in the Annual Report on Form 10-K of MBIA Inc. for the year ended December 31, 2015, which are hereby incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

Incorporation of Certain Documents by Reference. The following documents filed by MBIA Inc. with the Securities and Exchange Commission (the "SEC") are incorporated by reference into this Official Statement:

MBIA Inc.'s Annual Report on Form 10-K for the year ended December 31, 2015;

MBIA Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2016.

Any documents, including any financial statements of National that are included therein or attached as exhibits thereto, or any Form 8-K, filed by MBIA Inc. pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of MBIA Inc.'s most recent Quarterly Report on Form 10-Q or Annual Report on Form 10-K, and prior to the termination of the offering of the Series 2016 Bonds offered hereby shall be deemed to be incorporated by reference in this Official Statement and to be a part hereof from the respective dates of filing such documents.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

MBIA Inc., files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. Copies of MBIA Inc.'s SEC filings (MBIA Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2016 and MBIA Inc.'s Annual Report on Form 10-K for the year ended December 31, 2015) are available (i) over the Internet at the SEC's web site at http://www.sec.gov; (ii) at the SEC's public reference room in Washington D.C.; (iii) over the Internet at MBIA Inc.'s web site at http://www.mbia.com; and (iv) at no cost, upon request to National at its principal executive offices.

Rate Maintenance Covenant

Pursuant to the Bond Resolution, the County covenants that it will fix, charge and collect rates, fees, rentals, and charges for the use of the Airport System, and shall revise such rates, fees, rentals and charges as often as may be necessary or appropriate to produce Revenues in each Fiscal Year at least equal to the sum of (x) Operation and Maintenance Expenses, including reserves therefor provided for in the Annual Budget, plus (y) the greater of (A) an amount equal to the sum of 1.25 times the Aggregate Debt Service for such Fiscal Year, or (B) the sum of (i) the amount to be paid during such Fiscal Year into the Debt Service Account, plus (ii) the amount, if any, to be paid during such Fiscal Year into the Debt Service Reserve Account and any Debt Service Reserve Subaccount therein (including amounts payable to the issuer of any Debt Service Reserve Account Insurance Policy and excluding amounts required to be paid into such account out of the proceeds of Bonds), plus (iii) the amount, if any, to be paid into the Renewal and Replacement Fund as provided in the Annual Budget; plus (iv) all other charges and liens whatsoever payable out of Revenues during such Fiscal Year, plus (v) to the extent not otherwise provided for, all amounts payable on Subordinated Indebtedness.

If, in any such Fiscal Year, Revenues are less than the amount specified above, the County shall take action to revise its rates, fees, rentals and charges, or alter its methods of operation or take other action in such manner as is calculated to produce the amount so required in such period.

If the audit report required under the Bond Resolution for any Fiscal Year should indicate that the County has not satisfied its obligations under the Rate Maintenance Covenant described in the second preceding paragraph, then within 15 days of the receipt of the audit report for such Fiscal Year, the Airport Consultant shall review and analyze the financial status and the administration and operations of the Airport System, shall inspect the properties constituting the Airport System, and shall submit to the Board and the County Clerk, within 60 days thereafter, a written report on the same, including the action taken by the County with respect to the revisions of its rates, fees, rentals and charges, which report may contain recommendations of further revisions of the rates, fees, rentals, charges, and methods of operation of the Airport System that will result in producing the amount so required in the following twelve-month period commencing October 1 and ending on the next succeeding September 30. Promptly upon its receipt of such recommendations the County shall transmit copies thereof to each Bondholder who shall have requested the same and shall take such further action to revise its rates, fees, rentals and charges, or alter its method of operation or take other action in such manner as is calculated to produce the amount so required in such period.

In the event the County shall fail to take action as specified above, the Holders of not less than 25% in principal amount of all Bonds Outstanding may institute and prosecute an action or proceeding in any court or before any board or commission having jurisdiction to compel the County to comply with such requirements.

Budget Procedures

The Bond Resolution requires the County to prepare for each Fiscal Year an Annual Budget with respect to the Airport System for the ensuing Fiscal Year. Such Annual Budget shall set forth in reasonable detail: the estimated Revenues and Operation and Maintenance Expenses for the Airport System for such Fiscal Year; the estimated amounts to be deposited during such Fiscal Year in each of the Funds and Accounts established under the Bond Resolution and the estimated expenditures for the replacement of capital assets or any unusual or extraordinary maintenance or repairs, for the building and constructing of permanent improvements, alterations, buildings and other structures, including runways, taxi strips and aprons of the Airport System. The County may at any time adopt an amended Annual Budget for the remainder of the then current Fiscal Year.

Airline Agreements

The County has entered into the Signatory Airline Agreements (collectively, the "Airline Agreements") with Delta Air Lines, American Airlines, United Airlines, JetBlue Airways and Southwest Airlines (the "Signatory Airlines."). See "THE AIRPORT SYSTEM - Airline Agreements" for a more complete description. The Airline Agreements became effective on or after October 1, 2014 and expire on September 30, 2019, unless sooner terminated. Independent of the expiration or termination of the Airline Agreements, the County's obligation to meet the Rate Maintenance Covenant described above remains so long as any Bonds are Outstanding.

The Airline Agreements define the terms for use of Palm Beach International Airport ("PBIA") and its facilities; procedures for calculating and establishing airline rates and charges; approval of certain capital expenditures; and maintenance and operation of PBIA.

The Airline Agreements provide for a residual rate-making formula under which rates are sufficient to meet the Rate Maintenance Covenant with respect to the Bonds. The rates, fees, rentals, and charges are reviewed at least annually and adjusted as necessary.

The Airline Agreements have not been, and will not be, assigned or pledged as security for the Bonds. Upon expiration of the Airline Agreements, the County will be required to establish rates and charges in amounts necessary to pay Debt Service on the Bonds and to meet the County's obligations under the Bond Resolution, including, without limitation, the Rate Maintenance Covenant described herein.

Application and Use of Revenues

The Bond Resolution creates six funds designated the Construction Fund, the Revenue Fund, the Debt Service Fund (consisting of a Debt Service Account and the Debt Service Reserve Account, and any Debt Service Reserve Subaccount), the Renewal and Replacement Fund, the Subordinated Bond Fund and the Improvement and Development Fund. The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") holds the Debt Service Fund, the Construction Fund and the Subordinated Bond Fund. The County holds all of the other Funds.

The Bond Resolution provides that a Supplemental Resolution may establish a Debt Service Reserve Subaccount within the Debt Service Reserve Account that shall secure only the particular Series of Bonds for which it is established, and such Debt Service Reserve Subaccount shall not be included within the meaning of "Funds and Accounts" pledged to or otherwise available for payment of any other Series of Bonds, and provides further that a Series of Bonds may be issued without being secured by the Debt Service Reserve Account or a Subaccount therein, in which case neither the Debt Service Reserve Account nor any Subaccount therein shall be included within the meaning of "Funds and Accounts" pledged to such Series of Bonds. Any Series of Bonds issued under the Bond Resolution which is not secured by the Debt Service Reserve Account or a Debt Service Reserve Subaccount therein shall have no claim on any monies and/or any Debt Service Reserve Account Insurance Policy in the Debt Service Reserve Account or any Debt Service Reserve Subaccount therein, including, without limitation, the Existing Reserve Policy.

All Revenues of the Airport System are deposited as received in the Revenue Fund and applied in the following manner:

(a) From time to time, to the payment of Operation and Maintenance Expenses.

(b) From time to time, to the maintenance of an operation and maintenance reserve in an amount that is equal to 1/6th of the amount appropriated in the Annual Budget for Operation and Maintenance Expenses for the then current Fiscal Year (unless reduced by Supplemental Resolution, provided that the reserve shall never be less than 1/20th of the amount appropriated in the Annual Budget for Operation and Maintenance Expenses in the current Fiscal Year). Amounts in such reserve are to be used to make up deficiencies in the Debt Service Account, the Debt Service Reserve Account in the Debt Service Fund and in any Debt Service Reserve Subaccount therein (provided, however, if there are insufficient amounts to fully restore the Debt Service Reserve Account and any Debt Service Reserve Subaccount to the applicable Debt Service Reserve Requirement, the amount available to be applied shall be allocated pro rata among the Debt Service Reserve Account and any Debt Service Reserve Subaccount in which a deficiency exists based upon the amounts withdrawn from the Debt Service Reserve Account and each such Debt Service Reserve Subaccount), the Renewal and Replacement Fund and the Subordinated Bond Fund. Any balance not so used is to be deposited in the Improvement and Development Fund.

(c) Monthly, to the Debt Service Fund: (i) for credit to the Debt Service Account, the amount, if any, required so that the balance in said Account shall be equal to the Accrued Aggregate Debt Service as of the last day of the then current calendar month or, if interest and/or principal are required to be paid to holders of Bonds during the next succeeding calendar month or a day other than the first day of such calendar month, Accrued Aggregate Debt Service as of the day through and including which such interest and/or principal is required to be paid; provided that, for the purposes of computing the amount to be deposited in said Account, there shall be excluded from the calculation of the balance in said Account the amount, if any, set aside in the Debt Service Account from the proceeds of Bonds for the payment of interest on Bonds, less the amount of such Proceeds to be applied in accordance with the Bond Resolution to the payment of interest accrued and unpaid and to accrue on Bonds through the last day of the then current calendar month or, if interest is required to be paid to holders of Bonds during the next succeeding calendar month on the day other than the first day of such calendar month less that amount of such proceeds to be applied in accordance with the Bond Resolution of the payment of interest accrued and unpaid and to accrue on such Bonds to the day through and including which such interest is required to be paid and (ii) if the Debt Service Reserve Account or a Debt Service Reserve Subaccount therein has not been funded to the applicable Debt Service Reserve Requirement upon the issuance of a Series of Bonds secured thereby, for credit to the Debt Service Reserve Account or such Debt Service Reserve Subaccount therein, an amount not less than 1/60th of the difference between the balance in the Debt Service Reserve Account or Subaccount (including the amount of any Debt Service Reserve Account Insurance Policy) on the date of issuance of such Series of Bonds and the applicable Debt Service Reserve Requirement until the amount on deposit therein equals the applicable Debt Service Reserve Requirement, provided, however, no such deposits need to be made to the Debt Service Reserve Account or any Debt Service Reserve Subaccount therein to the extent earnings thereon equal at least the amount to be so deposited, and provided, that the Bond Resolution provides that a Series of Bonds may not be secured by the Debt Service Reserve Account or any Debt Service Reserve Subaccount, and (iii) if the amount in the Debt Service Reserve Account or any Debt Service Reserve Subaccount therein (including the amount of any Debt Service Reserve Account Insurance Policy) is reduced below the amount of the applicable Debt Service Reserve

Requirement as a result of any transfer to the Debt Service Account, an amount not less than 1/60th of the amount of such transfer until the amount on deposit in the Debt Service Reserve Account or any Debt Service Reserve Subaccount therein (including the amount of any Debt Service Reserve Account Insurance Policy) is again equal to the applicable Debt Service Reserve Requirement. Moneys deposited in the Debt Service Fund are to be applied to the payment of principal of and premium, if any, and interest on the Bonds.

If after making any required transfers under the Bond Resolution, the amount on deposit in the Debt Service Reserve Account or any Debt Service Reserve Subaccount exceeds the applicable Debt Service Reserve Requirement, such excess shall be reduced in either of the following manners at the option of the County: (a) if there is on deposit in the Debt Service Reserve Account or Debt Service Reserve Subaccount a Debt Service Reserve Account Insurance Policy, the principal amount thereof may be reduced by the amount of such excess, or (b) if there is on deposit in the Debt Service Reserve Account or Debt Service Reserve Subaccount money or securities, an amount equal to such excess may be withdrawn from the Debt Service Reserve Account or Debt Service Reserve Subaccount and deposited in the Revenue Fund or in any combination of (a) and (b) above; provided, however, that any amount withdrawn from the Debt Service Reserve Account or Debt Service Reserve Subaccount pursuant to clause (b) above shall not be used for any purpose or in any manner that would adversely affect the exclusion from gross income for federal income tax purposes of interest on any of the Bonds or Subordinate Indebtedness (other than Taxable Obligations).

(d) Monthly, to the Renewal and Replacement Fund, the amount budgeted for deposit to the Renewal and Replacement Fund in the current Annual Budget. Amounts in the Renewal and Replacement Fund shall be applied to the payment of the costs of equipment, major repairs and capital renewals, replacements, additions, betterments, improvements and disposals with respect to the Airport System necessary, after consultation with the Consulting Engineers, to keep the same in good operating condition or to prevent a loss of Revenues therefrom. Amounts in the Renewal and Replacement Fund shall also be applied to the payment of Operation and Maintenance Expenses to the extent that amounts on deposit in the Revenue Fund are insufficient, and to the payment of extraordinary operation and maintenance expenses, and contingencies, including the prevention or correction of any unusual loss or damage, in connection with the Airport System, all to the extent not provided for in the then current Annual Budget or by moneys on deposit in the Revenue Fund as an operation and maintenance reserve. On the last day of any month, if the amount in the Debt Service Account or the Debt Service Reserve Account (or any Debt Service Reserve Subaccount therein) in the Debt Service Fund shall be less than the requirement of the Debt Service Account or the Debt Service Reserve Account (or any Debt Service Reserve Subaccount therein), respectively, and there shall not be on deposit in the Subordinated Bond Fund or the Improvement and Development Fund moneys sufficient and available for transfer to the deficient Account or Subaccount in the Debt Service Account to cure such deficiency, then the County shall transfer from the Renewal and Replacement Fund for deposit in the Debt Service Account or the Debt Service Reserve Account (or any Debt Service Reserve Subaccount therein) in the Debt Service Fund, as the case may be, the amount necessary to make up such deficiency; provided, however, if there are insufficient amounts to fully restore the Debt Service Reserve Account and any Debt Service Reserve Subaccount to the applicable Debt Service Reserve Requirement, the amount available to be applied shall be allocated pro rata among the Debt Service Reserve Account and any Debt Service Reserve Subaccount in which a deficiency exists based upon the amounts withdrawn from the Debt Service Reserve Account and each such Debt Service Reserve Subaccount. On the last day of any month, the County may also transfer from the Renewal and Replacement Fund to the Improvement and Development Fund such amounts as are determined by the County to be in excess of the amount necessary to be on deposit in the Renewal and Replacement Fund.

(e) Monthly, to the Subordinated Bond Fund, such amounts, if any, as shall be required to pay debt service on each issue of Subordinated Indebtedness and reserves therefor, as required by the Bond Resolution and the Supplemental Resolution authorizing such Subordinated Indebtedness. Such amounts shall be used to pay debt service and fund required reserves for Subordinated Indebtedness. If at any time the amount in the Debt Service Account or the Debt Service Reserve Account (or any Debt Service Reserve Subaccount therein) in the Debt Service Fund shall be less than the requirements of such Account (or any Debt Service Reserve Subaccount therein), respectively, and there shall not be on deposit in the Improvement and Development Fund available moneys sufficient to cure such efficiency, then the Trustee shall withdraw from the Subordinated Bond Fund and deposit in the Debt Service Account or the Debt Service Reserve Account (or any Debt Service Reserve Subaccount therein), as the case may be, the amount necessary (or all the moneys in the Subordinated Bond Fund, if less than the amount necessary) to make up such deficiency; provided, however, if there are insufficient amounts to fully restore the Debt Service Reserve Account and any Debt Service Reserve Subaccount to the applicable Debt Service Reserve Requirement, the amount available to be applied shall be allocated pro rata among the Debt Service Reserve Account and any Debt Service Reserve Subaccount in which a deficiency exists based upon the amounts withdrawn from the Debt Service Reserve Account and each such Debt Service Reserve Subaccount. There is currently no Subordinated Indebtedness outstanding under the Bond Resolution.

(f) Monthly, to the Improvement and Development Fund, to the extent moneys are available therefor in the Revenue Fund after making the above transfers and deposits. The County shall withdraw from the Improvement and Development Fund and apply moneys in the following amounts and in the following order of priority: (i) for deposit in the Debt Service Account and the Debt Service Reserve Account (or any Debt Service Reserve Subaccount therein) in the Debt Service Fund the amount necessary (or all the moneys in the Improvement and Development Fund if less than the amount necessary) to make up any deficiency in payments to the Debt Service Account and the Debt Service Reserve Account (or any Debt Service Reserve Subaccount therein) required by the Bond Resolution; provided, however, if there are insufficient amounts to fully restore the Debt Service Reserve Account and any Debt Service Reserve Subaccount to the applicable Debt Service Reserve Requirement, the amount available to be applied shall be allocated pro rata among the Debt Service Reserve Account and any Debt Service Reserve Subaccount in which a deficiency exists based upon the amounts withdrawn from the Debt Service Reserve Account and each such Debt Service Reserve Subaccount, and (ii) for deposit in the Renewal and Replacement Fund, the amount necessary (or all the moneys in the Improvement and Development Fund if less than the amount necessary) to make up any deficiency in the Renewal and Replacement Fund after making the deposits required by the Bond Resolution. Amounts in the Improvement and Development Fund not required to meet a deficiency or for transfer as required in the preceding sentence or for payment of Subordinated Indebtedness shall, upon determination of the County, be applied to or set aside for any lawful purpose of the County related to the Airport System.

Additional Bonds

New Projects. The County may issue Additional Bonds for the purpose of paying the costs of any Additional Project upon the delivery of, among other things, certificates of the County stating that (i) for any period of 12 consecutive months out of the 18 calendar months next preceding the authentication and delivery of such Additional Bonds or the last completed Fiscal Year for which audited financial statements are available, the Net Revenues Available for Debt Service for such 12-month period equaled at least 1.25 times the Aggregate Debt Service for such 12-month period (provided that for the purposes of determining the Aggregate Debt Service for the purpose of this clause, the interest rate on Variable Interest Rate Bonds then Outstanding, if any, shall be the greater of (a) the average Variable Interest Rate on the Variable Interest Rate Bonds over the preceding twelve month period, (b) the Variable Interest Rate on the Variable Interest Rate Bonds on the date of calculation, and (c) ten percent (10%) per annum); and (ii) the estimated Net Revenues Available for Debt Service, as set forth in a certificate of the Airport Consultant, for each of the three Fiscal Years following the Fiscal Year in which it is estimated that the Additional Project will be completed are at least equal to 1.25 times the Aggregate Debt Service for the outstanding Bonds and such Additional Bonds for the corresponding Fiscal Years (provided, that for the purposes of the foregoing, the interest rate on Variable Interest Rate Bonds then outstanding, if any, shall be the greater of (a) the average Variable Interest Rate on the Variable Interest Rate Bonds over the preceding twelve month period, (b) the Variable Interest Rate on the Variable Interest Rate Bonds on the date of calculation, and (c) ten percent (10%) per annum; and the interest rate on additional Variable Interest Rate Bonds to be issued, if any, shall be fifteen percent (15%) per annum).

Refunding Bonds. One or more Series of Refunding Bonds may be authenticated and delivered to refund (i) all Outstanding Bonds of one or more Series or one or more maturities or part of any one or more maturities within a Series, or (ii) any Subordinated Indebtedness. Refunding Bonds may only be issued if the County provides a certificate setting forth either (1) the Aggregate Debt Service for the then current and each future Fiscal Year to and including the Fiscal Year next preceding the date of the latest maturity of any Bonds of any Series then Outstanding (A) with respect to the Bonds of all Series Outstanding immediately prior to the authentication and delivery of the Refunding Bonds and (B) with respect to the Bonds of all Series to be Outstanding immediately thereafter, that the Aggregate Debt Service set forth for each Fiscal Year pursuant to (B) is no greater than that set forth for such Fiscal Year pursuant to (A) above or (2) that the Refunding Bonds are being issued to prevent the occurrence of an Event of Default or to cure an existing Event of Default under the Bond Resolution.

Priority. All Series of such Additional Bonds and Refunding Bonds will be payable from the same sources and will be secured on a parity with the Series 2016 Bonds as described in the Bond Resolution and herein.

In addition to the requirements described above, the County must comply with certain other conditions set forth in the Bond Resolution in order to issue Additional Bonds and

Refunding Bonds. See "APPENDIX A -- SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION - Additional Bonds."

Subordinated Indebtedness

The County may issue Subordinated Indebtedness payable from, and secured by a pledge of, amounts in the Subordinated Bond Fund and/or the Improvement and Development Fund as may from time to time be available for the purpose of payment thereof as provided in the Bond Resolution; provided, however, that (i) such Subordinated Indebtedness shall be issued only to provide proceeds to be used for any lawful purpose of the County related to the Airport system, and (ii) such pledge shall be subordinate in all respects to the pledge of the Net Revenues Available for Debt Service, and all Funds, Accounts and Subaccounts created by the Bond Resolution as security for the Bonds.

Special Purpose Facilities

The County may construct capital improvements and facilities and acquire equipment ("Special Purpose Facilities") with funds other than Revenues or obligations payable from other than Revenues. The County is authorized to finance Special Purpose Facilities from the proceeds of obligations issued by the County without regard to any requirements of the Bond Resolution with respect to the issuance of Additional Bonds; provided, among other requirements, that such obligations are payable solely from rentals or other charges derived by the County under a lease, sale or other agreement entered into between the County and the person, firm or corporation which will be utilizing the Special Purpose Facilities to be financed. Such Special Purpose Facilities shall not be part of the Airport System; provided, however, after all obligations issued by the County to finance such Special Purpose Facilities have been paid in full, or provision for their payment has been made, the County may include any such Special Purpose Facility in the Airport System if it receives a certificate from the Airport Consultant to the effect that the inclusion in the Airport System of such Special Purpose Facility will not adversely affect Revenues or the rights, security and remedies of Bondholders under the Bond Resolution. The County has not financed any Special Purpose Facilities to date.

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)

THE AIRPORT SYSTEM

Palm Beach International Airport

Physical Description. Palm Beach International Airport ("PBIA") is situated on approximately 1,489 acres of land and is located three miles southwest of the City of West Palm Beach, Florida. PBIA, together with other airport assets of the County, are referred to herein as the "Airport System". See also "Other County Airports", below.

In 1984, the County began to implement a long-term development plan designed to alleviate problems associated with the inadequacy of airport facilities to meet then current and anticipated future demand. In November, 1984, the County issued its $188,400,000 Airport System Revenue Bonds, Series 1984 to provide for the financing of Airport System improvements consisting of a new terminal, including parking and landside, airside and access roads. The terminal, completed in October 1988, is a centralized, three-level terminal with an additional four-level rooftop parking garage, currently encompassing over 657,000 square feet. Four pedestrian walkways connect the terminal building with public parking areas. The terminal has two second level concourses accommodating 28 aircraft parking gates and a ground-level commuter concourse accommodating 10 aircraft parking gates. The ticketing facilities are located on the third level, concession and gates are on the second level, and baggage claim/baggage makeup facilities are located on the lower level. The terminal is accessed by vertically separated arrival/departure roadways. Parking areas are comprised of multi-story parking garages in both short and long term lots, plus ground level lots which provide a total of 10,000 spaces for parking.

In addition, furnishings, fixtures and equipment and other aircraft support systems are leased by the County to carriers and other tenants of the PBIA. By providing tenant equipment and furnishings, rather than having tenants own the furnishings and equipment, the County is able to better maintain control over airport facilities.

The airfield consists of three runways and associated taxiways. Major air carriers utilize the main 10,008 lineal foot long and 150 foot wide east/west runway and the 6,931 lineal foot long and 150 foot wide crosswind runway. A third 3,213 lineal foot general aviation runway runs east/west. The main runway was lengthened from 8,000 feet to 10,008 feet in the summer of 2000 to increase safety, reduce noise impacts and accommodate longer haul aircraft. Other airfield facilities include an Aircraft Rescue Fire Fighting building and an FAA air traffic control tower.

In 2000, the Department completed a project known as the Runway 9L-27R Improvement Program (note: Runway 9L-27R has been re-designated Runway 10L-28R since this project was completed). The project included the extension of the existing runway to 10,008 feet, along with the extension of the parallel taxiways on each end – an 811 foot extension on the east end and a 1,200 foot extension on the west end). This project also included the overlay of the existing runway, installation of a centerline lighting system and related improvements, including the modification of the approach lights to accommodate the runway extension. The total project cost was approximately $8,600,000, funded through Florida Department of Transportation (FDOT) grants and Revenues.

An expansion of the security checkpoint areas was completed in 2006, at a total cost of $26.85 million. The project added additional floorspace to allow for additional lanes of security screening, necessary to accommodate requirements of the Transportation Security Administration in the changing security environment subsequent to the September 11, 2001 terrorist attacks. This project was funded by Passenger Facility Charges and federal and state grants.

Construction of an additional long term parking garage was completed in 2008, at a total cost of $72.88 million, to meet parking demand. Immediately adjacent to the existing long term parking structure, this garage added approximately 3,500 spaces for a total inventory of 10,000 parking spaces at PBIA. The project included bridging the two garages together for ease of traffic flow, and air-conditioned passenger bridges connecting the parking structure to the terminal. This project was funded by the issuance of the Refunded Bonds plus available Revenues.

An expansion of Concourse C was completed in 2009, at a total cost of $23.9 million, to provide sufficient facilities to meet passenger and airline demand. This project added three passenger loading bridges and holdrooms to give PBIA a total of 28 gates. The project also added concession space for both retail and food, additional restrooms, and additional passenger flow area. The project was funded primarily by Passenger Facility Charges, with federal and state grants and Revenues supplementing the total funding.

Operations. As of March 2016, PBIA had scheduled passenger service provided by 10 U.S. carriers and four foreign flag carriers; additionally, two cargo carriers provide service to PBIA. Service at PBIA has been historically oriented toward the major/national carriers (i.e., passenger air carriers having the majority of its scheduled and/or nonscheduled service using aircraft with more than 90 seats). See "Air Trade Area" and "Airline Market Share and Passenger Information" below.

Airport System Management

The Department of Airports (the "Department"), which currently employs approximately 152 people, is a department of the County, and is governed by the Board of County Commissioners (the "Board"). The Director of Airports is appointed with the consent of the Board and reports to the County Administrator and ultimately to the Board.

Bruce V. Pelly, Director of Airports, joined the Department as its Director in 1986 after serving as Acting Director while an Assistant County Administrator for the County and liaison to the Department. Mr. Pelly holds a Bachelor of Science Degree in Business Administration from Florida Atlantic University and an Associated Arts Degree in Building Construction from Palm Beach Community College. Mr. Pelly served as Assistant County Administrator for the County for ten years prior to becoming Director of Airports.

C. Michael Simmons, Deputy Director of Airports, Finance and Administration, has been with the Department since June 1989. Mr. Simmons holds a Bachelor of Science Degree in Accounting from Florida State University and is a Certified Public Accountant. Prior to coming to the Department, Mr. Simmons was the Acting Director of Finance and Accounting Manager at Jacksonville Port Authority for four years, July 1985 to June 1989; Management Services Officer for the City of Jacksonville, November 1983 to June 1985; and Public Accounts Auditor for the Auditor General, State of Florida from May 1981 to October 1983. Mr. Simmons is a member of the American Institute of Certified Public Accountants.

Tom (T.K.) Stewart, Deputy Director of Airports, Operations and Maintenance, has been with the Department since October 2003, serving as General Aviation Manager from 2003 to 2005, Director of Properties from 2005 to 2007, and Director of Operations and Maintenance from 2007 to present. Mr. Stewart retired from Delta Air Lines as a senior station manager in 2003 after 39 years of service in various capacities with the airline, including several international assignments.

Jerry Allen, Deputy Director of Airports, Planning and Development, has been with the Department since May 1985. For the last twenty years Mr. Allen has managed the Airport System planning, design, construction, and governmental affairs efforts. Mr. Allen holds a Bachelor of Science Degree in Urban and Regional Planning from Southwest Missouri State University. Mr. Allen is an Accredited Airport Executive, obtaining his accreditation from the American Association of Airport Executives in 1990. Mr. Allen is the past President of the Florida Airports Council, which represents all Florida commercial service airports on federal and state legislative issues. Prior to joining to the Department, Mr. Allen was an Airport Planner at Lambert St. Louis International Airport.

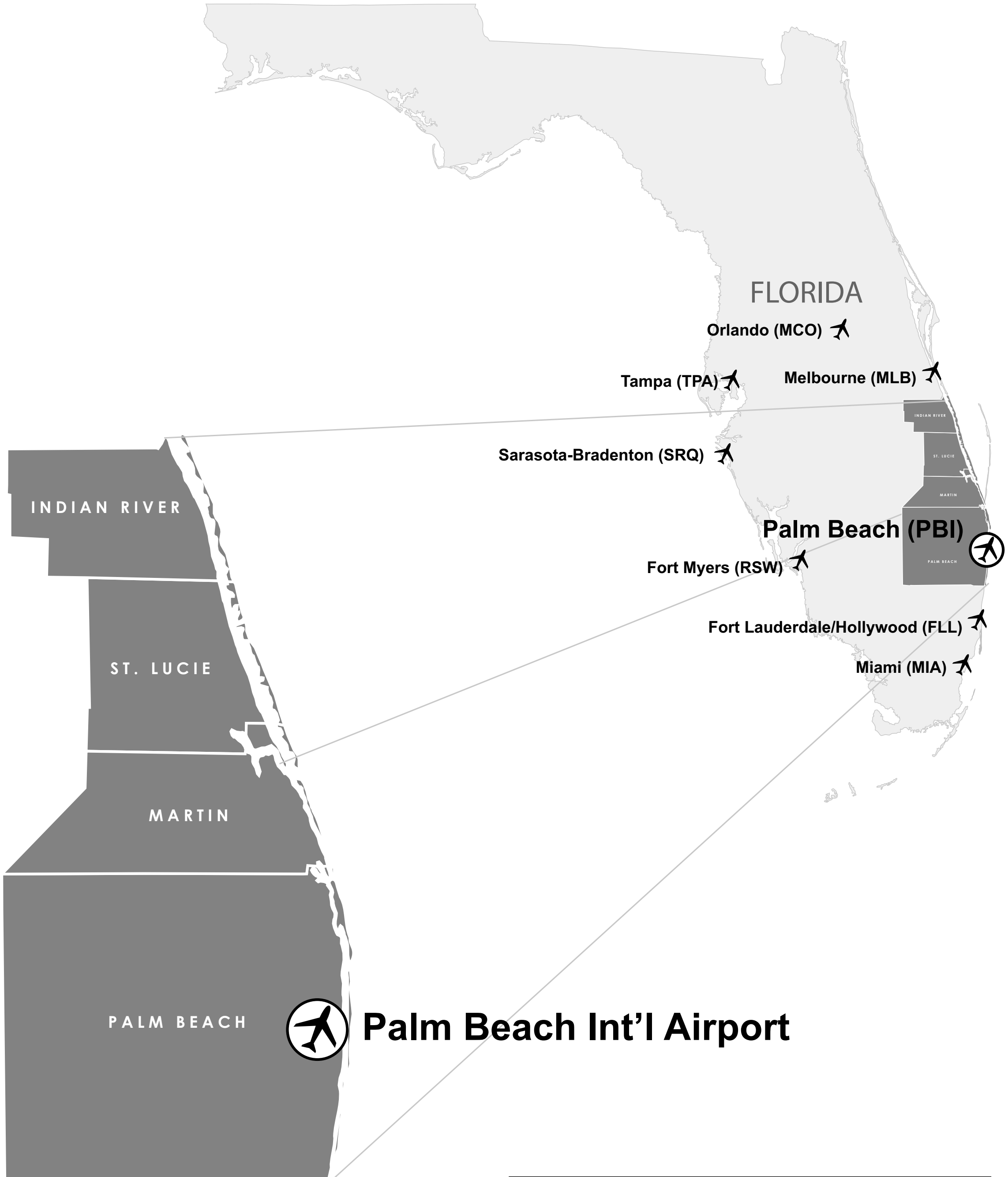
Laura Beebe, Deputy Director of Airports, Business Affairs, has been with the Department since April 2007. Ms. Beebe holds a Bachelor of Science Degree in Journalism from the University of Florida's College of Journalism and Communications and a Juris Doctor from the University of Florida's College of Law. Prior to coming to the Department, Ms. Beebe served as an Assistant County Attorney for Palm Beach County from November 1998 to March 2007, with a focus on real estate, local government and airport law, and as a law clerk for the Honorable Hugh S. Glickstein with the State of Florida's Fourth District Court of Appeal from January 1998 to October 1998. Ms. Beebe is a member of the Florida Bar.

Sophie M. Gaeta, Director of Airports, Air Service Development, has been with the Department since April 2013. Ms. Gaeta began her aviation career with Delta Air Lines in 1972, holding positions in operations, sales and marketing. With Delta she was Director of Sales for Europe, the Middle East and India, based in London, England, and was responsible for budgets, marketing, reservations sales, and corporate/leisure sales incentive programs. In 2003, she joined the Palm Beach County Convention and Visitors Bureau as Director of International Sales, and eventually assumed the responsibility for Air Service Development as well, working in conjunction with PBIA's senior management staff. Ms. Gaeta has served on the Board of Directors for Visit Florida and various Visit Florida committees. In 2013, Ms. Gaeta joined the Department with a primary focus on Air Service Development.

Air Trade Area

PBIA is located on the southern portion of the area referred to as South Florida's "Treasure Coast", which consists of Indian River, Martin, Palm Beach, and St. Lucie Counties. As a result, this four-county area is considered PBIA's air trade area ("Air Trade Area"). Reviews of passenger point of sale ticket data also indicate that north Broward County could be considered within the Air Trade Area. Accordingly, it is estimated that 2.4 million people live within the Air Trade Area.

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)



Mileage from PBI	
Fort Lauderdale-Hollywood (FLL)	45
Miami (MIA)	70
Fort Myers (RSW)	105
Melbourne (MLB)	105
Orlando (MCO)	170
Sarasota-Bradenton (SRQ)	175
Tampa (TPA)	213

The identification of this four-county region as PBIA's Air Trade Area also reflects consideration of the other two commercial service airports located in Southeast Florida, Miami International Airport (MIA) and Fort Lauderdale-Hollywood International Airport (FLL). Each of these three airports has their own specific role and air trade area.

- MIA, located 70 miles south of PBIA, serves primarily the domestic travel needs of its local market, as well as the international needs of South Florida. A significant portion of MIA's activity relates to its role as an international connecting hub for both domestic and foreign flag carriers.

- In contrast, FLL, which is located 45 miles south of PBIA, and PBIA have focused historically on the short to intermediate length domestic travel needs of their respective local air trade areas, with limited international service to the Bahamas and Canada. There is no significant connecting passenger activity at FLL and PBIA.

- In the absence of airfare disparities, the unique roles of the three facilities have been shown in travel patterns of air traveler visitors to Florida such that the majority of South Florida visitors were destined for the county in which the airport they utilized was located.

Unlike MIA and FLL, whose air trade areas are limited by alternative commercial service airports to the immediate north, the nearest commercial service airports north of PBIA include the nonhub facility Melbourne International Airport (with limited commercial service) and the large-hub facility Orlando International Airport, located 105 miles and 170 miles, respectively, from PBIA. As nearby counties north of the Air Trade Area increase their demand for air travel, the Air Trade Area is expected to expand accordingly.

Certain Operating Statistics

The following table shows a summary of certain operational statistics for PBIA for the prior five Fiscal Years ended September 30:

Fiscal Year	Enplanements	Landed Weight (1000 lbs.)	Air Carrier Operations	Total Cargo/Mails (Tons)	Parking Transactions
2011	2,292,819	3,610,430	54,695	19,203	837,124
2012	2,816,618	3,461,159	52,448	21,004	781,295
2013	2,830,273	3,375,723	51,098	21,039	771,279
2014	2,913,818	3,397,782	51,930	26,468	792,137
2015	3,090,339	3,623,045	53,660	26,242	832,519
2016[(1)]	1,768,196	2,073,111	30,330	13,482	447,669

Source: County Department of Airports.

(1) Through March 31, 2016. The Department notes that October through March is typically the heavier travel period of the year, and so first half results will not necessarily be duplicated for the balance of the year.

A comparison of enplanements for the six months ended March 31, 2015 and March 31, 2016 is set forth below:

Airline	**2016[(1)]**	**2015[(2)]**	**Percentage Change**
Air Canada	39,908	31,147	28.1%
Allegiant Air, LLC	9,957	7,549	31.9%
American Airlines	350,683	364,382	-3.8%
Bahamasair Holdings Limited, Inc.	7,208	6,262	15.1%
Canadian North, Inc.	2,566	0	-
Delta Air Lines	432,490	406,532	6.4%
Frontier Airlines, Inc.	24,206	26,682	-9.3%
JetBlue Airways Corporation	480,943	422,428	13.9%
Nolinor Inc.	865	0	-
Republic Airline, Inc.	0	417	-100.0%
Silver Airways Corporation	7,831	8,588	-8.8%
Southwest Airlines Co.	189,126	192,498	-1.8%
Spirit Airlines	41,056	41,769	-1.7%
United Air Lines, Inc.	177,710	162,938	9.1%
WestJet	3,647	0	-
Totals:	1,768,196	1,671,192	5.8%

Source: County Department of Airports.
(1) Through March 31, 2016.
(2) Through March 31, 2015.

The following table shows additional key metrics for PBIA for the Fiscal Years ended September 30. In this table landing fees and terminal rates are shown net of revenue sharing distributions in 2015 and 2016.

	2016 Projected	2015	2014	2013
Landing fee (per 1,000 lbs MGLW)	$1.080	$0.930	$1.393	$1.370
Signatory Airline Annual terminal rate (per square foot)	48.45	47.67	63.93	64.66
Revenue from airline (in thousands)	13,537	11,402	20,583	20,935
Enplanements (in thousands)	3,228	3,090	2,914	2,830
Airline cost per enplanement (passenger airlines)	4.19	3.92	7.06	7.40
Landed weight of commercial aircraft	3,453	3,623	3,398	3,184
Signatory airline terminal leasehold area (sq ft)	154,224	155,269	196,918	199,642

Source: County Department of Airports.

Airline Market Share and Passenger Information

Airline total passengers and market share at PBIA is shown below for Fiscal Years 2015 and 2014:

	2015 Passengers	2015 Market Share	2014 Passengers	2014 Market Share
Delta	1,651,504	26.8%	1,537,080	26.4%
JetBlue	1,598,845	25.9%	1,419,878	24.4%
American	1,289,117	20.9%	1,329,330	22.8%
Southwest	681,426	11.0%	705,565	12.1%
United	623,592	10.1%	610,371	10.5%
Spirit	92,775	1.5%	50,166	0.9%
Air Canada	70,467	1.1%	76,993	1.3%
Frontier	63,085	1.0%	-	0.0%
Allegiant	35,765	0.6%	13,120	0.2%
Silver Airways	35,021	0.6%	45,593	0.8%
Others	28,326	0.5%	41,158	0.7%
Total	6,169,923	100%	5,829,254	100%

Source: County Department of Airports.

At PBIA, Fiscal Year 2015 total passenger traffic was up 5.8% compared to Fiscal Year 2014. Fiscal Year 2014 total passenger traffic was also up over Fiscal Year 2013 by 3.2%. Total passenger traffic for the first six months of Fiscal Year 2016 has also shown growth over the same period in Fiscal Year 2015, increasing by 5.3% through March 2016. For the most recent twelve-month period ended May 2016, total passenger traffic was up 5.7%. PBIA has exhibited passenger growth for 21 straight months, and 27 months out of the prior 28 months (comparing same month, prior year).

Growth at PBIA has been a function of airline capacity and economic conditions. Airline seat capacity serving PBIA for Fiscal Year 2015 increased by 7% over Fiscal Year 2014. In Fiscal Year 2014, seat capacity increased 1.1%. Continued increases in employment and general economic conditions, coupled with low fuel prices will serve the travel industry well in the near future. Airlines and travel industries continue to do well in the low price fuel environment, and will likely continue to grow passenger traffic. Management does not anticipate any significant changes in traffic during Fiscal Year 2016, and is projecting an increase for passenger traffic in the range of 4 to 6%.

Fiscal Year 2015 saw several announcements of new PBIA flights, including the addition of two new carriers: Frontier Airlines, with flights to Denver, Washington D.C., and Trenton, NJ, and WestJet, which serves Toronto. Additionally, existing carriers expanded their network of flights to PBIA, including Spirit to Boston and JetBlue to Washington D.C. Carriers have also "upgauged" aircraft size to handle more passenger traffic, as evidenced by the 7% seat capacity increase. This is also evidenced by comparing Fiscal Year 2015 landed weight increases (up

6.6%) to commercial aircraft operations (up 3.3%). PBIA's two largest carriers experienced considerable increases in passenger traffic: Delta's passenger count increased by 7.4%, and JetBlue's increased by 12.6%.

During the same period, American Airlines and US Airways merged into one carrier under the American Airlines banner. Impacts to the leasehold footprint at PBIA were positive; as a result of the merger, American's leasehold increased 5% to better handle passengers. Consolidated flight operations, however, have resulted in a 5% seat capacity reduction at PBIA, causing a similar decrease to American's passenger totals at PBIA. Management believes most of the declines were due to American's system-wide network decisions and not related to the PBIA market specifically, including the loss of long haul flight service to Los Angeles.

Airline Agreements

The Department and certain signatory air carriers (the "Signatory Airlines") operate under negotiated Airline-Airport Use and Lease Agreements (the "Airline Agreements"), which establish how the Signatory Airlines are assessed rates and charges for the use of PBIA. The Airline Agreements serve as the basis for calculating landing fees, terminal rental rates, baggage and gate equipment charges, and apron fees, taking into account costs associated with the operation, maintenance and debt service of the airfield and terminal. Landed weight and rentable square footage serve as the units for landing fees and terminal rents, respectively. Under the current Airline Agreements, airfield revenues are credited towards the Signatory Airline's net requirement, i.e., residual rate setting methodology. The terminal cost center expenditure requirements are wholly payable by airline rents, i.e., compensatory rate setting methodology. The Department also has the ability under the Airline Agreements to adjust airline rates and charges at any time throughout the year if the Department determines a rate adjustment is required resulting in an increase of 10% or more, or in order to ensure that the Department meets the Rate Maintenance Covenant requirements under the Bond Resolution.

The current Airline Agreements terminate September 30, 2019. All Signatory Airlines under PBIA's prior agreements, which terminated September 30, 2014, signed on to the current Airline Agreements. Rights and obligations of the current Airline Agreements did not change materially from the prior agreements; however, commercial airline rates and charges did have material changes in the method of calculation, application, and amount of those fees. Because the Department's debt service decreased significantly effective Fiscal Year 2015 as a result of the retirement of prior County Airport System debt, certain charges decreased and as a result, some individual rates were eliminated, such as commercial airline apron fees and loading bridge charges. The Department has achieved a significantly lower Cost Per Enplanement ("CPE") metric going forward. The existing Airline Agreements still contain revenue sharing with the Signatory Airlines; however, revenue sharing is accomplished by direct payout rather than reducing forward rates.

Under the Airline Agreements, each Signatory Airline is entitled to the use of, in common with others so authorized, PBIA and all facilities, equipment, improvements and services provided or which may be provided at PBIA for common use.

Each Signatory Airline leases from the County designated space in the terminal building for its preferential use, and in the case of certain adjoining premises, joint use. Preferential use premises include ticket counters, offices, VIP rooms, holdrooms, loading bridges and centralized support systems. Joint use premises include bag claim and baggage make up areas.

Each Signatory Airline is required to pay the County monthly rentals, payable in advance, for the use of the premises leased to such Signatory Airline, and fees and charges for the equipment and other rights, licenses, and privileges granted thereunder. Under the Airline Agreements the aggregate of rentals, fees and charges payable by all Signatory Airlines are required to be sufficient to pay the sum of (i) the "Landing Fees Net Requirement", and (ii) that percentage of the "Terminal Rentals Net Requirement" relating to premises leased by all Signatory Airlines in the terminal, which costs include the satisfaction of the County's obligations to make deposits and payments under the Bond Resolution which are properly attributable to such areas; provided, that no Signatory Airline is obligated to pay terminal rentals properly charged to any other Signatory Airline and not paid by such other Signatory Airline.

The Landing Fees Net Requirement for any period is equal to the sum (a) total Operating Expenses (determined in accordance with the Bond Resolution) allocable to the airside cost center of PBIA for such period, (b) aggregate debt service on Bonds, Subordinated Indebtedness and other debt allocable to such cost center for such period, (c) an amount equal to the coverage requirement set forth in the Bond Resolution with respect to such debt service, (d) the portion of the Debt Service Reserve Requirement allocable to such cost center, (e) operation and maintenance reserve equal to one-sixth of budgeted Operating Expenses for such period allocable to such cost center, and (f) amortization charges for capital expenditures in such cost center for such period made from available County funds, less the sum of (i) 100% of nonsignatory airline landing fees, airfield service revenues, aviation fueling revenues, and prior year debt service coverage.

The Terminal Rentals Net Requirement is calculated in the same manner with respect to the terminal cost center except that the only revenue deductions are per use gate fees and air carrier federal inspection station (FIS) fees.

Rates for rentals, fees and charges under the Airline Agreements are reviewed and adjusted annually, and whenever total rentals, fees and charges are projected to deviate from the Terminal Rentals Net Requirement and Landing Fees Net Requirement described above by 10% or more.

The Airline Agreements contain a majority in interest ("MII") approval provision regarding certain capital improvements that meet dollar thresholds of $10,000,000 or more of airport revenues (excluding grants and Passenger Facility Charge funding). Under the Airline Agreements, the MII provision requires the County to obtain the concurrence of more than fifty percent (50%) of Signatory Airlines who together had at least sixty-six percent (66%) of the total activity for the immediately preceding Fiscal Year. Activity is dependent on the cost center for which the project is planned. Terminal activity is enplaned passengers; airfield activity is landed weight.

The County is also required to provide each Signatory Airline advance written notice of any amendments or supplements to the Bond Resolution which may materially change the terms of the Airline Agreements.

Under each Airline Agreement, if substantial damage to or total destruction of any part of the leased premises occurs, the rental obligation of the affected Signatory Airline is abated until the premises are reconstructed and available for use by such Signatory Airline. The County has no obligation to repair or reconstruct any of such premises.

In its Airline Agreement, each Signatory Airline agrees to indemnify and save the County harmless from and against all liabilities, claims, suits, judgments, damages, fines or demands, including costs, fees and expenses in connection therewith, for death or injury to third parties or for damage to any property arising out of or incident to the negligence of the Signatory Airline. Each Signatory Airline also agrees to carry and keep in force aircraft liability insurance of not less than $100,000,000 for public liability, property damage and bodily injury, and comprehensive automobile liability insurance covering automotive vehicles operated only on PBIA's roadways with combined single limits of not less than $1,000,000 and Airline liability/Commercial General liability at limits of not less than $50,000,000.

A Signatory Airline may not assign its interest in its Airline Agreement or assign or sublet any portion of the space exclusively or jointly leased by the Signatory Airline without the prior consent in writing of the County (which consent shall not be unreasonably withheld); provided, however, that without such consent the Signatory Airline may assign its interest in its Airline Agreement to any corporation with which it may merge or consolidate or which may succeed to its business.

The County may, to the extent allowed by law, cancel an Airline Agreement upon 30 days' written notice following the occurrence of certain events of bankruptcy of a Signatory Airline, the voluntary discontinuance by a Signatory Airline of operations at PBIA for a period of 30 days without the prior approval of the Department, and the failure by a Signatory Airline to perform under the Airline Agreement and continuance thereof for 30 days after notice from the County. The County may terminate any Airline Agreement immediately if payment thereunder is not made in full within 15 days of written notice.

A Signatory Airline not in default of its Airline Agreement may terminate such Airline Agreement by giving the County sixty days advance written notice, upon any one of the following events:

A. The issuance by any court of competent jurisdiction of an injunction in any way preventing the use of PBIA for airport purposes or a substantial part of the Airline Premises (as defined in the Airline Agreement), which injunction remains in full force for a period of at least ninety days.

B. The default by the County in the performance of any material covenant or material agreement required in the Airline Agreement to be performed by the County and the failure of County to remedy such default for a period of thirty days after receipt from the Signatory Airline of written notice; provided, however, that no notice of cancellation shall be of any force or effect if the County shall have remedied the default prior to receipt of the notice of cancellation; or in the event the same cannot be cured within such thirty day period and the County has commenced such cure.

C. The lawful assumption by the United States Government or any authorized agency thereof, of the operation, control, or use of the Airport and facilities, or any substantial part or parts thereof, in a manner which substantially restricts the operation of the Signatory Airline, for a period of at least ninety days.

Non-Signatory Airlines

Non-signatory airlines at PBIA operate under short term contracts (one year or less) that can be cancelled with short notice. PBIA also offers pricing options, such as per-use gate charges, to allow for lower cost and flexibility of airlines to operate at PBIA, to promote competition among carriers and provide more options to travelers. Many non-signatory carriers operate during the busy season, November through May; other non-signatory carriers operate smaller schedules throughout the year, but desire to keep flexibility in their operations and avoid long term agreements. Non-signatory carriers pay the same terminal rate and landing fee rate as Signatory Airlines but do not receive any revenue sharing payments at year end. Current non-signatory carriers include: Allegiant Air, Frontier Airlines, Spirit Airlines, Air Canada, WestJet Airlines, Silver Airways, and Bahamas Air. Non-signatory enplanements comprised 5.3% of PBIA's traffic for Fiscal Year 2015.

Other Airport Revenues

Parking Revenues. The County contracts with a parking management company, currently USA Parking, to operate the public parking facilities at PBIA. Parking revenues are collected by the contractor and deposited directly into the County's bank accounts. The management company receives a management fee and reimbursement of actual expenses incurred in the operation of the parking facilities. Shuttle operations are also operated by the management company, paid by the County at an hourly rate established by bid. The parking management contract has been re-bid and a new provider selected, pending approval by the County, which is expected by August 1, 2016. Fiscal Year 2015 parking revenues amounted to $17,367,000, approximately 27% of Operating Revenues. Increased parking revenue (11% over Fiscal Year 2014) is due to a combination of increased traffic and increased parking dwell time. Parking rates have remained unchanged since 2009, with the current daily maximum rates as follows: short term $17, long term $13, economy $7, and premium $30. PBIA has no material off-airport parking competition at this time.

Rental Car Arrangements. The County has entered into agreements, each of which is substantially similar, with Alamo, Avis, Budget, Dollar, Thrifty, Hertz, National, and Enterprise to provide rental cars to the public at PBIA until September 30, 2016. Renewal contracts extending the contracts through September 30, 2018 have been sent to and received by the rental car companies, and are expected to be executed without substantive changes prior to September 30, 2016. Each rental car company pays the greater of 10% of gross receipts or a minimum annual guarantee. In addition, each company pays rent for ticket counter space, and some companies pay rent for ground leases to operate service facilities. Off airport car rental companies enter a permit arrangement whereby they pay 8% of airport related gross revenues. In Fiscal Year 2015, rental car revenues totaled $11,634,000, approximately 18% of Operating Revenues.

Food and Beverage Concession Agreement. The County entered into an agreement with Host-Marriott to provide food and beverage concessions at PBIA (the "Food Concession Agreement"). The contract expires in October 2024. At PBIA, Host International Inc. provides food offerings with name brand recognition on a national basis (including Starbucks, Chilis, Burger King) and regional/local name brands (including Sam Sneed's Tour Tavern, Rooney's Pub, and Nick's Tomato Pie). The Food Concession Agreement provides for the payment of 10% to 15% of gross sales with a minimum annual payment, whichever is greater. Percentage payments vary by items sold. Menus offer comparable street level pricing to customers to further enhance the public's airport experience. The County designed the Food Concession Agreement to promote food quality, food value, and comfortable dining facilities; part of the equation was lower percentage revenues to the County and percentages specifically tailored to the particular food service concept. In Fiscal Year 2015, food and beverage revenues to the County totaled approximately $1,930,000. The County is currently in negotiations to amend the Food Concession Agreement to update certain facilities, which will include replacement of a California Pizza Kitchen and an existing limited service Starbucks with an expanded Starbucks with full food options, and the replacement of a Quiznos with a market concept to be named PBI MKT. The estimated capital investment will be approximately $1,800,000, with the County contributing approximately 60% toward the cost. The expanded Starbucks is anticipated to be open for business in March 2017. The PBI MKT is anticipated to be open in November 2016.

News and Gift Concession Agreement. The County has entered into an agreement (the "Retail Concession Agreement") with Paradies-Palm Beach LLC to provide general merchandise, news and gifts for sale at PBIA for a contract term expiring in September, 2022. The Retail Concession Agreement provides for the payment of 10% to 22% of gross sales with a minimum annual payment, whichever is greater. News and gift concession revenues to the County in Fiscal Year 2015 totaled approximately $2,884,000.

Noise Abatement Program. Noise abatement and mitigation programs have been developed at PBIA by noise consultants in conjunction with the Department, the Federal Aviation Administration and citizen advisory committees. Noise abatement and mitigation programs were adopted by the County in October 1985, effective as of June 1, 1986. The goal of these efforts, which include imposition of a noise operating fee based upon the type of the aircraft and the time of the operation, is to reduce the noise impact of PBIA. Completed and ongoing projects include ground noise barriers, the purchase of homes located within the 75 ldn noise contour, aviation easements, sound insulation of public buildings and homes, and land use planning. Noise operating fees and Federal and state grants are used to fund the cost of these improvements.

With the implementation of the National Noise policy January 1, 2000, banning all Stage 1 and Stage 2 air carrier operations, noise fees collected by the County have significantly diminished. All commercial air carriers consist of Stage 3 fleets. Monitoring of noise operations currently consists of air carrier nighttime activity and occasional private jet operations.

Passenger Facilities Charges

The Aviation Safety and Capacity Expansion Act of 1990, as amended (the "PFC Act"), as implemented by the FAA pursuant to published regulations (the "PFC Regulations"), permits a public agency that controls a commercial service airport to charge each paying passenger enplaning at such airport a Passenger Facilities Charge ("PFC") of $1.00, $2.00, $3.00, $4.00 or $4.50, subject to certain limitations. The proceeds from Passenger Facilities Charges are to be used to finance approved eligible airport-related projects that (a) preserve or enhance capacity, safety or security of the national air transportation system, (b) reduce noise from an airport that is part of the system, or (c) provide an opportunity for enhanced competition between or among air carriers or foreign air carriers. "Eligible airport-related projects" include airport development or planning, terminal development, airport noise compatibility measures and planning and construction of gates and related areas (other than restaurants, rental car facilities, automobile parking or other concessions) for the movement of passengers and baggage. In order to be eligible for Passenger Facilities Charges funding at levels of $4.00 or $4.50, a project must meet certain additional requirements provided in the PFC Regulations. The PFC Act is subject to amendment and to repeal by the United States Congress. See "THE AIRLINE INDUSTRY AND OTHER INVESTMENT CONSIDERATIONS - Recent FAA Reauthorization and Federal Grant Funding" herein. The FAA may also amend the PFC Regulations. The public agency must obtain the FAA's approval before imposing Passenger Facilities Charges and before using the proceeds of Passenger Facilities Charges.

Collection of Passenger Facilities Charges**.** Passenger Facilities Charges are collected on behalf of airports by air carriers, certain foreign air carriers and their agents ("Collecting Carriers"). The Collecting Carriers are authorized to withhold (a) a collection fee of $0.11 per enplaning passenger from whom a Passenger Facilities Charge is collected and (b) any investment income earned on the amount collected prior to the due date of the remittance. The PFC Regulations require each Collecting Carrier to remit Passenger Facilities Charge collections (net of the collection fees and any investment earnings) to the public agency not later than the last day of the calendar month following the month in which the Passenger Facilities Charge collections are recorded in such Collecting Carrier's accounting system. The PFC Act was amended in 1996 to provide that Passenger Facilities Charges that are held by a Collecting Carrier constitute a trust fund that is held for the beneficial interest of the public agency imposing the fee and that the Collecting Carrier holds neither legal nor equitable interest in the Passenger Facilities Charges, except for any handling fee or retention of interest collected on unremitted proceeds.

Passenger Facilities Charges at PBIA. In 1994, the County received approval from the FAA to impose a Passenger Facilities Charge at the Airport. The County currently imposes a Passenger Facilities Charge of $4.50 per enplaned passenger, except for passengers of exempt aircraft operators, under the terms of thirteen Passenger Facilities Charge applications and the respective FAA approvals (each, a "PFC Authority"). **Although the Bond Resolution permits the County at its option to include Passenger Facilities Charges as "Revenues" under the**

Bond Resolution, the County has not elected to do so, and the Passenger Facilities Charges are not pledged to secure the Bonds. However, Passenger Facilities Charges remain an important funding source for Airport System improvements. The Department's current authorization, through the PFC application process, is to collect $271,834,587 in PFC revenue and interest thereon. The Department is authorized to continue imposing PFCs until such time as this total has been collected, which is estimated to be August 2021. The Department is likely to increase the total application amount prior to that date through the PFC application process as additional projects are identified, thereby extending the charge expiration date and avoiding any lapse in PFC collections. As of September 30, 2015, the Department has collected $218,449,833 in PFC revenues, including interest on PFC cash balances, since the inception of the program on April 1, 1994. The Department annually collects approximately $12 million per year. Projects, as discussed above, that are funded by PFC revenues included taxiways, airfield infrastructure, and various terminal improvements.

Grants

The Department receives grants for approved capital construction projects from the Federal Aviation Administration and the Florida Department of Transportation. Grants are on a reimbursable basis and typically pay for necessary infrastructure. The Department's history of grant reimbursements for the prior five years is shown below. In 2015, grant receipts increased greatly due to the construction of an in-line baggage handling system (BHS) that automates the delivery of checked baggage to TSA screening systems and on to airline baggage handlers.

(Dollars in Millions)

	Federal	**State**	**Total**
2011	$3.93	$4.84	$8.77
2012	2.83	5.08	7.92
2013	1.87	4.41	6.28
2014	2.81	5.70	8.51
2015	21.01	10.70	31.71
Total	$32.45	$30.73	$63.18

Source: County Department of Airports.

Other County Airports

Palm Beach County Park Airport (Lantana Airport) is located two miles west of the City of Lantana and seven miles south of PBIA. Lantana Airport serves the general aviation and recreational aviation public, with minor charter and some light cargo operations. A single fixed base operation provides general maintenance, management and servicing at this facility. This fixed base operation has hangar and terminal facilities available with paved tie-down space for approximately 200 aircraft.

Palm Beach County Glades Airport (Pahokee Airport) serves the general aviation needs of the western part of the County. It is located near the City of Pahokee on the rim of Lake

Okeechobee. It consists of a single fixed base operation providing minor maintenance, fueling, hangar and apron tie-down facilities. Pahokee Airport serves a mix of executive, pleasure, and commercial (crop dusting) operations located in the rural community of the County.

North Palm Beach County General Aviation Airport (NPBC General Aviation Airport) is located in Palm Beach Gardens, southwest of PGA National and serves as a general aviation reliever to PBIA. Constructed in 1994, NPBC General Aviation Airport comprises approximately 1,800 acres and possesses a 4,300 foot main runway, a 4,300 foot crosswind runway, and a 2,000 foot grass (turf) landing strip. Facilities include a terminal building, large executive hangars, individual t-hangars and corporate hangars, and fueling facilities on site. The airport has approximately 286 based aircraft and experiences 97,400 annual aircraft operations.

Other Airport Information

Employee Relations. Of the approximately 150 employees of the Department, almost all of the 100 maintenance employees are unionized. The Department characterizes its employee relations as good.

Pension Plan. The Department participates in the contributory Florida Retirement System Pension Plan (the "Plan"), which covers substantially all of its employees. See "APPENDIX C -- Financial Statements of the Department of Airports" for certain additional information regarding the Plan.

Other Post-Employment Benefits. Pursuant to Section 112.0801, Florida Statutes, the County is mandated to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Retirees pay 100% of the blended (active and retiree combined) equivalent premium rates. The blended rates provide an implicit subsidy for retirees because on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. See "APPENDIX C -- Financial Statements of the Department of Airports" for additional information regarding such post-employment benefit payment and liabilities.

Other Services. Fire-rescue and police-security services for the Airport System are provided by the County's fire-rescue department and the County Sheriff's Office, respectively, under arrangements providing for coordination of activities and of costs. Other County agencies and departments provide assistance or services on a reimbursable basis.

CAPITAL IMPROVEMENT PROGRAM

Recent Capital Acquisitions and Construction Activities

During Fiscal Year 2015, the Department expended $45.9 million on capital activities, which is a substantial increase over prior years due to the ongoing construction of an in-line baggage system, estimated to be complete in July 2016 at a total cost of $45 million. Completed projects during Fiscal Year 2015 totaling $10.1 million were transferred from construction-in-progress to their respective capital accounts. The major projects completed in Fiscal Year 2015 involved environmental, security, and terminal system improvements, as follows:

North County Airport Wetlands	$7,010,000
General Aviation Security System	1,210,000
Pahokee Airfield Lighting	330,000
Terminal Generator	224,000

During Fiscal Year 2014, the Department expended $18.0 million on capital activities. Completed projects during Fiscal Year 2014 totaling $9.5 million were transferred from construction-in-progress to their respective capital accounts. The major projects completed Fiscal Year 2014 involved airfield, parking garage and terminal improvements, as follows:

Building 3400 Refurbishment	$2,010,000
Pahokee Airport Airfield Lighting	1,330,000
North County Airport Apron	1,140,000
Pahokee Airport Apron	1,110,000
PBIA Taxiway C	500,000

Planned 6-Year Capital Acquisitions and Construction Activities

The Department's Capital Improvement Program ("CIP") for Fiscal Year 2016 through Fiscal Year 2021 totals $155.9 million in projects for the Airport System. The CIP consists of projects to be initiated in Fiscal Year 2016 through Fiscal Year 2021 for which funding sources have been identified and the County believes can be expected to be secured. Additional projects are likely to be initiated as funding sources are identified. Projects will be funded through a combination of federal, state and local sources, including FAA Airport Improvement Program ("AIP") entitlement and discretionary grants, supplemented by state ("FDOT") grants, Passenger Facility Charges and Airport Revenues. Grants and PFC funding are estimated to comprise 80% of the funding of these projects, with Revenues funding the remainder. No funding from future bond issues is currently contemplated during this time period, although the County has the right to issue Additional Bonds upon compliance with the test described above under the heading "SECURITY FOR THE BONDS – Additional Bonds – New Projects".

Projects are initiated as a result of an identified capacity need or as identified by the Department's annual facility inspection program. The annual facility inspection program has been established pursuant to requirements of the Bond Resolution to identify areas where future action is required to keep facilities in optimal working condition to serve the needs of all airport users, especially in the airfield and terminal facilities. Ongoing maintenance, rehabilitation and replacement of airfield components (runways, taxiways, aprons) and terminal facilities (elevators/escalators, chillers, flooring) make up the bulk of the Airport System's CIP.

PBIA Projects

Approximately sixty-seven percent (67%), or $104.0 million, of the CIP is represented by PBIA-located projects, including: acquisition of surrounding commercial property, general aviation development, cargo building access improvements, taxiway improvements, general aviation Federal Inspection Service building improvements, new revenue control parking center, maintenance facility redevelopment, and various terminal improvements. Major projects to be initiated in the next six years include:

- PBIA General Aviation infrastructure, land acquisition, and general aviation FIS facility, $38.6 million: develop the northwest quadrant of the PBIA airfield to better accommodate growth of general aviation traffic at PBIA and to maximize utilization of the airfield for both commercial and general aviation traffic. Also included is expansion of the existing GA FIS building to better accommodate traffic. Funding will be primarily PFCs and grants.

- PBIA Taxiway rehabilitation/improvements, $16.9 million: improve efficiency of airfield transit for both commercial and general aviation aircraft and rehabilitate certain areas of pavement as needed; funding will be primarily PFCs and grant funds.

- PBIA Terminal Improvements, $21.2 million: replace various systems including air handlers, elevators/escalators, connect an additional gate to the terminal FIS, and provide for additional areas for food and retail; funding will be PFC, grants, and airport revenues.

Other County Airport Projects

Other projects and capital expenditures included in the six year CIP are for the Department's general aviation airports located at Lantana Airport, Pahokee Airport, and NPBC General Aviation Airport. These remaining projects are estimated to total $51.9 million and include additional hangars, runway pavement rehabilitation, environmental, and security fencing replacements. Major projects to be initiated in the next six years include:

- North County Airport runway rehabilitation/improvements, $10.0 million; primarily grant funding.

- North County Airport hangars and tie down additions, $10.9 million: adding additional capacity for both based and itinerant aircraft; primarily funded with grants and airport revenues.

- North County Airport industrial park, $5 million: adding infrastructure to support non-aviation revenue with possible air/rail connections; primarily funded with grants and airport revenues.

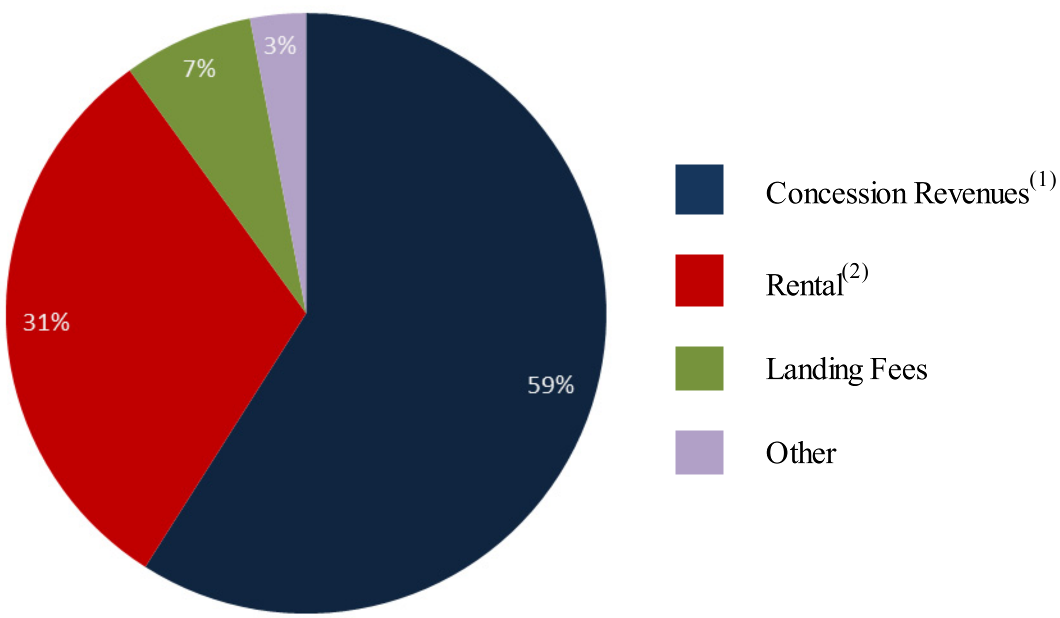
SELECTED FINANCIAL INFORMATION AND MANAGEMENT ANALYSIS

Operating Revenues and Expenses

The Airport System is self-supporting and does not rely on local tax dollars to fund its operations. Operating Revenues must therefore be generated from aviation users, automobile parking, concessions, investment income and other non-operating revenues in order to (1) cover the Airport System's operating expenses, debt service payments, certain capital outlays and other requirements, and (2) comply with the Rate Maintenance Covenant provided in the Bond Resolution.

The following charts provide breakdowns of the Airport System's Operating Revenues, Concession Revenues and Operating Expenses.

Fiscal Year 2015 Operating Revenues by Source



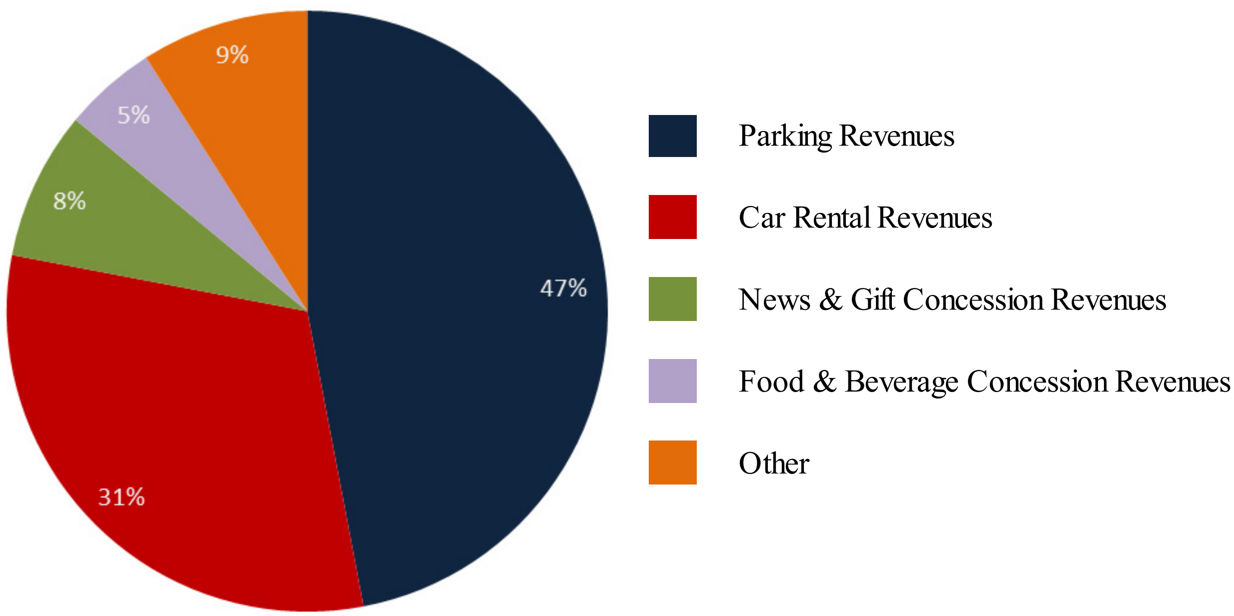
Source: County Department of Airports.
(1) Concessions include car rental and parking revenues.
(2) Rentals include amounts payable pursuant to the Airline Agreements and non-airline rentals.

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)

Concession Revenues by Source, Fiscal Years 2011-2015

	2011	**2012**	**2013**	**2014**	**2015**
Parking	$14,733,404	$14,500,543	$14,748,079	$15,641,316	$17,367,279
Car Rental	9,517,258	9,982,608	10,333,445	10,965,438	11,634,190
Terminal Retail/Food	4,058,846	3,965,032	4,189,792	4,483,425	4,837,448
Fuel Flowage Fees	1,276,007	1,321,735	1,363,245	1,672,362	2,252,509
Advertising	365,894	395,155	393,358	381,868	378,265
Taxi	364,406	292,835	283,587	364,789	370,017
Other Concessions	184,609	227,483	250,369	241,007	170,253
Total	$30,500,424	$30,685,391	$31,561,875	$33,750,205	$37,009,961

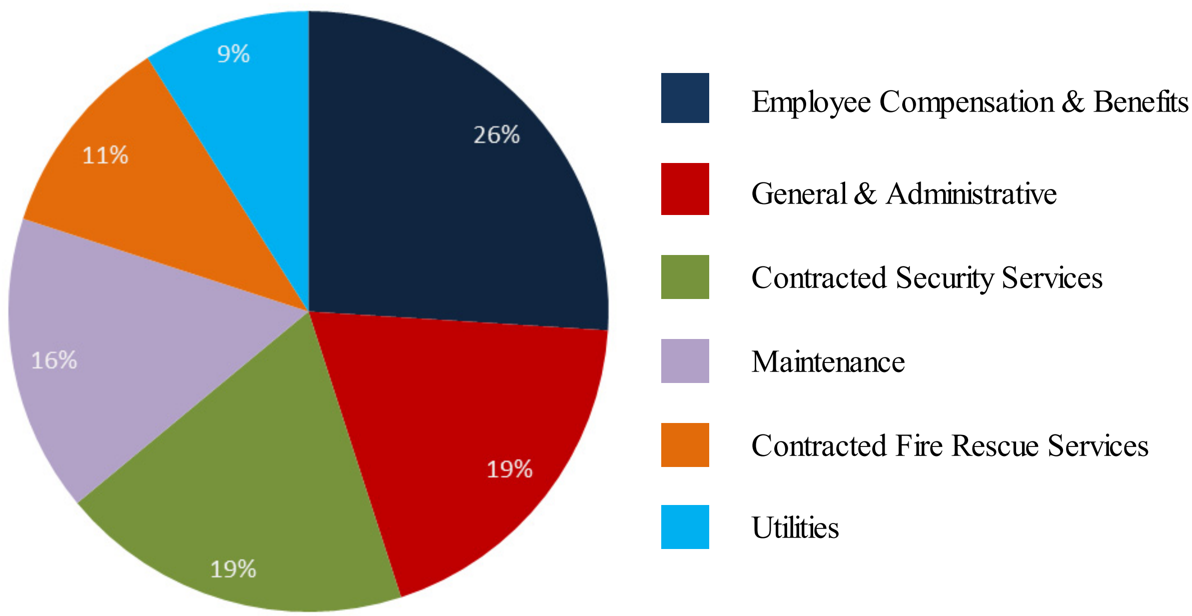
Source: County Department of Airports.



Source: County Department of Airports.

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)

Fiscal Year 2015 Distribution of Operating Expenses



Source: County Department of Airports.

Airport System Financial Information

The following table shows, for the periods indicated, Revenues, Operation and Maintenance Expenses and Net Revenues Available for Debt Service (each computed in accordance with the Bond Resolution). All amounts set forth herein under the caption "Airport System Financial Information" for the five Fiscal Years ended September 30, 2011-2015 are taken from the audited financial statements for the years indicated.

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)

Net Revenues Available for Debt Service and Debt Service Coverage, Fiscal Years 2011 – 2015[1]

	2011	2012	2013	2014	2015
Operating Revenues					
Rentals	$26,880,598	$25,838,368	$25,535,316	$26,349,279	$19,347,368
Concessions	30,500,424	30,685,391	31,561,875	33,750,205	37,009,961
Landing Fees	6,279,859	6,151,792	5,415,681	5,627,795	4,424,724
Other	2,748,628	2,802,345	2,860,379	2,865,183	2,381,705
Total Operating Revenues	$66,409,509	$65,477,896	$65,373,251	$68,592,462	$63,163,758
Non-Operating Revenues					
Investment Income (loss)	$2,091,798	$1,643,687	$(322,868)	$915,784	$1,066,253
Other	365,902	407,666	383,209	462,562	327,311
Total Non-Operating Revenues	$2,457,700	$2,051,353	$60,341	$1,378,346	$1,393,562
Total Revenues	$68,867,209	$67,529,249	$65,433,592	$69,970,808	$64,557,322
Operating Expenses					
Employee Compensation and Benefits	$10,777,448	$10,331,360	$10,621,220	$10,436,953	$11,286,249
General and Administrative	8,020,708	8,022,656	7,323,111	7,382,320	7,928,419
Maintenance	5,739,099	5,339,036	5,598,221	6,221,826	6,624,220
Contracted Security Services	7,836,494	7,697,996	7,716,628	7,855,968	7,975,755
Contracted Fire-Rescue Services	5,652,125	5,387,744	4,806,917	4,704,580	4,836,882
Utilities	3,952,415	3,753,398	3,707,205	3,747,404	3,754,878
Total Operating Expenses	$41,978,289	$40,532,190	$39,773,302	$40,349,051	$42,406,403
Non-operating Expenses	-	-	-	-	-
Total Expenses	$41,978,289	$40,532,190	$39,773,302	$40,349,051	$42,406,403
Less: O&M Coverage	(347,908)	(241,017)	(126,481)	168,726	270,124
Less: Noise Fees	117,495	122,566	99,579	96,719	113,426
Less: PFC Interest	4,289	10,403	52,234	4,759	15,650
Net Revenues Available for Debt Service	$27,115,044	$27,105,107	$25,634,958	$29,351,553	$21,751,717
Debt Service					
Interest Expense	$7,024,844	$6,434,318	$5,802,100	$5,132,523	$4,413,766
Principal Payment	10,270,000	10,995,000	11,645,000	12,500,000	2,425,000
Total Debt Service	$17,294,844	$17,429,318	$17,447,100	$17,632,523	$6,838,766
Debt Service Coverage	1.57x	1.56x	1.47x	1.66x	3.18x

Source: County Department of Airports.

(1) Debt Service coverage levels presented herein exclude interfund transfers. These transfers were previously included in the debt service coverage presented in the Department's financial statements in Fiscal Years 2011-2014, resulting in debt service coverage increases of 0.16x, 0.14x, 0.19x and 0.21x, respectively. The current five-year airline agreement, effective Fiscal Year 2015, does not cause an annual transfer into the operating fund and thus, interfund transfers will not be included in the Department's debt service coverage calculations for this period.

Management's Discussion of Results of Operations

Financial impacts are highlighted as follows:

Changes Between Fiscal Years 2015 and 2014

- Compared to Fiscal Year 2014, Operating Revenues decreased 7.8% to $63.2 million (a decline of $5.4 million). Airline revenues declined due to decreased costs, specifically annual debt service requirements as discussed below. The County's Airline Agreements base charges to airlines on costs to operate the terminal and airfield facilities; decreases in these costs contributed greatly to reduced airline Cost Per Enplanement (CPE). Non-airline revenues increased significantly, including parking up 11%, totaling $17.4 million, car rental concession revenue up 6%, totaling $11.6 million, and non-airline facility rentals up 5%, totaling $11.7 million.

- Compared to Fiscal Year 2014, Operating Expenses increased by 5% or $2 million. General/administrative costs increased 7%, mainly due to increases in advertising expenses related to marketing PBIA and promoting flights. Maintenance expenses increased 6%, primarily to the upkeep of buildings, including the PBIA terminal, and associated systems within those structures.

- Debt service, as calculated by sinking fund requirements during the year, decreased from $17.6 million to $6.8 million. The decrease is due to the County's Series 2002 Airport Revenue Bonds maturing October 1, 2015.

- CPE decreased to $3.92, a 44% reduction from the prior year, as a result of reduced debt service costs and increased enplanement levels.

Changes Between Fiscal Years 2014 and 2013

- Compared to Fiscal Year 2013, Operating Revenues increased 5% to $68.6 million. Concessions revenues, including car rental companies and parking, increased by 7%, resulting in a revenue increase of $2.1 million. Non-airline rentals also increased by 13%, resulting in a revenue increase of $1.3 million. These rentals consist of buildings, hangars, and ground rentals.

- Compared to Fiscal Year 2013, Operating Expenses increased by 1%, or $600,000. Maintenance costs increased by 11% or $620,000; other cost areas were stable with little or no increases.

- During Fiscal Year 2014, hangar and building assets developed by tenants and sub-tenants at Lantana Airport were turned over to the Department. The fair market value of those assets are categorized as a contribution to the Department in the amount of $7 million. These assets, while now owned by the Department, will be managed by a private fixed base operator and will return revenue to the Department.

Changes Between Fiscal Years 2013 and 2012

- Operating Revenues remained relatively unchanged at $65.4 million. Concession revenues consisting of car rental companies and other concession contracts increased by 4%, resulting in a revenue increase of $628,000. Landing fee revenue decreased by $736,000 (12%) as a result of a decrease in landing fee rates and landed weight.

- Compared to Fiscal Year 2012, Operating Expenses decreased by $759,000 (2%) to $39.8 million in Fiscal Year 2013. Cost savings were realized in the areas of fire rescue services, contract services, and indirect costs assessed by Palm Beach County government operations.

- Investment income resulted in a loss of $323,000, a net change in investment gains by approximately $2 million compared to Fiscal Year 2012. The Department of Airports is a participant in the County's investment pool managed by the Clerk of Courts. While interest income continues to be earned on the portfolio, pursuant to GASB 31, investments are required to be recorded at fair value based upon quoted market prices. Although there was a major restructuring of the portfolio to minimize interest rate/price risk, any fixed income portfolio will experience changes in fair value when rates rise or other market conditions change to affect fixed income markets.

Economic Factors and Fiscal Year 2016 Budgets and Rates

Department management offers the following additional information regarding the Airport System, its Fiscal 2016 budget and rates:

- 2.4 million people live in the PBIA Air Trade Area, which includes Palm Beach, Martin, St. Lucie, and Indian River counties as well as a small portion of Broward County. Population growth in this area is expected to grow 8% by 2020.

- The Palm Beach County area enjoys a comparably high per capita personal income, estimated at $61,117, among the highest in Florida and the U.S., and an increase of $1,706 over the prior year. Other area counties are also higher than other Florida and U.S. counties.

- Palm Beach County Tourism statistics have shown strong returns for the last few years. In 2015, the County was visited by 6.8 million tourists, a 10% increase over 2014. The County expects tourism visitation to increase going forward, with hotel occupancy and revenue statistics to show significant increases as well. Palm Beach County statistics have generally exceeded the Florida and national averages in past years. More than 1,000 new hotel rooms are expected to open in 2016, with additional room inventory scheduled to be added in 2017 and 2018. Particularly important is the completion of a convention center hotel in 2015, which is expected to boost convention traffic to the area.

- The Department's Fiscal Year 2016 Operating Expense budget totals $47 million, not including interfund transfers and reserves, which represents an increase of 4% from the Fiscal Year 2015 budget; additionally, the Department expects actual expenditures will be somewhat less than the budgeted amount, with expected expenditures to be within the range of $44 to $45 million. Operating Revenues are budgeted at $60.1 million for Fiscal Year 2016, an increase compared to Fiscal Year 2015 budgeted Operating Revenues. The Department currently projects that actual operating revenues for Fiscal Year 2016 will equal or slightly exceed the revenue budget.

- The Department is constructing an in-line baggage system which is estimated to be completed in 2016 at a cost of $30 million. This project is largely funded with PFC collections and Homeland Security grants. While the enhanced baggage system will provide additional utility to users, system complexity will drive additional Operating Expenses. The Department estimates annualized Operating Expenses from the system to be approximately $2 million per year in the early phases of deployment, as the system will be adjusted to enhance performance. This cost is recovered from airlines on a pro-rata basis, estimated to be approximately $.81 per enplanement.

- The Fiscal Year 2016 terminal rates for Signatory Airlines average $48.45 per square foot; landing fees are $1.08 per 1,000 lbs. of landed weight. The Fiscal Year 2015 signatory terminal rates averaged $47.67 per square foot; landing fees were $.93 per 1,000 lbs. of landed weight. Average airline Cost Per Enplanement (CPE) for Fiscal Year 2016 is expected be approximately $4.19, compared to $3.92 for Fiscal Year 2015. Terminal rates and landing fees are shown net of estimated revenue sharing payouts to Signatory Airlines; CPE calculations are shown after revenue sharing but are shown as an average of Signatory and non-signatory airlines.

THE AIRLINE INDUSTRY AND OTHER INVESTMENT CONSIDERATIONS

The following section describes certain investment considerations affecting the payment of and security for Bonds outstanding under the Bond Resolution, including the Series 2016 Bonds. The following discussion is not meant to be an exhaustive list of the risks associated with the purchase of the Series 2016 Bonds, and does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following specific factors along with all other information described elsewhere or incorporated by reference in this Official Statement in evaluating the Series 2016 Bonds. See also the description of litigation under the caption "LITIGATION" in this Official Statement.

Airline Reports

Certain of the airlines serving PBIA (or their respective parent corporations) are subject to the information requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and in accordance therewith file reports and other information with the Securities and Exchange Commission ("SEC"). Only companies with securities listed on a national securities exchange, with securities traded over the counter which are registered under the Exchange Act, or which are required to file with the SEC pursuant to the information-reporting requirements will have information on file. Certain information, including financial information, as of particular dates, concerning each such airline is disclosed in certain reports and statements filed with the SEC. Such reports and statements can be inspected and copies obtained at prescribed rates at the SEC's principal offices at 100 F Street, N.E., Washington, D.C. 20549, and should be available for inspection and copying at the SEC's regional offices located at 233 Broadway, New York, New York 10279, and 500 W. Madison Street, Suite 1400, Chicago, Illinois 60661. The public may obtain information on the hours of operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Some of the airlines are required to file periodic reports of financial and operating statistics with the United States Department of Transportation (the "DOT"). Such reports can be inspected at the Office of Aviation Information Management, Data Requirements and Public Reports Division, Research and Special Programs Administration, DOT, 400 Seventh Street, S.W., Washington, D.C. 20590, and copies of such reports can be obtained from the DOT at prescribed rates. THE COUNTY HAS NO RESPONSIBILITY FOR THE COMPLETENESS OR ACCURACY OF INFORMATION AVAILABLE FROM THE ABOVE-MENTIONED SOURCES.

Airlines owned by foreign governments or foreign corporations operating airlines (unless such foreign airlines have American Depository Receipts registered on a national exchange) are not required to file information with the SEC. Airlines owned by foreign governments or foreign corporations file limited information only with the DOT.

Global Events and Uncertainties of the Airline Industry

Since the economic deregulation of the airline industry in 1978, the industry has undergone significant changes, including a number of airline mergers, acquisitions, bankruptcies and dissolutions. In addition, the financial results of the airline industry have been subject to substantial volatility since deregulation. Various events have had a significant, negative impact on airline industry profitability. Numerous airlines have filed for bankruptcy protection, and overall, the airline industry has continued to struggle with higher costs.

The County's ability to derive Revenues depends upon numerous factors, many of which are not subject to the control of the County. Revenues may be affected by the ability of the Signatory Airlines, individually and collectively, to meet their respective obligations under the Airline Agreements. The continued presence of the airlines serving PBIA, and the levels at which that service will be provided, are a function of a variety of factors. Future airline traffic of PBIA will be affected by, among other things, (i) the growth in the population and the economy of the primary Air Trade Area served by PBIA, (ii) national and international economic conditions, (iii) federal and state regulatory actions, (iv) airline service and routes, (v) air fare levels, (vi) aviation fuel prices, (vii) the capacity of facilities at PBIA, (viii) operation and capacity of the air traffic control system, (ix) national and international disasters and hostilities, mergers, technological changes, environmental risks and regulations, (x) noise abatement concerns and regulation, (xi) federal and state bankruptcy and insolvency laws, (xii) acts of terrorism and world health concerns, (xiii) cost competition, (xiv) cost and availability of capital, (xv) labor relations within the airline industry, and (xvi) epidemics and health concerns (such as avian flu, SARS and the Zika virus). It is reasonable to assume that any significant financial or operational difficulties incurred by any of the Signatory Airlines may, whether directly or indirectly, have an adverse impact on Revenues or PBIA operations, the effect of which may be material. Although the County has developed contingency plans that make assumptions as to various factors described above and suggest a prudent response to such events, the County may anticipate but can never predict the occurrence of any particular event or trend that could adversely impact airline activity and/or Revenues. Accordingly, no assurance can be given as to the levels of aviation activity that will be achieved at PBIA.

During the past few years, several airlines filed for bankruptcy protection. It is possible that additional passenger or all-cargo air carriers, including one or more of the Signatory Airlines, will file for protection under federal bankruptcy laws. This Official Statement does not contain financial information about any airline or construction contractor or about any other entity other than the Airport System and the County. As a result, in making an investment decision with respect to the Series 2016 Bonds, a potential purchaser can have no assurance, based upon the information contained herein, that any entity will be capable of meeting its responsibilities or will perform as expected. For further information regarding the financial condition and effect on operations of the airlines, potential investors should refer to the statements and reports filed periodically by the airlines with the SEC. See "THE AIRLINE INDUSTRY AND OTHER INVESTMENT CONSIDERATIONS - Airline Reports " herein for information on how to obtain such reports and "THE AIRLINE INDUSTRY AND OTHER INVESTMENT CONSIDERATIONS - General Financial Condition of Certain Airlines Serving the Airport" and "THE AIRLINE INDUSTRY AND OTHER INVESTMENT CONSIDERATIONS - Effect of Bankruptcy on Airline Agreements" herein for additional information relating to current and future Signatory Airline bankruptcies.

Regulations and Other Restrictions Affecting the Airport

The operation of PBIA and its ability to generate revenues are affected by a variety of legislative, legal, contractual, statutory, regulatory and practical restrictions, including restrictions in the FAA Reauthorization Act (as defined below), provisions of the Airline Agreements, PFC legislation, and extensive federal legislation and regulations applicable to all airports. It is not possible to predict whether future restrictions or limitations on PBIA's operation will be imposed, whether future legislation or regulation will affect anticipated federal funding or PFC collection, whether additional requirements will be funded by the federal government or require funding by the County, or whether such restrictions, legislation or regulations would adversely affect Revenues.

Climate change concerns have led, and may continue to lead, to new laws and regulations at the federal and state levels that could have a material adverse effect on the operations of PBIA and on the airlines operating at PBIA. The United States Environmental Protection Agency (the "EPA") has taken steps towards regulation of greenhouse gas ("GHG") emissions under existing federal law. Those steps may in turn lead to further regulation of aircraft GHG emissions. On July 5, 2011, the United States District Court for the District of Columbia issued an order concluding that the EPA has a mandatory obligation under the Clean Air Act to consider whether the GHG and black carbon emissions of aircraft engines endanger public health and welfare. On June 10, 2015, the EPA proposed to find that GHG emissions from certain aircraft cause and contribute to pollution that endangers public health and welfare. This proposed endangerment finding will be subject to public comment and then, if finalized as proposed, the EPA has stated its intent to propose GHG emission standards for covered aircraft that will be at least as stringent as emission standards under development by the International Civil Aviation Organization. The County cannot predict what the EPA's emission standards will be or what effects those standards may have on PBIA or on air traffic at PBIA.

Capacity of National Air Traffic Control and Airport Systems

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

General Financial Condition of Certain Airlines Serving the Airport

Historically, the financial performance of the air transportation industry has correlated with the state of the national economy. Future increases in passenger traffic will depend largely on the ability of the U.S. to sustain growth in economic output and income. The Airport System derives a substantial portion of its Operating Revenues from landing and facility rental fees. The financial strength and stability of the airlines using PBIA, together with numerous other factors, influence the level of aviation activity at the PBIA and Revenues. Over the past 20 years, substantially all airlines have been downgraded by the rating agencies, several have restructured through Chapter 11 bankruptcy, some are currently restructuring in Chapter 11, and some have ceased service altogether.

Certain of the airlines (or their respective parent corporations) are subject to the information reporting requirements of the Exchange Act and in accordance therewith file reports and other information with the SEC. See "THE AIRLINE INDUSTRY AND OTHER INVESTMENT CONSIDERATIONS - Airline Reports" herein for information on how to obtain such reports.

U.S. Department of Justice Investigation of Certain Airlines

It has been reported that the United States Justice Department has initiated a civil anti-trust investigation and has requested airlines to provide documents and information from the past two years that are related to seating capacity. By limiting the number of flights offered, allegedly airlines could restrain competition and raise fares. A Justice Department spokeswoman stated that the Justice Department is investigating potential unlawful coordination among some airlines. The Justice Department inquiry appears to be in its early stages and what effect, if any, this investigation will have on airlines and the industry as whole is not currently determinable.

Effect of Bankruptcy on Airline Agreements

When a Signatory Airline seeks protection under the bankruptcy laws, such airline or its bankruptcy trustee must determine whether to assume or reject its agreements with the County (1) within 120 days or later, if ordered by the court, with respect to its Airline Agreement or other leases of real property, or (2) prior to the confirmation of a plan or reorganization with respect to any other agreement. In the event of assumption, the Signatory Airline would be required to cure any prior defaults and to provide adequate assurance of future performance under the applicable Airline Agreement or other agreements. Rejection of an Airline Agreement or other agreement or executory contract would give rise to an unsecured claim of the County for damages, the amount of which in the case of an Airline Agreement or other agreement is limited by the Bankruptcy Code generally to the amounts unpaid prior to bankruptcy plus the greater of (a) one year of rent, or (b) 15% of the total remaining lease payments, not to exceed three years. However, the amount ultimately received in the event of a rejection of an Airline Agreement or other agreement could be considerably less than the maximum amounts allowed under the Bankruptcy Code. The amounts unpaid as a result of a rejection of an Airline Agreement by a Signatory Airline in bankruptcy would be passed on to the remaining Signatory Airlines under their Airline Agreements in the form of a rate increase. There is no assurance that the remaining Signatory Airlines would be financially able to absorb the additional costs resulting from the bankruptcy of any other Signatory Airline. In addition, pre-petition payments made by an airline in bankruptcy within 90 days of filing a bankruptcy case could be deemed to be an "avoidable preference" under the United States Bankruptcy Code and thus subject to recapture by the debtor or its trustee in bankruptcy.

Additionally, during the pendency of a bankruptcy proceeding, a debtor airline may not, absent a court order, make any payments to the County on account of goods and services provided prior to the bankruptcy. Thus, the County's stream of payments from a debtor airline would be interrupted to the extent of pre-petition goods and services, including accrued rent and landing fees. Although there can be no guarantee as to what an airline entity in bankruptcy will or will not do, given the origin and destination nature of the traffic at PBIA, it is expected that any adverse interruption would be of a relatively short duration. See "THE AIRLINE INDUSTRY AND OTHER INVESTMENT CONSIDERATIONS - General Financial Condition of Certain Airlines Serving the Airport" herein.

In the case of bankruptcies involving airlines serving PBIA, the County cannot predict the duration nor extent of reductions and disruptions in air travel or the extent of any adverse impact on Revenues, collection of Passenger Facilities Charges, passenger enplanements, operations or the financial condition of the Airport System. The County is not able to accurately predict whether any airline under bankruptcy protection will continue operating at PBIA or whether any of these airlines will liquidate or substantially restructure their operations. Further, the County cannot predict nor can it give any assurance that any airlines in bankruptcy serving PBIA will continue to pay or to make timely payment of their obligations under the Airline Agreements.

Dependence on Concession Revenues

As can be seen in the chart entitled "Net Revenues Available for Debt Service and Debt Service Coverage, Fiscal Years 2011-2015" under the heading "SELECTED FINANCIAL INFORMATION AND MANAGEMENT ANALYSIS", above, a large portion of the Airport System's Operating Revenues is currently derived from concession revenues, particularly those associated with rental cars and parking. Historically, these revenues have been very dependent on the state of the national economy. In addition, although PBIA currently has no substantial offsite parking competition to parking provided on-site, there can be no assurance that this will continue to be the case.

Continued Federal Grant Funding

The Federal Aviation Administration Modernization and Reform Act of 2012 (the "FAA Reauthorization Act") was signed into law on February 14, 2012. Prior to the FAA Reauthorization Act, there were 23 short-term extensions of the FAA's authority and a two-week partial shutdown of the FAA in the summer of 2011. On March 21, 2016, Congress passed another short-term extension of the FAA's authority that extended funding to July 15, 2016, the Airport and Airway Extension Act of 2016, which the President signed into law on March 30, 2016. As reauthorized, the Airport and Airway Extension Act of 2016 retained the federal cap on PFCs at $4.50 and continued funding for the Airport Improvement Program ("AIP") through Federal fiscal year 2016. The AIP provides federal capital grants to support airport infrastructure, including entitlement grants (determined by formulas based on passenger, cargo, and general aviation activity levels) and discretionary grants (allocated on the basis of specific set-asides and the national priority ranking system). Past budget proposals have included reduction or elimination of the AIP. In addition, the AIP could be affected by the automatic across-the-board spending cuts, known as sequestration, described below. The County is unable to predict the level of available AIP funding it may receive. Historically, the County has depended on federal and state grants to fund improvements to the Airport System. See "THE AIRPORT SYSTEM - Grants", herein. If there is a reduction in the amount of AIP grants awarded to the County, such reduction could (i) increase by a corresponding amount the capital expenditures that the County would need to fund from other sources (including operating revenues and Additional Bonds), (ii) result in adjustments to the capital improvement plan or (iii) extend the timing for completion of certain projects.

Federal funding received by the County and aviation operations at PBIA could be adversely affected by the implementation of sequestration, a budgetary feature first introduced in the Budget Control Act of 2011. Sequestration could adversely affect FAA and TSA budgets and operations and the availability of certain federal grant funds typically received annually by the County, which may cause the FAA or TSA to implement furloughs of its employees and freeze hiring, and may result in flight delays and cancellations.

Passenger Facilities Charges

The County's authority to impose and use Passenger Facilities Charges is subject to certain terms and conditions provided in the PFC Act, the PFC Regulations and each PFC

Authority. If the County fails to comply with these requirements, the FAA may take action to terminate or to reduce the County's authority to impose or to use Passenger Facilities Charges. Some of the events that could cause the County to violate these provisions are not within the County's control. In addition, failure to comply with the provisions of the Noise Act may lead to termination of the County's authority to impose Passenger Facilities Charges. There is no assurance that the PFC Act will not be repealed or amended or that the PFC Regulations or any PFC Authority will not be amended in a manner that would adversely affect the County's ability to collect and use Passenger Facilities Charges. See "THE AIRPORT SYSTEM - Passenger Facilities Charges" herein. Passenger Facilities Charges are not pledged to secure the Bonds.

The ability of the County to collect sufficient Passenger Facilities Charges depends upon a number of factors, including the operation of PBIA by the County, the use of PBIA by Collecting Carriers, the number of enplanements at PBIA and the efficiency and ability of the Collecting Carriers to collect and remit Passenger Facilities Charges to the County. The County relies upon the Collecting Carriers' collection and remittance of Passenger Facilities Charges, and both the County and the FAA rely upon the airlines' reports of enplanements and collection statistics.

The amount of PFC revenue collected for PBIA in past years has varied, and in future years will vary, based upon the actual number of passenger enplanements at PBIA. No assurance can be given that any level of enplanements will be realized. The adverse impact of decreased enplanements could be direct or indirect. For example, PFC shortfalls could result in increases in terminal rentals or other rates and charges at PBIA, thereby negatively impacting the airlines' desire to operate at PBIA. Furthermore, under the terms of the PFC Act, the FAA may terminate the County's authority to impose a PFC. **PFCs are an important element of the County's funding for its Airport System capital improvement program. See "CAPITAL IMPROVEMENT PROGRAM" herein.**

In 2003, the Vision 100 – Century of Aviation Reauthorization Act ("Vision 100") became effective. Vision 100 requires an airline that files for bankruptcy protection, or that has an involuntary bankruptcy proceeding commenced against it, to segregate passenger facility revenue in a separate account for the benefit of the eligible agencies entitled to such revenue. Prior to the amendments made by Vision 100 to allow PFCs collected by airlines to constitute a trust fund, at least one bankruptcy court indicated that the PFC revenues held by an airline in bankruptcy would not be treated as a trust fund and would instead be subject to the general claims of the unsecured creditors of such airline.

The County cannot predict whether an airline that files for bankruptcy protection would have properly accounted for PFCs or whether the bankruptcy estate would have sufficient moneys to pay the County in full for the PFCs owed by such airline. PFCs are not pledged to the repayment of the Series 2016 Bonds.

The FAA may terminate the County's authority to impose Passenger Facilities Charges, subject to informal and formal procedural safeguards, if the FAA determines that (1) the County is in violation of certain provisions of the Airport Noise and Capacity Act of 1990 (the "Noise Act") relating to airport noise and access restrictions, (2) Passenger Facilities Charge collections and investment income thereon are not being used for approved projects in accordance with the FAA's approvals or with the PFC Act and the PFC Regulations, (3) implementation of the approved projects does not commence within the time periods specified in the PFC Act and PFC Regulations, or (4) the County is otherwise in violation of the PFC Act, the PFC Regulations or any PFC Authority. Formal termination proceedings are authorized if the FAA determines that efforts to achieve an informal resolution are not successful.

Aviation Safety and Security Concerns

Concerns about the safety of air travel and the effectiveness of security precautions, particularly in the context of international hostilities and domestic and foreign terrorist attacks and threats and other airline incidents may influence passenger travel behavior and air travel demand. These concerns intensified in the aftermath of the events of September 11, 2001. Travel behavior may be affected by anxieties about the safety of flying and by the inconveniences and delays associated with more stringent security screening procedures, which may give rise to the avoidance of air travel generally and the switching from air to surface travel modes. Public health and safety concerns have also affected air travel demand from time to time.

Safety concerns in the aftermath of the terrorist attacks on September 11, 2001, were largely responsible for the steep decline in airline travel nationwide in 2002. Since 2001, government agencies, airlines, and airport operators have enhanced security measures to guard against possible terrorist incidents and maintain confidence in the safety of airline travel. These measures include strengthened aircraft cockpit doors, changed flight crew procedures, increased presence of armed sky marshals, federalization of airport security functions under the TSA, more effective dissemination of information about threats, more intensive screening of passengers, baggage, and cargo, and deployment of new screening technologies.

The airlines and the federal government were primarily responsible for, and bore most of the capital costs associated with, implementing security measures after September 11, 2001. PBIA is currently in compliance with all federally mandated security requirements.

The County cannot predict the effect of any future government-required security measures on passenger activity at PBIA. Nor can the County predict how the government will staff security screening functions or the effect on passenger activity of government decisions regarding its staffing levels.

Enplanements at PBIA, collections of PFCs and the receipt of Revenues were negatively affected by security restrictions on the Airport System and the financial condition of the air transportation industry following the terrorist attacks of September 11, 2001. The County, like many airport operators, experienced increased operating costs due to compliance with federally mandated and other security and operating changes. The County cannot predict the likelihood of future incidents similar to the terrorist attacks of September 11, 2001, the possibility of increased security restrictions, the likelihood of future air transportation disruptions or the impact on the Airport System or the airlines from such incidents or disruptions.

Cost of Aviation Fuel

Airline earnings are significantly affected by changes in the price of aviation fuel. According to Airlines for America (an airline trade association, formerly known as Air Transport Association of America), fuel, along with labor costs, is one of the largest cost components of airline operations, and continues to be an important and uncertain determinate of an air carrier's operating economics. There has been no shortage of aviation fuel since the "fuel crisis" of 1974, but any increase in fuel prices causes an increase in airline operating costs. Fuel prices continue to be susceptible to, among other factors, political unrest in various parts of the world (particularly in the oil-producing nations in the Middle East and North Africa), Organization of Petroleum Exporting Countries policy, the rapid growth of economies such as China and India, the levels of inventory carried by industries, the amounts of reserves maintained by governments, disruptions to production and refining facilities and weather. In recent years, the cost of aviation fuel has fluctuated in response to changes in demand for and supply of oil worldwide. Significant fluctuations and prolonged increases in the cost of aviation fuel have had an adverse impact on air transportation industry profitability, causing airlines to reduce capacity, fleet and personnel as well as to increase airfares and institute fuel, checked baggage and other extra surcharges, all of which may decrease demand for air travel.

Public Health Risks

Public health concerns also have affected air travel demand from time to time. In 2003, concerns about the spread of severe acute respiratory syndrome ("SARS") led public health agencies to issue advisories against nonessential travel to certain regions of the world. In 2009, concerns about the spread of influenza caused by the H1N1 virus reduced certain international travel, particularly to and from Mexico and Asia. More recently, following an outbreak of the Ebola virus in West Africa in 2014, concerns about the spread of the virus have adversely affected travel to and from certain regions of Africa.

In January 2016, the Centers for Disease Control and Prevention issued a travel alert warning pregnant women to avoid travel to areas where the Zika virus, which has been linked to a type of birth defect called microcephaly, is spreading, a list that currently includes 22 countries and territories.

Travel behavior may be affected by anxieties about the safety of flying, the inconveniences and delays associated with more stringent security screening procedures, the potential exposure to severe illnesses and natural disasters (such as volcano eruptions, earthquakes and tsunamis), all of which could lead to the avoidance of airline travel or the use of alternate modes of transportation.

Airline Concentration; Effect of Airline Industry Consolidation

The airline industry continues to evolve as a result of competition and changing demand patterns and it is possible the airlines serving PBIA could further consolidate operations through acquisition, merger, alliances and code share sales strategies. Examples of airlines mergers occurring over the last several years include: (i) in 2008, Delta acquired Northwest and its affiliated air carriers, Mesaba, Pinnacle (now known as Endeavor) and Compass; (ii) on October 1, 2010, United Airlines and Continental Airlines merged and United Airlines and Continental Airlines began operating as a single airline (under the United brand) in March 2012; (iii) on May 2, 2011, Southwest acquired Air Tran, and Southwest and Air Tran began operating as a single airline (under the Southwest brand) in March 2012; and (iv) in December 2013, AMR Corporation, along with its subsidiaries American Airlines and American Eagle, merged with US Airways Group, Inc. As of the date of this Official Statement, none of these mergers have had any material impact on airline service or enplanements at PBIA. While these prior mergers have not had any material impact on airline service and enplanements at PBIA or on Revenues, future mergers or alliances among airlines operating at PBIA may result in fewer flights or decreases in gate utilization by one or more airlines. Such decreases could result in reduced Revenues, reduced PFC collections and/or increased costs for the other airlines serving PBIA.

Structural Changes in the Travel Market

Many factors have combined to alter consumer travel patterns. The threat of terrorism against the United States remains high. As a result, the federal government has mandated various security measures that have resulted in new security taxes and fees and longer passenger processing and wait times at airports. Both add to the costs of air travel and make air travel less attractive to consumers relative to ground transportation, especially to short-haul destinations. Additionally, consumers have become more price-sensitive. Moreover, the availability of fully transparent price information on the Internet now allows quick and easy comparison shopping, which has changed consumer purchasing habits. Consumers have shifted from purchasing paper tickets from travel agencies or airline ticketing offices to purchasing electronic tickets over the Internet. This has made pricing and marketing even more competitive in the U.S. airline industry. Finally, smaller corporate travel budgets, combined with the higher time costs of travel, have made business customers more amenable to communications substitutes such as tele- and video-conferencing.

Growth of Low Cost Carriers

Low cost carriers ("LCCs") are carriers that take advantage of an operating cost structure that is significantly lower than the cost structure of the network carriers. These advantages can include lower labor costs, greater labor flexibility, a streamlined aircraft fleet (i.e., fewer different types of aircraft in a given airline's fleet) and a generally more efficient operation.

These low costs suggest that the LCCs can offer a lower fare structure to the traveling public than network carriers while still maintaining profitability. In calendar year 2014, LCCs provided approximately 28% of the airline seat capacity in the U.S. market.

As the larger U.S. carriers consolidated and became more focused on capacity discipline, fare increases took hold. LCCs began to emerge in larger markets where passenger levels were high enough for the LCCs to overcome certain barriers to entry caused by the larger carriers, such as control of the majority of airport gates and slots. The cost structure of LCCs allows for lower fares, which has stimulated traffic and driven LCCs into more and larger markets. One result of the consolidation of carriers and their capacity discipline and the associated fare increases is that certain price-sensitive travelers are flying less. Recently, these budget conscious flyers have emerged as an underserved segment which has helped to expand the LCC market to include the ultra-low cost carriers, such as Allegiant Airways and Spirit Airlines. See "THE AIRPORT SYSTEM – Airline Market Share and Passenger Information" and the related charts regarding historical airline market shares and enplanements for more information about airline service, activity and market shares at PBIA.

Competition

PBIA competes with other U.S. airports for both domestic and international passengers. In particular, PBIA has historically competed against Miami International Airport and Fort Lauderdale-Hollywood International Airport. The County also may continue to experience increases in its operating costs due to compliance with federally mandated and other security and operating changes that are unique to PBIA. Such increased costs may increase the cost per enplaned passenger to the airlines, which could result in PBIA being put at a competitive disadvantage relative to other airports and transportation modes.

Availability of Various Sources of Funding

The funding plan for the Airport System's CIP as described herein assumes and states that various federal and state grants will be received in amounts and at times necessary to pay a portion of the costs of the CIP. In addition, the funding plan assumes certain amounts of Passenger Facilities Charges will be available to pay a portion of the costs of the CIP. No assurance can be given that these sources of funding will actually be available in the amounts or on the schedule assumed. See "CAPITAL IMPROVEMENT PROGRAM" herein.

Costs of Capital Improvement Program and Schedule

The estimated costs of, and the projected schedule for, the CIP are subject to a number of uncertainties. The ability of the County to complete the CIP may be adversely affected by various factors, including: (i) estimating errors, (ii) design and engineering errors, (iii) changes to the scope of the capital improvements, (iv) delays in contract awards, (v) material and/or labor shortages, (vi) unforeseen site conditions, (vii) adverse weather conditions, (viii) contractor defaults, (ix) labor disputes, (x) unanticipated levels of inflation, (xi) litigation, (xii) delays in permitting and (xiii) environmental issues. No assurance can be given that the CIP will not cost more than is currently estimated. Any schedule delays or cost increases could result in the need to issue additional indebtedness and may result in increased costs per enplaned passenger to the airlines utilizing PBIA. As noted above, the Airline Agreements require majority in interest approval of the Signatory Airlines for the issuance of additional debt, the debt service on which would be included in the airline rate base. There can be no assurance that the County would be able to obtain any additional required approvals in the event the CIP costs more than currently anticipated.

Existing Reserve Policy Replacement

As described under the heading "SECURITY FOR THE SERIES 2016 BONDS – Debt Service Reserve Account," the Bond Resolution does not require replacement of the Existing Reserve Policy upon a ratings downgrade of MBIA Corp. or National, or should any circumstances occur impacting the value of said Existing Reserve Policy or the ability of the County to access claims thereunder, or for other reasons. As such, the security for the Series 2016 Bonds afforded by the Debt Service Reserve Account is limited to the Existing Reserve Policy, and as a result is dependent solely on the financial strength of National. While the Existing Reserve Policy is in effect, no amendments to the Bond Resolution may be made without the consent of the Existing Reserve Policy insurer. See "SECURITY FOR THE SERIES 2016 BONDS – The Existing Reserve Policy Insurer".

FUTURE FINANCING

The County may issue Additional Bonds for the purpose of paying the costs of any additional Project, subject to compliance with applicable debt service coverage requirements of the Bond Resolution. Although, as indicated under the heading "CAPITAL IMPROVEMENT PROGRAM", herein, the County does not expect to issue any Additional Bonds during the next six years to fund its CIP, a change in financial circumstances could alter that expectation. The timing of the issuance of any Additional Bonds is contingent upon the passenger demand for the Airport System's facilities and will be affected by the volume of commercial aircraft servicing PBIA and the financial feasibility of such projects. Additionally, the current volatility in the airline industry and uncertain economic conditions will affect the timing and scope of the required projects. Accordingly, the timing and costs of projects requiring the issuance of Additional Bonds cannot be stated with a great degree of accuracy.

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)

DEBT SERVICE REQUIREMENTS

The following represents the estimated debt service on all Outstanding Bonds after the issuance of the Series 2016 Bonds.

Year Ended October 1	Series 2016 Bonds Principal	Series 2016 Bonds Interest	Series 2006B Bonds	Total
2016		$514,312.50	$2,991,045.75	$3,505,358.25
2017	$100,000.00	2,848,500.00	3,415,628.25	6,364,128.25
2018	100,000.00	2,845,500.00	3,420,307.50	6,365,807.50
2019	100,000.00	2,841,500.00	3,415,243.50	6,356,743.50
2020	100,000.00	2,837,500.00	3,415,436.25	6,352,936.25
2021	2,400,000.00	2,833,500.00		5,233,500.00
2022	2,520,000.00	2,713,500.00		5,233,500.00
2023	2,645,000.00	2,587,500.00		5,232,500.00
2024	2,775,000.00	2,455,250.00		5,230,250.00
2025	2,915,000.00	2,316,500.00		5,231,500.00
2026	3,060,000.00	2,170,750.00		5,230,750.00
2027	3,210,000.00	2,017,750.00		5,227,750.00
2028	3,370,000.00	1,857,250.00		5,227,250.00
2029	3,540,000.00	1,688,750.00		5,228,750.00
2030	3,715,000.00	1,511,750.00		5,226,750.00
2031	3,900,000.00	1,326,000.00		5,226,000.00
2032	4,095,000.00	1,131,000.00		5,226,000.00
2033	4,295,000.00	926,250.00		5,221,250.00
2034	4,505,000.00	711,500.00		5,216,500.00
2035	4,745,000.00	486,250.00		5,231,250.00
2036	4,980,000.00	249,000.00		5,229,000.00
Total	$57,070,000.00	$38,869,812.50	$16,657,661.25	$112,597,473.75

LITIGATION

There is no litigation of any nature now pending or, to the best of the County's knowledge, threatened which seeks to restrain or enjoin the sale, execution, issuance or delivery of the Series 2016 Bonds or in any way contests the validity of the Series 2016 Bonds or any proceedings of the County taken with respect to the authorization, sale, or issuance of the Series 2016 Bonds, or the pledge or application of any moneys provided for the payment of or security for the Series 2016 Bonds.

The County is involved in various lawsuits arising in the ordinary course of operations. Although the outcome of these matters is not presently determinable, it is the opinion of management of the County based upon consultation with legal counsel, that the outcome of these matters will not materially affect the financial position of the County or the County's ability to pay debt service on the Series 2016 Bonds.

On or about January 6, 2015, Mar-A-Lago Club, LLC filed a complaint against Palm Beach County and Bruce V. Pelly, the Director of Palm Beach County Department of Airports. *(Mar-A-Lago, LLC v. Palm Beach County*, Case Number 2015CA000086 (15th Judicial Circuit Court, Palm Beach County)). The complaint alleged that noise, emissions, and vibrations from aircraft operations at PBIA are causing damage to Mar-A-Lago, a historic property in the Town of Palm Beach. The complaint contained claims for nuisance, trespass, and inverse condemnation. The complaint was later amended to add a breach of contract claim. Plaintiff seeks both damages in the amount of $100 million and injunctive relief. The County and Mr. Pelly filed a motion to dismiss in February 2015 and renewed the motion in July 2015 after plaintiff voluntarily amended the complaint. The Court granted the motion in part on November 16, 2015. The order dismissed all the claims as to Mr. Pelly as well as the claims against the County for trespass, inverse condemnation, and breach of contract. Only the nuisance claims are still pending, for which plaintiff continues to seek damages in the amount of $100 million and injunctive relief.

The County has a number of defenses to plaintiff's claims and intends to vigorously assert the same, and to assess the likelihood of success or potential outcome.

TAX MATTERS

General

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Series 2016 Bonds in order to assure that interest on the Series 2016 Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code. The County's failure to comply with these requirements may cause interest on the Series 2016 Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. The County has covenanted in the Bond Resolution to take all actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Series 2016 Bonds. The opinion of Bond Counsel, the form of which is attached hereto as APPENDIX D, will be based upon and assume the accuracy of certain representations and certifications and is conditioned on compliance by the County with such requirements, and Bond Counsel has not been retained to monitor compliance with requirements such as described above subsequent to the issuance of the Series 2016 Bonds. The Bond Resolution does not require the County to redeem the Series 2016 Bonds or to pay any additional interest or penalty in the event the interest on the Series 2016 Bonds becomes taxable.

In the opinion of Bond Counsel, assuming continuing compliance by the County with the tax covenants referred to above, under existing law, interest on the Series 2016 Bonds is excluded from gross income for federal income tax purposes, except for interest on any Series 2016 Bond during any period such Series 2016 Bond is owned by a "substantial user" of the facilities refinanced with the proceeds of the Series 2016 Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended; however, interest on the Series 2016 Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of the Series 2016 Bonds.

Bond Counsel will render its opinion as of the issue date, and will assume no obligation to update the opinions after the issue date to reflect any future facts or circumstances, or any future changes in law or interpretation, or otherwise. Moreover, the opinion of Bond Counsel is only an opinion and not a warranty or guaranty of the matters discussed.

Additional Federal Income Tax Consequences

Prospective purchasers of the Series 2016 Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Series 2016 Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations. Prospective purchasers of the Series 2016 Bonds should also consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

The Internal Revenue Service (the "IRS") has established an on-going program to audit tax-exempt obligations to determine whether interest on such obligations is includible in gross income for federal income tax purposes. Bond Counsel cannot predict whether the IRS will commence an audit of the Series 2016 Bonds. Owners of the Series 2016 Bonds are advised that, if the IRS does audit the Series 2016 Bonds, under current IRS procedures, at least during the early stages of an audit, the IRS will treat the County as the taxpayer, and the owners of the Series 2016 Bonds may have limited rights to participate in such procedure. The commencement of audit could adversely affect the market value and liquidity of the Series 2016 Bonds until the audit is concluded, regardless of the ultimate outcome.

State Taxation

In the opinion of Bond Counsel, interest on the Series 2016 Bonds is exempt from taxation under the existing laws of the State of Florida, except as to estate taxes and taxes imposed under Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, as defined in said Chapter 220.

Changes in Tax Law

Federal, state or local legislation, administrative pronouncements or court decisions may affect the tax-exempt status of interest on the Series 2016 Bonds, gain from the sale or other disposition of the Series 2016 Bonds, the market value of the Series 2016 Bonds, or the marketability of the Series 2016 Bonds. For example, the President of the United States has submitted proposals to Congress for legislation that would, among other things, limit the value of tax-exempt interest for higher-income taxpayers. No prediction can be made as to the ultimate outcome of these legislative proposals. If enacted into law, such proposals (or any other proposal involving a piecemeal or comprehensive review of the provisions of the Code, including provisions affecting the federal tax treatment of interest on tax-exempt bonds, that Congress might consider) could affect the tax exemption of interest, market price or marketability of tax-exempt bonds (including the Series 2016 Bonds). Prospective purchasers of the Series 2016 Bonds should consult their own tax and financial advisers regarding such matters.

Tax Treatment of Original Issue Premium

The Series 2016 Bonds were offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity, and thus are "Premium Bonds." That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the inside cover of this Official Statement who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond. Purchasers of Premium Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the treatment of bond premium upon sale, redemption or other disposition of Premium Bonds and with respect to the state and local consequences of owning and disposing of Premium Bonds.

LEGALITY

Certain legal matters incident to the authorization, issuance and sale of the Series 2016 Bonds by the County and with regard to the tax-exempt status thereof are subject to the approving opinion of Greenspoon Marder, P.A., Boca Raton, Florida, Bond Counsel, whose approving opinion will be available at the time of delivery of the Series 2016 Bonds. Nabors, Giblin & Nickerson, P.A., Tampa, Florida, is Disclosure Counsel to the County with respect to the Series 2016 Bonds. The County is represented by the Office of the County Attorney. The Underwriters are represented by Mark E. Raymond, Esq., Palm Beach Gardens, Florida.

The proposed text of the approving opinion of Bond Counsel to be delivered concurrently with the delivery of the Series 2016 Bonds is set forth as APPENDIX D to this Official Statement. The actual legal opinion to be delivered may vary from the text of APPENDIX D, if necessary, to reflect facts and law on the date of delivery of the Series 2016 Bonds.

The legal opinions to be delivered by Bond Counsel, Disclosure Counsel and the Office of the County Attorney concurrently with the delivery of the Series 2016 Bonds are based on existing law, which is subject to change. Such legal opinions are further based on factual representations made as of the date thereof. The attorneys rendering legal opinions concurrently with the delivery of the Series 2016 Bonds assume no duty to update or supplement their respective opinions to reflect any facts or circumstances, including changes in law that may thereafter occur or become effective. In addition, such legal opinions express the professional judgment of the attorneys rendering the opinions regarding the legal issues expressly addressed in such opinions. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

The fees of Bond Counsel and Disclosure Counsel and payment of the Underwriters' discount, which includes the fees of counsel to the Underwriters, are contingent upon the issuance of the Series 2016 Bonds.

VERIFICATION OF ARITHMETICAL COMPUTATIONS

The accuracy of the arithmetical computation of the adequacy of the maturing principal amounts of and interest on the Escrow Securities and cash to be held by the Escrow Agent to pay, when due, the principal of and interest on the Refunded Bonds to the date of maturity or earlier redemption will be verified by R. Thomas CPA, independent certified public accountants, whose verification report with respect thereto will be available at delivery of the Series 2016 Bonds.

CO-FINANCIAL ADVISORS

The Co-Financial Advisors have advised the County in matters relating to planning, structuring and issuance of the Series 2016 Bonds. Public Financial Management, Inc. and Spectrum Municipal Services, Inc. are independent advisory firms and are not engaged in the business of underwriting, trading and distributing municipal or other public securities. Certain of the fees of the Co-Financial Advisors are contingent upon the issuance of the Series 2016 Bonds.

FINANCIAL STATEMENTS

Included in APPENDIX C are the audited financial statements of the Department as of September 30, 2015 for the year then ended. Such financial statements, including the auditors' report, have been included in this Official Statement as public documents, and consent from the auditor was not requested. The auditor has not performed any services relating to, and is therefore not associated with, the issuance of the Series 2016 Bonds.

UNDERWRITING

The Series 2016 Bonds are being purchased by Raymond James & Associates, Inc., Citigroup Global Markets Inc. and Wells Fargo Bank, National Association (collectively, the "Underwriters"). The Underwriters have agreed to purchase the Series 2016 Bonds at a price of $70,247,640.49 (representing the original principal amount of $57,070,000.00, less Underwriters' discount of $125,695.51 and plus original issue premium of $13,303,336.00), subject to certain terms and conditions set forth in the Purchase Agreement for the Series 2016 Bonds, dated June 30, 2016 which includes the approval of certain legal matters by counsel and certain other conditions. The initial public offering prices may be changed, from time to time, by the Underwriters. The Underwriters may offer and sell the Series 2016 Bonds to certain dealers (including dealers depositing Series 2016 Bonds into unit investment trusts, certain of which may be sponsored or managed by the Underwriters) and others at prices lower than the public offering prices stated on the cover page hereof.

Citigroup Global Markets, Inc., an underwriter of the Series 2016 Bonds, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. ("TMC") and UBS Financial Services Inc. ("UBSFS"). Under these distribution agreements, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this agreement, Citigroup Global Markets Inc. may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the Series 2016 Bonds.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934. Wells Fargo Bank, National Association, acting through its Municipal Products Group ("WFBNA"), one of the underwriters of the Series 2016 Bonds, has entered into an agreement (the "Distribution Agreement") with its affiliate, Wells Fargo Advisors, LLC ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2016 Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2016 Bonds with WFA. WFBNA also utilizes the distribution capabilities of its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series 2016 Bonds. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company. Certain subsidiaries of Wells Fargo & Company (parent company of Wells Fargo Bank, National Association, serving as one of the underwriters for the Series 2016 Bonds through the Wells Fargo Bank, NA Municipal Products Group) have provided, from time to time, investment banking services, commercial banking services or advisory services to the County, for which they have received customary compensation. Wells Fargo & Company or its subsidiaries may, from time to time, engage in transactions with and perform services for the County in the ordinary course of their respective businesses.

There can be no assurance that there will be a secondary market for purchase or sale of the Series 2016 Bonds. Depending upon prevailing market conditions, including the financial condition or market positions of firms which may make the secondary market, evaluation of the Issuer's capabilities and the financial condition and results of its operations, there may not be a secondary market for the Series 2016 Bonds from time to time, and investors in the Series 2016 Bonds may be unable to divest themselves of their interests therein.

CONTINUING DISCLOSURE

In order to assist the Underwriters with respect to compliance with Rule 15c2-12 of the Securities Exchange Act of 1934 (the "Rule"), the County has undertaken and agreed to provide the information described below to the persons so indicated. The County’s undertaking and agreement set forth in the Bond Resolution (herein, the "Undertaking") and described below is for the benefit of the Holders and Beneficial Owners of the Series 2016 Bonds.

The County has undertaken and agreed to provide to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access System ("EMMA") and such other municipal securities information repository as may be required by law or applicable legislation from time to time (each such information repository, a "MSIR"), on or before March 31 of each year for the Fiscal Year ending on the preceding September 30 (commencing with the Fiscal Year ending September 30, 2016) (i) the Department's annual financial statements, generally consistent with the financial statements presented in APPENDIX C attached hereto, and (ii) an update for the Fiscal Year then ended in substantially the form set forth in the final Official Statement, of the annual financial information and operating data set forth in the tables in the final Official Statement under the heading "THE AIRPORT SYSTEM – Certain Operating Statistics", "THE AIRLINE SYSTEM – Airline Market Share and Passenger Information", "THE AIRPORT SYSTEM – Grants" and "SELECTED FINANCIAL INFORMATION AND MANAGEMENT ANALYSIS", as well as an update of the annual Passenger Facilities Charges received by the Airport System (any of which may be set forth in the Department's annual financial statements). If audited financial statements are not available at the time of required filings as set forth above, unaudited financial information shall be filed pending the availability of audited financial statements. The information referred to above is herein collectively referred to as the "Annual Report".

The County has reserved the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the County; provided that the County has agreed that any such modification will be done in a manner consistent with the Rule.

The County agrees to provide or cause to be provided to the MSRB and to each MSIR in the appropriate format required by law or applicable regulation, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Series 2016 Bonds:

(1) principal and interest payment delinquencies;
(2) non-payment related defaults, if material;
(3) unscheduled draws on debt service reserves reflecting financial difficulties;
(4) unscheduled draws on credit enhancements reflecting financial difficulties;
(5) substitution of credit facility providers, or their failure to perform;
(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2016 Bonds, or other events affecting the tax status of the Series 2016 Bonds;
(7) modifications to rights of holders of the Series 2016 Bonds, if material;
(8) Series 2016 Bond calls, if material, and tender offers;
(9) defeasances;
(10) release, substitution, or sale of property securing repayment of the Series 2016 Bonds, if material (the Series 2016 Bonds are secured solely by the Net Revenues Available for Debt Service);
(11) rating changes;
(12) bankruptcy, insolvency, receivership or similar event of the County (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County);
(13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
(14) appointment of a successor or additional trustee or the change of name of the trustee, if material.

The County agrees to provide or cause to be provided, in a timely manner, to the MSRB and each MSIR, written notice of a failure by the County to provide the Annual Report described above on or prior to the date set forth therein.

The County reserves the right to terminate its obligation to provide the Annual Report and notices of material events, as set forth above, if and when the County no longer remains an obligated person with respect to the Series 2016 Bonds within the meaning of the Rule or the Series 2016 Bonds are no longer Outstanding (either by the redemption in full or legal defeasance of all such Series 2016 Bonds). If the County believes such condition exists, the County will provide notice of such termination to the MSRB and each MSIR.

The County agrees that its undertaking pursuant to the Rule as described herein is intended to be for the benefit of the holders and beneficial owners of the Series 2016 Bonds and shall be enforceable by any holder or beneficial owner; provided that the right to enforce the provisions of such undertaking shall be limited to a right to obtain specific enforcement of the County's obligations under the Bond Resolution and any failure by the County to comply with the provisions of such undertaking shall not be an Event of Default with respect to the Series 2016 Bonds.

Any voluntary inclusion by the County in its Annual Report of supplemental information that is not required under the Bond Resolution shall not expand the obligations of the County thereunder and the County shall have no obligation to update such supplemental information or include it in any subsequent report.

The covenants described herein are solely for the benefit of the Holders and Beneficial Owners of the Series 2016 Bonds and shall not create any rights in any other parties.

Notwithstanding any other provision of the Bond Resolution, the County may amend said undertaking and any provision of the undertaking may be waived, provided that the following conditions are satisfied:

(i) The amendment or waiver may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identify, nature or status of an obligated person with respect to the Series 2016 Bonds, or the type of business conducted;

(ii) The undertaking, as amended or taking into account such waiver would, in the Opinion of Bond Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2016 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment or waiver does not materially impair the interests of holders and beneficial owners as determined either by parties unaffiliated with the County or an obligated person (such as Bond Counsel), or by an approving vote of holders pursuant to the terms of the Bond Resolution.

In the event of any amendment or waiver of a provision of the undertaking, the County shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of annual financial information or operating data being presented by the County. In addition, if the amendment or waiver relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in the same manner as set forth in subsection (b) and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

The County reserves the right to satisfy its obligations described under this section through agents; and the County may appoint such agents without the necessity of amending the Bond Resolution. The County may also appoint one or more employees of the County or employees of the office of the Clerk to monitor and be responsible for the County's undertaking as described herein.

The County believes it has complied in all material respects with all previous undertakings under the Rule during the past five years. A review of the County's filing history reveals the following instances of non-compliance, none of which the County believes are material with respect to the Series 2016 Bonds, and all of which have been corrected: (1) the County was late (less than 1 month) in filing annual financial data and operating data concerning the County's Water and Sewer System for Fiscal Year 2011 with respect to prior debt secured by the Net Revenues of the Water and Sewer System; (2) with respect to its Water and Sewer Revenue Bonds, prior to 2013 certain information regarding guaranteed revenues (capacity reservation charges) was not included in its annual filings; (3) the County was late (less than 1 month) in filing annual financial data and operating data concerning the County's outstanding Airport Bonds for Fiscal Year 2011; and (4) certain ratings downgrades regarding a municipal bond insurer, were not filed in 2013. In February 2013, the County engaged Digital Assurance Certification (DAC) to serve as its dissemination agent with respect to all of the County's outstanding bonds and to enhance its future compliance with undertakings made pursuant to the Rule.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Florida law requires the County to disclose each and every default as to the payment of principal and interest with respect to obligations issued or guaranteed by the County after December 31, 1975 (including bonds or other debt obligations for which it has served only as a conduit issuer, such as industrial development or private activity bonds issued on behalf of private businesses).

The County is not, and since December 31, 1975, has not been, in default as to principal of and interest on bonds or other debt obligations for which either ad valorem or non-ad valorem revenues of the County are pledged.

The County has not undertaken an independent review or investigation of such bonds or other debt obligations as to which it has served only as a conduit issuer. To the extent any of bonds or other debt obligations are in default as to principal and/or interest, the obligation of the County thereunder is limited solely to payment from funds received by the party on whose behalf such bonds or other debt obligations were issued, and the County is not obligated to pay the principal of or interest on such bonds or other debt obligations from any funds of the County.

BOND RATINGS

Moody’s Investors Service, Inc., S&P Global Ratings and Fitch Ratings have assigned ratings of "A1" (stable outlook), "A+" (stable outlook) and "A+" (stable outlook), respectively, to the Series 2016 Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody’s Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; Fitch Ratings, One State Street Plaza, New York, New York 10004; S&P Global Ratings, 55 Water Street, New York, New York 10041.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies if, in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2016 Bonds.

MISCELLANEOUS

All forecasts, estimates and other statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not intended to be construed as a contract or agreement between the County and the purchasers or holders of any of the Series 2016 Bonds. The information contained in this Official Statement is presented for the guidance of prospective purchasers of the Series 2016 Bonds described therein. The information has been compiled from official sources and, while not guaranteed by the County, is believed to be correct.

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)

CERTIFICATE CONCERNING THE OFFICIAL STATEMENT

This Official Statement has been authorized by the County. Concurrently with the delivery of the Series 2016 Bonds, the undersigned will furnish their certificate to the effect that to the best of their knowledge nothing has come to their attention which would lead them to believe that the information provided by the County and the Department in the Official Statement as of its date and as of the date of the delivery of the Series 2016 Bonds contains an untrue statement of a material fact or omits to state a material fact which should be included therein for the purpose for which the Official Statement is intended to be used, or which is necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

The execution and delivery of this Official Statement by its Mayor and County Administrator have been duly authorized by the Board of County Commissioners.

PALM BEACH COUNTY

By: *_/s/ Mary Lou Berger_*
Mayor
Board of County Commissioners

By: *_/s/ Verdenia C. Baker_*
County Administrator

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

The following is a brief summary of certain provisions of the Bond Resolution pertaining to the Bonds. Such summary does not purport to be complete and reference is made to the Bond Resolution for full and complete terms and provisions thereof. Defined terms used herein and not defined shall have the meanings ascribed to them in the Bond Resolution.

Selected Definitions

The capitalized terms herein shall have the following respective meanings:

"Accrued Aggregate Debt Service" means, as of any date of calculation, an amount of equal to the sum of (i) interest on the Bonds of all Series accrued and to accrue to the end of the then current calendar month, and (ii) Principal Installments due and unpaid and that portion of the Principal Installments for all Series next due which would have accrued (if deemed to accrue in the manner set forth in the definition of Debt Service) to the end of such calendar month.

"Aggregate Debt Service" means, as of any particular date of computation and with respect to any period, to sum of the amounts of Debt Service for such period with respect to all Series of Bonds; provided, however, that in computing Aggregate Debt Service, any particular Variable Interest Rate Bonds shall be deemed to bear at all times to the maturity thereof the Estimated Average Interest Rate applicable thereto; and provided, further, that for purposes of estimating Aggregate Debt Service for any future period, any Option Bonds Outstanding during such period shall be assumed to mature on the stated maturity thereof.

"Airport Consultant" means the airport consultant or airport consulting firm or corporation at the time retained by the County to perform the acts and carry out the duties provided for such Airport Consultant in the Bond Resolution.

"Airport System" means all airports, buildings, hangars, lands, warehouses, shops, hotels, motels, or other aviation facilities or facilities related or appurtenant thereto of any kind or nature, now or hereafter owned, leased or operated by the County at Palm Beach International Airport, Palm Beach County Park Airport (known as Lantana Airport) and Palm Beach County Glades Airport (known as Pahokee Airport) in said County, the additions and improvements to be constructed and acquired at Palm Beach International Airport pursuant to the Bond Resolution, and any other airports and aviation facilities or facilities hereafter at any time constructed or acquired or leased by the County, together with all fixtures, equipment and property, real or personal, tangible or intangible owned and used in connection with such airports and other aviation facilities. Notwithstanding the foregoing, "Airport System" shall not include, unless otherwise provided in accordance with the Bond Resolution, (i) Special Purpose Facilities hereafter acquired or constructed by the County, or (ii) the real property specifically identified in the Bond Resolution as not constituting part of the Airport System and any airport or aviation facility hereafter acquired or constructed by the County thereon.

"Authorized Newspaper" means a newspaper customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language, devoted to financial information and in general circulation in The City of New York, New York.

"Authorized Officer of the County" means the Mayor or Vice Mayor, or the Clerk or the Director of the Department or any other officer or employee of the County authorized by resolution of the Board or order of the Clerk to perform specific acts or duties related to the subject matter of the authorization.

"Board" means the Board of County Commissioners of the County, the governing body of the County.

"Bondholder" or "Holder of Bonds" or any similar term means any person who shall be the registered owner of any Bond or Bonds.

"Consulting Engineers" means the engineer or engineering firm or corporation at the time retained by the County to perform the acts and carry out the duties provided for such Consulting Engineers in the Bond Resolution.

"Counsel's Opinion" means an opinion signed by an attorney or a firm of attorneys (who may be counsel or of counsel to the County) selected by the County.

"Debt Service" for any period means, as of any date of calculation and with respect to any Series of Bonds, an amount equal to the sum of (i) current interest accruing during such period on Bonds of such Series, except to the extent that such interest is to be paid from deposits (including investment income thereon) in any Fund or Account made from Bond proceeds or other amounts available therein, and (ii) that portion of each Principal Installment for such Series of Bonds, to become due on the date of calculation or the next succeeding Principal Installment due date, which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Series (or, if there shall be no such preceding Principal Installment due date, from a date one year preceding the due date of such Principal Installment or from the date of issuance of such Series, as determined by the County in accordance with generally accepted accounting principles), and (iii) any fees associated with the servicing or insuring of any Variable Interest Rate Bonds; provided however, that such interest and Principal Installments for such Series shall be calculated on the assumption that (x) no Bonds (except for Option Bonds actually tendered for payment prior to the stated maturity thereof) of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof and (y) the principal amount of Option Bonds tendered for payment before the stated maturity thereof shall be deemed to accrue on the date required to be paid pursuant to such tender.

"Debt Service Reserve Account Insurance Policy" means the insurance policy or surety bond deposited in the Debt Service Reserve Account or a Debt Service Reserve Subaccount in lieu of or in partial substitution for cash on deposit therein. With respect to a Debt

Service Reserve Account Insurance Policy deposited to the Debt Service Reserve Account (rather than a Debt Service Reserve Subaccount therein), the issuer providing such Debt Service Reserve Account Insurance Policy shall be an insurer whose credit is such that, on the date such insurer issues a commitment to provide such Policy, all municipal securities insured or guaranteed by it are then rated, because of such insurance or guarantee, in at least one of the two highest rating categories (without regard to gradations, such as "plus" or "minus" of such categories) by at least one of the following: Moody's Investor Service, Standard & Poor's Corporation and/or Fitch Ratings, and such Policy shall be payable (upon the giving of notice as required thereunder) on an interest or principal payment date on which a deficiency exists in the Debt Service Account with respect to any Series of Bonds secured on a common basis by a Debt Service Reserve Account Insurance Policy in the Debt Service Reserve Account. With respect to a Debt Service Reserve Account Insurance Policy to be deposited to a Debt Service Reserve Subaccount, the applicable requirements, including with respect to the credit ratings of the provider, shall be as set forth in the Supplemental Resolution authorizing the Series of Bonds to be secured by the Debt Service Reserve Subaccount.

"Debt Service Reserve Requirement" means, as of any date of calculation, (a) an amount of money, securities and/or Debt Service Reserve Account Insurance Policy or Debt Service Reserve Account Policies equal to the maximum annual Debt Service for all Outstanding Bonds to be secured on a common basis by the Debt Service Reserve Account (expressly excluding Bonds for which a segregated Debt Service Reserve Subaccount has been established or which are issued without being secured by the Debt Service Reserve Account or a Subaccount therein), subject to any applicable requirements of the Code; provided that for purposes of the foregoing, the interest rate on each Series of Variable Interest Rate Bonds shall be a rate equal to the Bond Buyer "Revenue Bond Index" as of the date of issuance of such Series; and (b) with respect to Bonds for which a segregated Debt Service Reserve Subaccount has been established, the amount provided in the applicable Supplemental Resolution authorizing such Series. Nothing in the Bond Resolution shall require any Series of Bonds to be secured by the Debt Service Reserve Account or a Debt Service Reserve Subaccount therein or for a corresponding Debt Service Reserve Requirement to be established unless expressly so provided in the Supplemental Resolution authorizing such Series. Any Series of Bonds issued under the Bond Resolution which is not secured by the Debt Service Reserve Account or a Debt Service Reserve Subaccount therein shall have no claim on any monies and/or any Debt Service Reserve Account Insurance Policy in the Debt Service Reserve Account or any Debt Service Reserve Account therein, including, without limitation, Surety Bond No. 479392 issued by MBIA Insurance Corporation.

"Estimated Average Interest Rate" means, as to any Variable Interest Rate Bonds, (a) to the extent any Variable Interest Rate Bonds are outstanding, the higher of the average rate of interest payable on those Bonds over the last 12 months that any such Bonds have been outstanding or the most current actual interest rate; and (b) if no Variable Interest Rate Bonds are outstanding, the true interest cost for such Bonds, as estimated by the County on the date of authorization of such Bonds.

"Fiduciary" means the Trustee, the Bond Registrar and any Depository.

"Fiscal Year" means that period commencing on October 1 and continuing to and including the next succeeding September 30, or any such other annual period as may be prescribed by law.

"Funds and Accounts" means the Funds and Accounts established pursuant to the Bond Resolution or as hereafter redesignated by the County; provided, however, that a Supplemental Resolution may establish a Debt Service Reserve Subaccount within the Debt Service Reserve Account that shall secure only the particular Series of Bonds for which it is established and such Debt Service Reserve Subaccount shall not be included within the meaning of "Funds and Accounts" pledged to or otherwise available for payment of any other Series of Bonds, and provided further a Series of Bonds may be issued without being secured by the Debt Service Reserve Account or a Subaccount therein, in which case neither the Debt Service Reserve Account nor any Subaccount therein shall be included within the meaning of "Funds and Accounts" pledged to such Series of Bonds.

"Net Proceeds" means the amount received by the County from the sale and issuance of the Bonds less (i) the amount, if any, deposited in the Debt Service Reserve Account or any Debt Service Reserve Subaccount therein and (ii) the amount applied to pay legal, accounting, financial, advertising, recording and printing expenses and all other expenses incurred in connection with the issuance of the Bonds. Net proceeds shall include investment earnings on proceeds of the Bonds earned prior to the completion of construction of the Project.

"Net Revenues Available for Debt Service" for any Fiscal Year or period of 12 calendar months, means the Revenues during such Fiscal Year or period less Operation and Maintenance Expenses during such Fiscal Year or period.

"Non-Operating Expenses" means the expenses incurred in the performance of activities not directly related to the ordinary operations of the Airport System and shall include the expenses and compensation of the Fiduciaries and consultants required to be paid under the Bond Resolution, all to the extent properly attributable to the Airport System, interest expense and any charge relating to the payment of principal, and shall also include, with respect to the Bonds, the fees, expenses, and other amounts payable to any bank or other institution issuing a letter of credit, a standby-purchase agreement or any other credit or liquidity facility the proceeds of which will be available to be applied to pay the principal of and interest on any Series of Bonds, as well as any indexing agent, depository, remarketing agent or any other person whose services are required with respect to the issuance of any Variable Interest Rate Bonds or Option Bonds.

"Non-Operating Revenues" means any income of the Airport System which is not derived from the basic operation of the Airport System which is not derived from the basic operation of the Airport System, not restricted in application to a special purpose and otherwise lawfully available to be applied pursuant to the Bond Resolution and shall include, without limiting the generality of the foregoing, all moneys deposited into the Revenue Fund from any fund or account established and maintained pursuant to the Bond Resolution and interest earned on investments and gains on sales of land.

"Operating Expenses" means the County's costs for operation, maintenance and repairs of the Airport System and shall include, without limiting the generality of the foregoing, salaries and employee benefits, utility costs, ordinary maintenance, administrative and general expenses and security.

"Operating Revenues" means all income and revenue from all sources, due and payable to the County in connection with the operation of the Airport System, including, without limitation, except as in the Bond Resolution expressly provided, all rentals, charges, landing fees, use charges and concession revenue derived on behalf of the County in its capacity as the operator of the Airport System, or any part thereof, as more fully defined in the Bond Resolution.

"Operation and Maintenance Expenses" means Operating Expenses plus Non-Operating Expenses, but only to the extent that such charges are made in conformity with generally accepted accounting principles, including amounts required by the Bond Resolution to be retained in the Revenue Fund for Operation and Maintenance Expenses the payment of which is not then immediately required. "Operation and Maintenance Expenses" shall not include expenses relating to Special Purpose Facilities or depreciation or obsolescence charge or reserves therefor, amortization of intangibles or other bookkeeping entries of a similar nature, interest charges and charges for the payment of principal, or amortization, of bonded or other indebtedness of the County relating to the Airport System, including the Bonds, costs, or charges made therefor, for capital additions, replacements, betterments, extensions or improvements to the Airport System which under generally accepted accounting principles are properly chargeable to the capital account or the reserve for depreciation, and do not include losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties of the Airport System nor such property items which are capitalized pursuant to the then existing accounting practice of the County all to the extent properly attributable to the Airport System.

"Option Bonds" shall mean Bonds which by their terms may be tendered by and at the option of the holders thereof for payment by the County prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the holder thereof.

"Outstanding" or "outstanding" when used with reference to Bonds, means as of a particular date, all Bonds theretofore and thereupon being authenticated and delivered under the Bond Resolution except (a) any Bond cancelled at or before said date, (b) any Bond (or portion of Bonds) for the payment or redemption of which moneys equal to the principal amount or redemption price thereof, as the case may be, with interest to the date of maturity or redemption date, shall have theretofore been deposited with one or more of the Fiduciaries in trust (whether upon or prior to maturity or the redemption date of such Bond) and, except in the case of a Bond to be paid at maturity, of which notice of redemption shall have been given or provided for in accordance with the Bond Resolution or provision shall have been made for the giving of such notice, (c) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the Bond Resolution and (d) any Bond deemed to have been paid as provided in the Bond Resolution.

"Principal Installment" means, as of any date of calculation, with respect to any Series of Bonds so long as any Bonds of such Series are Outstanding (including any Option Bonds tendered for payment prior to the stated maturity thereof), and with respect to each future date on which any such Bond shall mature (or, in the case of any Option Bond, on which such Option Bond shall be tendered for payment prior to the stated maturity thereof) or on which any sinking fund installment shall become due, (i) the principal amount of Bonds of such Series due (or tendered for payment) on such future date, or (ii) the unsatisfied balance (determined as provided in the Bond Resolution) of any Sinking Fund Installments due on such future date for Bonds of such Series, plus the amount of the Sinking Fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments, or (iii) if such future dates coincide as to different Bonds of such Series, the sum of such principal amount of Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date plus such applicable redemption premiums, if any.

"Project" means the acquisition and/or construction of any additional aviation facilities for the Airport System or any additions, extensions, improvements and betterments to and reconstruction of the Airport System to be financed, in whole or in part, from the proceeds of any Additional Bonds.

"Revenues" means Operating Revenues plus Non-Operating Revenues.

"Series" means all Bonds, including Additional Bonds, authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such bonds pursuant to the Bond Resolution, regardless of variations in maturity, interest rate, sinking Fund Installments, or other provisions.

"Variable Interest Rate Bonds" means bands which bear a Variable Interest Rate (as defined in the Bond Resolution).

Debt Service Fund - Debt Service Account

The Trustee shall pay out of the Debt Service Account to the Bond Registrar (i) on or before each Interest Payment Date for any of the Bonds, the interest payable on such date; (ii) on or before each Principal Installment due date, the Principal Installment payable on such due date; and (iii) on or before any redemption date for the Bonds, the interest on the Bonds then to be redeemed. The Trustee shall also pay out of the Debt Service Account the accrued interest included in the purchase price of any Bonds purchased for retirement.

Amounts accumulated in the Debt Service Account with respect to any Sinking Fund Installment (together with amounts accumulated therein with respect to interest on the Bonds for which such sinking fund installment was established) may and, if so directed by the County, shall be applied by the Trustee, on or prior to the 60th day preceding the due date of such sinking fund installment, to (i) the purchase of Bonds of the Series and maturity for which such sinking fund installment was established, or (ii) the redemption at the applicable sinking fund redemption price of such Bonds, if then redeemable by their terms. The County may also make such purchases pursuant to this paragraph from any other legally available moneys, and such purchases shall likewise operate to retire sinking fund installments as if such purchases were made from moneys on deposit in the Debt Service Account. All purchases of any Bonds pursuant to this paragraph shall be made at prices not exceeding the applicable sinking fund redemption price of such Bonds plus accrued interest, and such purchases shall be made by the Trustee as directed by the County. The applicable sinking fund redemption price (or principal amount of maturing Bonds) of any Bonds so purchased or redeemed shall be deemed to constitute part of the Debt Service Account until such sinking fund installment date, for the purpose of calculating the amount of the Debt Service Account. As soon as practicable after the 60th day preceding the due date of any such sinking fund installment, the Trustee shall proceed to call for redemption on such due date, Bonds of the Series and maturity for which such sinking fund installment was established (except in the case of Bonds maturing on a sinking fund installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such sinking fund installment. The Trustee shall pay out of the Debt Service Account to the Bond Registrar on such redemption date (or maturity date), the amount required for the redemption of the Bonds so called for redemption (or for the payment of such Bonds then maturing). All expenses in connection with the purchase or redemption of Bonds shall be paid by the County from the Revenue Fund or the Improvement and Development Fund.

The amount, if any, deposited in the Debt Service Account from the proceeds of each Series of Bonds shall be set aside in the Debt Service Account and applied to the payment of interest on Bonds as provided in the Bond Resolution and the supplemental resolution relating to the issuance of such Series of Bonds.

In the event of the refunding of one or more Series of Bonds or one or more maturities within a Series of Bonds, the Trustee shall, upon the direction of the County, withdraw from the Debt Service Account in the Debt Service Fund amounts accumulated therein with respect to Debt Service on the Bonds being refunded and deposit such amounts in a separate account, in trust, for the payment of the principal or redemption price, if applicable, and interest on the Series or maturities within a Series of Bonds being refunded; provided that such withdrawal shall not be made unless (a) immediately thereafter the Series or maturities within a Series of Bonds being refunded shall be deemed to have been paid pursuant to the Bond Resolution, and (b) the amount remaining in the Debt Service Account in the Debt Service Fund after such withdrawal shall not be less than the requirement of such Account pursuant to the Bond Resolution.

Debt Service Fund - Debt Service Reserve Account

If on the last business day prior to any date that principal or interest on the Bonds secured by the Debt Service Reserve Account or any Debt Service Reserve Subaccount is due and payable the amount in the Debt Service Account with respect thereto shall be less than the amount required to be in such account pursuant to the Bond Resolution, the Trustee shall transfer amounts from the Debt Service Reserve Account (or Debt Service Reserve Subaccount therein), to the extent of the deficiency, to the Debt Service Account for the benefit of the applicable Series of such Bonds; provided, however, the amounts so transferred shall be available only for the payment of the Series of Bonds secured by the Debt Service Reserve Account or any Debt Service Reserve Subaccount therein, as applicable, and the Trustee is authorized to establish subaccounts in the Debt Service Account for such purpose.

If, after making any transfer required by the preceding paragraph, the amount on deposit in the Debt Service Reserve Account or any Debt Service Reserve Subaccount therein exceeds the applicable Debt Service Reserve Requirement, such excess shall be reduced in either of the following manners at the option of the County: (a) if there is on deposit in the Debt Service Reserve Account or such Debt Service Reserve Subaccount therein a Debt Service Reserve Account Insurance Policy, the principal amount thereof may be reduced by the amount of such excess or (b) if there is on deposit in the Debt Service Reserve Account or any Debt Service Reserve Subaccount therein moneys or securities, an amount equal to such excess may be withdrawn from the Debt Service Reserve Account or such Debt Service Reserve Subaccount, as applicable, and deposited in the Revenue Fund (provided such use does not adversely affect the exclusion from gross income of interest on any Bonds or Subordinated Indebtedness that is intended to be so excludable), or (c) any combination of (a) and (b) above; provided, however, that any amount withdrawn from the Debt Service Reserve Account or Debt Service Reserve Subaccount pursuant to clause (b) above shall not be used for any purpose or in any manner that would adversely affect the exclusion from gross income for federal income tax purposes of interest on any of the Bonds or Subordinate Indebtedness (other than Taxable Obligations).

Whenever the amount in the Debt Service Reserve Account, together with the amount in the Debt Service Account, is sufficient to pay in full all Outstanding Bonds in accordance with their terms (including principal or applicable sinking fund installments, redemption price and interest thereon), the funds on deposit in the Debt Service Reserve Account shall be transferred by the Trustee to the Debt Service Account, subject to the provisions described above.

In the event of the refunding of one or more Series of Bonds, the Trustee shall, upon the direction of the County, withdraw from the Debt Service Reserve Account in the Debt Service Fund or a Debt Service Reserve Subaccount established therein for such Series of Bonds amounts accumulated therein with respect to the Bonds being refunded and deposit such amounts in escrow to be held for the payment of the principal or Redemption Price, if applicable, of and interest on the Series or maturities within a Series of Bonds being refunded; provided that such withdrawal shall not be made unless (a) immediately thereafter the Series or maturities within a Series of Bonds being refunded shall be deemed to have been paid pursuant to the Bond Resolution, and (b) the amount remaining in the Debt Service Reserve Account or Debt Service Reserve Subaccount therein, as applicable, in the Debt Service Fund after such withdrawal shall not be less than the applicable Debt Service Reserve Requirement.

Investment of Certain Funds

Moneys in the Revenue Fund, the Renewal and Replacement Fund, the Improvement and Development Fund and the Subordinated Bond Fund may be invested in the following "Investment Securities":

(i) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any Federal Agency to the extent such obligations are unconditionally guaranteed by the United States of America, including obligations of any Federal Agency to the extent such obligations are unconditionally guaranteed by the

United States of America, any certificates or any other evidences of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in this clause (i);

(ii) obligations of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Financing Bank, the Federal Intermediate Credit Banks, Federal Banks for Cooperatives, Federal Land Banks, Federal Home Loan Banks, Farmers Home Administration and Federal Home Loan Mortgage Association;

(iii) New Housing Authority Bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an Annual Contributions Contract or Contracts with the United States of America; or Project Notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(iv) interest bearing time deposits issued by any bank or trust company organized under the laws of any state of the United States of any national, banking association (including any Depository), provided that such certificate of deposit must be either (a) continuously and fully insured by the Federal Deposit Insurance Corporation, or (b) continuously and fully secured by such securities as are described in clauses (i) through (iii), inclusive, above which have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and are lodged with any Federal Reserve Bank, as custodian, by the bank, trust company or national bank association issuing such certificate of deposit. Additionally, the bank, trust company or national banking association issuing each such certificate of deposit required to be so secured must furnish the County with an undertaking satisfactory to the County that the aggregate market value of all such obligations securing each such certificate of deposit will at all times be an amount equal to the principal amount of each such certificate of deposit;

(v) any repurchase agreement relating to or investment agreements secured by or providing for the acquisition of and, if applicable, resale of the securities described in clauses (i), (ii) or (iii) above;

(vi) obligations permitted by the applicable laws of the State of Florida, continuously secured in the manner provided by the laws of the State of Florida, or fully secured by any one or more of the securities described in clauses (i), (ii) or (iii) above; and

(vii) investment agreements with a bank or trust company or savings and loan association which is rated an either of the two highest rating, categories by two nationally recognized bond rating agencies or are further secured as to the performance of such bank or trust company or savings and loan association by a letter of credit or surety bond of an insurance company which is rated in either of the two highest rating categories by two nationally recognized bond rating agencies, to the extent permitted by the applicable laws of the State of Florida.

Moneys held in the Debt Service Fund shall be invested and reinvested by the Trustee to the fullest extent practicable in Investment Securities described in clauses (i), (ii), (iii) and (iv) of the preceding paragraph, which in the case of the Debt Service Account, mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Account, and in the case of the Debt Service Reserve Account or a Debt Service Reserve Subaccount therein which mature no later than 10 years (unless such securities shall be redeemable at the option of the holder thereof with no penalty, in which event such securities may mature at a date no later than the final maturity of the Bonds secured by the Debt Service Reserve Account or a Debt Service Reserve Subaccount therein, as applicable). The Trustee shall make such investment in accordance with any instructions received from an Authorized Officer of the County.

Interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) earned on any moneys or investments in any such Accounts or Funds, other than the Construction Fund and the Debt Service Reserve Account (or any Debt Service Reserve Subaccount therein) until it first reaches the applicable Debt Service Reserve Requirement, shall (i) prior to the date of completion of construction of a Project, be paid into the Construction Fund, and (ii) after the date of completion of the construction of a Project, be paid into the Revenue Fund. Interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) earned on any moneys or investments in a separate account in the Construction Fund shall be held in such separate account for the purposes thereof; except that, upon the filing of a certificate by the Consulting Engineers stating that, the principal amount in such separate account is sufficient to pay the remaining cost of the Project to be funded from such separate account, such interest shall thereafter (i) be deposited in the Debt Service Account and applied to the retirement of the Series of Bonds from which such investment income was derived by purchase or redemption at the earliest date permissible under the terms of the Bond Resolution and applicable supplemental resolution without the payment of a call premium or penalty; and (ii) be invested at a yield not in excess of the yield on such Series of Bonds; provided, however, amounts so deposited in the Debt Service Account may, at the request of an Authorized Officer of the County, be used to pay interest on such Series of Bonds provided and to the extent that the amount of the net proceeds of such Series of Bonds expended to pay Exempt Costs (as defined in the Bond Resolution) exceeds 90% of the net proceeds of such Series of Bonds actually expended. Notwithstanding the foregoing, the County may apply such interest earned on moneys in the Construction Fund to any lawful purpose of the County related to the Airport System if the County receives an opinion from Bond Counsel (as defined in the Bond Resolution) to the effect that such application will not affect the Federal income tax exemption applicable to the interest on the Bonds. Interest (net of that which represents a refund of accrued interest paid in connection with the purchase of any investment) earned on any moneys or investments in the Debt Service Reserve Account or any Debt Service Reserve Subaccount therein shall be held in such Account or Subaccount until it reaches the applicable Debt Service Reserve Requirement.

Additional Bonds and Other Obligations

One or more Series of Additional Bonds may be authenticated and delivered upon original issuance at any time, for the purpose of providing additional funds to complete the cost of any Additional Project, in each case in a principal amount that will provide the County with funds equal, as nearly as practicable, to the completion requirement for such Additional Project as set forth in a certificate of the Consulting Engineers which shall be delivered to the County prior to the authentication and delivery of such Additional Bonds. Such completion requirement shall be an amount which, together with all other amounts of the County available or estimated to be available for such completion (as stated in a certificate of an Authorized Officer of the County), is necessary and sufficient, in the opinion of the Consulting Engineers, to complete the payment of the cost of such Additional Project; provided, however, that the County may by supplemental resolution restrict the amount of Additional Bonds that may be issued to complete the cost of any Additional Project.

One or more Series of Additional Bonds may be authorized and delivered upon original issuance for the purpose of paying the cost of any Additional Project. The Bonds of any such Series shall be authenticated and delivered by the Bond Registrar only upon receipt by it and the Trustee from the County (in addition to certain documents required by the Bond Resolution) of:

(1) A certificate of an Authorized Officer of the County setting forth (i) for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the authentication and delivery of such Series or the last completed Fiscal Year for which audited financials are available, the Net Revenues Available for Debt Service for such 12-month period, and (ii) the Aggregate Debt Service for such 12-month period, and demonstrating that for such 12-month period Net Revenues Available for Debt Service equaled at least 1.25 times such Aggregate Debt Service; provided that for the purposes of determining the Aggregate Debt Service for the purpose of this paragraph (1), the interest rate on Variable Interest Rate Bonds then outstanding, if any, shall be the greater of (a) the average Variable Interest Rate on the Variable Interest Rate Bonds over the preceding twelve month period, (b) the Variable Interest Rate on the Variable Interest Rate Bonds on the date of calculation, and (c) ten percent (10%) per annum;

(2) A certificate of the Consulting Engineers setting forth (i) the estimated date of completion for the Additional Project for which such Series of additional Bonds is being issued, and (ii) an estimate of the cost of such Additional Project;

(3) A certificate of the Airport Consultant setting forth, for each of the three Fiscal Years following the Fiscal Year in which the Consulting Engineers estimate such Additional Project will be completed, estimates of Net Revenues Available for Debt Service;

(4) A certificate of an Authorized Officer of the County setting forth (i) the estimates of Net Revenues Available for Debt Service, as set forth in the certificate of the

Airport Consultant pursuant to paragraph (3) above, for each of the three Fiscal Years following the Fiscal Year in which it is estimated that the Additional Project will be completed, (ii) the Aggregate Debt Service for the Outstanding Bonds and the Additional Bonds to be issued, for each of the three Fiscal Years following the Fiscal Year in which the Additional Project is estimated by the Consulting Engineers to be completed, and demonstrating that the estimated Net Revenues Available for Debt Service in each of the Fiscal Years set forth in (i) above are at least equal to 1.25 times the Aggregate Debt Service for the corresponding Fiscal Year as set forth in (ii) above. For the purposes of this paragraph, the interest rate on Variable Interest Rate Bonds then outstanding, if any, shall be the greater of (a) the average Variable Interest Rate on the Variable Interest Rate Bonds over the preceding twelve month period, (b) the Variable Interest Rate on the Variable Interest Rate Bonds on the date of calculation, and (c) ten percent (10%) per annum; and the interest rate on additional Variable Interest Rate Bonds to be issued, if any, shall be fifteen percent (15%) per annum. For the purposes of this paragraph, Aggregate Debt Service (a) shall exclude, for any Fiscal Year after the then current Fiscal Year, Debt Service on any Series of Bonds (i) for which in excess of 25% of the originally issued principal amount for such Series becomes due in such Fiscal Year and (ii) which the County intends to refund by the issuance of refunding Bonds or Subordinated Indebtedness prior to the maturity thereof and (b) shall include, for each subsequent Fiscal Year, the estimated Debt Service on any such refunding Bonds for (i) and (ii) above calculated on the basis that such Debt Service shall be as nearly equal as practicable in each Fiscal Year, that such Series of Bonds shall bear interest calculated at the average rate of interest payable on the last Series of Bonds authenticated and delivered (using the true interest cost method of calculation) or such other rate as shall be deemed appropriate by the County and that the term and rate thereof shall be deemed appropriate by the County and shall have the approval of the County's financial advisor for the Airport System. Such intended plan of refunding shall be evidenced by formal resolution of the County and a certificate of the County; and

(5) An opinion of Bond Counsel that the issuance of such Series of Additional Bonds will not impair the exemption from federal income tax of interest paid on any Series of Bonds then Outstanding.

One of more Series of refunding Bonds may be authenticated and delivered upon original issuance to refund (a) all Outstanding Bonds of one or more Series or one or more maturities within a Series, or (b) any Subordinated Indebtedness. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys to become available therefor, if any, to accomplish such refunding and to make the deposits in the Funds and Accounts under the Bond Resolution required by the provisions of the Supplemental Resolution authorizing such Bonds or determining the terms and details thereof. Such Refunding Bonds may be issued only upon compliance with the provisions of the Bond Resolution, including receipt by the Bond Registrar and Trustee of either of the following: (i) a certificate of an Authorized Officer of the County setting forth (1) the Aggregate Debt Service for the then current and each future Fiscal Year to and including the Fiscal Year next preceding the date of the latest maturity of any Bonds of any Series then outstanding (A) with respect to the Bonds of all Series Outstanding immediately prior to the date of authentication and delivery of such Refunding Bonds, and (B) with respect to the Bonds of all Series to be Outstanding immediately thereafter, and (2) that the Aggregate Debt Service set forth for each Fiscal Year pursuant to (B) above is no greater than that set forth for such Fiscal Year pursuant to (A) above; or (ii) a certificate of an Authorized Officer of the County that such Refunding Bonds are being issued to prevent the occurrence of an Event of Default or to cure an existing Event of Default under the Bond Resolution.

The County may, at any time, or from time to time, issue Subordinated Indebtedness payable out of, and which may be secured by a pledge of, such amounts in the Subordinated Bond Fund or the Improvement and Development Fund as may from time to time be available for the purpose of payment thereof as provided in the Bond Resolution; provided, however, that (i) such Subordinated Indebtedness shall be issued only for any one or more of the purposes set forth in the Bond Resolution and the proceeds of such Subordinated Indebtedness shall be applied only for such purpose or purposes, and (ii) such pledge shall be, and shall be expressed to be, subordinate in all respects to the pledge of the Net Revenues Available for Debt Service, moneys, securities and Funds, Accounts and Subaccounts created by the Bond Resolution as security for the Bonds.

Particular Covenants by the County

Powers as to the Airport System and Collection of Fees and Rentals. The County has, and will have so long as any Bonds are Outstanding, good right and lawful authority to acquire, construct, develop, operate, maintain, repair, improve, reconstruct, enlarge, and extend the Airport System and to fix rates, fees, rentals and other charges in connection therewith, all as provided in the Act.

The County shall not issue any Bonds or other evidence of indebtedness, except as provided in the Bond Resolution, payable out of or secured by a pledge of the Net Revenues Available for Debt Service or the moneys, securities or funds held or set aside by the County or by the Fiduciaries under the Bond Resolution and shall not create or cause to be created any lien or charge on the Net Revenues Available for Debt Service or such moneys, securities or funds; provided, however, that nothing contained in the Bond Resolution shall prevent the County from issuing (i) evidences of indebtedness payable out of moneys in the Construction Fund as part of the cost of any Project, or payable out of, or secured by the pledge of, Net Revenues Available for Debt Service derived after the date the pledge of Net Revenues Available for Debt Service provided in the Bond Resolution shall be discharged and satisfied as provided in the Bond Resolution, or (ii) Subordinated Indebtedness as provided in the Bond Resolution.

Sale, Lease or Encumbrance of Property. Except as provided in this paragraph, no part of the Airport System shall be sold, or otherwise disposed of or encumbered. The County may sell, for fair and reasonable value, at any time and from time to time any property constituting part of the Airport System which the County determines by resolution not necessary, useful or profitable, in the operation thereof. The County may lease or make contracts or grant licenses for the operation of, or grant easements or other rights with respect to, any part of the Airport

System if such lease, contract, license, easement or right does not impede or restrict the operation by the County of the Airport System.

Operation, Maintenance and Reconstruction. The County shall at all times operate, or cause to be operated, the Airport System properly and in a sound, efficient and economical manner and shall maintain, preserve, and keep the same or cause the same to be maintained, preserved, and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or cause to a made, all ordinary, necessary and proper repairs, replacements and renewals so that at all times the operation of the Airport System may be properly and advantageously conducted; provided, however, that nothing in the Bond Resolution shall require the County to operate, maintain, preserve, repair, replace, renew or reconstruct any part of the Airport System from sources other than Revenues.

Insurance. So long as any Bonds are outstanding, the County shall at all times maintain a practical insurance program, with reasonable terms, conditions, provisions and costs, which will afford adequate protection against loss caused by damage to or destruction of the Airport System and also comprehensive public liability insurance on such properties for bodily injury and property damage. The County, to the extent authorized by the laws of Florida and with the prior written approval of the Consulting Engineers, may self-insure or purchase such insurance as provided in the Bond Resolution.

Covenants With Respect to Airports and Aviation Facilities. Nothing contained in the Bond Resolution shall prohibit the County from acquiring or constructing an airport or an aviation facility and financing the same from moneys other than the proceeds of Bonds or Revenues. The County covenants by the Bond Resolution that it will not acquire or construct any such airport or aviation facility as aforesaid unless a certificate is received from the Airport Consultant and filed with the Clerk to the effect that such airport or aviation facility will not materially adversely affect Net Revenues Available for Debt Service or the rights, security and remedies of Bondholders under the Bond Resolution.

Accounts and Reports. The County shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) of the County on which complete and correct entries shall be made of its transactions relating to the Revenues and each fund and account established under the Bond Resolution. The County shall annually, within 120 days after the close of each Fiscal Year, cause an audit to be completed of its books and accounts relating to the Airport System for such Fiscal Year by an independent and recognized certified public accountant not in the regular employ of the County.

Covenants with Respect to Tax Matters. The County covenants and agrees that it will not take or authorize or permit any action to be taken and has not taken nor authorized or permitted any action to be taken which results in the interest paid on any Bonds (except Taxable Obligations) being includable in gross income for purposes of federal income taxation (except with respect to a holder of Bonds that is a "substantial user" of the facilities or a "related person" within the meaning of Section 103(b)(13) of the Code).

Special Purpose Facilities

The County shall be authorized to finance certain "Special Purpose Facilities" (as defined in the Bond Resolution) from the proceeds of obligations issued by the County without regard to any requirements of the Bond Resolution with respect to the issuance of Additional Bonds, under certain conditions set forth in the Bond Resolution. Such Special Purpose Facilities shall not be part of the Airport System, except as otherwise provided in the Bond Resolution.

Supplemental Resolutions

Supplemental Resolutions Without Consent of the Bondholders. For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of the County may be adopted, without the consent of any of the Bondholders: (1) to close the Bond Resolution against, or provide limitations and restrictions contained in the Bond Resolution on, the authentication and delivery of Bonds or the issuance of other evidences of indebtedness; (2) to add to the covenants and agreements of the County in the Bond Resolution, other covenants and agreements to be observed by the County which are not contrary to or inconsistent with the Bond Resolution as theretofore in effect; (3) to add to the limitations and restrictions in the Bond Resolution, other limitations and restrictions to be observed by the County which are not contrary to or inconsistent with the Bond Resolution as theretofore in effect; (4) to authorize Bonds of a Series or to determine the terms and details thereof and, in connection therewith, specify and determine the matters and things referred to in the Bond Resolution, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with the Bond Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Bonds; (5) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Bond Resolution, of the Revenues or any other moneys, securities or funds; (6) to modify any of the provisions of the Bond Resolution in any respect whatever, provided that (i) such modification shall be, and be expressed to be, effective only after all Bonds of any Series Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding, and (ii) such Supplemental Resolution shall be specifically referred to in the test of all Bonds of any Series authenticated, and delivered after the date of the adoption of such Supplemental Resolution and of Bonds issued exchange therefor or in place thereof; (7) to modify the term of the Bond Resolution, to the extent necessary, to provide for the delivery of the Bonds in coupon or such other form to the extent permitted by law; (8) to authorize Subordinated Indebtedness pursuant to the Bond Resolution; (9) to make any modification necessary to carry out any succession as provided in the Bond Resolution; (10) to cure any ambiguity, supply an omission, or cure or correct any defect or inconsistent provision in the Bond Resolution; or (11) to insert such provisions clarifying matters or questions arising under the Bond Resolution as are necessary or desirable and are not contrary to or inconsistent with the Bond Resolution as theretofore in effect.

No Supplemental Resolution shall change or modify any rights or obligations of any Fiduciary without its written assent thereto.

Amendments

Powers of Amendment. Any modification or amendment of the Bond Resolution and of the rights and obligations of the County and of the holders of the Bonds, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in the Bond Resolution (i) of the holders of at least fifty-one percent (51%) in principal amount of the Bonds outstanding at the time such consent is given, and (ii) in case less than all of the several Series of Bonds then outstanding are affected by the modification or amendment, of the holders of at least fifty-one percent (51%) in principal amount of the Bonds of each Series so affected and outstanding at the time such consent is given, and (iii) in case the modification or amendment changes the terms of any Sinking Fund Installment, of the holders of at least fifty-one percent (51%) in principal amount of the Bonds of the particular Series and maturity entitled to such Sinking Fund Installment and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this paragraph. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the redemption price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. A Series shall be deemed to be affected by a modification or amendment of the Bond Resolution if the same adversely affects or diminishes the rights of the holders of Bonds of such Series.

Consent of Bondholders. The County may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of the Bond Resolution. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto), together with a request to Bondholders for their consent thereto, shall be mailed by the County to Bondholders. Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Clerk (a) the written consents of holders of the percentages of outstanding Bonds specified in the Bond Resolution and (b) a counsel's opinion stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the County in accordance with the provisions of the Bond Resolution, is authorized or permitted by the Bond Resolution, and is valid and binding upon the County and enforceable in accordance with its terms, and (ii) a notice shall have been given as in the Bond Resolution provided. Each such consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given. A certificate or certificates prepared by the County that it has examined such proof and that such proof is sufficient in accordance with the Bond Resolution shall be conclusive that the consents have been given by the holders of the Bonds described in such certificate or certificates of the County. Any such consent shall be binding upon the holder of such Bonds giving such consent and, anything in the Bond Resolution to the contrary notwithstanding, upon any subsequent holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent holder thereof has notice thereof) unless such consent is revoked in writing by the holder of such Bonds giving such consent or a subsequent holder thereof by filing with the County, prior to the time when the written statement of the County in the Bond Resolution provided for is filed, such revocation and, if such Bonds are transferable by delivery, proof that such Bonds are held by the signer of such revocation in the manner permitted by the Bond Resolution. The fact that a consent has not been revoked may likewise be proved by a certificate prepared by the County to the effect that no revocation thereof is on file with the County. At any time after the holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Clerk shall make and maintain on file a written statement that the holders of such required percentages of Bonds 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 resolution (which may be referred to as a Supplemental Resolution adopted by the County on a stated date) has been consented to by the holders of the required percentages of Bonds and will be effective as provided in the Bond Resolution, may be given to Bondholders by the County by mailing such notice to Bondholders (but failure to mail such notice shall not prevent such supplemental resolution from becoming effective and binding as in the Bond Resolution provided) not more than ninety (90) days after the last of the holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution and the written statement of the Clerk provided for in the Bond Resolution is made. Proof of the mailing of such notice and, if the same shall have been mailed to Bondholders, of the mailing thereof, shall be maintained by the Clerk. A record consisting of the papers required or permitted by the Bond Resolution to be filed with the Clerk, shall be proof of the matters therein stated. Such supplemental resolution making such amendment or modification shall be deemed conclusively binding upon the County, the Fiduciaries and the holders of all Bonds at the expiration of forty (40) days after the filing with the Clerk of the proof of the mailing of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such forty (40) day period; provided, however, that any Fiduciary and the County during such forty (40) day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

Modifications by Unanimous Consent. The terms and provisions of the Bond Resolution and the rights and obligations of the County and the holders of the Bonds thereunder may be modified or amended in any respect upon the adoption and filing by the County of a supplemental resolution and the consent of the holders of all the Bonds then outstanding, such consent to be given as provided in the Bond Resolution except that no notice of Bondholders by mailing shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without receiving the written assent thereto of such Fiduciary in addition to the consent of the Bondholders.

Default and Remedies

Events of Default under the Bond Resolution include: (i) if default shall be made in the due and punctual payment of the principal of or redemption price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise, or in the due and punctual payment of any installment of interest on any Bond or the unsatisfied balance of any sinking fund installment therefor when and as such interest installment or sinking fund installment shall become due and payable; (ii) if default shall be made by the County in the performance or observance of the rates and charges covenants, agreements and conditions on its part as provided in the Bond Resolution; provided, however, that a failure to comply with such covenants shall not constitute an event of default unless the County shall fail in the succeeding Fiscal Year to comply with such covenants or to restore any deficiencies which occurred in any funds in the preceding Fiscal Year; (iii) if default shall be made by the County in the performance or observance of any other of the covenants, agreements or conditions on its part contained in the Bond Resolution or in the Bonds and such default shall continue for a period of ninety (90) days after written notice thereof to the County by the holders of not less than twenty-five percent (25%) in principal amount of the Bonds outstanding; (iv) if the County shall file a petition seeking a composition of indebtedness under the federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State of Florida; (v) if judgment for the payment of money shall be rendered against the County as the result of the construction, improvement, ownership, control of operation of the Airport System, and any such judgment shall not be discharged within twenty-four (24) months after the entry thereof or an appeal shall not be taken therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, in such manner as to set aside or stay the execution of or levy under such judgment, or order, decree or process or the enforcement thereof; or (vi) if an order or decree shall be entered, with the consent or acquiescence of the County, appointing a receiver or receivers of the Airport System or any part thereof, or other revenues therefrom, or if such order or decree having been entered without the consent or acquiescence of the County, shall not be vacated or discharged, stayed or appealed within ninety (90) days after the entry thereof.

Enforcement of Remedies. If any event of default shall happen and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, may proceed, upon written request of the holders of not less than twenty-five percent (25%) in principal amount of the Bonds outstanding, to protect and enforce its rights and the rights of the holders of the Bonds under the Bond Resolution forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant therein contained, or in aid of the execution of any power therein granted, or for an accounting against the County as if the County were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under the Bond Resolution.

Restriction on Bondholder's Action. No holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the Bond Resolution or the execution of any trust under the Bond Resolution or for any remedy under the Bond Resolution, unless such holder shall have previously given to the Trustee written notice of the happening of an event of default, as provided in the Bond Resolution, and the holders of at least twenty-five percent (25%) in principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity, either to exercise the powers granted in the Bond Resolution or by the Act or by the laws of Florida or to institute such action, suit or proceeding in its own name, and unless such holders shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of thirty (30) days after receipt by it of such notice, request and offer of indemnity.

Defeasance

If the County shall pay or cause to be paid, or there shall otherwise be paid, to the holders of all Bonds the principal or redemption price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Bond Resolution, then the pledge of any Revenues, and other moneys and securities pledged under the Bond Resolutions and all covenants, agreements and other obligations of the County to the Bondholders, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the County to be prepared and filed with the County and, upon the request of the County, shall execute and deliver to the County all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over or deliver to the County all moneys or securities held by them pursuant to the Bond Resolution which are not required for the payment of principal or redemption price, if applicable, on Bonds not theretofore surrendered for such payment or redemption. If the County shall pay or cause to be paid, or there shall otherwise be paid, to the holders of all outstanding Bonds of a particular Series the principal or redemption price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Bond Resolution, such Bonds shall cease to be entitled to any lien, benefit or security under the Bond Resolution, and all covenants, agreements and obligations of the County to the holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Any Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit by the County of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph. All outstanding Bonds of any Series shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the County shall have given to the Bond Registrar irrevocable instructions to cause to be mailed, as provided in the Bond Resolution, notice of redemption of such Bonds on said date, (b) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Investment Securities (including any Investment Securities issued or held in book-entry form on the books of the Department of Treasury of the United States) the principal of and the interest on which, when due, will provide money which, together with the moneys, if any, deposited 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 Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the County shall have given the Bond Registrar irrevocable instructions to mail, postage prepaid, to each registered owner of Bonds then Outstanding at his address, if any, appearing upon the registry books kept by the Bond Registrar, a notice to the Holders of such Bonds that the deposit required by (b) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Bond Resolution and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, on said Bonds. Neither Investment Securities nor moneys deposited with the Trustee pursuant to the Bond Resolution nor principal or interest payments on any such Investment Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or redemption price, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Investment Securities deposited with the Trustee, (A) to the extent such case will not be required at any time for such purpose, shall be paid over to the County as received by the Trustee, free and clear of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under the Bond Resolution, and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable and legally permissible, be reinvested in Investment Securities maturing at times and in amounts sufficient to pay when due to the principal or redemption price, if applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the County, as received by the Trustee, free and clear of any trust, lien or pledge securing said Bonds or otherwise existing under the Bond Resolution. For the purposes of this defeasance provision, Investment Securities shall mean and include any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by the United States of America and any certificates or any other evidences of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in this sentence.

For purposes of determining whether Variable Interest Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Investment Securities and moneys, if any, in accordance with the second sentence of the above paragraph, the interest to come due on such Variable Interest Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the maximum rate permitted by the terms thereof; provided, however, that if on any date, as a result of such Variable Interest Rate Bonds having borne interest at less than such maximum rate for any period, the total amount of moneys and Investment Securities on deposit with the Trustee for the payment of interest on such Variable Interest Rate Bonds 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 Interest Rate Bonds in order to satisfy the second sentence of the above paragraph, the Trustee shall, if requested by the County, pay the amount of such excess to the County free and clear of any trust, lien, pledge or assignment securing the Bonds or otherwise existing under the Bond Resolution.

Option Bonds shall be deemed to have been paid in accordance with the second sentence of the second preceding paragraph only if, in addition to satisfying the requirements of clauses (a) and (c) of such sentence, there shall have been deposited with the Trustee moneys 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 which could become payable to the holders of such Bonds upon the exercise of any options provided to the holders of such Bonds; provided, however, that if, at the time a deposit is made with the Trustee as described above, the options originally exercisable by the holder of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this paragraph. If any portion of the moneys deposited with the Trustee for the payment of the principal of and premium, if any, and interest on Option Bonds is not required for such purpose the Trustee shall, if requested by the County, pay the amount of such excess to the County free and clear of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under the Bond Resolution.

Anything in the Bond Resolution to the contrary notwithstanding, any moneys held by the Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for six (6) years after the date when such Bonds have become due and payable, either at the stated maturity dates or by and for earlier redemption, if such moneys were held by the Fiduciary at such date, or for six (6) years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such bonds become due and payable, shall, unless otherwise provided by law, at the written request of the County, be repaid by the Fiduciary to the County, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the County for the payment of such Bonds; provided, however, that before being required to make any such payment to the County, the Fiduciary shall, at the expense of the County, cause to be published at least three times at intervals of not less than seven (7) days between publications, in Authorized Newspapers, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than forty-five (45) days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the County.

Trustee; Compensation

The Bond Resolution provides that the County may remove the Trustee and appoint a successor trustee, and under certain other circumstances a successor trustee may be appointed in place of the Trustee. The successor trustee must be a bank or trust company or national banking association, having capital stock and surplus aggregating at least $25,000,000 if there is such a successor willing and able to accept appointment.

The County has agreed to pay to each Fiduciary from time to time reasonable compensation for all services rendered under the Bond Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under the Bond Resolution and each Fiduciary shall have a lien therefor on any and all funds at any time held by it under the Bond Resolution. Subject to the provisions of the Bond Resolution, the County will indemnify and save each Fiduciary harmless against any liabilities which it may incur in the exercise and. performance of its powers and duties thereunder, and which are not due to its negligence, misconduct or default.

APPENDIX B

SUPPLEMENTAL INFORMATION - PALM BEACH COUNTY

General Information

Palm Beach County, Florida (the "County") was founded in 1909 and encompasses an area of 2,385 square miles. It is located on the lower east coast of the Florida peninsula with 46 miles of Atlantic Ocean frontage and 25 miles of frontage on Lake Okeechobee. The County has a semi-tropical climate with an average temperature of 75 degrees and an average rainfall of 62 inches per year. These and other natural amenities, including 88 local, State of Florida (the "State") and Federal recreational areas of more than 10 acres and 163 golf courses, have enabled the County to develop a year-round tourism industry.

There are 38 incorporated municipalities within the County, eleven of which have a population in excess of 25,000. West Palm Beach is the County seat and is the largest city in the County, with a 2013 estimated population of 102,436.

County Government

A charter form of government was established when the County's Home Rule Charter became effective in 1985. The County's Home Rule Charter gives the Board of County Commissioners the ability to create, through a local public ordinance procedure, local laws that are not in conflict with or specifically prohibited by State general law or the State Constitution. This process is done without going to the Florida Legislature to request special legislation to create these laws.

A seven-member Board of County Commissioners is the legislative governing body of the County. Each Commissioner is elected to a four-year term by the voters in the district in which he or she resides. Each year, Commission members elect a mayor to preside over Commission meetings and to serve as ceremonial head of the County. A vice mayor is also selected to assume these duties in the absence of the mayor.

Culture and Recreation

The County's Parks and Recreation Department operates 83 developed parks that encompass over 8,200 acres and include a wide variety of amenities, including two water parks, six swimming pools, five golf facilities, equestrian facilities, three outdoor amphitheaters, 145 athletic fields, and much more. In addition, the department manages 3.51 miles of beachfront property and over 3 million County residents and visitors safely enjoy the County's thirteen guarded beach parks each year.

The County is the home of the Professional Golfers Association (PGA), located in the City of Palm Beach Gardens, often referred to as "The Golf Capital of the World". There are in excess of 160 golf courses located in the County.

The County is the Spring Training home of baseball's Florida Marlins and St. Louis Cardinals. The County's Series 2015C and Series 2015D Bonds were issued to construct a new Spring Training complex for the Houston Astros and Washington Nationals. The County also fields two Class A Florida State League baseball teams.

The Village of Wellington is the site of one of the finest equestrian centers in the country, providing a venue for polo, Grand Prix jumping events and the National Horse Show.

Cultural amenities include the Florida Ballet, Opera Societies, the Royal Poinciana Playhouse, Watson B. Duncan Theater, Henry Morrison Flagler Museum, Norton Gallery of Art, the Kravis Center for the Performing Arts, and the Morikami Museum and Japanese Gardens, among others.

Education

The Palm Beach County School District is the fifth largest in Florida and the 11th largest nationwide with more than 183,000 students enrolled in more than 185 K-12 schools.

Higher education is offered at five Palm Beach State College campus sites, two Florida Atlantic University sites (State University System), Palm Beach Atlantic University, Lynn University, Northwood University and Barry University.

The Palm Beach County Public Library System provides library services for residences in the unincorporated areas of the County and 23 cities through a main library, 16 branch libraries, and a logistical support center. Story times, the Summer Reading Program, and special events are provided to build children's confidence, reading skills, and a sense of community. Outreach Services include a Bookmobile, Talking Books, Books-by-Mail, Adult Literacy Tutoring, and Outreach to Daycare programs. The Library promotes economic vitality and individual achievement by offering access and training on the internet, adult programs on literature and other topics, and by providing additional services to migrant workers and adult non-readers.

Utilities

Public water supply and public sewer service is provided to most of the populated unincorporated areas of the County by the County's Water Utilities Department and the Seacoast Utilities Authority. The incorporated areas are generally served by municipally owned water and/or sewer systems.

Electricity is provided by Florida Power and Light Company ("FPL"), except for residents of the City of Lake Worth who receive power from a city owned plant. Local telephone service is provided by a number of providers.

Solid Waste

The Solid Waste Authority (SWA) is the governmental agency responsible for providing an economical and environmentally conscious integrated solid waste management system for the

County. The SWA provides solid waste and recycling collection services for the residents and businesses in both the incorporated and unincorporated areas of the County. Unincorporated areas of the County are serviced by private haulers under exclusive franchise agreements with the SWA. In incorporated areas of the County, collection is provided by either private haulers or municipally operated haulers. The Recovered Materials Processing Facility receives, sorts, processes and prepares for market, materials collected through SWA's recycling program. The nearly 138,000 square feet, $40 million facility can process up to 975 tons of recyclable material per day. The SWA owns and operates six transfer stations with the capacity to accept and haul nearly 1.4 million tons of solid waste and recyclables per year. The Renewable Energy Facility #1 is a refuse-derived fuel waste-to-energy facility that processes over 850,000 tons of solid waste into refuse-derived fuel per year. This fuel is burned to produce electricity that is sold to FPL. The SWA landfill consists of over 50 million cubic yards of airspace with a footprint of approximately 330 acres. The landfill opened in 1989 and, together with the SWA's new mass burn waste-to-energy facility, Renewable Energy Facility #2 came online in 2015, is currently expected to provide disposal capacity until nearly 2050.

Transportation

Surface transportation is provided in the County by the Florida East Coast and CSX railroads. A network of Federal, State and local highways, including the Florida Turnpike and Interstate 95, traverse the County. The County operates a bus system (Palm-Tran) and shares in the operation of the Tri-County Commuter Rail System, which serves Miami-Dade and Broward Counties, as well as the County.

The Port of Palm Beach operates ship terminal facilities on approximately 156 acres of land located in Riviera Beach and fronting on Lake Worth. A 33-foot deep and 300-foot wide channel to the Lake Worth Inlet provides access to the port facilities. The Port of Palm Beach is the fourth busiest container port in Florida and the eighteenth busiest in the continental United States. Imports consist primarily of bulk cement and Bunker-C petroleum while exports include sugar products, utility fuels, produce and general cargo bound for the Caribbean and South America. A free trade zone has been designated near the Port.

Commercial air service is provided at Palm Beach International Airport ("PBIA") by fifteen major and commuter airlines. For the twelve months ended July 2015, passenger traffic at PBIA was 6,097,734, up 5.2% over the previous twelve month period; aircraft operations at PBIA for this period totaled 143,705, up 4.3% from the prior twelve month period. PBIA also serves general aviation traffic, and there are four general aviation airports in the County.

Population

In 2013, the County was the third largest county in the State in terms of population. Its population increased 65.3% in the 1970-80 decade, 49.7% in the 1980-1990 decade, 31% in the period 1990-2000, 16.7% from 2000-2010, and 1.9% from 2010-2013.

Population Growth
2004 – 2014

	Palm Beach County		Florida		United States	
Year	Population	Change	Population	Change	Population	Change
2004	1,242,270	--	17,280,558	--	292,892,127	--
2005	1,265,900	1.9	17,918,227	3.7	295,560,549	0.9
2006	1,287,987	1.7	18,349,132	2.4	298,362,973	0.9
2007	1,295,033	0.5	18,680,367	1.8	301,290,332	1.0
2008	1,294,654	(0.1)	18,807,219	0.7	304,059,724	0.9
2009	1,279,950	(0.9)	18,537,969	(0.9)	307,006,550	1.0
2010	1,320,134	3.1	18,801,332	1.4	309,326,225	0.8
2011	1,325,758	0.4	18,905,070	1.2	311,587,816	0.7
2012	1,335,415	0.7	19,074,434	0.9	313,914,040	0.8
2013	1,345,652	0.8	19,259,543	1.0	316,438,601	0.8
2014	1,360,248	1.1	19,893,297	3.3	318,857,056	0.7

Source: Population Division, U.S. Census Bureau.

Employment

Tourism and agriculture, together with the service industries related to these activities, are the leading sources of employment. Manufacturing, primarily electronics and aircraft engines and other high technology products, also play an important role in the County's economy.

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)

The data on County unemployment in the following table represents annual averages.

Palm Beach County
Annual Average Labor Force and Unemployment Estimates

	Palm Beach County	Unemployment Rates		
Year	Civilian Labor Force	Palm Beach County	Florida	United States
2005	622,443	4.1	3.9	5.1
2006	645,211	3.7	3.4	4.6
2007	650,548	4.8	4.0	4.6
2008	655,669	7.3	6.2	5.8
2009	626,400	11.7	10.5	9.3
2010	623,320	12.4	11.3	9.6
2011	621,616	10.9	10.3	8.9
2012	622,775	9.2	8.8	8.1
2013	640,219	7.1	7.2	7.4
2014	663,920	5.2	5.6	5.5

Source: Florida Agency for Workforce Innovation, Labor Market Statistical Center, Local Area Unemployment Statistics Program, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, and Palm Beach County Comprehensive Annual Financial Report.

Largest Private Employers (Excludes Agricultural)

The following table shows employment at the ten largest private employers in the County as of December 31, 2014.

Company	Product/Service	Employees
Tenet Healthcare Corp.	Health Care	6,100
NextEra Energy (Florida Power & Light)	Utility	3,854
HCA (Hospital Corporation of America)	Health Care	2,714
Bethesda Memorial Hospital	Health Care	2,600
Boca Raton Regional Hospital	Health Care	2,500
Jupiter Medical Center	Health Care	2,000
Office Depot	Office Supplies	2,000
The Breakers	Hotel	2,000
Florida Crystals	Agriculture	1,700
Wells Fargo	Financial Services	1,367

Source: Business Development Board of Palm Beach County, Florida.

Tourism

Visitors to the Palm Beaches have a significant economic impact on the County. According to the Florida Department of Business and Professional Regulation, there are 170 licensed hotels and motels in the County, having a total of over 16,100 rooms. The Tourism Development Council of Palm Beach County estimates that over 6.7 million people visit the County annually generating a significant economic impact to the County. Continued growth in hotel room occupancy coupled with growth in average daily room rates for the County provides continuing increases in revenue per available room, attracting increased investment in the County's hospitality industry hotels and cultural attractions.

Agriculture

Agriculture, together with the related service industries, is the leading source of income for the County's residents. The "Glades" region of the County is one of the nation's most productive agricultural areas. The County leads the State, and all counties east of the Mississippi River, in agricultural proceeds. It ranks third in Florida in nursery production with estimated sales at $279 million. The County is the largest agricultural county in Florida and the fourth largest in the United States, with annual sales in excess of $2 billion.

Building Permit Activity

The following table shows building activity in the unincorporated area of the County for calendar years 2010 through and including 2014.

Palm Beach County, Florida
(Unincorporated)[(1)]
Total Building Activity

Calendar Year	Single Family Dwelling Units	Single Family Value	Multi-Family Dwelling Units	Multi-Family Value	Commercial and Industrial Value	Public Construction Value	Other Value[(2)]	Total All Permits Value
2010	717	$228,197,396	117	$11,102,239	$8,040,043	$26,879,435	$210,322,561	$484,541,674
2011	763	253,304,092	458	50,277,160	10,879,968	23,241,761	264,522,804	602,225,785
2012	1,022	384,897,189	252	36,314,543	31,537,559	35,064,559	286,050,830	773,864,680
2013	1,241	480,407,552	497	63,311,103	32,929,921	49,883,052	293,151,570	919,683,197
2014	1,299	476,976,433	443	57,076,717	58,728,155	36,198,341	164,019,928	792,999,573

Source: Palm Beach County, Florida Department of Planning, Zoning and Building.
(1) Includes the Towns of Loxahatchee Groves and Gulf Stream.
(2) Includes non-housekeeping residences and repairs, alterations and additions.

APPENDIX C

FINANCIAL STATEMENTS OF THE DEPARTMENT OF AIRPORTS

[THIS PAGE INTENTIONALLY LEFT BLANK]

Palm Beach County, Florida
Department of Airports

Financial Report
September 30, 2015

Contents

Independent Auditor's Report

To the Honorable Board of County Commissioners
Palm Beach County, Florida

Report on the Financial Statements
We have audited the accompanying financial statements of the Palm Beach County, Florida Department of Airports (the Department) as of and for the years ended September 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

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

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

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Department as of September 30, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in note 1, the financial statements referred to above present only the Department and do not purport to, and do not, present fairly the financial position of Palm Beach County, Florida, as of September 30, 2015 and 2014, and the changes in its financial position and where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 11 to the financial statements, the Department adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transactions for Contributions Made Subsequent to Measurement Date - an Amendment of GASB Statement No. 68*. Accordingly, the net position of the Department has been restated as of October 1, 2013. Our opinion is not modified in respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the schedule of the Department's proportionate share of the net pension liability for the Florida Retirement System Pension Plan (FRS) and Health Insurance Subsidy Pension Plan (HIS), and schedules of contributions for the FRS and HIS plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our reports dated June 21, 2016, and March 26, 2015, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of these reports 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. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

RSM US LLP

West Palm Beach, Florida
June 21, 2016

The following Management's Discussion and Analysis (MD&A) of the Palm Beach County Department of Airports' (the Department) activities and financial performance provides the reader with an introduction to the financial statements of the Department for the fiscal year ended September 30, 2015. The information contained in this MD&A should be considered in conjunction with the information contained in the financial statements including the notes thereto which are essential to a full understanding of the financial statement data. In addition to the financial statements and accompanying notes, this section presents certain required supplementary information regarding debt service requirements and a schedule of Department payments to other governmental units for goods and services.

Airport Activities and Highlights

Fiscal year 2015 results showed a 6.1% increase in enplanements (departing passengers). Enplanements for the fiscal year totaled 3,090,339.

Fiscal year 2014 results showed a 3% increase in enplanements (departing passengers). Enplanements for the fiscal year totaled 2,913,818.

The following table shows a summary of various activities:

	2015	2014	2013
Enplanements	3,090,339	2,913,818	2,830,273
% Change	6.1%	3.0%	0.5%
Air Carrier Operations	53,660	51,930	51,098
% Change	3.3%	1.6%	(2.6)%
Landed Weight	3,623,045	3,397,782	3,375,723
% Change	6.6%	0.7%	(2.5)%
Cargo Tons	26,242	26,468	21,039
% Change	(0.9)%	25.8%	0.2%
Parking Transactions	832,519	792,137	771,279
% Change	5.1%	2.7%	(1.3)%

Financial Operations Highlights

Financial impacts are highlighted as follows:

Changes Between 2015 and 2014

- Compared to the prior year, operating revenues decreased 7.8% to $3.2 million (a decline of $5.4 million). Airline revenues declined due to decreased costs, specifically annual debt service requirements as discussed below. The County's Airline agreement bases charges to airlines on costs to operate the terminal and airfield facilities. Airline terminal rents decreased by 50% totaling $7.6 million and landing fees decreased by 21% totaling $4.4 million in 2015 as a result of reduced operating costs under the cost sharing agreements. Other operating revenues increased including parking, up 11% totaling $17.4 million, car rental concession revenue up 6%, totaling $11.6 million, and non-airline facility rentals up 5%, totaling $11.7 million. These other operating revenue increases partially offset the terminal rent and landing fee decreases.

- Compared to the prior year, operating expenses increased by 5% or $2 million. General/administrative costs increased 7%, mainly due to increases in advertising expenses related to marketing PBIA and promoting flights. Maintenance expenses increased 6%, primarily to the upkeep of buildings, including the PBIA terminal, and associated systems within those structures.

- Debt service, as calculated by sinking fund requirements during the year, decreased from $17.6 million to $6.8 million. The decrease is due to the Series 2002 Revenue Bonds maturing October 1, 2015. This resulted in a $.7 million decrease in interest expense and a $10 million decrease in the restricted net position for debt service.

Changes Between 2014 and 2013

- Compared to the prior year, operating revenues increased 5% to $68.6 million. Concessions revenues including car rental companies and parking increased by 7% resulting in a revenue increase of $2.1 million. Non-airline rentals also increase by 13% resulting in a revenue increase of $1.3 million. These rentals consist of buildings, hangars, and ground rentals.

- Compared to the prior year, operating expenses increased by 1% or $600,000. Maintenance costs increased by 11% or $620,000; other cost areas were stable with little or no increases.

- As a result of the factors above, 2014 operating income before depreciation increased $2.6 million, or 10% over the prior year.

- During fiscal year 2014, hangar and building assets developed by tenants and sub-tenants at Lantana Airport were turned over to the Department. The fair market value of those assets are categorized as a contribution to the Department in the amount of $7 million. These assets, while now owned by the Department will be managed by a private fixed base operator and will return revenue to the Department.

The change in net position for fiscal year 2015 totaled $34.5 million; the change in net position for fiscal year 2014 totaled $23.4 million.

	2015	2014	2013
Operating revenues	$ 63,163,758	$ 68,592,462	$ 65,373,251
Operating expenses	42,406,403	40,349,051	39,773,302
Operating income before depreciation and amortization	20,757,355	28,243,411	25,599,949
Depreciation and amortization	27,443,447	28,471,031	28,586,881
Operating loss	(6,686,092)	(227,620)	(2,986,932)
Other nonoperating income and expenses, net, including capital contributions, and transfers	41,206,548	23,648,363	11,703,598
Change in net position	$ 34,520,456	$ 23,420,743	$ 8,716,666

Financial Position Summary

Net position may serve over time as a useful indicator of the Department's financial position. The Department's assets and deferred outflows exceeded liabilities and deferred inflows by approximately $444 million at September 30, 2015, and $409 million at September 30, 2014. A condensed summary of the Department's net position at September 30 is shown below:

	2015	2014*	2013
Assets			
Current and other assets	$ 178,757,802	$ 158,907,589	$ 141,879,103
Capital assets	383,053,250	364,528,857	368,067,625
Total assets	561,811,052	523,436,446	509,946,728
Deferred outflows of resources-pension related	2,010,597	502,095	56,449
Liabilities			
Current and other liabilities	27,834,732	21,450,618	18,410,782
Long-term debt outstanding	89,815,147	90,377,106	99,913,596
Total liabilities	117,649,879	111,827,724	118,324,378
Deferred inflows of resources-pension related	2,289,970	2,749,473	-
Net Position			
Net investment in capital assets	296,790,283	265,752,985	257,614,568
Restricted	73,715,348	79,567,689	71,752,135
Unrestricted	73,376,169	64,040,670	62,312,096
Total net position	$ 443,881,800	$ 409,361,344	$ 391,678,799

- Certain amounts in the 2014 column were restated as part of implementation of GASB Statements 68 and 71. Net position as of October 1, 2013 was restated and reduced by $5.7 million as a result. See note 12 for further details.

A significant portion of the Department's net position each year (67% at September 30, 2015) represents its investment in capital assets (e.g., land, buildings, improvements and equipment), less the related indebtedness outstanding used to acquire those capital assets. The Department uses these capital assets to provide services to its passengers and visitors to the Airport; consequently these assets are not available for future spending. Although the Department's investment in its capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations, since it is unlikely the capital assets themselves will be liquidated to pay liabilities.

An additional portion of the Department's net position (17% at September 30, 2015) represents restricted assets that are subject to external restrictions on how they can be used under bond resolution covenants and Passenger Facility Charge regulations. The remaining unrestricted net position (16% at September 30, 2015) may be used to meet any of the Department's ongoing obligations.

Financial Position, 2015 Versus 2014

Total assets increased by $38.4 in 2015 due to the construction of new assets. Unrestricted cash and cash equivalents increased by $9.9 million; liabilities increased by $5.8 million. As a result of the foregoing, total net position increased by $34.5 million over the prior year.

Financial Position, 2014 Versus 2013

Total assets increased by $13.5 million in 2014 due to the contributions and construction of new assets. Unrestricted cash and cash equivalents increased by $3.4 million. Long term debt outstanding decreased by $9.6 million, primarily due to repayment of long-term revenue bond principal of $11.6 million. As a result of the foregoing, total net position after the effect of the previously described restatement increased by $17.7 million over the prior year.

Airline-Airport Use and Lease Agreement

The Department and Signatory air carriers operate under a negotiated Airline-Airport Use and Lease agreement (the Agreement) which establishes how the Signatory airlines (Airlines) will be assessed rates and charges for the use of Palm Beach International Airport (PBIA). The Agreement serves as the basis for calculating landing fees, terminal rental rates, baggage and gate equipment charges, and apron fees taking into account costs associated with the operation, maintenance and debt service of the airfield and terminal. Landed weight and rentable square footage serve as the units for landing fees and terminal rents, respectively. Under the current Agreement, airfield revenues are credited towards the Airline's net requirement (residual rate setting methodology.) The terminal cost center expenditure requirements are wholly payable by airline rents (compensatory rate setting methodology.) The Department also has the ability under the Agreement to adjust airline rates and charges at any time throughout the year if the Department determines a rate adjustment is required resulting in an increase of 10% or more. This insures the Department is in a position to meet all financial requirements of the Bond resolution regarding debt service coverage requirements.

The Department, effective October 1, 2014, is operating under a five-year agreement covering fiscal years 2015 through 2019. All signatory airlines under the prior agreement, which terminated September 30, 2014, have signed on to the five-year agreement. Rights and obligations of the new five-year agreement did not change materially from the prior agreement, however, commercial airline rates and charges did have material changes in the method of calculation, application, and amount of those fees. Because the Department's debt service decreased significantly effective fiscal year 2015, certain charges decreased and as a result, some individual rates were eliminated such as commercial airline apron fees and loading bridge charges. The Department has achieved a significantly lower Cost Per Enplanement metric going forward. The new agreement still contains revenue sharing with the signatory airlines, however, revenue sharing will be accomplished by direct payout rather than reducing forward rates. The table below shows landing fees and terminal rates net of revenue sharing distributions in 2015 and 2016:

	2016 Projected	2015	2014	2013
Landing fee (per 1,000 lbs MGLW)	$ 1.080	$ 0.930	$ 1.393	$ 1.370
Signatory Airline Annual terminal rate (per square foot)	48.45	47.67	63.93	64.66
Revenue from airline (in thousands)	13,537	11,402	20,583	20,935
Enplanements (in thousands)	3,228	3,090	2,914	2,830
Airline cost per enplanement (passenger airlines)	4.19	3.92	7.06	7.40
Landed weight of commercial aircraft	3,453	3,623	3,398	3,184
Signatory airline terminal leasehold area (sq. ft.)	154,224	155,269	196,918	199,642

Factors Impacting the Airline sector and PBIA Traffic

At PBIA, fiscal year 2015 total passenger traffic was up 5.8% compared to fiscal year 2014. Fiscal year 2014 total passenger traffic was also up over the prior year by 3.2%. Total passenger traffic for the first six months of 2016 has also shown growth over the same period in the prior year, increasing by 5.3%. through March of 2016. PBIA has exhibited passenger growth for 21 straight months and 27 months out of the prior 28 months (comparing same month, prior year).

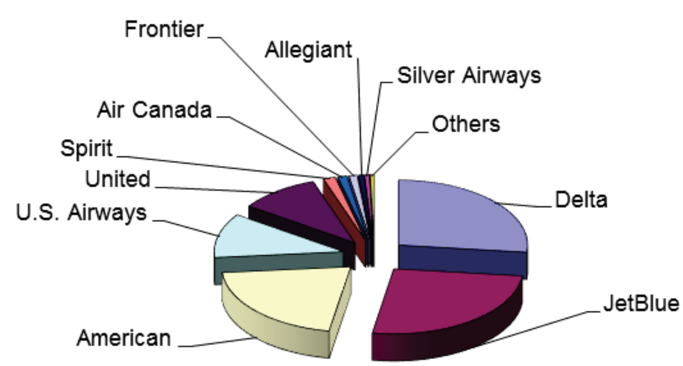
Growth at PBIA has been a function of airline capacity and economic conditions. Airline seat capacity serving PBIA for fiscal year 2015 increased by 7% over the prior fiscal year. In Fiscal year 2014, seat capacity increased 1.1%. Continued increases in employment and general economic conditions, coupled with low fuel process will serve the travel industry well in the coming months. Airlines and travel industries continue to do well in low price fuel environment and will likely continue to grow passenger traffic. Management does not anticipate any significant changes in traffic during fiscal year 2016 and is projecting an increase for passenger traffic in the range of 4 to 6%.

Fiscal year 2015 saw several announcements of new Palm Beach International Airport flights including the addition of two new carriers: Frontier Airlines with flights to Denver, Co, Dulles Airport, Washington D.C., and Trenton, NJ plus WestJet which will serve Toronto to PBIA beginning December 2015. Additionally, existing carriers expanded their network of flights to PBIA, including Spirit to Boston, Ma. and Jetblue to DCA Reagan Airport, Washington D.C. Carriers have also "upgauged" aircraft size to handle more passenger traffic as evidenced by the 7% seat capacity increase. This is evidenced by viewing fiscal year 2015 landed weight increases (up 6.6%) compared to commercial aircraft operations (up 3.3%). PBIA's two largest carriers experienced considerable increases in passenger traffic: Delta's passenger count increased by 7.4% and jetBlue increased by 12.6%.

During the period, American Airlines and US Airways merged into one carrier under the American Airlines banner. Impacts to the leasehold footprint at PBIA were positive; as a result of the merger, American's leased space increased 5% to better handle passengers. Consolidated flight operations however have resulted in a 5% seat capacity reduction at PBIA, causing a similar decrease to American's passenger totals at PBIA. Management believes most of the declines were American Airlines system-wide network decisions and not related to the PBIA market specifically, including the loss of the long haul flight to Los Angeles service.

Airline Market Share and Passenger Information

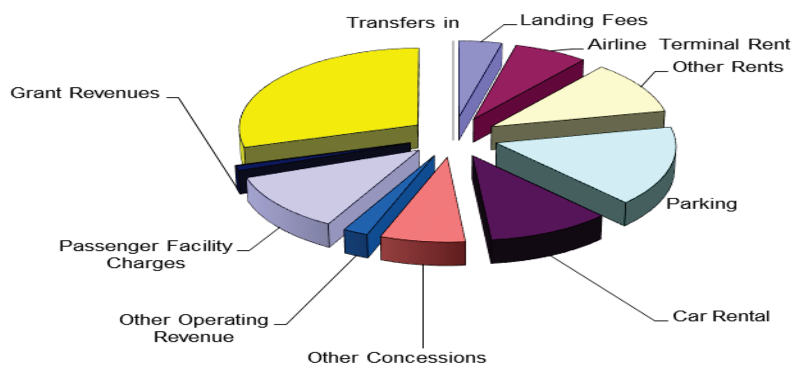
Total passenger traffic (enplaned plus deplaned) is presented below for fiscal year 2015 by airline, showing market share at PBIA and comparisons to fiscal year 2014:



	2015	Change From 2014	% Change From 2014
Delta	1,651,504	114,424	7%
Jetblue	1,598,845	178,967	13%
American	1,289,117	(40,213)	(3)%
Southwest	681,426	(24,139)	(3)%
United	623,592	13,221	2%
Spirit	92,775	42,609	85%
Air Canada	70,467	(6,526)	(8)%
Frontier	63,085	63,085	100%
Allegiant	35,765	22,645	173%
Silver	35,021	(10,572)	(23)%
Others	28,326	(12,832)	(31)%
Total	6,169,923	340,669	5.8%

Revenues

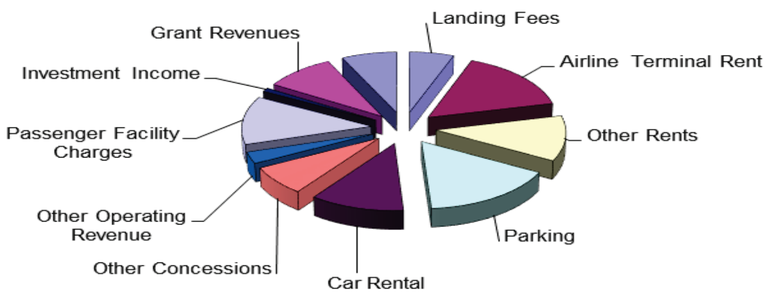
The following chart and table summarize revenues for the year ended September 30, 2015:



	2015	Percent of Total	Change From 2014	% Change From 2014
Operating				
Landing fees	$ 4,424,724	4%	$ (1,203,071)	(21)%
Airline terminal rent	7,586,044	7%	(7,602,719)	(50)%
Other rental revenue	11,761,324	11%	600,808	5%
Parking	17,367,279	16%	1,725,963	11%
Car rental concessions	11,634,190	11%	668,752	6%
Other concessions	8,008,492	7%	865,041	12%
Other operating revenue	2,381,705	2%	(483,478)	(17)%
Total operating revenues	63,163,758	58%	(5,428,704)	(8)%
Other Sources				
Passenger facility charges	12,602,242	12%	678,581	6%
Investment income	1,066,253	1%	150,469	16%
Contributions of assets	-	0%	(7,000,000)	(100)%
Grants and other items	32,138,604	29%	23,197,028	259%
Transfers in	-	0%	-	0%
Total other sources	45,807,099	42%	17,026,078	59%
Total revenues	$ 108,970,857	100%	$ 11,597,374	12%

As noted earlier, airline revenues declined due to decreased costs, specifically annual debt service requirements. It is important to note that the rate setting methodology for airline terminal rents and landing fees is based on the cost to operate the terminal and airfield facilities. Airline terminal rents totaling $7.6 million decreased by 50% and landing fees totaling $4.4 million decreased by 21% due to the cost sharing agreements and reduced operating costs. Parking revenue totaling $17.4 million increased 16%. Car rental concession revenue totaling $11.6 million increased by 11%, and other rental revenue totaling $11.7 million increased by 11%.

The following chart and table summarize revenues for the year ended September 30, 2014:

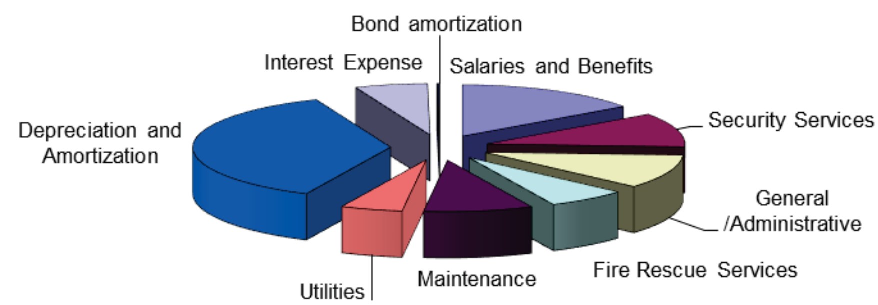


	2014	Percent of Total	Change From 2013	% Change From 2013
Operating				
Landing fees	$ 5,627,795	6%	$ 212,114	4%
Airline terminal rent	15,188,763	16%	(496,612)	(3)%
Other rental revenue	11,160,516	11%	1,310,575	13%
Parking	15,641,316	16%	893,237	6%
Car rental concessions	10,965,438	11%	631,993	6%
Other concessions	7,143,451	7%	663,100	10%
Other operating revenue	2,865,183	3%	4,804	0%
Total operating revenues	68,592,462	70%	3,219,211	5%
Other Sources				
Passenger facility charges	11,923,661	13%	243,970	2%
Investment income	915,784	1%	1,238,653	384%
Contributions of assets	7,000,000	7%	6,761,829	2839%
Grants and other items	8,941,576	9%	2,126,128	24%
Transfers in	25,000	0%	25,000	100%
Total other sources	28,806,021	30%	10,395,580	51%
Total revenues	$ 97,398,483	100%	$ 13,614,791	16%

Other rental revenue from buildings, hangars, and ground leases increased 13% due to fair market value adjustments and increased leased units. Parking revenues were up 6% due to increased passenger traffic and less off airport competition for customers. Car rental concessions were up 6% due to greater passenger traffic.

Expenses

The following chart and table summarize expenses for the fiscal year ended September 30, 2015:

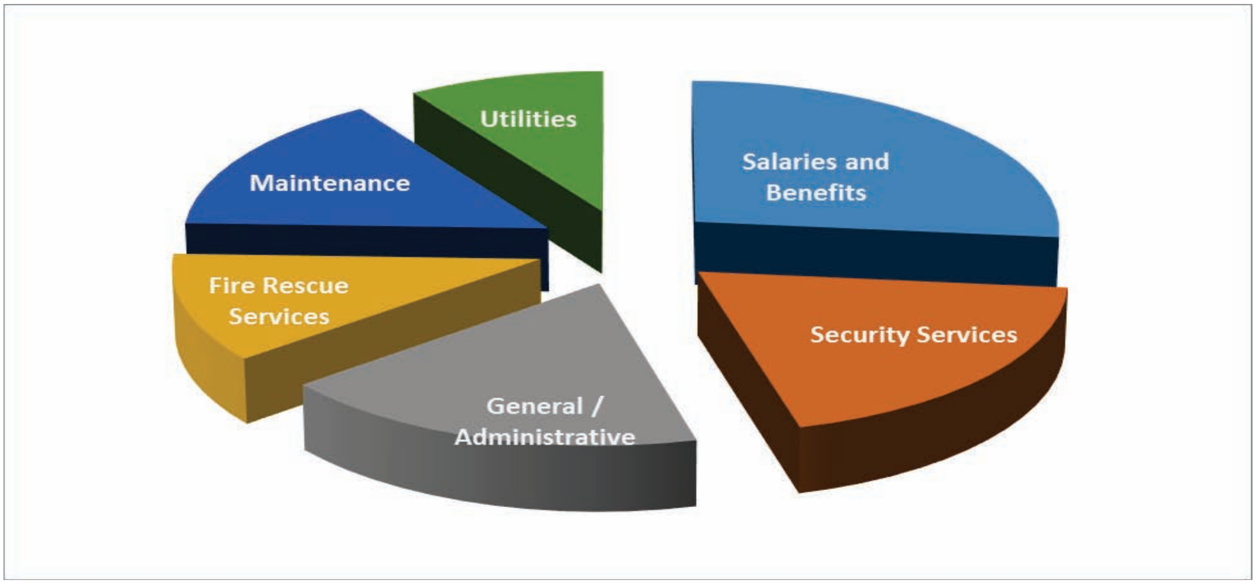


	2015	Percent of Total	Change From 2014	% Change From 2014
Operating				
Salaries and benefits	$ 11,286,249	15%	$ 849,296	8%
Security services	7,975,755	11%	119,787	2%
General/administrative	7,928,419	11%	546,099	7%
Fire rescue services	4,836,882	7%	132,302	3%
Maintenance	6,624,220	9%	402,394	6%
Utilities	3,754,878	4%	7,474	0%
Total operating	42,406,403	57%	2,057,352	5%
Depreciation and Amortization	27,443,447	37%	(1,027,584)	(4)%
Nonoperating:				
Interest expense	4,413,766	6%	(718,757)	(14)%
Bond amortization	(12,905)	0%	19,280	60%
Transfers to Other County Funds	56,484	0%	(836)	(1)%
Total non-operating	4,457,345	6%	(700,313)	(14)%
Total expenses	$ 74,307,195	100%	$ 329,455	0%

Operating expenses increased 5% overall. General/administrative expenses increased by 7% primarily due to increased spending for advertising and maintenance costs increased by 6%, contributing to the overall increase.

Expenses (Continued)

The following chart and table summarize expenses for the fiscal year ended September 30, 2014:



	2014	Percent of Total	Change From 2013	% Change From 2013
Operating				
Salaries and benefits	$ 10,436,953	14%	$ (184,267)	(2)%
Security services	7,855,968	10%	139,340	2%
General/administrative	7,382,320	10%	59,209	1%
Fire rescue services	4,704,580	6%	(102,337)	(2)%
Maintenance	6,221,826	7%	623,605	11%
Utilities	3,747,404	5%	40,199	1%
Total operating	40,349,051	52%	575,749	1%
Depreciation and Amortization	28,471,031	39%	(115,850)	(0)%
Nonoperating:				
Interest expense	5,132,523	8%	(669,577)	(12)%
Gain (loss) on disposal of capital assets	-	1%	(917,468)	(100)%
Bond amortization	(32,185)	0%	17,962	36%
Transfers to Other County Funds	57,320	0%	19,899	53%
Total non-operating	5,157,658	9%	(1,549,184)	(23)%
Total expenses	$ 73,977,740	100%	$ (1,089,285)	(1)%

Operating expenses increased 1% overall primarily to increased maintenance costs which increased 11% year to year. Other cost categories were either flat or slightly decreased compared to the prior year.

Summary of Cash Flow Activities

The following shows a summary of the major sources and uses of cash and cash equivalents for the past three fiscal years. Cash equivalents include cash on hand, bank deposits and highly-liquid investments with an original maturity of three months or less:

	2015	2014	2013
Cash flows provided by operating activities	$ 13,781,516	$ 27,733,171	$ 24,752,735
Cash flows provided by (used in) investing activities	1,140,564	1,058,235	(188,264)
Cash flows provided by noncapital financing activities	270,825	345,575	533,812
Cash flows used in capital and related financing activities	(15,814,135)	(14,271,280)	(18,140,775)
Net change in cash and cash equivalents	(621,230)	14,865,701	6,957,508
Cash and cash equivalents			
Beginning of year	147,950,524	133,084,823	126,127,315
End of year	$ 147,329,294	$ 147,950,524	$ 133,084,823

Capital Acquisitions and Construction Activities

During fiscal year 2015, the Department expended $45.4 million on capital activities, which is a substantial increase over prior years due to the ongoing construction of an in line baggage system, estimated to be substantially complete in fiscal year 2016 at a total cost of $45 million. Completed projects during fiscal year 2015 totaling $10.1 million were transferred from construction-in-progress to their respective capital accounts. The major projects completed fiscal year 2015 are as follows:

North County Airport wetlands	$7.01 million
General Aviation Security System	1.21 million
Pahokee Airfield Lighting	330,000
Terminal Generator	224,000

During 2014, the Department expended $18.0 million on capital activities. Completed projects during 2014 totaling $9.5 million were transferred from construction-in-progress to their respective capital accounts. The major projects completed fiscal year 2014 involved airfield, parking garage and terminal improvements, as follows:

Building 3400 refurbishment	$2.00 million
Pahokee Airport airfield lighting	1.33 million
North County Airport apron	1.14 million
Pahokee Airport apron	1.11 million
PBIA taxiway C	.5 million

In general, acquisitions are funded using a variety of financing sources, including Federal Grants, State Grants, Airport revenues, Passenger Facility Charges, and Revenue Bonds. See Note 3, Capital Assets, in the financial statements for additional information.

Long-Term Debt

The Department had outstanding long-term debt of $83.5 million and $85.9 million as of September 30, 2015 and 2014, respectively. Both amounts are net of any current maturities, unamortized premiums or unamortized discounts. The following table reflects the debt activities for Revenue Refunding Bonds that occurred during fiscal year 2015:

	Balance at October 1, 2014	Additions	Reductions	Balance at September 30, 2015	Due Within One Year
Revenue Bonds:					
Series 2006A	$ 69,080,000	$ -	$ -	$ 69,080,000	$ -
Series 2006B	16,855,000	-	-	16,855,000	2,425,000
Series 2002	12,500,000	-	12,500,000	-	-
	$ 98,435,000	$ -	$ 12,500,000	85,935,000	$ 2,425,000
Less current maturities				2,425,000	
Long-term portion				83,510,000	
Add unamortized premium				327,967	
Total				$ 83,837,967	

The following table reflects the debt activities that occurred during Fiscal Year 2014:

	Balance at October 1, 2013	Additions	Reductions	Balance at September 30, 2014	Due Within One Year
Revenue Bonds					
Series 2006A	$ 69,080,000	$ -	$ -	$ 69,080,000	$ -
Series 2006B	16,855,000	-	-	16,855,000	-
Series 2002	24,145,000	-	11,645,000	12,500,000	12,500,000
	$ 110,080,000	$ -	$ 11,645,000	98,435,000	$ 12,500,000
Less current maturities				12,500,000	
Long-term portion				85,935,000	
Add unamortized premium				340,872	
Total				$ 86,275,872	

The County, on behalf of the Department, has not issued any new revenue bonds during fiscal years 2015 and 2014 and has no plans in the short or medium time frame for any new issues. The changes in debt in fiscal years 2015 and 2014 represent payment of the required annual principal amounts per the maturity schedules. See Note 5, Revenue Bonds and Loan Payable, in the notes to the financial statements for additional information.

Credit Ratings and Bond Insurance

On an underlying basis (i.e., uninsured) the Department's credit ratings currently stand at: Standard and Poor's A+ (ratings increase March 2016), Fitch A and Moody's Investors Service A2. On an insured basis the Department's credit rating are as follows: Moody's, S & P, Fitch; Aaa, AAA and AAA, respectively. These ratings are unchanged from the previous year, however Moody's increased their outlook from "stable" to "positive".

Passenger Facility Charges

The Department, as of September 30, 2015 and 2014, has collected $218,449,833 and $205,679,438, respectively, in Passenger Facility Charges (PFC) Revenues, including interest on PFC cash balances, since the inception of the program in April 1, 1994. The Department has capital expenditures from PFC sources totaling $164,561,063 and $156,678,071, respectively, over the same time period. As of September 30, 2015 and 2014, the Department was authorized to collect $271,834,587 in PFC revenues. The Department's PFC level was authorized at $4.50 per enplaned passenger.

Economic Factors and Next Year's Budgets and Rates

- 2.4 million people live in the Palm Beach International Airport catchment area which is includes Palm Beach, Martin, St. Lucie, and Indian River counties as well as a small portion of Broward County. Population growth in this area is expected to grow 8% by 2020. (Source: Woods and Poole, 2015 estimate)

- The Palm Beach County area enjoys a comparably high per capita personal income, estimated at $61,117, among the highest in Florida and in the U.S. and an increase of $1,706 over the prior year. Other area counties are also higher than other Florida and U.S. counties. (Source: Woods and Poole, 2015 estimate).

- Palm Beach County Tourism statistics have shown strong returns for the last few years. In 2015, the County was visited by 6.8 million tourists, a 10% visitation increase over 2014. The County expects tourism visitation to increase going forward with hotel occupancy and revenue statistics to show significant increases as well. Palm Beach County statistics have generally exceeded the Florida and national averages in past years. More than 1,000 new hotel rooms are expected to open in 2016 with additional room inventory scheduled to be added in the 2017 to 2018 time period. Particularly important is the completion of a convention center located Hilton Hotel in late 2015 which should boost convention traffic to the area. (Sources: Palm Beach County Convention and Visitors Bureau Press release dated 2/20/2016 and 2014/2015 Marketing and Sales Plan).

- The Department's fiscal year 2016 operating expense budget totals $47 million, not including interfund transfers and reserves, which represents an increase of 4% from the prior year budget; additionally the Department expects actual expenditures will be somewhat less than the budgeted amount with expected expenditures to be within the range of $44 million to $45 million. Operating revenues are budgeted at $60.1 million for fiscal year 2016, an increase compared to fiscal year 2015 budgeted operating revenues although less than actual fiscal year 2015 revenues due to the Department's conservative budgeting approach.

- The Department is constructing an in line baggage system which is estimated to be complete in 2016 at a cost of $45 million. This project is largely funded with PFC collections and Homeland Security grants. While the enhanced baggage system will provide additional utility to users, system complexity will drive additional operations and maintenance (O & M) cost. The Department estimates annualized O & M costs from the system to be approximately $2 million per year in the early phases of deployment as the system will be adjusted to enhance performance. This cost is recovered from airlines on a pro rata basis estimated to be approximately $.81 per enplanement.

- The Fiscal year 2016 terminal rates average $48.45 per square foot; landing fees are $1.08 per 1,000 lbs. of landed weight. The Fiscal year 2015 terminal rates average $47.67 per square foot; landing fees are $.93 per 1,000 lbs. of landed weight. Airline cost per enplanement for fiscal year 2016 is expected be approximately $4.19 compared to $3.92 for fiscal year 2015. Rates and cost per enplanement is shown net of estimated revenue sharing payouts to signatory airlines.

Request for Information

This financial report is designed to provide a general overview of the Department's finances. Questions concerning the information provided in this report can be addressed to Mike Simmons, Deputy Director of Airports, Finance and Administration, Palm Beach County, Department of Airports, Palm Beach International Airport, Building 846, West Palm Beach, Florida 33406 or email at msimmons@pbia.org. Additional business information and statistics for the Airport can be viewed and downloaded at the Department's website: www.pbia.org.

Palm Beach County, Florida Department of Airports

Statements of Net Position
September 30, 2015 and 2014

Assets	2015	2014
Current Assets		
Pooled cash and cash equivalents	**$ 75,099,676**	$ 65,198,444
Nonpooled cash and cash equivalents	**1,100**	1,100
Restricted pooled cash and cash equivalents	**263,737**	305,615
Restricted cash with fiscal agent	**4,631,884**	15,068,971
Accounts receivable, less allowance for doubtful accounts of $275,530 and $345,425 in 2015 and 2014, respectively	**2,587,033**	3,204,601
Government grants receivable	**20,891,123**	3,486,071
Due from other funds	**107,181**	-
Due from other governments	**45,920**	-
Current portion of other receivable	**-**	74,311
Inventories	**1,454,067**	1,343,985
Other current assets	**4,683,285**	1,040,973
Total current assets	**109,765,006**	89,724,071
Noncurrent Assets		
Restricted assets:		
Pooled cash and cash equivalents	**14,774,799**	15,308,285
Nonpooled cash and cash equivalents	**52,558,098**	52,068,109
Accounts receivable	**1,654,531**	1,807,124
Total noncurrent restricted assets	**68,987,428**	69,183,518
Capital assets:		
Land	**108,129,920**	101,070,428
Construction in progress	**51,392,749**	16,845,585
Depreciable capital assets, net of accumulated depreciation	**223,530,581**	246,612,844
Total capital assets	**383,053,250**	364,528,857
Other noncurrent assets:		
Net OPEB Asset	**5,368**	-
Total other noncurrent assets	**5,368**	-
Total noncurrent assets	**452,046,046**	433,712,375
Total assets	**$ 561,811,052**	$ 523,436,446
Deferred outflows of resources-pension related	**$ 2,010,597**	$ 502,095

See Notes to Financial Statements.

Palm Beach County, Florida Department of Airports

Statements of Net Position (Continued)
September 30, 2015 and 2014

	2015	2014
Liabilities and Net Position		
Current Liabilities		
Accounts and contracts payable	**$ 20,929,162**	$ 4,619,686
Compensated absences payable	**74,035**	65,768
Unearned revenue	**1,160,708**	649,835
Due to other funds	**115,472**	94,491
Due to other governments	**93,918**	82,827
Due to Component Unit	**757**	-
Other current liabilities	**565,059**	563,425
Total current liabilities	**22,939,111**	6,076,032
Current Liabilities Payable From Restricted Assets		
Accounts and contracts payable	**-**	24,461
Security deposits	**263,739**	283,866
Interest payable on revenue bonds	**2,206,882**	2,566,259
Current maturities of revenue bonds	**2,425,000**	12,500,000
Total current liabilities payable from restricted assets	**4,895,621**	15,374,586
Long-Term Liabilities		
Other long-term liabilities	**-**	5,249
Compensated absences payable	**1,049,704**	1,041,772
Net Pension Liability	**4,927,476**	3,054,213
Revenue bonds payable (less current maturities)	**83,837,967**	86,275,872
Total long-term liabilities	**89,815,147**	90,377,106
Total liabilities	**117,649,879**	111,827,724
Deferred inflows of resources-pension related	**2,289,970**	2,749,473
Net Position		
Net investment in capital assets	**296,790,283**	265,752,985
Restricted:		
Passenger facility charges	**56,384,514**	51,312,105
Debt service	**2,728,854**	12,802,087
Renewal and replacement	**2,777,174**	3,955,830
Operation and maintenance	**7,502,828**	7,303,077
Capital outlay	**4,321,978**	4,194,590
	73,715,348	79,567,689
Unrestricted	**73,376,169**	64,040,670
Total net position	**$ 443,881,800**	$ 409,361,344

Palm Beach County, Florida Department of Airports

Statements of Revenues, Expenses and Changes in Net Position
Years Ended September 30, 2015 and 2014

	2015	2014
Operating Revenues		
Rentals	**$ 19,347,368**	$ 26,349,279
Concessions	**37,009,961**	33,750,205
Landing fees	**4,424,724**	5,627,795
Other	**2,381,705**	2,865,183
Total operating revenues	**63,163,758**	68,592,462
Operating Expenses		
Employee compensation and benefits	**11,286,249**	10,436,953
General and administrative	**7,928,419**	7,382,320
Maintenance	**6,624,220**	6,221,826
Contracted security services	**7,975,755**	7,855,968
Contracted fire-rescue services	**4,836,882**	4,704,580
Utilities	**3,754,878**	3,747,404
Total operating expenses before depreciation and amortization	**42,406,403**	40,349,051
Operating Income Before Depreciation and Amortization	**20,757,355**	28,243,411
Depreciation and Amortization	**27,443,447**	28,471,031
Operating loss	**(6,686,092)**	(227,620)
Nonoperating Revenues (Expenses)		
Investment income	**1,066,253**	915,784
Passenger facility charges	**12,602,242**	11,923,661
Interest expense	**(4,413,766)**	(5,132,523)
Gain (loss) on disposal of capital assets	**(97,442)**	52,482
Amortization of revenue bond costs	**12,905**	32,185
Other revenues (expenses)	**327,311**	377,895
Total nonoperating revenues (expenses), net	**9,497,503**	8,169,484
Income before contributions and transfers	**2,811,411**	7,941,864
Airport Improvement Capital Grants	**31,765,529**	8,511,199
Capital Contributions From Other Funds	**-**	-
Capital Contributions From Customers	**-**	7,000,000
Transfers From Other County Funds	**-**	25,000
Transfers to Other County Funds	**(56,484)**	(57,320)
Change in net position	**34,520,456**	23,420,743
Net Position at Beginning of Year, as previously stated	**409,361,344**	391,678,799
Restatement due to adoption of GASB 68 and 71 (See note 12)	**-**	(5,738,198)
Net Position at Beginning of Year, as restated	**409,361,344**	385,940,601
Net Position at End of Year	**$ 443,881,800**	$ 409,361,344

See Notes to Financial Statements.

Palm Beach County, Florida Department of Airports

Statements of Cash Flows
Years Ended September 30, 2015 and 2014

	2015	2014
Cash Flows From Operating Activities		
Cash received from customers	**$ 60,596,154**	$ 68,726,092
Cash payments to vendors for goods and services	**(18,670,069)**	(13,300,393)
Cash payments to employees for services	**(11,419,626)**	(10,949,506)
Cash payments to other funds	**(16,724,943)**	(16,743,022)
Net cash provided by operating activities	**13,781,516**	27,733,171
Cash Flows From Noncapital Financing Activities		
Transfer to other county funds	**(56,484)**	(32,320)
Operating grants and other	**327,309**	377,895
Net cash provided by noncapital financing activities	**270,825**	345,575
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	**(25,667,241)**	(15,804,799)
Proceeds from sale of capital assets	**45,766**	52,482
Principal repayment on revenue bonds	**(12,500,000)**	(11,645,000)
Passenger facility charges received	**12,754,835**	11,862,001
Receipt of capital grants and reimbursements	**14,325,648**	6,731,348
Interest and fiscal charges paid	**(4,773,143)**	(5,467,312)
Net cash used in capital and related financing activities	**(15,814,135)**	(14,271,280)
Cash Flows From Investing Activities		
Receipt of repayments on other receivables	**74,311**	142,451
Interest and gains or losses on investments	**1,066,253**	915,784
Net cash provided by investing activities	**1,140,564**	1,058,235
Net change in cash and cash equivalents	**(621,230)**	14,865,701
Cash and cash equivalents at beginning of year (including restricted accounts totaling $87,750,980 for 2015 and $71,321,981 for 2014)	**147,950,524**	133,084,823
Cash and cash equivalents at end of year (including restricted accounts totaling $72,228,518 for 2015 and $82,750,980 for 2014)	**$ 147,329,294**	$ 147,950,524

(Continued)

Palm Beach County, Florida Department of Airports

Statements of Cash Flows (Continued)
Years Ended September 30, 2015 and 2014

	2015	2014
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:		
Operating loss	**$ (6,686,092)**	$ (227,620)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	**$ 27,443,447**	28,471,031
Provision for doubtful accounts	**(69,895)**	(113,423)
Changes in assets, liabilities and deferred inflows/outflows:		
Accounts receivable	**687,463**	(635,811)
Due from other funds	**(107,181)**	234,710
Inventories	**(110,082)**	83,989
Other current assets	**(3,642,312)**	(17,182)
Accounts and contracts payable	**(4,158,787)**	(106,052)
Compensated absences payable	**16,199**	(8,183)
Unearned revenues	**510,873**	506,840
Due to other funds	**20,980**	2,900
Other assets	**(5,368)**	-
Other liabilities	**(2,860)**	(49,312)
Security deposits	**(20,127)**	27,891
Deferred outflows of resources	**(1,508,502)**	(361,315)
Deferred inflows of resources	**(459,503)**	2,749,473
Net pension liability	**1,873,263**	(2,824,765)
Total adjustments	**20,467,608**	27,960,791
Net cash provided by operating activities	**$ 13,781,516**	$ 27,733,171
Supplemental Disclosures of Noncash Capital and Related Financing Activities		
Amortization of premium on bonds, including write off	**$ (7,932)**	$ 88,634
Amortization of deferred advance refunding loss	**-**	56,449
Capital assets in accounts/contracts payable	**-**	2,127,464
Contributions of capital assets from other funds	**-**	-
Disposition of fully depreciated capital assets	**1,925,427**	482,407
Capital grants receivable	**17,439,881**	-
Passenger facility charges receivable	**1,641,837**	1,794,430
Contributed assets from customers	**-**	7,000,000

See Notes to Financial Statements.

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

Palm Beach County (the County) is a chartered political subdivision of the State of Florida and is granted the power of self-governance by the Constitution of the State of Florida and Florida Statutes. The Board of County Commissioners (the Board) is the legislative and governing body of the County.

Pursuant to the general laws of Florida, the County owns the Palm Beach International Airport and three general aviation airports, Palm Beach County Park Airport in Lantana, Palm Beach County Glades Airport in Pahokee and North County General Aviation Airport in Palm Beach Gardens (collectively, the Airports), all operated by the Palm Beach County Department of Airports (the Department of Airports).

The financial statements only present the Department of Airports, an enterprise fund of Palm Beach County, Florida, and do not purport to, and do not present fairly the financial position of Palm Beach County, Florida, and the changes in its financial position and, where applicable, cash flows, in conformity with accounting principles generally accepted in the United States.

B. Basis of Presentation

The Department of Airports operates the Airports as an enterprise fund of the County. An enterprise fund is used to account for the financing of services to the general public where all or most of the costs incurred are recovered in the form of charges to users of such services.

The financial statements included in this report represent the operations of the four airports.

C. Basis of Accounting

The accounts of the Department of Airports are maintained on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recognized when incurred.

Rental revenue includes revenue from terminal fees charged to airlines and is recognized when earned in terms of the lease agreement. Concession revenue includes car rental concessions and parking fees and is recognized when earned in terms of the concession agreement.

Landing fees are recognized in accordance with the agreement with signatory airlines, based on landed weight of aircraft.

Intergovernmental revenues from federal or state grants are recognized when eligibility requirements of the grant program have been met.

Revenues from airlines, concessions, rental cars and parking are reported as operating revenues. Transactions which are capital, financing or investing-related are reported as non-operating revenues or capital contributions. All expenses related to operating the Airport are reported as operating expenses. Interest expense and financing costs are reported as non-operating expenses.

Certain prior year amounts have been reclassified to conform to the current year presentation.

Note 1. Summary of Significant Accounting Policies (Continued)

D. Implementation of Governmental Accounting Standards Board (GASB) Statements

The Department implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)* and GASB Statement No. 71 “Pension Transition for Contributions Made Subsequent to the Measurement Date (an amendment of GASB Statement No. 68” during the fiscal year ended September 30, 2015. The Department through the County, participates in the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy (HIS) defined benefit plan administered by the Florida Division of Retirement. As a participating employer, GASB 68 requires employers participating in cost-sharing multi-employer defined benefit pension plans to report the employer’s proportionate share of the net pension liabilities and related pension amounts of the plans. This resulted in a restatement of the beginning net position. See Note 12 for further details.

E. Cash and Cash Equivalents and Investments

The Department of Airports considers all highly-liquid investments with maturities of three months or less when purchased, as well as its proportionate share of the County’s internal investment pool, to be cash equivalents for purposes of the statement of net assets and the statement of cash flows. The County’s internal investment pool is valued at a combination of fair value and amortized cost as more fully described in the notes to the County financial statements. The non-pooled money market funds and cash with fiscal agents-money market funds are stated at fair value, based on the last reported sales price for securities traded on a national exchange. Gain or loss on sales of investments is based on the specific identification method.

F. Accounts Receivable

Accounts receivable are composed primarily of monthly billings to airlines and concessionaires operating at Palm Beach International Airport for various rentals and other fees under the Department of Airports operating leases. No collateral is required for accounts receivable. An allowance for doubtful accounts is provided for receivables where there is a question as to ultimate collectability. Receivables are written off when management has determined that the amount will not be collected. Collection on accounts previously written off is included in other operating revenues when received.

G. Inventories

Inventories, consisting mostly of materials and supplies, are stated at the lower of cost or market determined on the first-in, first-out basis or market value.

H. Capital Assets

Capital assets are recorded at cost or, if donated, at fair value at the date of donation. Capital assets transferred to or from the Department to other County funds are recorded at their net book value (historical cost less accumulated depreciation) as of the date of the transfer. Maintenance and repairs are charged to expense as incurred. Capital assets are defined as those assets with an initial, individual cost of over $1,000. Major renewals and betterments which are significant and add to the productive capacity or extend the useful life of capital assets are capitalized and depreciated using the straight-line method over the estimated useful lives of the assets, which are summarized as follows:

Buildings	5 – 40 years
Improvements other than buildings	5 – 20 years
Furniture, fixtures and equipment	3 – 12 years

Note 1. Summary of Significant Accounting Policies (Continued)

The Department of Airports purchases certain residential parcels of land that are considered to be within the area designated as “noise-impacted” surrounding the Airports. The costs of acquisition, structure demolition and relocation of residents in this area are eligible under the Federal Aviation Administration (FAA) Noise Abatement Grant Program for reimbursement. Those items that are deemed to be capital expenditures are recorded as capital asset additions when the costs are incurred. The FAA funds approximately 80% of these costs with the remainder financed by the State of Florida and the Department of Airports. The FAA retains a continuing interest in the properties equal to its original funding percentage and restricts the use of such properties to purposes which are compatible with noise levels associated with the operation of Airports. The total cost associated with acquiring these parcels of land are $49,866,823 at September 30, 2015 and 2014, and is recorded under the caption “land” in the accompanying statements of net position.

Property acquired through the Department’s Residential Buyout Program of Noise Impacted Areas is recorded as capital assets at cost until such time it is no longer needed for its original use. At that time the property is transferred to assets held for sale and is reported at the lower of cost or net realizable value.

I. Intangible Assets

The costs of various easement rights are capitalized as intangible assets and are amortized using the straight-line method over their remaining lives, which is determined to be 40 years.

J. Security Deposits

Security deposits represent cash deposits held by the Department of Airports pursuant to certain operating leases.

K. Unearned Revenue

Unearned revenue consists of lease payments received from airport tenants in advance of the due date under operating leases.

L. Restricted Assets

Certain assets are restricted in accordance with the provisions of the Bond Resolution (Resolution) and in accordance with FAA restrictions. Assets restricted under the Resolution which are designated primarily for payment of debt service are $4,935,645 and $15,368,346 at September 30, 2015 and 2014, respectively, and the retention of the operation and maintenance reserve of $7,502,828 and $7,303,077 at September 30, 2015 and 2014, respectively, all as defined in the Resolution. Assets that are subject to FAA restrictions include restricted cash and cash equivalents of approximately $2,034,811 and $2,048,086 at September 30, 2015 and 2014, respectively, and results from the sale of excess land previously contributed by the FAA and not required for aviation purposes. These assets are restricted until appropriated for FAA approved projects. In addition, the Department of Airports also has restricted assets consisting of cash and receivables of approximately $56,384,514 and $51,312,105 at September 30, 2015 and 2014, respectively, for passenger facility charge revenues that are restricted by the FAA to capital projects.

Note 1. Summary of Significant Accounting Policies (Continued)

M. Amortization of Discounts/Premiums on Bonds and Debt Issuance Costs

Bond discount or premium incurred in connection with the issuance or gain/losses on refunding of revenue bonds are deferred and amortized using the effective interest method over the life of the related debt issue. Debt issuance costs are expensed when incurred.

N. Interest

Interest costs are expensed or capitalized in accordance with the provisions of GASB Statement No. 62. The amount of interest cost to be capitalized for qualifying assets is intended to be that portion of the interest cost incurred during the assets acquisition periods that theoretically could have been avoided if outlays for the assets had not been made. The amount of interest cost incurred was $4,413,766 and $5,132,523 for the fiscal years ended September 30, 2015 and 2014, respectively, none of which was recorded as capitalized interest in either fiscal year as the construction activity conducted by the Airports is primarily funded through capital grants and/or passenger facility charges.

O. Compensated Absences

The Department of Airports' employees accumulate unused vacation and sick leave within certain limitations. Accumulated vacation and sick leave is payable to employees upon termination or retirement at their pay rate on that date. The Department of Airports accrues unused vacation and sick leave on the statement of net assets as compensated absences payable.

The Department of Airports through contributions to the County's Combined Insurance Fund, provides an implicit subsidy for health insurance to retired employees.

P. Passenger Facility Charges

In 1994, the FAA began a program allowing Airports to collect a $3 Passenger Facility Charge (PFC) per enplaned passenger. The monies collected under this program must be used for capital-related improvements to the Airport facilities and all expenditures of these funds must be preapproved by the FAA. PFC revenue is treated as non-operating revenue in the financial statements. On October 9, 2007, the Federal Aviation Administration approved an amendment to the PFC collection authorization increasing the PFC fee from $3.00 to $4.50 per enplaned passenger effective July 2008. Total collection authority for the Department is $271,834,587. Cumulative PFC expenditures through September 30, 2015, total $165,149,688.

Q. Capital Contributions

Grants from other governmental agencies for the acquisition of capital assets are recorded as capital contributions when related eligibility requirements are met. Contributions from fixed-base operators in the form of buildings and hangars which revert to the Department are recorded as capital contributions at fair value when title is transferred to the Department.

R. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources which represents a consumption of net position applicable to a future period and will not be recognized as an outflow or expense until that time. The Department reports deferred outflows related to pensions.

Note 1. Summary of Significant Accounting Policies (Continued)

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources, which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow (revenue or reduction of expense) until that time. The Department reports deferred inflows for pension related amounts.

S. 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

T. Use of Restricted Resources

When both restricted and unrestricted resources are available for use, it is the Department's policy to use restricted resources first, then unrestricted resources as they are needed.

Note 2. Cash and Cash Equivalents and Investments

Cash and cash equivalents and investments consist of the following at September 30, 2015 and 2014:

	2015	2014
County Internal Investment Pool	$ 90,138,212	$ 80,812,344
Non-pooled Money Market Funds	52,558,098	52,068,109
Cash with fiscal agent	4,631,884	15,068,971
Petty cash	1,100	1,100
Total	$ 147,329,294	$ 147,950,524
Amounts as presented in the financial statements are as follows:		
Unrestricted pooled cash and cash equivalents	$ 75,099,676	$ 65,198,444
Unrestricted nonpooled cash and cash equivalents	1,100	1,100
	75,100,776	65,199,544
Restricted pooled cash and cash equivalents	15,038,536	15,613,900
Restricted nonpooled cash and cash equivalents	52,558,098	52,068,109
Restricted cash with fiscal agent	4,631,884	15,068,971
	72,228,518	82,750,980
Total	$ 147,329,294	$ 147,950,524

Cash and Cash Equivalents

The Department of Airports participates in the County's pooled cash system to maximize earnings and facilitate cash management. The County's pooled cash fund is a highly liquid investment pool of approximately $1.4 and $1.3 billion as of September 30, 2015 and 2014, respectively, of which approximately 11% and 37%, respectively, are invested in U.S. Government and Agency obligations. The County's investment policy for this pool requires that all securities be insured or registered in the name of the County and held by a third party custodial institution, with capital and surplus stock of at least $500 million and a separate custody account at the Federal Reserve Bank that is restricted for the safekeeping of County-owned securities.

The equity in the County pooled cash system is available to the Department of Airports on a demand basis. See the County's Comprehensive Annual Financial Report for disclosures relating to its investment policy interest rate risk, credit risk, custodial credit risk and concentration of credit risk.

Note 2. Cash and Cash Equivalents and Investments (Continued

As of September 30, 2015, the Department of Airports had $4,631,884 on deposit with a fiscal agent as required by the bond documents and $52,558,098 of PFC monies held in a non-pooled money market account; the Department had the following underlying investments:

	Fair Value	Percentage of Total	Maturity	Standard & Poor's Investment Rating Service
Bank of New York Mellon Cash and Short Term Money Market Account	$ 4,631,884	100%	Less than 1 yr	AAAm
Wells Fargo Advantage Heritage Fund Institutional Class	$ 52,558,098	100%	Less than 1 yr	AAAm

As of September 30, 2014, the Department of Airports had $15,068,971 on deposit with a fiscal agent as required by the bond documents and $52,068,109 of PFC monies held in a non-pooled money market account; the Department had the following underlying investments:

Investments	Fair Value	Percentage of Total	Maturity	Standard & Poor's Investment Rating Service
Bank of New York Mellon Cash and Short Term Money Market Account	$ 15,068,971	100%	Less than 1 yr	AAAm
Wells Fargo Advantage Heritage Fund Institutional Class	$ 52,068,109	100%	Less than 1 yr	AAAm

Interest Rate Risk

Interest rate risk is the risk that changes in the interest rate will adversely affect the fair value of an investment. The Department's investments have a maturity of less than one year, resulting in minimal interest rate risk.

Credit Risk

Credit risk is the risk that an issuer will not fulfill its obligations. In accordance with the County's Investment Policy, no-load money market mutual funds backed by government bonds are allowable if rated in the highest rating category of a Nationally Recognized Statistical Rating Organization (NRSRO).

Custodial Credit Risk

Custodial credit risk would arise in the event of the failure of a custodian of the Department's investments, after which the government would not be able to recover the value of its investments that are in the possession of the third party custodian. The Department follows the County's Investment Policy and has all securities registered in the name of the Department and held by a third party safekeeping institution.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Department does not have a formal investment policy that limits investment concentration risk.

Note 2. Cash and Cash Equivalents and Investments (Continued)

Investments

The Department of Airports follows the County's investment policy. County ordinance and the Resolution authorize the Department of Airports to invest in obligations of the U.S. Government, U.S. Government Agencies and Instrumentalities, repurchase agreements, interest-bearing time deposits or savings accounts, the Local Government Surplus Funds Trust Fund, the Florida Local Government Investment Trust, Collateralized Mortgage Obligations (CMOs), money market mutual funds, and certain corporate securities.

Note 3. Capital Assets

	Balance at September 30, 2014	Additions	Retirements	CIP Transfer	Balance at September 30, 2015
Depreciable capital assets					
Buildings	$ 371,358,787	$ 183,701	$ (1,897,295)	$ 2,163,875	$ 371,809,068
Improvements other than buildings	240,681,194	50,621	-	614,750	241,346,565
Furniture, fixtures and equipment	42,270,671	1,208,443	(505,492)	283,000	43,256,622
Intangible – easement rights	13,754,957	-	-	-	13,754,957
Total depreciable capital assets	668,065,609	1,442,765	(2,402,787)	3,061,625	670,167,212
Less accumulated depreciation					
Buildings	214,533,963	15,169,238	(1,754,087)	-	227,949,114
Improvements other than buildings	168,942,782	9,175,110	-	-	178,117,892
Furniture, fixtures and equipment	33,441,228	2,755,225	(505,494)	-	35,690,959
Intangible – easement rights	4,534,792	343,874	-	-	4,878,666
Total accumulated depreciation	421,452,765	27,443,447	(2,259,581)	-	446,636,631
Depreciable capital assets, net of accumulated depreciation	246,612,844	(26,000,682)	(143,206)	3,061,625	223,530,581
Nondepreciable capital assets					
Land	101,070,428	49,274	-	7,010,218	108,129,920
Construction in progress	16,845,585	44,619,007	-	(10,071,843)	51,392,749
Total capital assets	$ 364,528,857	$ 18,667,599	$ (143,206)	$ -	$ 383,053,250

Note 3. Capital Assets (Continued)

	Balance at September 30, 2013	Additions	Retirements	CIP Transfer	Balance at September 30, 2014
Depreciable capital assets					
Buildings	$ 361,426,437	$ 7,000,000	$ (36,245)	$ 2,968,595	$ 371,358,787
Improvements other than buildings	235,168,820	48,114	(106,633)	5,570,893	240,681,194
Furniture, fixtures and equipment	41,572,681	905,460	(339,529)	132,059	42,270,671
Intangible – easement rights	13,754,957	-	-	-	13,754,957
Total depreciable capital assets	651,922,895	7,953,574	(482,407)	8,671,547	668,065,609
Less accumulated depreciation					
Buildings	199,258,558	15,311,650	(36,245)	-	214,533,963
Improvements other than buildings	159,436,629	9,612,786	(106,633)	-	168,942,782
Furniture, fixtures and equipment	30,578,038	3,202,719	(339,529)	-	33,441,228
Intangible – easement rights	4,190,918	343,874	-	-	4,534,792
Total accumulated depreciation	393,464,143	28,471,029	(482,407)	-	421,452,765
Depreciable capital assets, net of accumulated depreciation	258,458,752	(20,517,455)	-	8,671,547	246,612,844
Nondepreciable capital assets					
Land	100,114,058	234,170	-	722,200	101,070,428
Construction in progress	9,494,815	16,828,735	-	(9,477,965)	16,845,585
Total capital assets	$ 368,067,625	$ (3,454,550)	$ -	$ (84,218)	$ 364,528,857

Note 4. Leases, as Lessor

The Department leases a major portion of its property to airlines, rental car companies and concessionaires. Certain of the concessionaire leases provide for minimum rentals plus a contingency portion specified as a percentage of the tenants' gross revenues. Contingent rental income under such arrangements amounted to approximately $2,482,220 and $2,279,883 for the years ended September 30, 2015 and 2014, respectively. All the Department's leases are operating leases. A significant portion of the rental car companies operating leases are scheduled to expire after fiscal year 2016 resulting in a decline in minimum future receipts.

Note 4. Leases, as Lessor (Continued)

Minimum future receipts, exclusive of contingent rentals under such leases, are approximately:

Fiscal Years Ending September 30,	
2016	$ 33,282,545
2017	21,747,559
2018	21,723,107
2019	21,316,082
2020	11,784,515
Thereafter	65,960,845
	$ 175,814,653

A schedule of the carrying value of property held for lease, by major classification, as of September 30, 2015 and 2014, is as follows:

	2015	2014
Buildings	$ 251,620,742	$ 249,768,457
Less accumulated depreciation	177,177,660	166,427,547
	74,443,082	83,340,910
Land	9,158,963	9,158,963
Property held for lease, net	$ 83,602,045	$ 92,499,873

Note 5. Revenue Bonds Payable and Long-Term Obligations

Revenue bonds payable by the Department consist of the following as of September 30, 2015 and 2014:

	2015	2014
Series 2006A Revenue Bonds, principal due annually, in various amounts, beginning October 1, 2021 through October 1, 2036, with interest from 4.7% to 5.0% payable semi-annually on October 1 and April 1.	$ 69,080,000	$ 69,080,000
Series 2006B Revenue Refunding Bonds, principal due annually, in various amounts, beginning October 1, 2015 through October 1, 2020, with interest at 5.9% payable semi-annually on October 1 and April 1.	16,855,000	16,855,000
Series 2002 Revenue Refunding Bonds, principal due annually, in various amounts, beginning October 1, 2011 through October 1, 2014, with interest at 5.75% payable semi-annually on October 1 and April 1.	-	12,500,000
	85,935,000	98,435,000
Less current portion	2,425,000	12,500,000
	83,510,000	85,935,000
Unamortized bond premium	327,967	340,872
Long-term portion	$ 83,837,967	$ 86,275,872

Series 2006 A and B

The proceeds of the Series 2006A, $69,080,000 Airport System Revenue Bonds, dated May 17, 2006, were used for the construction of an additional 3,200 space long-term parking garage. The garage is necessary to meet additional passenger traffic demands for parking facilities at Palm Beach International Airport. The new garage structure was fully operational in the second quarter of fiscal year 2008. The 2006B Bonds were issued to advance refund and defease a portion of the Series 2001 Bonds and a portion of the Series 2002 Bonds.

Note 5. Revenue Bonds Payable and Long-Term Obligations (Continued)

Pursuant to the Bond Resolution, the County covenants that it will fix, charge and collect rates, fees, rentals and charges for the use of the Airport System, and shall revise such rates, fees, rentals and charges as often as may be necessary or appropriate to produce revenues in each fiscal year at least equal to the sum of operation and maintenance expenses, including reserves therefore provided for in the annual budget, plus the greater of (A) an amount equal to the sum of 1.25 times the aggregate debt service for such fiscal year, or (B) the sum of: (i) the amount to be paid during such fiscal year into the debt service account, plus (ii) the amount, if any, to be paid during the fiscal year into the debt service account (including amounts payable to the issuer of any debt service reserve account facility and excluding amounts required to be paid into such account out of the proceeds of Bonds), plus (iii) the amount, if any, to be paid into the Renewal and Replacement Fund as provided in the annual budget, plus (iv) all other charges and liens whatsoever payable out of revenues during such fiscal year, plus (v) to the extent not otherwise provided for, all amounts payable on subordinated indebtedness.

Accordingly, the Department has pledged for the payment of principal and interest all (Airport System) Net Revenues available for Debt Service, and all funds and accounts established by the Bond Resolution. The full faith and credit of the County is not pledged for the payment of Airport indebtedness. Debt service coverage in 2015 was 3.18 times the aggregate debt service; principal and interest paid in 2015 and Net Revenues Available for Debt Service were approximately $6.8 and $22.9 million, respectively.

Series 2002

The proceeds of the Series 2002, $60,150,000 Airport System Revenue Refunding Bonds, dated July 1, 2002, were used for the purpose of refunding the $90,690,000 Airport System Revenue Refunding Bonds, Series 1992, paying the swap termination fee related to the Series 2002 bonds, and paying the issuance costs of the Series 2002 bonds. The Series 2002 bonds **were fully paid off** as of September 30, 2015.

A portion of this Series amounting to $14,740,000 was defeased during fiscal year 2006 by placing monies with an escrow depository. The balance of the defeased portion of this Series as of September 30, 2015, is $0.

Note 5. Revenue Bonds Payable and Long-Term Obligations (Continued)

A summary of changes in long-term obligations for the years ended September 30, 2015 and 2014, is as follows:

	Balance at October 1, 2014	Additions	Retirements	Reductions	Balance at September 30, 2015	Due Within One Year
Revenue bonds:						
Series 2006A	$ 69,080,000	$ -	$ -	$ -	$ 69,080,000	$ -
Series 2006B	16,855,000	-	-	-	16,855,000	2,425,000
Series 2002	12,500,000	-	-	12,500,000	-	-
OPEB	5,249	-	-	5,249	-	-
Compensated absences payable	1,107,540	16,199	-	-	1,123,739	74,035
	$ 99,547,789	$ 16,199	$ -	$ 12,505,249	87,058,739	$ 2,499,035
Less current maturities					2,499,035	
Long-term portion					84,559,704	
Add unamortized bond premium					327,967	
Total					$ 84,887,671	

	Balance at October 1, 2013	Additions	Retirements	Reductions	Balance at September 30, 2014	Due Within One Year
Revenue bonds:						
Series 2006A	$ 69,080,000	$ -	$ -	$ -	$ 69,080,000	$ -
Series 2006B	16,855,000	-	-	-	16,855,000	-
Series 2002	24,145,000	-	-	11,645,000	12,500,000	12,500,000
OPEB	42,569	-	-	37,320	5,249	-
Termination benefits	8,189	-	-	8,189	-	-
Compensated absences payable	1,115,723	-	-	8,183	1,107,540	65,768
	$ 111,246,481	$ -	$ -	$ 11,698,692	99,547,789	$ 12,565,768
Less current maturities					12,565,768	
Long-term portion					86,982,021	
Add unamortized bond premium					340,872	
Total					$ 87,322,893	

Note 5. Revenue Bonds Payable and Long-Term Obligations (Continued)

The annual debt service requirements for all outstanding bonds are as follows:

Fiscal Years Ending September 30,	Principal	Interest	Total
2016	$ 2,425,000	$ 4,342,170	$ 6,767,170
2017	2,565,000	4,194,840	6,759,840
2018	2,715,000	4,038,948	6,753,948
2019	2,880,000	3,873,756	6,753,756
2020	3,045,000	3,698,820	6,743,820
2021-2025	15,810,000	15,967,493	31,777,493
2026-2030	19,620,000	11,589,150	31,209,150
2031-2035	25,035,000	6,033,525	31,068,525
2036-2037	11,840,000	562,826	12,402,826
	$ 85,935,000	$ 54,301,528	$ 140,236,528

Note 6. Retirement Plans

The County provides retirement benefits to County employees through the following plans:

Plan Descriptions

The **Florida Retirement System (FRS) Pension Plan** and the **Retiree Health Insurance Subsidy (HIS) Program** are cost-sharing, multiple-employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement. The FRS Pension Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. These benefits are established by Chapter 121, Florida Statutes, and may only be amended by the Florida legislature.

The HIS Program benefit is a monthly payment to assist retirees of the State-administered retirement systems in paying their health insurance costs. The HIS Program was established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time.

A comprehensive annual financial report including financial information and required supplementary information on both plans is publicly available on the web site of the Florida Department of Management Services (http://www.dms.myflorida.com).

The Department contributes to the **Florida Retirement System Investment Plan (Investment Plan)**, a defined contribution plan, for its eligible employees who elect to participate in the Investment Plan in lieu of participating in the FRS Pension Plan. As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of FRS defined-benefit plan. County employees participating in the DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.) as the FRS Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. The Investment Plan is administered by the State Board of Administration (SBA), and is reported in the SBA's annual financial statements and in the State of Florida's comprehensive annual financial report. Financial information on this plan is available on the web at http://www.sbafla.com/.

Note 6. Retirement Plans (Continued)

PENSION EXPENSE/EXPENDITURES

The Department's aggregate pension expense/expenditures for all plans amounted to $696,591for the fiscal year ended September 30, 2015. The Department's aggregate net pension liability for all plans was $4,927,476, with balances of deferred outflows of resources related to pensions of $2,010,597and deferred inflows of resources related to pensions of $2,289,970 as of September 30, 2015.

FLORIDA RETIREMENT SYSTEM (FRS) PENSION PLAN

Benefits Provided

The Florida Retirement System was created on December 1, 1970. Members enrolled in the FRS and actively employed on July 1, 2001, or first enrolled between July 1, 2001 and June 30, 2011, will be vested, or eligible to receive future benefits after 6 years of creditable service. Participants first enrolled on or after July 1, 2011 will be vested, or eligible to receive future benefits after 8 years of creditable service. Retirement, disability, and death benefits are based on age, average final compensation and years-of-service credit. For members initially enrolled in the FRS before July 1, 2011, average final compensation is the average of the five highest fiscal years of salary earned during covered employment. For members initially enrolled in the FRS on or after July 1, 2011, average final compensation is the average of the eight highest fiscal years of salary earned during covered employment. Members are eligible for normal retirement when they have met the minimum requirements established by their membership class. For members initially enrolled in the FRS before July 1, 2011, Regular Class members are eligible for normal retirement if they are vested and age 62 or if they have 30 years of creditable service regardless of age. For members initially enrolled in the FRS on or after July 1, 2011, Regular Class members are eligible for normal retirement if they are vested and age 65 or if they have 33 years of creditable service regardless of age. Early retirement may be taken any time after vesting. However, there is a 5% reduction of benefits for each year prior to normal retirement age or date. The percentage level of employees' payroll contribution rates is determined using the frozen entry age actuarial cost method.

Beginning July 1, 1998, the FRS implemented the Deferred Retirement Option Program (DROP), which is a program within the FRS Pension Plan that allows members to retire without terminating their employment for up to five years while their retirement benefits accumulate and earn interest compounded monthly at a stated effective annual rate. For members who entered DROP prior to July 1, 2011, the rate is 6.5%. For members who enter DROP on or after July 1, 2011, the rate is 1.3%. Members may participate in DROP when they are vested and have reached their normal retirement date. When the DROP period ends, members must terminate employment. At that time, members will receive their accumulated DROP benefits and begin receiving their monthly retirement benefit.

The FRS was amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution plan is known as the FRS Investment Plan, which is described later in this note.

Note 6. Retirement Plans (Continued)

Contributions

The following membership classes and contribution rates, which apply to both the FRS Pension Plan and the FRS Investment Plan, were in effect at September 30, 2015:

Membership Class	Employee Contribution Rate	Employer Contribution Rate*
Regular	3.00%	7.26%
Special Risk	3.00%	22.04%
State Attorney/Public Defender	3.00%	45.80%
County, City, Special District Elected Officers	3.00%	42.27%
Special Risk Administrative Support	3.00%	32.95%
Senior Management	3.00%	21.43%
Deferred Retirement Option Program	N/A	12.88%

*Employer contribution rates in the above table include a 1.26% contribution for the Retiree Health Insurance Subsidy Program.

The Department's employer contributions to the FRS Pension Plan totaled approximately $687,000 and employee contributions totaled $149,000 for the fiscal year ended September 30, 2015. The Department contributed 100% of its statutorily required contributions for the current year and preceding two years.

Net Pension Liability, Deferrals, and Pension Expense

At September 30, 2015, the Department reported a liability of $3 million for its proportionate share of the FRS Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The Department's proportionate share of the net pension liability was based on the Department's 2014-15 fiscal year contributions relative to the 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the Department's proportionate share was 1.5757% of the County portion, which was an increase of .093% from its proportionate share measured as of June 30, 2014.

Note 6. Retirement Plans (Continued)

For the fiscal year ended September 30, 2015, the County recognized a reduction of pension expense of ($94,742) related to the FRS Pension Plan. In addition, the County reported deferred outflows of resources and deferred inflows of resources related to the FRS Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 322,945	$ 74,778
Change of assumptions	203,040	-
Net difference between projected and actual earnings on pension plan investments	1,077,484	1,863,417
Changes in proportion and differences between Department contributions and proportionate share of contributions	49,900	326,348
Department contributions subsequent to the measurement date	188,581	-
	$ 1,841,950	$ 2,264,543

The Department's contributions to the FRS Pension Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the FRS Pension Plan will be recognized in pension expense as follows:

Fiscal Years Ending September 30	Amount
2016	$ (163,510)
2017	(163,510)
2018	(163,510)
2019	(163,510)
2020	32,974
Thereafter	9,892

Actuarial Assumptions

The total pension liability in the July 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary increases	3.25 percent, average, including inflations
Investment rate of return	7.65 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB, with adjustments for mortality improvements based on Scale AA.

Note 6. Retirement Plans (Continued)

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithemetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.11%	3.10%	1.65%
Intermediate-Term Bonds	18.00%	4.18%	4.05%	5.15%
High Yield Bonds	3.00%	6.79%	6.25%	10.95%
Broad US Equities	26.50%	8.51%	6.95%	18.90%
Developed Foreign Equities	21.20%	8.66%	6.85%	20.40%
Emerging Market Equities	5.30%	11.58%	7.60%	31.15%
Private Equity	6.00%	11.80%	8.11%	30.00%
Hedge Funds/Absolute Return	7.00%	5.81%	5.35%	10.00%
Real Estate (Property)	12.00%	7.11%	6.35%	13.00%
TOTAL	100.00%			
Assumed inflation – Mean		2.60%		2.00%

Note: (1) As outlined in the Plan's investment policy

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. The Plan's fiduciary net position was projected to be available to make all projected benefit payments of current and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Note 6. Retirement Plans (Continued)

Sensitivity to Changes in the Discount Rate

The following presents the Department's proportionate share of the net pension liability calculated using the discount rate of 7.65%, as well as what the Department's proportionate share of the net pension liability would be if were calculated using a discount rate that is 1-percentage point lower (6.65%) or 1% higher (8.65%) than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
Department's proportionate share of the Net Pension Liability	$ 3,477,169	$ 3,051,611	$ 2,696,760

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

RETIREE HEALTH INSURANCE SUBSIDY (HIS) PROGRAM

Benefits Provided

For the fiscal year ended September 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Program is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2015, the contribution rate was 1.26% of payroll. The County contributed 100% of its statutorily required contributions for the current and preceding three years. The HIS Program contributions are deposited in a separate trust fund from which payments are authorized. The HIS Program benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Department's employer contributions to the HIS Program totaled approximately $9,000 for the fiscal year ended September 30, 2015. The Department contributed 100% of its statutorily required contributions for the current and preceding two years.

Note 6. Retirement Plans (Continued)

Net Pension Liability, Deferrals, and Pension Expense

At September 30, 2015, the Department reported a liability of $1.9 million for its proportionate share of the HIS Program's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The Department's proportionate share of the net pension liability was based on the Department's 2014-15 fiscal year contributions relative to the 2015-15 fiscal year contributions of all participating members. At June 30, 2015, the Department's proportionate share of the County's liability was 1.5757% which was a decrease of 0.093% from its proportionate share measured as of June 30, 2014.

In addition, the Department reported deferred outflows of resources and deferred inflows of resources related to the HIS Program from the following sources which are the Department's proportionate share of the County's totals:

	Deferred Ouflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Change of assumptions	140,065	-
Net difference between projected and actual earnings on pension plan investments	964	-
Changes in proportion and differences between Department contributions and proportionate share of contributions	25,212	25,427
Department contributions subsequent to the measurement date	2,406	-
Total	$ 168,647	$ 25,427

The Department's contributions to the HIS Program subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Program will be recognized in pension expense as follows:

Fiscal Years Ending September 30	Amount
2016	$ 22,797
2017	22,797
2018	22,797
2019	22,797
2020	22,556
Thereafter	27,070

Note 6. Retirement Plans (Continued)

Actuarial Assumptions

The total pension liability in the July 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary increases	3.25 percent, average, including inflations
Investment rate of return	3.80 percent Municipal Bond Rate

Mortality rates were based on the Generational RP-2000 with Projection Scale BB, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate

The discount rate used to measure the total pension liability was 3.80%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent of discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable bond index.

Sensitivity to Changes in the Discount Rate.

The following presents the County's proportionate share of the net position calculated using the discount rate of 3.80%, as well as what the County's proportionate share of the net pension liability would be if were calculated using a discount rate that is 1-percentage point lower (3.29%) or 1% higher (5.29%) than the current rate:

	1% Decrease (3.29%)	Current Discount Rate (4.29%)	1% Increase (5.29%)
Department's proportionate share of the Net Pension Liability	$ 2,137,461	$ 1,875,865	$ 1,657,733

Note 6. Retirement Plans (Continued)

FLORIDA RETIREMENT SYSTEM INVESTMENT PLAN

Vesting Provisions

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll, which is included in the FRS contribution rates, and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2015, the information for the amount of forfeitures was unavailable from the SBA, however, management believe that these amounts, if any, would be immaterial to the County. After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The County's employer contributions to the Investment Plan totaled $64,600 for the fiscal year ended September 30, 2015.

Note 7. Related Party Transactions

The Department reimburses the General Fund of Palm Beach County for an allocated portion of certain support department costs which include such services as legal, administrative, fiscal, engineering, purchasing, personnel, internal audit and communication costs. The Department is also charged for the cost of services provided by the Motor Pool, Casualty Self-Insurance, Workers' Compensation and Data Processing Internal Service Funds of the County. The total cost for the above services was approximately $4.5 and $4.7 million for the fiscal years ended September 30, 2015 and 2014, respectively. In addition, the Department pays solid waste disposal fees to the Solid Waste Authority of Palm Beach County, a dependent special district and component unit of Palm Beach County, Florida. Fees paid to the Solid Waste Authority for the fiscal years ended September 30, 2015 and 2014, totaled approximately $313,000 and $417,000, respectively. At September 30, 2015, there was a receivable from other funds and departments of Palm Beach County of $107,181. At September 30, 2015 and 2014, $115,472 and $94,491, respectively, was payable to other Palm Beach County funds and departments.

The Department also contracts directly with the Palm Beach County Sheriff's Department for security services at PBIA. The cost of these services from the Sheriff's Department was approximately $7.7 and $7.6 million for the fiscal years ended September 30, 2015 and 2014, respectively. The Department also contracts with the Fire-Rescue Department for fire-rescue service at PBIA. The cost of these services was approximately $4.8 and $4.7 million for the fiscal years ended September 30, 2015 and 2014, respectively.

Note 8. Major Customers

A significant portion of the Department's earnings and revenues are directly or indirectly attributed to the activity of a number of major airlines operating out of PBIA.

The Department's earnings and revenues could be materially and adversely affected should any of these major airlines discontinue operations at PBIA and should the Department be unable to replace those airlines with similar activity. The level of operations is determined based upon the relative share of enplaned passengers.

Major customers, based on number of enplaned passengers, are as follows:

	Percent of Activity Based Upon Enplaned Passengers	
	Fiscal Years Ended September 30,	
	2015	2014
Airline		
Delta	26.8%	26.4%
Jet Blue	25.9%	24.4%
American	20.9%	22.8%
Southwest	11.1%	12.1%
United	10.1%	10.5%
Spirit	1.5%	0.9%
Air Canada	1.1%	1.2%
Frontier Airlines	1.0%	0.0%
Others	1.6%	1.7%
	100.0%	100.0%

Note 9. Commitments and Contingencies

Litigation

The Department is involved in various lawsuits arising in the ordinary course of operations. Although the outcome of these matters is not presently determinable, it is the opinion of management of the Department, based upon consultation with legal counsel, that the outcome of these lawsuits will not materially affect the financial position of the Department.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally the State of Florida and the Federal Aviation Administration. Any disallowed claims, including amounts already received, might constitute a liability of the Department for the return of those funds.

Risk Management

The Department covers risk of loss for natural disasters through the purchase of commercial insurance. In the last three years, none of the settlements have exceeded the Department insurance coverage.

Note 9. Commitments and Contingencies (Continued)

The Department participates in the County-wide self-insurance programs for casualty, employee health and workers' compensation. Premiums charged to the Department by the County self-insurance fund are based on actuarial estimates of the amounts needed to pay prior and current year claims. Premiums paid by the department were $2,052,000 and $1,984,000 for the fiscal years ended September 30, 2015 and 2014, respectively. While each of these county-wide self-insurance programs is subject to potential losses in excess of the amounts that have been accrued and funded as of September 30, 2015 and 2014, management believes it is unlikely that the amounts of such potential losses, if any, would be material.

Contract Commitments

The Department has several uncompleted design and construction contracts for improvements to the airport system. At September 30, 2015 and 2014, the remaining commitment on these uncompleted contracts was $38,956,141 and $10,889,917, respectively, which is summarized as follows:

	Contract Amount	Approved Payments	Retainage Payable	Remaining Contract Commitment
2015	$ 116,092,463	$ 76,467,247	$ 669,075	$ 38,956,141
2014	$ 46,383,843	$ 35,382,432	$ 111,494	$ 10,889,917

Note 10. Other Post-Employment Benefits

Government Accounting Standards (GASB Statement No. 45), *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions* (OPEB), was effective for the Department beginning with its fiscal year ending September 30, 2008. This Statement improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of services and provides information about actuarial accrued liabilities associated with OPEB and whether, and to what extent, progress is being made in funding the plan.

Pursuant to Section 112.0801, Florida Statutes, the County is mandated to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Retirees pay 100% of the blended (active and retiree combined) equivalent premium rates. The blended rates provide an implicit subsidy for retirees because on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and the pattern of sharing costs between the employer and plan members to that point.

Note 10. Other Post-Employment Benefits (Continued)

As determined by an actuarial valuation, the County records a Net OPEB obligation in its government-wide financial statements related to the implicit subsidy. The Department participates in the County's plan on an allocation basis, which is approximately 10% to 15% of the County's obligation. See the County's Comprehensive Annual Financial Report for disclosures relating to the funding policy, funding status, funding progress and actuarial methods and assumptions. The approximate portion of the County's actuarial accrued liability and unfunded actuarial accrued liability attributed to the Department is estimated at $251,000 and $254,000 at September 30, 2015 and 2014, respectively. The covered payroll is approximately $8.3 and $8 million for fiscal years 2015 and 2104, respectively. Based on the Net OPEB allocation applicable to the Department, the following table reflects the components of the annual OPEB cost and (asset)/obligation for the years ended September 30, 2015 and 2014:

	2015	2014
Annual required contribution (ARC)	$ 23,000	$ 23,000
Interest on net OPEB obligation	(3,414)	(1,772)
Adjustment to annually required contributions	2,965	1,535
Annual OPEB cost	22,551	22,763
Contributions made	(33,168)	(60,083)
Change in net OPEB obligation	(10,617)	(37,320)
Net OPEB obligation – beginning of year	5,249	42,569
Net OPEB (asset)/obligation – end of year	$ (5,368)	$ 5,249

The Department's Net OPEB obligation for fiscal year 2014 is reported on the Statement of Net Position as part of other long-term liabilities. For 2015, the Department reported as a separate line item a net OPEB asset.

Note 11. Restatement for Adoption of New Accounting Standard

The Department implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the fiscal year ended September 30, 2015. As a result of the implementation of these statements, the Department was required to restate beginning Net Position in the financial statements to report the Department's net pension liability and related pension amounts for the defined benefit plans. Since the Department shows comparative statements the restatement was recorded as of the earliest period presented which is October 1, 2013. Accordingly, beginning Net Position has been restated as of October 1, 2013 and 2014 as follows:

	2014	2013
Net Position, as originally reported, October 1,	$ 414,662,935	$ 391,678,799
Cumulative effect of GASB Statements No. 68 and 71 implementation	(5,301,591)	(5,738,198)
Net Position, as restated October 1,	$ 409,361,344	$ 385,940,601

The implementation of GASB Statement Nos. 68 and 71 resulted in the Department recording deferred outflows of $502,095, deferred inflows of $2,749,473, and a net pension liability of $3,054,213 as of October 1, 2014, related to their pension plans in the financial statements. This also resulted in an increase in the change in net position for fiscal year 2014 of $436,607 from what was previously reported due to amortization of the pension amounts which were retroactively added as of October 1, 2013.

Palm Beach County, Florida Department of Airports

Schedule of the Department's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan
Last Ten Fiscal Years*
(Required Supplementary Information)

	2015	2014
Department's proportion of the FRS net pension liability	**0.024%**	0.023%
Department's proportionate share of the FRS net pension liability	**$ 3,051,611**	$ 1,399,741
Department's covered-employee payroll	**$ 9,226,506**	$ 8,526,607
Department's proportionate share of the FRS net pension liability as a percentage of its covered payroll	**33.1%**	16.4%
FRS Plan fiduciary net position as a percentage of the total pension liability	**92.00%**	96.09%

* The amounts presented for each fiscal year were determined as of June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for fiscal years 2014 and 2015 is available.

Palm Beach County, Florida Department of Airports

Schedule of the Department's Contributions – Florida Retirement System Pension Plan
Last Ten Fiscal Years
(Required Supplementary Information)

	2015	2014
Contractually required FRS contribution	**$ 687,814**	$ 623,550
FRS contributions in relation to the contractually required contribution	**$ 687,814**	$ 623,550
FRS contribution deficiency (excess)	**$ -**	$ -
Department's covered-employee payroll	**$ 9,123,362**	$ 8,356,633
FRS contributions as a percentage of covered employee payroll	**7.5%**	7.5%

Note: The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for 2014 and 2015 is available.

Palm Beach County, Florida Department of Airports

Schedule of the Department's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan
Last Ten Fiscal Years*
(Required Supplementary Information)

	2015	2014
Department's proportion of the HIS net pension liability	**0.02%**	0.02%
Department's proportionate share of the HIS net pension liability	**$ 1,875,865**	$ 1,654,471
Department's covered-employee payroll	**$ 9,226,506**	$ 8,526,607
Department's proportionate share of the HIS net pension liability as a percentage of its covered payroll	**20.3%**	19.4%
HIS Plan fiduciary net position as a percentage of the total pension liability	**0.50%**	0.99%

* The amounts presented for each fiscal year were determined as of June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for fiscal years 2014 and 2015 is available.

Palm Beach County, Florida Department of Airports

Schedule of the Department's – Health Insurance Subsidy Pension Plan
Last Ten Fiscal Years
(Required Supplementary Information)

	2015	2014
Contractually required HIS contribution	**$ 8,777**	$ 7,957
HIS contributions in relation to the contractually required contribution	**$ 8,777**	$ 7,957
HIS contribution deficiency (excess)	**$ -**	$ -
Department's covered-employee payroll	**$ 9,123,362**	$ 8,356,633
HIS contributions as a percentage of covered employee payroll	**0.1%**	0.1%

Note: The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for 2014 and 2015 is available.

Independent Auditor's Report
on Bond Resolution Compliance

To the Honorable Board of County Commissioners
Palm Beach County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America, the statement of net position of the Palm Beach County, Florida Department of Airports (the Department) as of September 30, 2015, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and have issued our report thereon dated June 21, 2016.

In connection with our audit, nothing came to our attention that caused us to believe that the Department failed to comply with the terms, covenants, provisions or conditions of Section 710 of the Palm Beach County Airport System Revenue Bond Resolution R-84-427, adopted April 3, 1984, which was amended in full by the Palm Beach County Airport System Revenue Bond Resolution R-84-1659 adopted on November 1, 1984 (as amended and supplemented), insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Department's noncompliance with the above-references terms, covenants, provisions or conditions referenced Bond Resolutions, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Board of County Commissioners of Palm Beach County, Florida, and management and is not intended to be and should not be used by anyone other than these specified parties.

RSM US LLP

West Palm Beach, Florida
June 21, 2016

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

The Honorable Board of County Commissioners
Palm Beach County, Florida

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying statement of net position of the Palm Beach County, Florida Department of Airports (the Department) as of September 30, 2015, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and have issued our report thereon dated June 21, 2016. Our report includes an emphasis of a matter paragraph for the adoption of GASB Statements No. 68 and 71.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

West Palm Beach, Florida
June 21, 2016

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D

FORM OF BOND COUNSEL OPINION

[Date of Closing]

Board of County Commissioners
Palm Beach County Government Center
301 N. Olive Avenue
West Palm Beach, FL

Re: $57,070,000 Palm Beach County, Florida Airport System Revenue Refunding Bonds, Series 2016

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Palm Beach County, Florida (the "County") of its $57,070,000 Airport System Revenue Refunding Bonds, Series 2016 initially issued and delivered on this date (the "Bonds") pursuant to the Constitution and laws of the State of Florida, including particularly, Chapters 125 and 166, Florida Statutes, the Charter of Palm Beach County, Florida and other applicable law (collectively, the "Act") and the Palm Beach County Airport System Revenue Bond Resolution No. R-84-1659, adopted November 1, 1984, amending in full Palm Beach County Airport System Revenue Bond Resolution No. R-84-427 adopted April 3, 1984, as amended and supplemented by that certain First Supplemental Palm Beach County Airport System Revenue Bond Resolution, Resolution No. R-84-1660, adopted November 1, 1984, Second Supplemental Palm Beach County Airport System Revenue Bond Resolution, Resolution No. R-84-1661, adopted November 1, 1984, Third Supplemental Palm Beach County Airport System Revenue Bond Resolution, Resolution No. R-84-1807, adopted November 27, 1984, Fourth Supplemental Palm Beach County Airport System Revenue Bond Resolution, Resolution No. R-85-R-173, adopted January 29, 1985, Fifth Supplemental Palm Beach County Airport System Revenue Bond Resolution, Resolution No. R-89-971, adopted June 6, 1989, Sixth Supplemental Palm Beach County Airport System Revenue Bond Resolution, Resolution No. R-89-972, adopted June 6, 1989, Seventh Supplemental Palm Beach County Airport System Revenue Bond Resolution, Resolution No. R-89-973, adopted June 6, 1989, Eighth Supplemental Palm Beach County Airport System Revenue Bond Resolution, Resolution No. R-89-1179, adopted June 13, 1989, Ninth Supplemental Palm Beach County Airport System Revenue Bond Resolution, Resolution No. R-92-169, adopted February 4, 1992, Tenth Supplemental Palm Beach County Airport System Revenue Bond Resolution, Resolution No. R-98-286, adopted February 24, 1998, Eleventh Supplemental Palm Beach County Airport System Revenue Bond Resolution, Resolution No. R-2001-0579, adopted April 17, 2001, Twelfth Supplemental Palm Beach County Airport System Revenue Bond Resolution, Thirteenth Supplemental Palm Beach County Airport System Revenue Bond Resolution, Resolution No. R-2006-0727 adopted on April 18, 2006, Fourteenth Supplemental Palm Beach County Airport System Revenue Bond Resolution, Resolution No. R-2016-0760 adopted on June 21, 2016, and Fifteenth Supplemental Palm Beach County Airport System Revenue Bond Resolution, Resolution No. R-2016-0761 adopted on June 21, 2016 (collectively, the "Resolution").

We have examined the Act, the Resolution and such certified copies of the proceedings of the County and such other documents as we have deemed necessary to render this opinion, including an affidavit of publication of The Palm Beach Post dated March 31, 2006. As to questions of fact material to our opinion, we have relied upon representations and certifications of the County contained in the Resolution and in the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify such representations by independent investigation. Reference is made to the opinion of even date herewith of an Assistant County Attorney, on which we rely, as to the due organization and valid existence of the County, the due adoption of the Resolution and the due authorization, execution and delivery of the Bonds and all documents associated therewith to which the County is a party. All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Resolution.

Based upon the foregoing, we are of the opinion that:

1. The Resolution has been duly adopted by the Board of County Commissioners of the County and constitutes a valid and binding obligation of the County enforceable against the County in accordance with its terms.

2. The issuance and sale of the Bonds has been duly authorized by the County and the Bonds constitute valid and binding special limited obligations of the County, payable in accordance with, and as limited by, the terms of the Resolution on a parity, to the extent provided in the Resolution with the Bonds Outstanding under the Resolution as of the date hereof and any Bonds hereafter issued and Outstanding under the Resolution. The Bonds shall not be or constitute an indebtedness of the County within the meaning of any constitutional, statutory or other limitation of indebtedness. No Owner or Owners of any Bonds shall ever have the right to compel the exercise of the ad valorem taxing power of the County, or taxation in any form on any real property therein to pay the Bonds or the interest thereon.

3. Under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes, except for interest on any Bonds during any period such Bonds are owned by a "substantial user" of the facilities refinanced with the proceeds of the Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code") ; however, interest on the Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations

The opinion set forth in the preceding paragraph assumes continuing compliance by the County with certain requirements of the Code that must be met after the date of the issuance of the Bonds in order for interest on the Bonds to be excluded from gross income for federal income tax purposes. The failure to meet these requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The County has covenanted in the Resolution to take the actions necessary to comply with such requirements.

4. The Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes and taxes imposed under Chapter 220, Florida Statutes, on interest, income or profits owned by corporations, as defined in said Chapter 220. We express no opinion regarding other state tax consequences resulting from the ownership, receipt or accrual of interest on, or disposition of, the Bonds.

5. The Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Resolution is exempt from qualification under the Trust Indenture Act of 1939.

This opinion is predicated upon present laws and interpretations thereof. We assume no affirmative obligation with respect to any change of circumstances or law that may adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes after the date hereof.

This opinion is qualified to the extent that the rights of the holders of the Bonds and the enforceability of the Bonds and the Resolution may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, now or hereafter in effect, and by the exercise of judicial discretion in appropriate cases in accordance with equitable principles.

In rendering this opinion, we have not been requested to pass upon, and have not passed upon, the validity of any lease agreement or other agreements between or among the County and air carriers, rental car companies, concessionaires or others relating to the Airport System or otherwise.

In our capacity as bond counsel, we have not been engaged or undertaken to review the accuracy, sufficiency or completeness of the Official Statement or other offering material relating to the Bonds and we express no opinion relating thereto (except to the extent stated in our supplemental opinion relating to the Bonds of even date herewith) and we have not been engaged or undertaken to review the compliance with any federal or state law with regard to the sale or distribution of the Bonds and we express no opinion relating thereto.

This opinion is rendered to you in connection with the Bonds. This opinion letter may not be relied upon by you for any other purpose, or relied upon by, or furnished to, any other person, firm or corporation without our prior written consent. This is only an opinion letter and not a warranty or guaranty of the matters discussed herein.

Respectfully submitted,

Greenspoon Marder, P.A.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E

FORM OF THE EXISTING RESERVE POLICY

[THIS PAGE INTENTIONALLY LEFT BLANK]

MBIA

DEBT SERVICE RESERVE SURETY BOND

MBIA Insurance Corporation
Armonk, New York 10504

Surety Bond No. 479392

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this Surety Bond, hereby unconditionally and irrevocably guarantees the full and complete payments that are to be applied to payment of principal of and interest on the Obligations (as hereinafter defined) and that are required to be made by or on behalf of Palm Beach County, Florida (the "Issuer") under the Palm Beach County Airport System Revenue Bond Resolution No. R-84-427 adopted by the Board of County Commissioners of the County on April 3, 1984, as amended in full by Palm Beach County Airport System Revenue Bond Resolution No. R-84-1659 adopted by the Board on November 1, 1984, as amended and supplemented (the "Document") to U.S. Bank National Association, Fort Lauderdale, Florida (the "Paying Agent"), as such payments are due but shall not be so paid, in connection with the issuance by the Issuer of $69,080,000 Palm Beach County, Florida, Airport System Revenue Bonds, Series 2006A, together with any bonds issued on a parity therewith (the "Obligations"), provided that the amount available hereunder for payment pursuant to any one Demand for Payment (as hereinafter defined) shall not exceed $17,632,517.76 or the debt service reserve fund requirement for the Obligations, whichever is less (the "Surety Bond Limit"); provided, further, that the amount available at any particular time to be paid to the Paying Agent under the terms hereof (the "Surety Bond Coverage") shall be reduced and may be reinstated from time to time as set forth herein.

1. As used herein, the term "Owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the applicable paying agent, the Issuer or any designee of the Issuer for such purpose. The term "Owner" shall not include the Issuer or any person or entity whose obligation or obligations by agreement constitute the underlying security or source of payment for the Obligations.

2. Upon the later of: (i) three (3) days after receipt by the Insurer of a demand for payment in the form attached hereto as Attachment 1 (the "Demand for Payment"), duly executed by the Paying Agent; or (ii) the payment date of the Obligations as specified in the Demand for Payment presented by the Paying Agent to the Insurer, the Insurer will make a deposit of funds in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment to the Paying Agent, of amounts that are then due to the Paying Agent (as specified in the Demand for Payment) subject to the Surety Bond Coverage.

3. Demand for Payment hereunder may be made by prepaid telecopy, telex, TWX or telegram of the executed Demand for Payment c/o the Insurer. If a Demand for Payment made hereunder does not, in any instance, conform to the terms and conditions of this Surety Bond, the Insurer shall give notice to the Paying Agent, as promptly as reasonably practicable, that such Demand for Payment was not effected in accordance with the terms and conditions of this Surety Bond and briefly state the reason(s) therefor. Upon being notified that such Demand for Payment was not effected in accordance with this Surety Bond, the Paying Agent may attempt to correct any such nonconforming Demand for Payment if, and to the extent that, the Paying Agent is entitled and able to do so.

4. The amount payable by the Insurer under this Surety Bond pursuant to a particular Demand for Payment shall be limited to the Surety Bond Coverage. The Surety Bond Coverage shall be reduced automatically to the extent of each payment made by the Insurer hereunder and will be reinstated to the extent of each reimbursement of the Insurer pursuant to the provisions of Article II of the Financial Guaranty Agreement dated the date hereof between the Insurer and the Issuer (the "Financial Guaranty Agreement"); provided, that no premium is due and unpaid on this Surety Bond and that in no event shall such reinstatement exceed the Surety Bond Limit. The Insurer will notify the Paying Agent, in writing within five (5) days of such reimbursement, that the Surety Bond Coverage has been reinstated to the extent of such reimbursement pursuant to the Financial Guaranty Agreement and such reinstatement shall be effective as of the date the Insurer gives such notice. The notice to the Paying Agent will be substantially in the form attached hereto as Attachment 2.

5. Any service of process on the Insurer or notice to the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

MBIA

6. The term of this Surety Bond shall expire on the earlier of (i) October 1, 2036 (the maturity date of the Obligations being currently issued), or (ii) the date on which the Issuer has made all payments required to be made on the Obligations pursuant to the Document.

7. The premium payable on this Surety Bond is not refundable for any reason, including the payment prior to maturity of the Obligations.

8. This Surety Bond shall be governed by and interpreted under the laws of the State of Florida. Any suit hereunder in connection with any payment may be brought only by the Paying Agent within 1 year after (i) a Demand for Payment, with respect to such payment, is made pursuant to the terms of this Surety Bond and the Insurer has failed to make such payment, or (ii) payment would otherwise have been due hereunder but for the failure on the part of the Paying Agent to deliver to the Insurer a Demand for Payment pursuant to the terms of this Surety Bond, whichever is earlier.

9. There shall be no acceleration payment due under this Policy unless such acceleration is at the sole option of the Insurer.

10. The insurance provided by this policy is not covered by the Florida Insurance Guaranty Association created under chapter 631, Florida Statutes.

In witness whereof, the Insurer has caused this Surety Bond to be executed in facsimile on its behalf by its duly authorized officers, this 17th day of May, 2006.

COUNTERSIGNED:

Barbara Blesh Edelman

Resident Licensed Agent

Armonk, New York

City, State

MBIA Insurance Corporation

Neil G. Budnick

President

Attest:

Assistant Secretary

STD-RCS-FL-6

4/95

MBIA

Attachment 1
Surety Bond No. 479392

DEMAND FOR PAYMENT

________, 20__

MBIA Insurance Corporation
113 King Street
Armonk, New York 10504

Attention: President

Reference is made to the Surety Bond No. 479392 (the "Surety Bond") issued by the MBIA Insurance Corporation (the "Insurer"). The terms which are capitalized herein and not otherwise defined have the meanings specified in the Surety Bond unless the context otherwise requires.

The Paying Agent hereby certifies that:

(a) In accordance with the provisions of the Document (attached hereto as Exhibit A), payment is due to the Owners of the Obligations on ________ (the "Due Date") in an amount equal to $______ (the "Amount Due").

(b) The debt service reserve fund requirement for the Obligations is $__________.

(c) The amounts legally available to the Paying Agent on the Due Date will be $_____ less than the Amount Due (the "Deficiency").

(d) The Paying Agent has not heretofore made demand under the Surety Bond for the Amount Due or any portion thereof.

The Paying Agent hereby requests that payment of the Deficiency (subject to the Surety Bond Coverage) be made by the Insurer under the Surety Bond and directs that payment under the Surety Bond be made to the following account by bank wire transfer of federal or other immediately available funds in accordance with the terms of the Surety Bond: ____
[Paying Agent's Account]

[PAYING AGENT]

By ________________________

Its ________________________

MBIA

Attachment 2
Surety Bond No. 479392

NOTICE OF REINSTATEMENT

_________, 20__

[Paying Agent]

[Address]

Reference is made to the Surety Bond No. 479392 (the "Surety Bond") issued by the MBIA Insurance Corporation (the "Insurer"). The terms which are capitalized herein and not otherwise defined have the meanings specified in the Surety Bond unless the context otherwise requires.

The Insurer hereby delivers notice that it is in receipt of payment from the Obligor pursuant to Article II of the Financial Guaranty Agreement and as of the date hereof the Surety Bond Coverage is $.

MBIA Insurance Corporation

____
President

Attest: ______________________________
Assistant Secretary

PALM BEACH COUNTY, FLORIDA • AIRPORT SYSTEM REVENUE REFUNDING BONDS, SERIES 2016 (AMT)

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

Printed by: ImageMaster, LLC
www.imagemaster.com