NEW ISSUE **See "Ratings" herein.**

In the opinion of Pierce Atwood, LLP, Bond Counsel, under existing statutes and court decisions, and assuming compliance with certain covenants, interest on the Series 2008 Bonds (as defined herein) will be excludable from the gross income of the owners thereof for federal income tax purposes pursuant to section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and such interest will not be treated as a preference item to be included in calculating alternative minimum taxable income under the Code with respect to individuals and corporations; such interest, however, is included in "adjusted current earnings" for purposes of computing the alternative minimum tax that may be imposed on corporations. Bond Counsel is also of the opinion that the interest paid on the Series 2008 Bonds is exempt from income tax imposed upon individuals by the State of Maine (the "State") under existing statutes and judicial decisions. See "Tax Matters" and Appendix B herein.

$26,420,000
CITY OF PORTLAND, MAINE
General Airport Revenue Bonds, Series 2008 (Non-AMT)

Dated: Date of Delivery **Due:** January 1, as shown on inside cover page

The City of Portland, Maine, General Airport Revenue Bonds, Series 2008 (the "Series 2008 Bonds"), will be issued in registered form in the denomination of $5,000 or any whole multiple thereof and, when issued, will be registered initially in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2008 Bonds. Purchases of the Series 2008 Bonds will be made initially in book-entry form (without certificates) on the records of DTC and its participants. Purchasers will not receive certificates representing their interests in the Series 2008 Bonds purchased. So long as DTC or its nominee is the registered owner of the Series 2008 Bonds, payments of the principal of and interest on the Series 2008 Bonds will be made to DTC or its nominee on behalf of the City of Portland, Maine (the "City") by The Bank of New York Trust Company, N.A., as trustee. Disbursement of such payments to the DTC Participants (as defined herein) is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners (as defined herein) is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein. See "DESCRIPTION OF THE SERIES 2008 BONDS" herein. Interest on the Series 2008 Bonds will accrue from their initial date of delivery and will be payable on each January 1 and July 1, commencing on January 1, 2009, until maturity or redemption prior to maturity.

Proceeds from the sale of the Series 2008 Bonds will be used (i) to pay a portion of the costs of (a) demolition and removal of certain existing parking facilities at the Jetport (as defined herein), (b) the construction of new parking facilities at the Jetport and (c) making related improvements to the Jetport (the "Parking Garage Expansion"), (ii) to pay the outstanding principal amount of, and accrued interest on, the $20,000,000 Subordinated Revenue Bond Anticipation Note issued by the City to KeyBank National Association as of February 29, 2008 (the "2008 Note") pursuant to the Act to finance a portion of the costs of the Parking Garage Expansion, (iii) to reimburse the City for certain costs of the Parking Garage Expansion previously paid by the City, (iv) to make a deposit to the Series 2008 Subaccount of the Capitalized Interest Account of the Debt Service Fund in an amount sufficient to pay the interest on the Series 2008 Bonds due on January 1, 2009 and July 1, 2009, (v) to fund the Series 2008 Account of the Debt Service Reserve Fund in the amount of the Series 2008 Debt Service Reserve Fund Requirement and (vi) to pay certain expenses incurred in connection with the issuance of the Series 2008 Bonds.

The Series 2008 Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity, as described herein. See "DESCRIPTION OF THE SERIES 2008 BONDS — Redemption."

The scheduled payment of principal of and interest on the Series 2008 Bonds when due will be guaranteed under a financial guaranty insurance policy to be issued concurrently with the delivery of the Series 2008 Bonds by ASSURED GUARANTY CORP.

ASSURED GUARANTY®

The Series 2008 Bonds are limited obligations of the City, payable solely from Revenues (as defined herein) of the City derived from the ownership and operation of the Portland International Jetport (the "Jetport"), subject to the prior payment of M&O Expenses (as defined herein), on a parity with the Prior Revenue Bonds (as defined herein) and any additional bonds which may hereafter be issued by the City for Jetport purposes pursuant to the General Certificate (as defined herein). The Series 2008 Bonds do not constitute a debt or liability of the City or a pledge of the faith and credit of the City and the City is not obligated to levy or pledge any form of taxation whatever therefor or to make any appropriation for payment of the Series 2008 Bonds except from Revenues.

This cover page contains certain information for quick reference only. Investors must read the entire Official Statement to obtain information essential to the making of any informed investment decision.

The Series 2008 Bonds are offered when, as, and if issued and received by the underwriter listed below (the "Underwriter"), subject to approval of legality of Pierce Atwood, LLP, Portland, Maine, Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the Underwriter by its counsel, Preti, Flaherty, Beliveau & Pachios, LLP, Augusta, Maine. Moors & Cabot, Inc. serves as financial advisor to the City. It is expected that the Series 2008 Bonds will be available for delivery to DTC in New York, New York, on or about June 18, 2008.

JPMorgan

June 12, 2008

MATURITY SCHEDULE

$26,420,000 General Airport Revenue Bonds, Series 2008 (Non-AMT)

$13,975,000 Series 2008 Serial Bonds

Maturity (January 1)	Principal Amount	Interest Rate	Yield	CUSIP† No.
2011	$ 490,000	4.000%	3.25%	736564AN5
2012	510,000	4.000	3.50	736564AP0
2013	530,000	4.000	3.65	736564AQ8
2014	555,000	4.000	3.80	736564AR6
2015	575,000	4.000	3.95	736564AS4
2016	600,000	4.000	4.09	736564AT2
2017	625,000	4.125	4.22	736564AU9
2018	650,000	4.250	4.34	736564AV7
2019	680,000	4.250	4.44	736564AW5
2020	710,000	4.375	4.54	736564AX3
2021	740,000	4.250	4.62	736564AY1
2022	775,000	4.500	4.68	736564AZ8
2023	810,000	4.500	4.73	736564BA2
2024	845,000	4.500	4.78	736564BB0
2025	885,000	4.625	4.83	736564BC8
2026	930,000	4.700	4.88	736564BD6
2027	975,000	4.750	4.91	736564BE4
2028	1,020,000	4.750	4.95	736564BF1
2029	1,070,000	4.750	4.99	736564BG9

$12,445,000 5.00% Series 2008 Term Bond due January 1, 2038, Yield 5.10%
CUSIP† No. 736564BH7

 CUSIP numbers have been assigned by an independent company not affiliated with the State and are included solely for the convenience of the holders of the Bonds. The State is not responsible for the selection or uses of the CUSIP numbers and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to change after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that may be applicable to all or a portion of certain maturities of the Bonds.

CITY OF PORTLAND, MAINE

MAYOR
and
Councilor at Large

Edward J. Suslovic

CITY COUNCIL

District 1	....	Kevin J. Donoghue	District 5	....	James I. Cohen
District 2	....	David A. Marshall	At Large	....	John M. Anton
District 3	....	Dan S. Skolnik	At Large	....	Jill C. Duson
District 4	....	Cheryl A. Leeman	At Large	....	Nicholas M. Mavodones, Jr.

CITY ADMINISTRATION

Joseph E. Gray, Jr., City Manager
Duane G. Kline, Director of Finance*
Ellen L. Sanborn, Assistant Director of Finance*
Linda C. Cohen, City Clerk
Gary C. Wood, Esq., Corporation Counsel

PORTLAND INTERNATIONAL JETPORT

Paul H. Bradbury, P.E., Airport Manager
Arthur M. Sewall, Deputy Director – Operations
Richard A. Marston, Principal Financial Officer

BOND COUNSEL

Pierce Atwood, LLP
Portland, Maine

FINANCIAL ADVISOR

Moors & Cabot, Inc.
Boston, Massachusetts

AIRPORT CONSULTANT

MAC Consulting, LLC
Guilford, Indiana

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* See "Management and Administration of the Jetport – Management" herein.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

No dealer, broker, salesperson or other person has been authorized by the City, the Financial Advisor or the Underwriter 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 representations must not be relied upon as having been authorized by the City, the Financial Advisor or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2008 Bonds by any person 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 provided by the City or obtained by the City from sources which are believed by the City to be reliable. The information and expressions of opinion herein are subject to change without notice, except as described herein under "CONTINUING DISCLOSURE," 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 City or in any other information contained herein, since the date hereof.

This Official Statement contains forecasts, projections and estimates that are based on current expectations. In light of important factors that may materially affect the financial condition of the Jetport and the airline industry generally and other economic and financial matters, the inclusion in this Official Statement of such forecasts, projections and estimates should not be regarded as a representation by the City, the Financial Advisor or the Underwriter that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of result.

If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the City. These forward-looking statements speak only as of the date of this Official Statement. The City disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the City's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Assured Guaranty Corp. makes no representation regarding the Series 2008 Bonds or the advisability of investing in the Series 2008 Bonds. In addition, Assured Guaranty Corp. has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding Assured Guaranty Corp. supplied by Assured Guaranty Corp. and presented under the heading "BOND INSURANCE" and in "Appendix G - SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY."

IN CONNECTION WITH THE OFFERING OF THE SERIES 2008 BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

<u>FOR NEW HAMPSHIRE RESIDENTS</u>: 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. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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$26,420,000
CITY OF PORTLAND, MAINE
General Airport Revenue Bonds, Series 2008 (Non-AMT)

INTRODUCTION

This Official Statement, which includes the cover page hereof and the appendices attached hereto, is furnished by the City of Portland, Maine (the "City") to provide information regarding the $26,420,000 aggregate principal amount of the City of Portland, Maine General Airport Revenue Bonds, Series 2008 (the "Series 2008 Bonds"). Certain capitalized terms used in this Official Statement are defined and have the meanings set forth in Appendix C hereto.

The Series 2008 Bonds will be issued pursuant to the City's Charter, Maine Revised Statutes, Title 30-A, chapter 213, as amended from time to time (the "Act"), order 263-06/07 adopted on June 18, 2007 (the "Bond Order") by the City Council (the "City Council") of the City and a General Certificate of Terms of Issuance of General Airport Revenue Bonds delivered on behalf of the City as of July 1, 2003 (the "General Certificate") as supplemented by a Second Supplemental Certificate Authorizing the Series 2008 Bonds delivered on behalf of the City as of June 1, 2008 (the "Supplemental Certificate" and, together with the General Certificate, the "Certificate").

The Series 2008 Bonds are limited obligations of the City, payable solely from Revenues of the City derived from the ownership and operation of the Portland International Jetport (the "Jetport"), subject to the prior payment of M&O Expenses, on a parity with the Prior Revenue Bonds (defined below) and any additional bonds (together with the Series 2008 Bonds, the "Bonds"), which may hereafter be issued by the City for Jetport purposes pursuant to the General Certificate. The Series 2008 Bonds do not constitute a debt or liability of the City or a pledge of the faith and credit of the City and the City is not obligated to levy or pledge any form of taxation whatever therefor or to make any appropriation for payment of the Series 2008 Bonds except from Revenues. See "SECURITY FOR THE BONDS."

The scheduled payment of the principal of and interest on the Series 2008 Bonds when due will be guaranteed under a financial guaranty insurance policy (the "Policy") to be issued concurrently with the delivery of the Series 2008 Bonds by Assured Guaranty Corp. ("Assured Guaranty" or the "Insurer"). A specimen of the Policy is set forth in Appendix G hereto. See also "BOND INSURANCE."

As of the date hereof, $32,850,000 of the City's General Airport Revenue Bonds previously issued pursuant to the General Certificate (the "Prior Revenue Bonds") are Outstanding. Except for the Prior Revenue Bonds, the 2008 Note (defined below), certain bonds which are payable solely from revenues of one or more facilities at the Jetport and the Prior General Obligation Bonds (defined below) described under the caption "OUTSTANDING OBLIGATIONS AND OTHER JETPORT RELATED DEBT" there are no outstanding bonds or other evidences of indebtedness of the City with respect to the Jetport.

Brief descriptions of, among other things, the Series 2008 Bonds, the City and the Jetport are included in this Official Statement. The proposed form of opinion of Bond Counsel is included in Appendix B hereto. The information and descriptions in this Official Statement do not purport to be complete, comprehensive or definitive. Any capitalized term used but not defined in this Official Statement shall have the meaning ascribed to such term in the Certificate. Statements regarding the Act and specific documents, including the Series 2008 Bonds and the Certificate are summaries of, and subject to, the detailed provisions of the Act and such documents and are qualified in their entirety by reference to each such document, copies of which will be on file with the Director of Finance, City of Portland, 389 Congress Street, Portland, Maine 04101.

PURPOSE OF FINANCING

Proceeds from the sale of the Series 2008 Bonds will be used (i) to pay a portion of the costs of (a) demolition and removal of certain existing parking facilities at the Jetport, (b) the construction of new parking facilities at the Jetport and (c) making related improvements to the Jetport (the "Parking Garage Expansion"), (ii) to pay the outstanding principal amount of, and accrued interest on, the $20,000,000 Subordinated Revenue Bond Anticipation Note issued by the City to KeyBank National Association as of February 29, 2008 (the "2008 Note") pursuant to the Act to finance a portion of the costs of the Parking Garage Expansion, (iii) to reimburse the City for certain costs of the Parking Garage Expansion previously paid by the City, (iv) to make a deposit to the Series 2008 Subaccount of the Capitalized Interest Account of the Debt Service Fund in an amount sufficient to pay the interest on the Series 2008 Bonds due on January 1, 2009 and July 1, 2009, (v) to fund the Series 2008 Account of the Debt Service Reserve Fund in the amount of the Series 2008 Debt Service Reserve Fund Requirement and (vi) to pay certain expenses incurred in connection with the issuance of the Series 2008 Bonds.

DESCRIPTION OF THE SERIES 2008 BONDS

General

The Series 2008 Bonds will be issued in registered form in the denomination of $5,000 or any whole multiple thereof and, when issued, will be registered initially in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2008 Bonds. Purchases of the Series 2008 Bonds will be made initially in book-entry form (without certificates) on the records of DTC and its participants. Purchasers will not receive certificates representing their interests in the Series 2008 Bonds purchased. So long as DTC or its nominee is the registered owner of the Series 2008 Bonds, payments of the principal of and interest on the Series 2008 Bonds will be made to DTC or its nominee on behalf of the City by The Bank of New York Trust Company, N.A., successor to J.P. Morgan Trust Company, National Association, as trustee (the "Trustee"). Disbursement of such payments to the DTC Participants (as defined in Appendix F hereto) is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners (as defined in Appendix F hereto) is the responsibility of the DTC Participants and the Indirect Participants, as more fully described in Appendix F hereto. Interest on the Series 2008 Bonds will accrue from their initial date of delivery and will be payable on each January 1 and July 1, commencing on January 1, 2009, until maturity or redemption prior to maturity.

Redemption

Optional Redemption

The Series 2008 Bonds maturing on or after January 1, 2019 are subject to redemption from any source, at the option of the City, in whole or in part, at any time on and after January 1, 2018, upon notice as provided in the Certificate, at the redemption price of one hundred percent (100%) of the principal amount thereof, plus accrued interest, if any, to the date of redemption.

Redemption by Operation of Sinking Fund Installments

The Series 2008 Bonds maturing January 1, 2038 are subject to mandatory redemption in part on January 1 of the respective years shown below at the principal amount of such Series 2008 Bonds being redeemed plus accrued interest to the date of redemption thereof, without premium, from sinking fund installments which are required to be made in amounts sufficient to redeem (or pay at maturity in the case of the final sinking fund installment) such Series 2008 Bonds in the principal amounts (or in such lesser principal amount as may result from prior redemption or purchase by the City) shown below.

Year	Principal Amount	Year	Principal Amount
2030	$1,125,000	2035	$1,440,000
2031	1,180,000	2036	1,515,000
2032	1,240,000	2037	1,595,000
2033	1,305,000	2038	1,675,000†
2034	1,370,000		

† Final Maturity

Notice of Redemption

The Trustee is required to give notice of any redemption of the Series 2008 Bonds at the election of or direction by the City, which notice shall specify the Series and numbers of the bond certificates, or portions thereof to be redeemed, the redemption price to be paid, the date of general mailing of notices to holders of such Series of the Series 2008 Bonds and information services, the date fixed for redemption, the name and address of the place or places where the amounts due upon such redemption are payable, including the name of the redemption agent together with a contact person and telephone number, the issue date, interest rate and maturity date of the Series 2008 Bonds to be redeemed. So long as the Series 2008 Bonds are registered in the name of Cede & Co. as the registered owner of the Series 2008 Bonds and less than all of the Series 2008 Bonds of any maturity are to be redeemed, DTC's current practice is to determine by lot the amount of the interest of each DTC Participant (as defined in Appendix F hereto) in such maturity to be called for redemption, and each DTC Participant is then to select by lot the ownership interest in such maturity to be redeemed. See Appendix F hereto, "THE DEPOSITORY TRUST COMPANY." Notice of such redemption shall be mailed by the Trustee, postage prepaid, not less than thirty (30), and not more than sixty (60), days before the

Redemption Date, to Cede & Co. as the registered owner of any such Series 2008 Bond or portion thereof to be redeemed. *DTC is responsible for notifying Participants, and Participants and Indirect Participants are responsible for notifying Beneficial Owners. Neither the Trustee nor the City is responsible for sending notices to Beneficial Owners or for the consequences of any action or inaction by the City as a result of the response or failure to respond by DTC or its nominee as Owner of the Series 2008 Bonds.* ("Participants," "Indirect Participants," and "Beneficial Owners" are defined in Appendix F hereto, "THE DEPOSITORY TRUST COMPANY.")

BOND INSURANCE

The following information has been provided by the Insurer for use in this Official Statement. Reference is made to Appendix G, SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY, for a specimen of the Policy. The City does not make any representation as to the accuracy or completeness of this information or as to the absence of material adverse changes in this information subsequent to the date hereof.

The following information is not complete and reference is made to Appendix G for a specimen of the Policy of the Insurer.

The Insurance Policy

Assured Guaranty has made a commitment to issue the Policy relating to the Series 2008 Bonds, effective as of the date of issuance of such Series 2008 Bonds. Under the terms of the Policy, Assured Guaranty will unconditionally and irrevocably guarantee to pay that portion of principal of and interest on the Series 2008 Bonds that becomes Due for Payment but shall be unpaid by reason of Nonpayment (the "Insured Payments"). Insured Payments shall not include any additional amounts owing by the Issuer solely as a result of the failure by the Trustee or the Paying Agent to pay such amount when due and payable, including without limitation any such additional amounts as may be attributable to penalties or to interest accruing at a default rate, to amounts payable in respect of indemnification, or to any other additional amounts payable by the Trustee or the Paying Agent by reason of such failure. The Policy is non-cancelable for any reason, including without limitation the non-payment of premium.

"Due for Payment" means, when referring to the principal of the Series 2008 Bonds, the stated maturity date thereof, or the date on which such Series 2008 Bonds shall have been duly called for mandatory sinking fund redemption, and does not refer to any earlier date on which payment is due by reason of a call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless Assured Guaranty in its sole discretion elects to make any principal payment, in whole or in part, on such earlier date) and, when referring to interest on such Series 2008 Bonds, means the stated dates for payment of interest.

"Nonpayment" means the failure of the Issuer to have provided sufficient funds to the Trustee or the Paying Agent for payment in full of all principal and interest Due for Payment on the Series 2008 Bonds. It is further understood that the term Nonpayment in respect of a Bond also includes any amount previously distributed to the Holder (as such term is defined in the

Policy) of such Bond in respect of any Insured Payment by or on behalf of the Issuer, which amount has been recovered from such Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction that such payment constitutes an avoidable preference with respect to such Holder. Nonpayment does not include nonpayment of principal or interest caused by the failure of the Trustee or the Paying Agent to pay such amount when due and payable.

Assured Guaranty will pay each portion of an Insured Payment that is Due for Payment and unpaid by reason of Nonpayment, on the later to occur of (i) the date such principal or interest becomes Due for Payment, or (ii) the business day next following the day on which Assured Guaranty shall have received a completed notice of Nonpayment therefor in accordance with the terms of the Policy.

Assured Guaranty shall be fully subrogated to the rights of the Holders of the Series 2008 Bonds to receive payments in respect of the Insured Payments to the extent of any payment by Assured Guaranty under the Policy.

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

The Insurer

Assured Guaranty is a Maryland-domiciled insurance company regulated by the Maryland Insurance Administration and licensed to conduct financial guaranty insurance business in all fifty states of the United States, the District of Columbia and Puerto Rico. Assured Guaranty commenced operations in 1988. Assured Guaranty is a wholly owned, indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, structured finance and mortgage markets. Neither AGL nor any of its shareholders is obligated to pay any debts of Assured Guaranty or any claims under any insurance policy issued by Assured Guaranty.

Assured Guaranty is subject to insurance laws and regulations in Maryland and in New York (and in other jurisdictions in which it is licensed) that, among other things, (i) limit Assured Guaranty's business to financial guaranty insurance and related lines, (ii) prescribe minimum solvency requirements, including capital and surplus requirements, (iii) limit classes and concentrations of investments, (iv) regulate the amount of both the aggregate and individual risks that may be insured, (v) limit the payment of dividends by Assured Guaranty, (vi) require the maintenance of contingency reserves, and (vii) govern changes in control and transactions among affiliates. Certain state laws to which Assured Guaranty is subject also require the approval of policy rates and forms.

Assured Guaranty's financial strength is rated "AAA" by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P"), "AAA" by Fitch, Inc. ("Fitch") and "Aaa" by Moody's Investors Service, Inc. ("Moody's"). Each rating of Assured Guaranty should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of any security guaranteed by Assured Guaranty. Assured Guaranty does not guaranty the market price of the securities it guarantees, nor does it guaranty that the ratings on such securities will not be revised or withdrawn.

Capitalization of Assured Guaranty Corp.

As of March 31, 2008, Assured Guaranty had total admitted assets of $1,518,398,730 (unaudited), total liabilities of $1,138,285,708 (unaudited), total surplus of $380,113,022 (unaudited) and total statutory capital (surplus plus contingency reserves) of $1,001,533,924 (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of December 31, 2007, Assured Guaranty had total admitted assets of $1,361,538,502 (audited), total liabilities of $961,967,238 (audited), total surplus of $399,571,264 (audited) and total statutory capital (surplus plus contingency reserves) of $982,045,695 (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. The Maryland Insurance Administration recognizes only statutory accounting practices for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Maryland Insurance Code, and for determining whether its financial condition warrants the payment of a dividend to its stockholders. No consideration is given by the Maryland Insurance Administration to financial statements prepared in accordance with accounting principles generally accepted in the United States ("GAAP") in making such determinations.

Incorporation of Certain Documents by Reference

The portions of the following documents relating to Assured Guaranty are hereby incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- The Annual Report on Form 10-K of AGL for the fiscal year ended December 31, 2007 (which was filed by AGL with the Securities and Exchange Commission (the "SEC") on February 29, 2008);

- The Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2008 (which was filed by AGL with the SEC on May 9, 2008); and

- The Current Reports on Form 8-K filed by AGL with the SEC, as they relate to Assured Guaranty.

All consolidated financial statements of Assured Guaranty and all other information relating to Assured Guaranty included in documents filed by AGL with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, subsequent to the date of this Official Statement and prior to the termination of the offering of the Series 2008 Bonds shall be deemed to be incorporated by reference into this Official

Statement and to be a part hereof from the respective dates of filing such consolidated financial statements.

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

Copies of the consolidated financial statements of Assured Guaranty incorporated by reference herein and of the statutory financial statements filed by Assured Guaranty with the Maryland Insurance Administration are available upon request by contacting Assured Guaranty at 1325 Avenue of the Americas, New York, New York 10019 or by calling Assured Guaranty at (212) 974-0100. In addition, the information regarding Assured Guaranty that is incorporated by reference in this Official Statement that has been filed by AGL with the SEC is available to the public over the Internet at the SEC's web site at *http://www.sec.gov* and at AGL's web site at *http://www.assuredguaranty.com*, from the SEC's Public Reference Room at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, and at the office of the New York Stock Exchange at 20 Broad Street, New York, New York 10005.

Assured Guaranty makes no representation regarding the Series 2008 Bonds or the advisability of investing in the Series 2008 Bonds. In addition, Assured Guaranty has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding Assured Guaranty supplied by Assured Guaranty and presented under the heading "BOND INSURANCE."

SECURITY FOR THE BONDS

General

The Series 2008 Bonds are limited obligations of the City, payable solely from Revenues of the City derived from the ownership and operation of the Jetport, subject to the prior payment of M&O Expenses, on a parity with the Prior Revenue Bonds and any additional bonds which may hereafter be issued by the City for Jetport purposes pursuant to the General Certificate. The Series 2008 Bonds do not constitute a debt or liability of the City or a pledge of the faith and credit of the City and the City is not obligated to levy or pledge any form of taxation whatever therefor or to make any appropriation for payment of the Series 2008 Bonds except from Revenues.

As of the date hereof, Prior Revenue Bonds are Outstanding in the amount of $32,850,000.

The Act does not limit the aggregate principal amount of indebtedness which may be outstanding at any time.

Net Revenue Pledge

Subsection 5403(5) of the Act provides a general grant of authority to the City to pledge revenues derived from the Jetport to the payment of the Bonds. In the Certificate, the City pledges as security for the Bonds (i) the Revenues and (ii) all moneys or securities held in any Fund, Account or Subaccount established under the Certificate (except the Revenue Fund, the Operating Fund, the Rebate Fund, the Subordinated Debt Service Fund, if any and the Subordinated Debt Service Reserve Fund, if any) together with all investment earnings thereon (except to the extent such earnings are required to be deposited into the Rebate Fund). This pledge is subject to the provisions of the Certificate regarding the application of Revenues and other moneys pledged as security for the Bonds.

The term "Revenues" is defined in the Certificate to include the following: all receipts, revenues, fees, rentals, investment earnings, income and other moneys received by or on behalf of the City from or in connection with the ownership or operation of all or any part of the Jetport, whether existing at the date of execution of the Certificate or thereafter coming into existence and whether held by the City on such date or thereafter acquired, including without limitation, all tolls and charges, landing fees, terminal rents, real property rentals, concession fees, parking receipts, interest income, proceeds of business interruption insurance and condemnation awards from temporary takings, but not including (i) proceeds of insurance (except business interruption insurance, if any) and of condemnation awards (except awards for temporary takings), (ii) proceeds of the sale of any Indebtedness, (iii) Grant Receipts or PFC Revenues, (iv) proceeds of the sale of any portion of the Jetport permitted under the Certificate, (v) moneys derived from facilities hereafter financed with the proceeds of Indebtedness permitted under the Certificate to finance a facility for a particular person to the extent that such moneys are pledged to the payment of such Indebtedness under a separate resolution, indenture or other agreement of the City, (vi) interest income or other investment earnings on the Project Fund, (vii) any Swap Termination Payment to the City or (viii) any other amounts which are not deemed to be revenues in accordance with generally accepted accounting principles or that are restricted as to their use.

Flow of Funds

The Certificate provides that, commencing as of July 1, 2003, the City shall promptly cause all Revenues received to be deposited in the Revenue Fund established under the General Certificate.

The Certificate further provides that (i), during any month, the City shall, from time to time, transfer from the Revenue Fund to the Operating Fund an amount or amounts necessary and sufficient to pay M&O Expenses (defined below) for that month which amount or amounts shall not in the aggregate exceed the M&O Expenses for that month as shown on the Operating Budget filed with the Trustee pursuant to the Certificate and (ii), on the last Business Day of each month, commencing July 31, 2003, the City shall, after making certain transfers which may be required pursuant to the Certificate from available amounts in the Revenue Fund, make the following transfers in the following order:

First, to the Debt Service Fund, the amounts necessary on a pro rata basis (i) to make up any deficiency in any Subaccount resulting from an increase in the applicable interest rate on any Variable Rate Bonds over the rate assumed in calculating the amount required for a prior deposit pursuant to the General Certificate, (ii) to increase the amount on deposit in each Subaccount of the Interest Account to equal interest included in Debt Service next coming due on Outstanding Bonds of the applicable Series accrued and unpaid and to accrue to and including the last day of the next succeeding month after taking into account any available moneys in the corresponding Subaccount (if any) of the Capitalized Interest Account, (iii) to increase the amount on deposit in each Subaccount of the Principal Account to equal that portion of the Principal Installment included in Debt Service next coming due (within twelve months) on Outstanding Bonds of the applicable Series accrued and unpaid and to accrue to and including the last day of the next succeeding month and (iv) to increase the amount on deposit in each Subaccount of the Redemption Account to equal the Redemption Price of Outstanding Bonds of the applicable Series then called for redemption (other than Sinking Fund Installments) as of any date on or prior to the last day of the next succeeding month;

Second, to the Debt Service Reserve Fund, (i) one-twelfth of the amount necessary to increase the amount on deposit in the applicable Series Account therein, determined as of the first day of the current Fiscal Year, to an amount equal to the Series Debt Service Reserve Fund Requirement and (ii) an amount equal to the deposit required by any Supplemental Certificate to any Special Account;

Third, to the Subordinated Debt Service Fund (if any is established upon issuance of any Subordinated Bond), the amounts required to be deposited therein pursuant to the terms of the financing documents executed and delivered with respect to such Subordinated Bonds;

Fourth, to the Subordinated Debt Service Reserve Fund (if any is established upon issuance of any Subordinated Bond), such amounts as may be required to be deposited therein pursuant to the terms of the financing documents executed and delivered with respect to such Subordinated Bonds;

Fifth, to the M&O Reserve Fund, the amount necessary to make the amount on deposit therein equal to M&O Expenses for the three consecutive months following the next succeeding month, as shown in the Operating Budget of the City on file with the Trustee;

Sixth, to the Renewal and Replacement Reserve Fund, one-twelfth of the difference, if any, between the amount on deposit in such Fund on the first day of the current Fiscal Year and the Renewal and Replacement Reserve Fund Requirement for the current Fiscal Year;

Seventh, to the Rebate Fund, the amount necessary to make the amount on deposit therein equal to the Rebate Fund Requirement, if any, determined in accordance with the applicable Supplemental Certificate; and

Eighth, at the election of the City, after making the deposits set forth above, the amount remaining or any portion thereof, to the General Fund.

Revenues must be deposited in each Fund and Account, in the order set forth above, up to the amount required under the Certificate before Revenues are deposited in the next succeeding

Fund and Account, in the order set forth above. After making the deposits described above in paragraphs *First* through *Seventh*, the City may retain all or any portion of the remaining moneys in the Revenue Fund to provide additional moneys for making the deposits described above during the next month or thereafter.

The term "M&O Expenses" is defined in the Certificate to mean the City's expenses, whether or not annually recurring, of maintaining, repairing and operating the Jetport including, without limiting the generality of the foregoing, amounts for administrative expenses including costs of salaries and benefits and amounts required to finance pension benefits earned by employees; cost of insurance; payments for engineering, financial, accounting, legal and other services; any lawfully imposed taxes or other assessments on the Jetport or income from or operations at the Jetport and reserves for such taxes or assessments, any payments in lieu of taxes for the Jetport or income from or operations at the Jetport and reserves for such in lieu of taxes; any administration or service fees; costs of issuance not financed in the Costs of a Project paid by the City; and payments of interest on (but not the principal of) revenue anticipation notes and other current expenses; but not including any allowance for amortization or depreciation; any other expense for which (or to the extent to which) the City is or will be paid or reimbursed from or through any source that is not included or includable as Revenues; any extraordinary items arising from the early extinguishment of debt; depreciation, recognition upon disposal or other retirement of a capital asset, reserves for unusual and extraordinary maintenance or repair, Debt Service payable from any Fund or Account established hereunder, and expenses described in section 709(c)(i) thereof.

See "Summary of Certain Provisions of the Certificate – Flow of Funds from the Revenue Fund" in Appendix C hereto for a more detailed explanation of the flow of funds.

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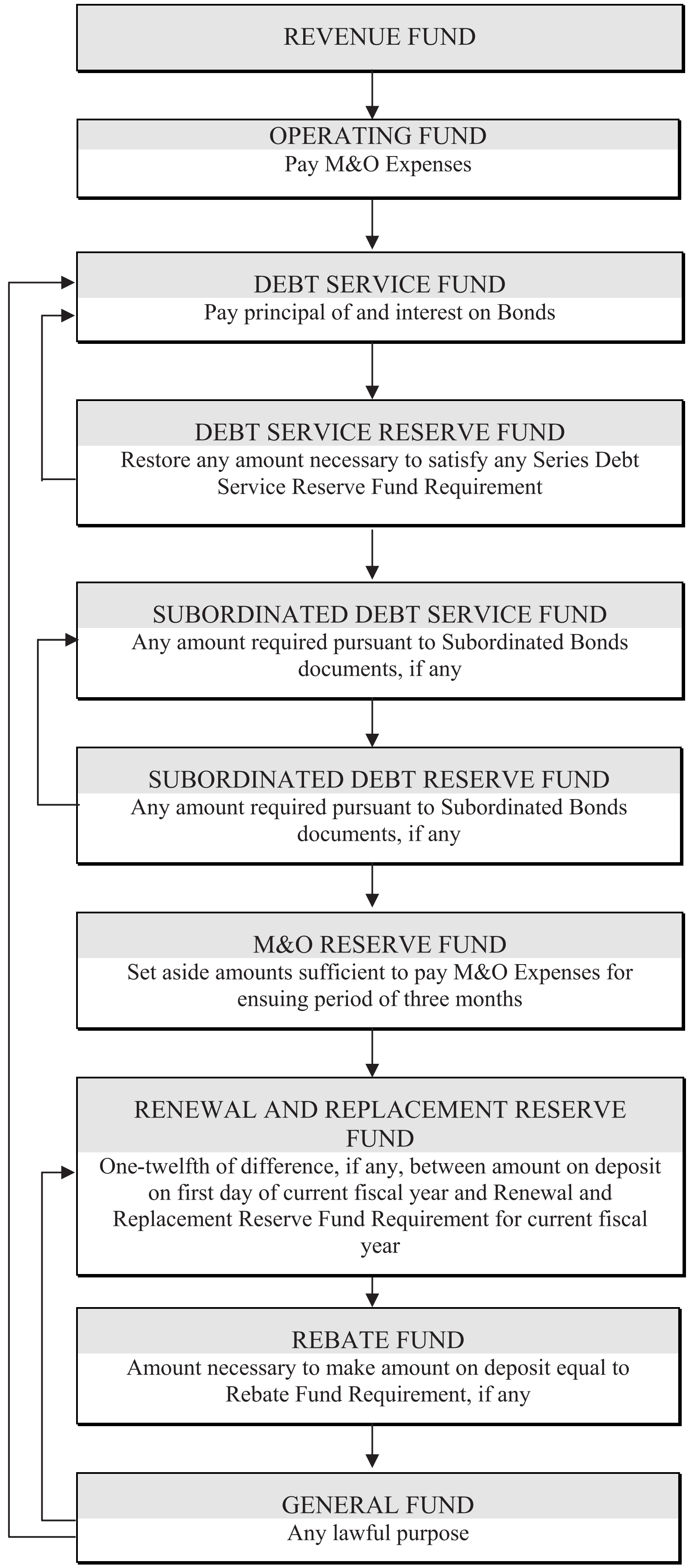
Flow of Funds Diagram



Covenants Pertaining to Rates and Charges

Subsections 5405(1) and (4) of the Act and Section 18-83 of City Code of Ordinances authorize the City to establish and fix a schedule of rates, fees and other charges which, together with other available funds, will be sufficient to pay the cost of maintaining, repairing and operating the Jetport and to pay debt service on the Bonds. Under the Certificate, the City is required to meet the following covenants with respect to Rates and Charges (defined below) (collectively, the "Rate Requirements").

Pursuant to the Certificate, the City covenants that for each fiscal year Net Revenues will equal or exceed the sum of Required Debt Service Fund Deposits (defined below) plus deposits required to be made from Revenues described in paragraphs *Second* through *Seventh* of the description of the flow of funds set forth above (excluding interest or other earnings on the Project Fund and amounts paid from other funds of the City that are not Revenues and are not transferred from other Funds or Accounts established under the Certificate) (the "Rate Covenant"). In addition, the City covenants under the Certificate that Net Revenues available in each Fiscal Year shall equal or exceed 125% of Required Debt Service Fund Deposits (the "Debt Service Coverage Ratio").

For the purpose of the Certificate, the term "Net Revenues" means, for any period, an amount equal to all Revenues accrued in such period in accordance with generally accepted accounting principles minus the M&O Expenses incurred or payable during such period in accordance with generally accepted accounting principles. For the purpose of the Certificate, the term "Required Debt Service Fund Deposits" means, for any period, all deposits required to be made to the Principal and Interest Accounts of the Debt Service Fund for such period under any provision of the Certificate, excluding, however, amounts transferred or expected to be transferred from the Capitalized Interest Account, from interest or other investment earnings on the Project Fund or from amounts paid from other funds of the City that are not Revenues and are not transferred from other Funds or Accounts established under the Certificate. For special rules on the calculation of Required Debt Service Fund Deposits in respect of Bonds subject to a Qualified Swap or on which interest is deferred and compounded rather than being paid currently, see "Summary of Certain Provisions of the Certificate – Definitions" in Appendix C.

If in any Fiscal Year the City shall not satisfy the Rate Requirements, then the City shall not be deemed to be in default under the Certificate so long as it shall, within 180 days after the close of the Fiscal Year, (i) specify to the Trustee the corrective steps which it has taken to assure compliance with the Rate Requirements for the then current Fiscal Year; (ii) retain the Airport Consultant to review the adequacy of the City's rates, fees, rentals and other charges with respect to the Jetport and to recommend changes necessary for the City to be in compliance with the Rate Requirements by the end of the then current Fiscal Year and for the following Fiscal Year and (iii) to the extent permitted by law and existing contractual obligations, use its best efforts to effect such changes as are so recommended by the Airport Consultant; provided, however, that (a) if the City shall not satisfy the Rate Requirements described above for the first full Fiscal Year following its failure to satisfy such Rate Requirements or (b) if Net Revenues for such Fiscal Year shall not equal or exceed 100% of the Required Debt Service Fund Deposits, then notwithstanding the foregoing such failure shall constitute a default under the Certificate. See "Summary of Certain Provisions of the Certificate – Covenant as to Rates and Charges; Debt Service Coverage Ratio" in Appendix C.

Debt Service Reserve Fund

The Certificate establishes a Debt Service Reserve Fund and requires, as a condition to the issuance of a Series of Bonds, that the Debt Service Reserve Fund be funded in the amount, if any, required to be on deposit in the Series Account of the Debt Service Reserve Fund specified in the Supplemental Certificate governing the issuance of such Series of Bonds. In lieu of depositing cash to the Debt Service Reserve Fund, the City may fund all or a portion of the amount required to be deposited into the Debt Service Reserve Fund upon issuance of a Series of Bonds with a Financial Guaranty. Moneys in a Series Account of the Debt Service Reserve Fund are available for the payment of principal and redemption price of and interest on the Bonds of the Series to which such Series Account relates, but not Subordinated Bonds and not the Prior General Obligation Bonds, equally and ratably. See "Summary of Certain Provisions of the Certificate – Debt Service Reserve Fund" in Appendix C. In the event that moneys are withdrawn from the Debt Service Reserve Fund, such withdrawal shall be replenished as nearly as practicable in twelve equal monthly installments commencing in the fiscal year following such withdrawal. See "Summary of Certain Provisions of the Certificate – Flow of Funds from the Revenue Fund" in Appendix C.

Other Reserves

The Certificate also establishes an M&O Reserve Fund and a Renewal and Replacement Reserve Fund. The annual requirement for each such reserve is funded in monthly installments. Under certain circumstances, moneys on deposit in the Renewal and Replacement Reserve Fund are available to pay debt service on Bonds. Additionally, other reserves and funds established under the Certificate are generally available, with certain exceptions, to pay debt service on Bonds in the event Revenues are insufficient. See "Summary of Certain Provisions of the Certificate – Debt Service Fund" and "– Priority of Funds in the Event of Debt Service Fund Shortfall" in Appendix C.

M&O Reserve Fund. The M&O Reserve Fund is funded from Revenues to equal the amount of the next three months M&O Expenses as set forth in the Operating Budget filed with the Trustee. Moneys in the M&O Reserve Fund may be transferred to the Operating Fund for the payment of M&O Expenses upon delivery of a Certificate of an Authorized Representative of the City. See "Management's Discussion of Financial Information" and "Summary of Certain Provisions of the Certificate – M&O Reserve Fund" in Appendix C.

Renewal and Replacement Reserve Fund. The Renewal and Replacement Reserve Fund is funded from Revenues to equal the amount of the Renewal and Replacement Reserve Fund Requirement. Moneys in the Renewal and Replacement Reserve Fund may be applied to the Cost of any Capital Improvement which is not provided for by moneys available in the Project Fund, the General Fund or the Operating Fund in accordance with the procedures set forth in the Certificate, including without limitation the costs of unanticipated or emergency repairs or replacements of any part of the Jetport which are properly chargeable to plant or property accounts under generally accepted accounting principles. See "Summary of Certain Provisions of the Certificate – Renewal and Replacement Reserve Fund" in Appendix C.

The Renewal and Replacement Reserve Fund Requirement is the amount shown on the Operating Budget then in effect as required to be the balance of the Renewal and Replacement Reserve Fund for the Fiscal Year.

Additional Bonds

The Certificate contains certain conditions precedent to the issuance of Bonds, including a requirement that the City shall have complied with the Rate Requirements for any period of twelve consecutive months included wholly within the most recent period of eighteen consecutive months preceding the date on which such Bonds are to be issued for which such information is available and either (i) that the City shall certify, which certificate shall be confirmed by the Accountant, that for any period of twelve consecutive months wholly included within the most recent period of 18 consecutive months preceding the date on which such Bonds are to be issued for which such information is available, Net Revenues for such period of twelve consecutive months were at least equal to 125% of maximum annual Debt Service on all Outstanding Bonds after giving effect to the issuance of such Bonds and to the refunding of any Prior General Obligation Bonds or Bonds to be refunded from the proceeds of such Bonds or (ii) that the Airport Consultant shall certify that in its estimation, for each Fiscal Year during the period commencing with (and including) the Fiscal Year in which such Bonds are to be issued and ending with (and including) the later of the fifth subsequent Fiscal Year or the third Fiscal Year following the date on which all Projects financed in whole or in part by such Bonds are estimated to have been completed and placed in operation, the Rate Requirements will be satisfied, taking into account the particular Series of Bonds to be issued (and the refunding of any Prior General Obligation Bonds or Bonds to be refunded from the proceeds thereof), such estimations to be based on estimates by the Independent Engineer of the cost to complete and the time for completion and initial operation of such Projects and to be after giving effect, among other factors as the Airport Consultant shall consider relevant, to any estimated increased in M&O Expenses and in Revenues as the result of the completion of such Projects or any portion thereof.

The foregoing requirements need not be met for Bonds issued to refund the Prior General Obligation Bonds or other Bonds so long as debt service is not increased in any fiscal year and the latest maturity date of the refunding Bonds is not later than the latest maturity date of the Bonds to be refunded. The Certificate requires that upon the issuance of Bonds, for refunding purposes or otherwise, the applicable Series Account of the Debt Service Reserve Fund will be funded to the Series Debt Service Reserve Fund Requirement. In addition, the Certificate permits the City to issue other Indebtedness including, but not limited to, Subordinated Bonds, grant and bond anticipation notes, Indebtedness secured by the General Fund, Indebtedness secured by PFC Revenues and certain other special facilities or other non-recourse Indebtedness. See "Summary of Certain Provisions of the Certificate – Conditions Precedent to Delivery of a Series of Bonds" in Appendix C.

Permitted Investments

Moneys held for the credit of the Funds and Accounts established under the Certificate may, with certain exceptions, be invested only in "Investment Securities" as defined in the Certificate. See "Summary of Certain Provisions of the Certificate – Definitions" in Appendix C.

Modifications of the Certificate

The provisions of the Certificate are subject to modification in certain cases without the consent of the holders of the Bonds (including without limitation under certain circumstances when a Credit Provider is authorized to consent to modifications on behalf of holders of certain Bonds) and in other cases if and when approved by the holders of the requisite percentages of the Bonds outstanding. See "Summary of Certain Provisions of the Certificate – Supplemental Certificates Effective Upon Filing With the Trustee" and following in Appendix C.

ESTIMATED SOURCES AND USES OF FUNDS

The sources of funds and the uses thereof in connection with the Series 2008 Bonds are expected to be approximately as set forth below.

Sources:	
Principal amount of Series 2008 Bonds	$26,420,000.00
Net original issue discount	-392,669.25
Total Sources	$26,027,330.75
Uses:	
Deposit to Project Fund	$22,139,783.96
Deposit to Debt Service Fund for capitalized interest	1,203,642.08
Deposit to Debt Service Reserve Fund	1,719,747.50
Allowance for costs of issuance including bond insurance premium	804,023.88
Underwriter's discount	160,133.33
Total Uses	$26,027,330.75

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OUTSTANDING OBLIGATIONS AND OTHER JETPORT RELATED DEBT

Except for the Prior Revenue Bonds, the 2008 Note, the outstanding principal of which will be paid in full from the proceeds of the Series 2008 Bonds, and certain debt described below, there are no outstanding bonds or other evidences of indebtedness of the City with respect to the Jetport.

The City has issued certain general obligation bonds, described below, for Jetport purposes (the "Prior General Obligation Bonds"). The City expects to apply moneys held in the General Fund and other moneys received or held by the City for Jetport purposes to pay debt service on the Prior General Obligation Bonds.

Prior General Obligation Bonds
as of June 30, 2008

Dated Date	Original Principal Amount	Outstanding Principal Amount
10/1/89	$1,600,000	$159,179
10/1/90	1,600,000	233,214

There is no authorized but unissued general obligation debt with respect to the Jetport as of the date hereof.

The City has issued a $2,155,000 limited obligation private activity bond anticipation note (2007 Aero Portland ME, LLC Project) dated July 18, 2007 that is payable from third-party sources and is not payable from Revenues. The City has established with Bank of America, N.A. and used three lines of credit, repayment of which is supported by passenger facility charges ("PFCs"), to provide liquidity for funding PFC-approved capital projects. Outstanding amounts under the first two PFC lines of credit have been fully repaid from PFCs collected at the Jetport; the third PFC line, which was authorized and issued in a maximum principal amount of $14,214,483, has an outstanding balance of $7,500,000 as of April 30, 2008. The outstanding debt under this line will be repaid as PFCs are received by the Jetport.

The City currently expects to issue notes and bonds to finance a portion of the costs of expansion of the Jetport terminal facilities (the "Terminal Expansion Project"). It is anticipated that a significant portion of the debt service on bonds issued to finance the Terminal Expansion Project will be payable from passenger facility charges. The City expects to enter into a line of credit for $5 million to provide funds for the design of the Terminal Expansion Project by summer 2008. If the City obtains this line of credit, it would be subordinated to the Series 2008 Bonds. For information concerning the Terminal Expansion Project, see Appendix A hereto, "REPORT OF THE AIRPORT CONSULTANT." For information concerning passenger facility charges, see "PASSENGER FACILITY CHARGES" herein.

DEBT SERVICE REQUIREMENTS

The following table sets forth (1) Principal Installments, annual interest payments and annual Debt Service with respect to the Series 2008 Bonds, (2) debt service requirements for the Prior Revenue Bonds and (3) debt service requirements for the Prior General Obligation Bonds. There may be discrepancies in the following table between entries and sum totals due to rounding.

	Series 2008 Bonds					
Period Ending July 1	Annual Principal Installments	Annual Interest Payments*	Annual Debt Service	Annual Debt Service on Prior Revenue Bonds	Total Annual Revenue Bond Debt Service	Annual Debt Service on Prior General Obligation Bonds
2009	$ 0	$ 1,281,719	$ 1,281,719	$ 2,255,119	$ 3,536,838	$178,596
2010	-	1,237,048	1,237,048	2,253,241	3,490,289	167,794
2011	490,000	1,227,248	1,717,248	2,255,175	3,972,423	80,267
2012	510,000	1,207,248	1,717,248	2,255,723	3,972,971	-
2013	530,000	1,186,448	1,716,448	2,253,723	3,970,171	-
2014	555,000	1,164,748	1,719,748	2,252,400	3,972,148	-
2015	575,000	1,142,148	1,717,148	2,253,625	3,970,773	-
2016	600,000	1,118,648	1,718,648	2,253,625	3,972,273	-
2017	625,000	1,093,757	1,718,757	2,257,025	3,975,782	-
2018	650,000	1,067,054	1,717,054	2,253,625	3,970,679	-
2019	680,000	1,038,791	1,718,791	2,253,625	3,972,416	-
2020	710,000	1,008,810	1,718,810	2,254,938	3,973,748	-
2021	740,000	977,554	1,717,554	2,253,719	3,971,273	-
2022	775,000	944,391	1,719,391	2,254,969	3,974,360	-
2023	810,000	908,729	1,718,729	2,253,438	3,972,167	-
2024	845,000	871,491	1,716,491	2,254,125	3,970,616	-
2025	885,000	832,013	1,717,013	2,252,344	3,969,357	-
2026	930,000	789,693	1,719,693	2,257,125	3,976,818	-
2027	975,000	744,681	1,719,681	2,252,969	3,972,650	-
2028	1,020,000	697,300	1,717,300	2,255,125	3,972,425	-
2029	1,070,000	647,663	1,717,663	2,253,094	3,970,757	-
2030	1,125,000	594,125	1,719,125	2,256,906	3,976,031	-
2031	1,180,000	536,500	1,716,500	2,256,031	3,972,531	-
2032	1,240,000	476,000	1,716,000	2,255,500	3,971,500	-
2033	1,305,000	412,375	1,717,375	-	1,717,375	-
2034	1,370,000	345,500	1,715,500	-	1,715,500	-
2035	1,440,000	275,250	1,715,250	-	1,715,250	-
2036	1,515,000	201,375	1,716,375	-	1,716,375	-
2037	1,595,000	123,625	1,718,625	-	1,718,625	-
2038	1,675,000	41,875	1,716,875	-	1,716,875	-
TOTAL	$26,420,000	$24,193,802	$50,613,802	$54,107,189	$104,720,991	$426,657

* The amounts set forth under the heading "Annual Interest Payments" were prepared by using the interest rates and the principal maturities of the Series 2008 Bonds set forth on the inside cover page hereof and the Sinking Fund Installments set forth under the caption "DESCRIPTION OF THE SERIES 2008 BONDS – Redemption - Redemption by Operation of Sinking Fund Installments." Totals may not add due to rounding.

THE CITY

General

The City is located on the southern coast of the State of Maine in the southeastern section of Cumberland County, the State's most populous county. The City is approximately 100 miles north-northeast of Boston, Massachusetts and 60 miles southwest of the City of Augusta, the State's capital. The City is the largest in Maine, the seat of government for Cumberland County and the region's leading industrial, commercial and cultural center. With one of the finest deep water harbors on the Atlantic Coast, the City is closer to Europe than any other transatlantic port in the United States. The City enjoys numerous parks, monuments, historical sites, several hotels and restaurants. The City is the home of the University of Southern Maine, the University of New England, the Portland Museum of Art, the Maine College of Art and the Cumberland County Civic Center. Two major medical centers, Maine Medical Center and Mercy Hospital, are also located in the City.

The City was settled in 1632 and incorporated in 1786. The first charter of the City was granted in 1832. The present charter of the City was adopted in September 1923 and has been amended several times, most recently on November 4, 1986 (the "Charter"). The Charter provides for a Council-Manager form of government with a nine-member City Council. Each of the City's five voting districts elect one Council member, with four members being elected from the registered voters of the entire City at large. The Council members are elected for three-year staggered terms. The Mayor is elected by the City Council from among its members for a one year term. The Charter grants to the City Council all powers to enact, amend, or repeal rules, ordinances and resolutions relating to the City's property, affairs and government, to preserve the public peace, health and safety, to establish personnel policies and to authorize the issuance of debt. The Council adopts an annual budget and provides for an annual audit. The City Manager is the administrative head of the City and is responsible to the City Council for the administration of all departments.

THE JETPORT

General

The Jetport occupies approximately 840 acres of land in the City and the adjacent city of South Portland. The Jetport is approximately three miles west of downtown Portland.

Airfield

The Jetport's major airfield facilities consist of two air carrier runways and associated taxiways, which provide access to the air carrier apron to the north and west, the cargo area to the north and east, and general aviation facilities to the east. The primary runway, 11/29, is 7,200 feet in length. The secondary runway, 18/36, is 5,001 feet in length and used primarily for crosswind operations.

The taxiway system at the Jetport consists of two full-length taxiways parallel to the two air carrier runways and five exit taxiways. Taxiway A is a full-length taxiway located on the north side of Runway 11/29 and provides access to the holding aprons as well as ingress and egress on both ends of Runway 11/29. Taxiway C is a full-length taxiway parallel to the west side of Runway 18/36. The north end of Taxiway C provides ingress and egress to Runway 18. The south end of Taxiway C intersects with and provides an exit to Runway 11/29 as well as provides ingress and egress to Runway 36. The five exit taxiways include Taxiway D, Taxiway E, Taxiway F, Taxiway G and Taxiway J.

Terminal

The passenger terminal complex is located near midfield in an east-west orientation on the north side of Runway 11/29. The terminal building consists of approximately 160,000 square feet of space and is divided into two levels for passenger processing. The lower level includes ticketing, baggage make-up, baggage claim and surface transportation services. There are seven ticket counters and three baggage carousels which are used by the passenger airlines. The upper level includes the passenger screening and holdrooms, restaurants, shops, Jetport administration offices, meeting rooms and other offices. The administrative space for the Transportation Security Administration ("TSA") is also located on the second floor of the terminal building. The passenger terminal contains 12 passenger gates, nine of which contain passenger loading bridges. The passenger terminal apron is located south of the terminal and provides aircraft parking, access and circulation for the air carrier gate positions. Several gates have multiple aircraft parking positions and can be utilized by either commuter or jet aircraft.

Existing Parking Facilities

The existing parking facilities at the Jetport include a short-term parking area, long-term garage, and long-term surface lot all located north of the terminal building. The short-term parking area contains 140 spaces. Long-term parking facilities at the Jetport include a 430 space parking garage built in 1979, a 1,142 space parking garage completed in March 2003, and a 502 space surface lot. As a result, there are a total of 2,214 public parking spaces at the Jetport. In addition, the Jetport has a remote lot located approximately two miles west of the terminal and an overflow lot located just north of the long-term garage. These surface lots contain 548 spaces and are only used to accommodate overflow parkers during peak periods. Finally, the Jetport has a 275 space employee lot and a 238 space rental car ready/return lot.

Other Facilities

Other Jetport facilities include general aviation, cargo, snow removal equipment and maintenance building, airport rescue and fire fighting (ARFF) station and the air traffic control tower (ATCT). There is a general aviation area that includes apron, fueling, hangars and buildings. This area is located to the north of the passenger terminal building and west of Runway 18/36. The cargo area and the maintenance facility are located to the east of Runway 18/36. The ARFF building and ATCT are located to the west of Runway 18/36 and the east of the terminal building.

THE JETPORT'S AIR TRADE AREA

As discussed in Appendix A hereto, "REPORT OF AIRPORT CONSULTANT," the Jetport's air trade area, within which (i) a majority of originating passengers using the Jetport reside and (ii) comparable alternative facilities are not available within a driving distance of less than 90 miles, is comprised of the seven Maine counties of Androscoggin, Cumberland, Kennebec, Knox, Lincoln, Oxford and Sagadahoc. The seven counties are home to approximately one-half the population of Maine.

CAPITAL IMPROVEMENT PROGRAM

General

In 2007, the Jetport completed its Airport Master Plan (the "Master Plan") which recommended improvements grouped into short-term (2007-2012), intermediate (2013-2017) and long-term (2018-2027) planning horizons. The Master Plan recommendations are currently expected to be implemented pursuant to the Jetport's Capital Improvement Program (the "CIP"). The estimated cost of the recommended improvements currently expected to be implemented during the short-term planning horizon is approximately $117.8 million. The estimated cost of the recommended improvements currently expected to be implemented during the three planning horizons is approximately $242.8 million. The Parking Garage Expansion is included in the short-term CIP planning horizon. See "Parking Garage Expansion" below.

Following is a description of a portion of the projects contained in the CIP that are ongoing or are expected to be implemented within the short-term planning horizon with the exception of the Parking Garage Expansion. Improvements to the airfield for the Jetport focus on meeting Federal Aviation Administration ("FAA") design and safety standards, new taxiways for efficiency, and upgrading Runway 18/36 so that it can more fully serve as a backup to Runway 11/29. The Master Plan describes the need for a new terminal building and surrounding apron area at the Jetport. The City has selected architects to begin the design of first phase of the new terminal building and surrounding apron area. Currently, the first phase of this project is scheduled for substantial completion by fall 2010. However, the actual decision to proceed with construction of this facility will be based on the Jetport maintaining demand levels. In addition to the Parking Garage Expansion, the Master Plan recommends additional surface parking along Jetport Boulevard and northeast of the existing terminal building circulation roadway.

General aviation development would be limited to the existing apron area west of Runway 18/36 and a new general aviation area located southwest of the Runway 11/29/Runway 18/36 intersection. The south general aviation area would include hangars for small and large aircraft storage and for providing general aviation services such as refueling and maintenance. Vehicle access would be via a connection with Westbrook Street and the recently completed Jetport Plaza Road, which extends along the southern Jetport boundary.

Future air cargo development to meet forecast demand will continue east of Runway 18/36 along Taxiway G, which is the area established for air cargo development. Air cargo sort buildings, vehicle parking, and related truck courts would be developed on the east side of the apron. The configuration of this apron allows for a larger apron area and for easier circulation on the apron. A new taxiway between Taxiway G and Taxiway A is intended to reduce the number of runway crossings and the potential for runway incursions. A goal of this plan is to develop this area exclusively for air cargo activity. The plan relocates all existing general aviation facilities from this area to other general aviation areas on the Jetport. This will segregate uses at the Jetport and allow air cargo development exclusively east of Runway 18/36. Additional truck staging and automobile parking for the northern cargo sort building is created along Yellowbird Road. Access to the air cargo apron is via a dedicated road connecting with Yellowbird Road. The existing interior Jetport service road is relocated to provide contiguous access to the Jetport maintenance facility. Expansion potential for the Jetport maintenance building is reserved on the west side of the building.

The Master Plan proposes a 20-foot extension of the ARFF building to the east to allow for easier accommodation of new ARFF vehicles. This concept also provides for the relocation of the ATCT along the Jetport's southern boundary, should this be required in the future. This location provides ATCT personnel with a segregated location that orients the tower with a line-of-sight of all potential aircraft movement areas.

Parking Garage Expansion

The Parking Garage Expansion includes the construction of an approximately 1,039 space five level parking structure and associated site work and the demolition of a portion of the parking facilities constructed in 1979. Upon completion of the Parking Garage Expansion, the Jetport will gain 1,039 spaces and lose 570 spaces, which is a net gain of 469 spaces. The new structure will be completely integrated with the 1,142 space structure completed in March 2003 to provide a single functionally seamless parking garage of 2,181 spaces. Following completion of the Parking Garage Expansion, the Jetport will have a total of 2,683 public parking spaces. The new parking structure will be constructed with a composite galvanized steel and pre-cast concrete deck structure identical to that of the 1,142 space parking structure completed in 2003. The City currently expects that the new parking structure will have a 50-year useful life and lower ongoing maintenance costs when compared to other design types.

The Parking Garage Expansion is estimated to cost approximately $22,100,000 and will be substantially complete in January, 2009.

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AVIATION ACTIVITY AT THE JETPORT

Airlines Providing Service at the Jetport

Passenger and cargo service at the Jetport is currently provided by the following airlines.

Low Cost Carriers	**Regional Affiliates of Legacy Carriers**	**Cargo Carriers**
AirTran Airways*	Continental Express	DHL*
JetBlue Airways*	ExpressJet Airlines, Inc. *	FedEx*
	Delta*	AirNow
	Atlantic Southeast Airlines	FedEx
	Comair	Wiggins
	Mesa/Freedom Air	
	Northwest*	
	Mesaba Airlines	
	Pinnacle Airlines	
	United	
	Mesa Air	
	Trans States/GoJet	
	US Airways*	
	Air Wisconsin Airlines*	
	Chautauqua/Republic Airlines	
	Mesa Air	
	Piedmont Airlines	

* Airlines with which the City has entered into airline agreements. See "AIRLINE AND OTHER REVENUE PRODUCING AGREEMENTS" herein.

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Enplanements

The table below sets forth historical enplanements at the Jetport from Fiscal Years 1998 through 2007. Enplanements at the Jetport have grown at a compound annual growth rate of 2.5% from Fiscal Year 1998 to Fiscal Year 2007 (625,336 to 781,185, respectively). From Fiscal Year 2002 to Fiscal Year 2007, enplanements have grown considerably faster at a compound annual growth rate of 5.1% in part because the introduction of low-cost carrier service at the Jetport over the last two years has increased seat capacity and lowered fares at the Jetport.

Historical Enplanements

Fiscal Year	Major/ National [1]	Regional/ Commuter [1]	Total	Annual Growth
1998	303,320	322,016	625,336	--
1999	337,213	329,933	667,146	6.7%
2000	374,600	300,007	674,607	1.1%
2001	391,039	286,441	677,480	0.4%
2002	326,344	283,664	610,008	-10.0%
2003	321,364	305,062	626,426	2.7%
2004	288,849	349,825	638,674	2.0%
2005	280,120	464,393	744,513	16.6%
2006	116,902	562,556	679,458	-8.7%
2007	180,922	600,263	781,185	15.0%
Compound Annual Growth Rate				
1998-2007	-5.6%	7.2%	2.5%	
2002-2007	-11.1%	16.2%	5.1%	

[1] Major/national is defined as activity on legacy and low-cost carriers, while regional/commuter is defined as activity on flights operated by regional affiliates of legacy carriers.

Source: The Report of the Airport Consutlant

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The table below sets forth the Jetport's historical enplanement market share for Fiscal Years 2002 through 2007. As evidenced by the data presented in this table, the Jetport market has become more competitive over the past several years. Low-cost carrier market share continues to grow as each of these airlines continues to add flights and destinations at the Jetport. In general, the broader base of airlines serving the Jetport and relative balance in market share among the airlines has made the Jetport a more stable market capable of sustaining consistent growth in enplanements over the forecast period with new capacity and lower fares.

Historical Enplanement Market Share [1]

Airline [2]	FY 2002	% Share	FY 2003	% Share	FY 2004	% Share	FY 2005	% Share	FY 2006	% Share	FY 2007	% Share
US Airways	154,541	25.3%	123,925	19.8%	70,530	11.0%	68,682	9.2%	36,448	5.4%	-	0.0%
US Airways Express	40,408	6.6%	47,772	7.6%	94,726	14.8%	109,706	14.7%	168,842	24.8%	230,622	29.5%
Subtotal	194,949	32.0%	171,697	27.4%	165,256	25.9%	178,388	24.0%	205,290	30.2%	230,622	29.5%
Delta Air Lines	128,055	21.0%	146,516	23.4%	147,834	23.1%	150,515	20.2%	29,550	4.3%	5,031	0.6%
Delta Connection	32,518	5.3%	49,162	7.8%	56,909	8.9%	72,494	9.7%	139,576	20.5%	165,602	21.2%
Subtotal	160,573	26.3%	195,678	31.2%	204,743	32.1%	223,009	30.0%	169,126	24.9%	170,633	21.8%
JetBlue Airways	-	0.0%	-	0.0%	-	0.0%	-	0.0%	14,294	2.1%	135,836	17.4%
United Express	82,425	13.5%	89,945	14.4%	97,929	15.3%	105,973	14.2%	120,396	17.7%	119,602	15.3%
Continental Airlines	-	0.0%	992	0.2%	3,598	0.6%	-	0.0%	-	0.0%	-	0.0%
Continental Express	54,381	8.9%	51,340	8.2%	48,800	7.6%	52,701	7.1%	58,385	8.6%	65,101	8.3%
Continental Connection	6,543	1.1%	8,378	1.3%	9,341	1.5%	7,349	1.0%	1,182	0.2%	-	0.0%
Subtotal	60,924	10.0%	60,710	9.7%	61,739	9.7%	60,050	8.1%	59,567	8.8%	65,101	8.3%
AirTran Airways	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	6,453	0.8%
American Eagle	66,430	10.9%	58,465	9.3%	40,951	6.4%	26,005	3.5%	-	0.0%	-	0.0%
Northwest Airlines	43,748	7.2%	49,931	8.0%	66,887	10.5%	60,923	8.2%	36,610	5.4%	33,602	4.3%
Northwest Airlink	-	0.0%	-	0.0%	-	0.0%	24,525	3.3%	34,258	5.0%	19,336	2.5%
Subtotal	43,748	7.2%	49,931	8.0%	66,887	10.5%	85,448	11.5%	70,868	10.4%	52,938	6.8%
Independence Air	-	0.0%	-	0.0%	1,169	0.2%	65,640	8.8%	39,917	5.9%	-	0.0%
Air Nova	959	0.2%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total	610,008	100.0%	626,426	100.0%	638,674	100.0%	744,513	100.0%	679,458	100.0%	781,185	100.0%

[1] Figures may not sum to totals due to rounding.
[2] Regional affiliates of legacy carriers are subtotaled by legacy carrier under their "Doing Business As" identity.

Source: The Report of the Airport Consultant

Origin and Destination Information

In 2007, the most recent year for which data is available, passenger traffic at the Jetport was comprised of 99% origin and destination ("O&D") passengers. The largest 27 markets, each of which provided at least 1.0% of total O&D traffic at the Jetport during 2007, represent 73.2% of total O&D traffic at the Jetport. O&D traffic patterns at the Jetport are relatively diversified as none of the largest markets represents more than 11.0% of the total traffic base. Most of the largest markets correspond to large metropolitan areas in the United States located far enough from Portland to make air travel an efficient option in terms of total trip time.

AIRLINE AND OTHER REVENUE PRODUCING AGREEMENTS

General

The Jetport receives Revenues from various rental and fee payments made by airlines and other users for the use of various Jetport facilities. Substantially similar Airline Operating

Agreements and Terminal Building Leases (the "Airline Agreements") with the airline signatory parties (the "Signatory Airlines") provide the basis for use and occupancy of the Jetport terminal, aprons and other airfield areas. Jetport parking facilities, which provide a significant source of Revenues to the Jetport, are operated pursuant to a management agreement. Rental car concessions are also a significant source of Revenues. Revenues are also received from food and beverage concessions, news and gift concessions, advertising and other sources.

Airline Agreements

The Signatory Airlines with which the City has entered into Airline Agreements are AirTran Airways, Air Wisconsin Airlines, Express Jet Airlines, Inc., Delta Air Lines, DHL, FedEx, JetBlue Airways, Northwest Airlines, and US Airways. The Signatory Airlines and their codeshare partners which provided passenger service accounted for approximately 100% of Fiscal Year 2007 enplanements. The Airline Agreements expire December 31, 2009. During any period between the expiration of an Airline Agreement and the execution of a new airline agreement or if for any other reason an airline agreement is not in effect with any airline serving the Jetport, the City, acting through its Airport Manager, has the authority, subject to applicable federal law, to set rentals, fees and other charges to airlines using Jetport facilities without any further action or approval by the City Council (but subject to disapproval by the City Manager) or any other department, agency, instrumentality or official of the City or the State of Maine.

Rates for rentals, charges, and fees for the Signatory Airlines are calculated on an annual basis. The landing fee is a 50% recovery compensatory-based formula, based on requirements of the Jetport field divided by total airport landed weight. The terminal building rental rate for each terminal building sub-center (Common Use, Exclusive Use, and Public/Concessions) is a compensatory-based formula, based on requirements of the terminal building divided by total square footage. Rentals, charges, and fees for the current rate setting period are adjusted for the variance of budget to actual M&O Expenses from the prior rate setting period.

The Airline Agreements provide that for each rate adjustment period, the City will provide the budget and actual financial information for the prior rate setting period and a budget for the current rate setting period; the adjustment of rates for the prior Fiscal Year that is carried over to the current rate setting period; and the calculation of proposed rentals, charges, and fees for the current rate setting period to the Signatory Airlines. A meeting is also held between the Airport Manager and the Signatory Airlines for the purpose of discussing the proposed rentals, charges, and fees. The Airport Manager may also give consideration to Signatory Airline comments and suggestions prior to the adoption and finalization of the proposed rentals, charges, and fees.

A Majority-In-Interest (MII) provision is included in the Airline Agreements for Jetport field and terminal building capital improvements. MII is defined as 50% in number of all Signatory Airlines, which in aggregate paid 50% or more of landing fees or terminal building rentals in the preceding Fiscal Year for the Jetport field and the terminal building, respectively.

The Jetport's premises are leased by the Signatory Airlines exclusively, preferentially, and jointly. Any unleased areas are under the direct control of the City.

The landing fees and terminal rentals are compensatory based formulas that recover the costs of operating the Jetport field and terminal building cost centers. The rate-base items that determine the total requirement for the rate calculations include M&O Expenses, equipment and capital outlays under $10,000, amortization and debt service. The rates and charges to the Signatory Airlines are determined prospectively pursuant to the ratemaking procedures of the Airline Agreements. After the end of the Fiscal Year, the amounts actually collected from the Signatory Airlines are reconciled to the amounts actually required under the Airline Agreement to be paid for such Fiscal Year, and the amount of any overpayment or underpayment is established. The Signatory Airlines are responsible for any underpayments and overpayments, which will be included in the next Fiscal Year's rates and charges.

The Airline Agreements reserve to the City the right to reassign one or more of a Signatory Airline's preferentially assigned gates to another Signatory Airline if the airline's scheduled average gate utilization falls below two flights per gate per weekday and the City determines that there is a reasonable need for the preferential use of such gate by another Signatory Airline.

The Airline Agreements also contain provisions obligating the Signatory Airlines, at the direction of the City, to accommodate any airline, including a Signatory Airline, at the Signatory Airline's preferentially assigned gate according to specified procedures.

Jetport Parking

Parking management services are provided at the Jetport by Standard Parking Corporation. The company provides complete turnkey maintenance and operation of all Jetport parking facilities. Compensation under the contract is limited to an annual fixed management fee of approximately $93,926 as of the date hereof. The management fee is subject to an annual increase as of August 1 each year based on the federal government's Consumer Price Index. The current contract expires on December 31, 2009 and permits the City to renew the contract for one additional period of five years.

Jetport Concession Agreements

The City has entered into non-exclusive concession agreements for on-airport automobile rental operations with Avis Budget Group, Inc., Hertz Corporation and Vanguard Car Rental USA, Inc. (National/Alamo). Rental car companies pay an amount equal to the greater of 10% of their gross revenues or a minimum annual guarantee in addition to space rental for terminal premises and ready/return spaces for rental cars. The existing rental car leases have terms ending June 30, 2008, at which time the Jetport intends to continue with the current leases on a month-to-month basis with an estimated re-bid in the fall of 2008.

Additional Revenues are received from concessions for food and beverage and news and gifts and from advertising and other sources. Food and beverage concessions at the Jetport are operated by HMS Host, Inc. (formerly known as Host Marriott Services Corporation) ("Host") pursuant to an agreement with a subsidiary of Host which agreement terminates on May 31, 2015, provided that the City has the right to terminate the agreement at any time on 30 days notice. Host is required to pay to the City the greater of 10.5% of its annual gross receipts (excluding any sales taxes collected) at the Jetport or a minimum amount which is adjusted based on the prior year's payment. In addition, Host must pay for janitorial services, repairs, electricity charges and taxes and assessments with respect to its premises.

The news and gift concessions at the Jetport are operated by Paradies Shops, L.L.C. ("Paradies") pursuant to an agreement which terminated on February 28, 2006. The City is continuing this agreement on a month-to-month basis. The City currently expects to issue a request for proposals for news and gift concessions within the next six months concurrently with the design of the proposed terminal expansion. This will allow the City to include the future planned terminal concession space, which is now being designed, within the request for proposals. Pursuant to the current agreement, Paradies is required to pay to the City 10% of annual gross revenues less than $600,000, 11% of annual gross revenues between $600,000 and $800,000, 11.5% of annual gross revenues between $800,000 and $1,000,000 and 12% of annual gross revenues over $1,000,000 or 80% of the prior year payment if it is higher than the percentage of gross revenues calculation for the current year. In addition, Paradies must pay for janitorial services and repairs and for its share of any terminal building costs for heat, water, sewer, air conditioning and electric service.

MANAGEMENT AND ADMINISTRATION OF THE JETPORT

Administration

The Jetport is owned and operated by the City and is managed by its Airport Manager. The Airport Manager and the Jetport management staff are responsible for the planning, development, management and operation of the Jetport. The Airport Manager is appinted by the City Manager.

The Operating Budget for the Jetport is prepared by the principal financial officer of the Jetport, under the supervision of the Airport Manager and in consultation with the Director of Finance who, with the City Manager, is responsible for presenting the city-wide budget for approval of the City Council.

Under the current City Code of Ordinances, the Director of Waterfront and Transportation Facilities (subject to disapproval by the City Manager) is authorized, subject to applicable federal law, to set all rentals, fees and other charges for use of any Jetport facility including without limitation airline rentals, charges and fees, without any approval by the City Council or any other agency, department, instrumentality or official of the City or the State of Maine. Under changes currently being proposed by the City staff to the City's Code of Ordinances, this authority is expected to reside with the Airport Manager (but still subject to disapproval by the City Manager).

Management

The following are the principal officials responsible for management and administration of the Jetport:

Duane G. Kline is the City's Director of Finance but is expected to retire effective on or about June 21, 2008. Mr. Kline has been employed by the City in his present position since

1987. Prior thereto, Mr. Kline was employed as the Director of Finance, Multnomah County, Portland, Oregon. He graduated from the University of Washington and is a certified public accountant. He is responsible for issuing the City's financial statements and managing the accounting and treasury functions of all City funds, including the City funds for the Jetport.

Ellen L. Sanborn is the City's Assistant Director of Finance and is expected to become the Acting Director of Finance on or about June 21, 2008. Ms. Sanborn has been employed by the City of Portland since 1984 and in her present position since 1989. She graduated from the University of Maine with a B. S. degree in accounting. She will be responsible for issuing the City's financial statements and managing the accounting and treasury functions of all City funds, including the City funds for the Jetport.

Paul H. Bradbury, P.E., is the City's Airport Manager. Mr. Bradbury has been employed with the City in various roles at the Jetport since August 1992 and has managed all landside facilities at the Jetport since 1994. Mr. Bradbury was appointed to his current position of Airport Manager in 2008. In this position, he is responsible for the overall management, operations and planning for the Jetport. Mr. Bradbury graduated from Rensselaer Polytechnic Institute with a B.S. in Mechanical Engineering. He is a licensed professional engineer in the State of Maine.

Arthur M. Sewall is the City's Deputy Director – Operations. Mr. Sewall has been employed by the City in his present position since 1987. Mr. Sewall is responsible for maintenance and construction of the airfield and management of the maintenance staff. Prior to his tenure at the Jetport, Mr. Sewall was employed by Ernest J. Aselyn, Inc., general contractors. One of his duties with Aselyn, Inc. was overseeing the Jetport's airfield snow removal. Mr. Sewall graduated from the University of New Hampshire with a B.A. degree in Microbiology.

Richard A. Marston is the City's Principal Financial Officer for the Jetport and is responsible for the departmental budgeting, accounting and payroll functions of the Jetport. Mr. Marston has been employed by the City since 1996, beginning with the City's Parking division and moving on to the Public Buildings and Parks and Recreation departments before joining the Jetport in May of 2006. Prior to working for the City of Portland, Mr. Marston worked for the Cumberland County District Attorney's Office. Mr. Marston graduated from the University of Maine with a B.S. in Finance.

Employee Matters

The Airport Manager has sole responsibility for hiring all personnel necessary to operate the Jetport. As of April 7, 2008, there were 44 full-time Jetport employees. The American Federation of State, County, and Municipal Employees, Labor and Trades Union ("AFSCME"), is the bargaining unit for 20 of the full-time Jetport employees and for certain other City employees. The current contract between the City and AFSCME has expired and is currently being renegotiated. The City Employees' Benefit Association ("CEBA") is the bargaining unit for 2 full-time Jetport Employees, as is the Professional and Technical City Employees Association ("Pro-Tech"). The CEBA contract expires on December 31, 2009 and the Pro-Tech contract expires on June 30, 2008. Discussions regarding a renegotiation of the Pro-Tech contract are underway. The Jetport has had a good relationship with its employees.

RESULTS OF FINANCIAL OPERATIONS

The following tables set forth revenues, expenses and changes in net assets in the Jetport Fund which has been established by the City to account for the operation of the Jetport.

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds: Business-type Activities – Jetport Enterprise Fund

	2007	2006	2005
Operating revenues:			
Charges for services	$13,756,436	$11,813,781	$13,047,957
Operating expenses:			
Personnel services	2,963,176	2,920,705	2,729,991
Contractual services	3,844,778	3,700,676	3,814,188
Supplies and materials	472,292	540,209	543,793
Rentals	220,311	153,541	225,903
Utilities	755,658	623,134	497,486
Maintenance	698,960	527,544	552,842
Depreciation and amortization	7,641,896	7,539,144	6,417,147
Other	764,515	1,422,887	780,309
Total operating expenses	17,361,586	17,427,840	15,561,659
Operating income (loss)	(3,605,150)	(5,614,059)	(2,513,702)
Non-operating revenues (expenses):			
Passenger facility charges	2,292,019	2,029,924	1,903,945
Interest and other revenue	559,039	445,768	505,253
Interest expense	(1,867,922)	(1,814,161)	(1,647,470)
Total non-operating revenues (expenses)	983,136	661,531	761,728
Income (loss) before contributions and transfers	(2,622,014)	(4,952,528)	(1,751,974)
Capital contributions	2,480,066	4,862,841	15,919,329
Transfers in	-	-	8,950
Change in net assets	(141,948)	(89,687)	14,167,355
Total net assets – beginning	75,795,225	75,884,912	61,717,557
Total net assets – ending	$75,653,277	$75,795,225	$75,884,912

Source: Financial statements of the City

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Jetport Enterprise Fund
Schedule of Operating Revenues For the Fiscal Years Ended June 30

	2007	2006	2005
Operating revenues:			
Parking	$5,221,813	$3,814,009	$4,215,492
Car Rental Agencies	2,658,065	2,300,688	2,492,018
Terminal Rental	2,452,011	2,475,091	2,938,344
Landing Fees	2,135,339	1,969,475	2,283,332
Concessions	714,040	688,469	611,633
Ground Rent	493,481	455,864	411,216
Miscellaneous	81,687	110,185	95,921
Total charges for services	$13,756,436	$11,813,781	$13,047,956

Source: City records

Operating revenue and expense accounts set forth in the foregoing tables have been extracted from the financial statements set forth in Appendix E hereto and may differ from those set forth in the Report of the Airport Consultant (see Appendix A hereto) due to reclassifications, adjustments made to City records to conform to generally accepted accounting principles, exclusion of certain capital projects and other costs reimbursed or funded with federal grants or PFCs.

MANAGEMENT'S DISCUSSION OF FINANCIAL INFORMATION

Operating Revenues

Operating revenues are derived from four major sources: airlines, parking, concessions, and other. Airline revenues are realized through exclusive terminal space rentals, common use space rentals for baggage claim and terminal gate areas, and landing fees. Parking is the largest revenue source, with the balance of the operating revenues coming from rental cars, terminal concessions, cargo airline revenue and other miscellaneous items. Operating revenues have been steadily increasing over the last few years with the exception of Fiscal Year 2006, in which Independence Air, a low-cost carrier, ceased operations midway through the year causing airline revenues as well as parking, rental cars and other revenues to take a temporary decline. With the addition of JetBlue six months later and Air Tran approximately a year after that, operating revenues have again begun to increase. As shown in the "Schedule of Operating Revenues for the Fiscal Years Ended June 30" on the previous page, operating revenues increased from $13.0 million in Fiscal Year 2005 and, after falling in Fiscal Year 2006 to $11.8 million for the above-described reasons, rebounded to $13.8 million in Fiscal Year 2007.

Operating Expenses

Operating expenditures are divided into eight cost centers: administration, Jetport field, general aviation, fringe benefits, security, terminal, marketing and parking. In Fiscal Year 2006, operating expenses increased by approximately $1,800,000 due to an increase in the number of security officers assigned at the Jetport terminal, personnel upgrades, increases in health insurance and utilities costs and an increase in depreciation and amortization; otherwise, operating expenses have remained relatively flat over the past three years other than normal personnel and utility increases, rising from $15.6 million in Fiscal Year 2005 to $17.4 million in Fiscal Year 2006.

Non-Operating Revenues and Expenses

Non-operating revenues are comprised mainly of Passenger Facility Charges and interest earned on the Jetport's cash reserves. Non-operating expenses are comprised mainly of capital asset retirement, interest expense and amortization of bond issue costs. Non-operating revenues have been steadily increasing from $2.4 million in Fiscal Year 2005 to $2.9 million in Fiscal Year 2007, reflecting increasing interest income and the Jetport's rising enplanement numbers and, therefore, rising PFC revenue. Non-operating expenses have slowly increased, rising from $1.6 million in Fiscal Year 2005 to $1.9 million in Fiscal Year 2007, caused mainly by increasing interest expense.

Capital Contributions

Capital contributions are the federal funds received by the Jetport for Airport Improvement Program ("AIP") expenditures. These funds are used for a variety of purposes including the reconstruction and rehabilitation of the Jetport's main runway, security improvements, airfield lighting improvements, noise studies and the construction of a new general aviation apron. The Jetport normally receives $2-4 million dollars in capital contributions each year. Due to the high priority assigned to the runway rehabilitation project by the FAA, the Jetport received almost $16 million dollars in federal entitlement and discretionary contributions in Fiscal Year 2005.

Annual Budget

On May 19, 2008, the City Council approved the Jetport's Fiscal Year 2009 budget. This budget reflects approximately $14.9 million in Revenues and $10.5 million in M&O Expenses. While enplanements and airline rates and charges are expected to increase, total Revenues are budgeted to decrease from budgeted Fiscal Year 2008 levels by approximately 0.63% due to a projected 16.8% decrease in parking revenues caused by the loss of parking spaces during the parking garage construction. M&O Expenses are expected to increase approximately 2.2%, primarily due to increases in labor and vehicle and heating fuel costs. M&O Expenses have been reduced wherever possible to offset the projected decrease in Revenues.

Grants

Over the three-year period of Fiscal Year 2005 – Fiscal Year 2007, the Jetport received approximately $23.3 million in AIP grants which were used to pay for various CIP projects as described under the subheading "Capital Contributions" above.

In addition, the Jetport received approximately $680,000 in grants from the State of Maine which also contributed to the cost of AIP projects. The Jetport also currently receives funds from two grants to offset the cost of uniformed police officers providing security at the Jetport. The first grant was awarded by the State of Maine and is meant to offset the additional security costs caused when "Code Orange" level security is in effect. This grant provides approximately $138,000 per year to offset these costs. The second grant was awarded by the

TSA and offsets the cost of the two uniformed police officers specifically stationed to the Jetport's security checkpoint area, and provides approximately $57,000 per year.

REPORT OF THE AIRPORT CONSULTANT

The General Certificate requires that as a condition to the issuance and delivery of the Series 2008 Bonds, the City deliver to the Trustee, among other things, a certificate of the Airport Consultant that estimated Net Revenues for each Fiscal Year during the period commencing with (and including) the Fiscal Year in which the Series 2008 Bonds are issued and ending with (and including) the later of the fifth subsequent Fiscal Year or the third Fiscal Year following the date on which the Parking Garage Expansion Project is estimated to have been completed and placed in operation, (i) will equal or exceed an amount sufficient to satisfy the Rate Covenant, and (ii) will equal or exceed an amount sufficient to satisfy the Debt Service Coverage Ratio. The Certificate requires that, in order to satisfy the Debt Service Coverage Ratio, Net Revenues in a Fiscal Year must equal or exceed 125% of Required Debt Service Fund Deposits. As set forth in the Report of the Airport Consultant prepared by MAC Consulting, LLC (the "Airport Consultant") dated June 4, 2008 included herein as Appendix A (the "Report of the Airport Consultant"), Net Revenues for the period commencing July 1, 2008 and ending June 30, 2016 (the "Projection Period") are projected to be sufficient to satisfy the Debt Service Coverage Ratio in each Fiscal Year of the Projection Period. The Airport Consultant will separately certify to the Trustee that Net Revenues for the Projection Period are projected to be sufficient to satisfy the Rate Covenant in each Fiscal Year of the Projection Period.

The following table, which sets forth the projected Debt Service Coverage Ratio in each Fiscal Year of the Projection Period, has been extracted from the Report of the Airport Consultant. As shown, the Debt Service Coverage Ratio exceeds the 125% requirement of the Certificate.

Projected Debt Service Coverage Ratio

Fiscal Year	Net Revenues	Required Debt Service Fund Deposits	Debt Svc Coverage Ratio
2008	$5,112,723	$2,255,809	2.27
2009	$4,406,020	$2,255,119	1.95
2010	$6,078,617	$4,173,641	1.46
2011	$6,201,025	$4,174,275	1.49
2012	$6,283,550	$4,177,323	1.50
2013	$6,398,660	$4,171,323	1.53
2014	$6,549,098	$4,169,800	1.57
2015	$6,697,619	$4,174,325	1.60
2016	$6,845,981	$4,170,825	1.64

Source: Report of the Airport Consultant

The Report of the Airport Consultant also includes a sensitivity analysis taking into account certain unforeseen circumstances in the airline industry and how they might impact the Jetport. The sensitivity analysis set forth in the Report of the Airport Consultant examines the impact of the discontinuation of service by the two low-cost carriers which currently serve the Jetport. Under the sensitivity analysis, the estimated Debt Service Coverage ratio is projected to continue to exceed the 125% of Required Debt Service Fund Deposits during the projection period.

The Report of the Airport Consultant should be read in its entirety for a complete understanding of its forecasts and underlying assumptions. As noted in the Report of the Airport Consultant, any forecast is subject to uncertainties. Some of the assumptions used to develop the forecasts may not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material. See "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

PASSENGER FACILITY CHARGES

Under the Aviation Safety and Capacity Act of 1990 (the "PFC Act"), as modified by the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century ("AIR-21"), the FAA may authorize a public agency to impose PFCs of \$1.00, \$2.00, \$3.00, \$4.00 or \$4.50 on each qualifying passenger enplaned at any commercial service airport controlled by the public agency, subject to certain limitations. PFCs are available to airports to finance certain projects that (i) preserve or enhance capacity, safety or security of the national air transportation system, (ii) reduce noise resulting from an airport or (iii) furnish opportunities for enhanced competition among air carriers. An airport must apply to the FAA for the authority to impose a PFC and for the authority to use the PFCs collected for specific FAA approved projects and the airport may only impose the designated PFC until the authorized total amount is collected. Interest earnings on PFCs collected are included in the approved PFC collection amount. Under certain circumstances, the FAA will approve collection of PFCs ("impose only" approval) before approval to spend the PFCs on approved projects ("use" approval) is granted. Approval to both collect and spend PFCs is referred to as "impose and use" approval.

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The City began collecting a $3.00 PFC in February 1994 and is currently authorized to impose a $3.00 PFC until the estimated charge expiration date of September 1, 2012, with total PFC revenues of $35,579,763 approved for collection and use. The Jetport has, however, begun the process to increase its PFC from $3.00 per passenger to a requested $4.50 per passenger. The authorized collection amount is to be used for PFC approved projects contained in three separate PFC applications. A summary of the PFC applications approved by the FAA to date is provided in the table below.

Application	Initial Approved Collections	Amended Collections	Ammended Collection Approval	Initial Approved Use	Amended Use	Amended Use Approval	PFC Related Expenses as of 3/31/08	PFC Revenue as of 3/31/08
PFC #1	$12,233,751	($4,564,884)	$7,668,867	$11,983,751	($4,314,884)	$7,668,867	$7,611,415	$7,611,415
PFC #2	6,887,241	1,598,238	8,485,479	6,887,241	1,598,238	8,485,479	7,043,345	7,043,345
PFC #3	14,214,483	5,210,934	19,425,417	10,071,183	9,354,234	19,425,417	18,074,363	10,071,292
	$33,335,475	$2,244,288	$35,579,763	$28,942,175	$6,637,588	$35,579,763	$32,729,123	$24,726,052

As of March 31, 2008, the City had collected approximately $24.7 million in PFC revenues under the three applications and expended approximately $32.7 million for PFC eligible projects funded in part through PFC-supported lines of credit, as discussed under the heading “OUTSTANDING OBLIGATIONS AND OTHER JETPORT RELATED DEBT” above. The project costs that have not yet been funded with PFCs due to the difference in the timing of the PFC collection versus expenditures will be reimbursed once the PFCs are collected. If the amounts authorized to be collected have not been collected by the expiration dates, it is expected that the authorization to collect the PFCs will be extended.

Since the inception of the City’s PFC program, these funds have been used to fund various projects at the Jetport. These projects include a terminal expansion; the replacement, purchase, and/or installation of terminal equipment, a terminal ramp reconstruction, Jetport access road reconstruction and various planning projects. The City’s most recent PFC application (PFC #3 in the table above) was approved in November 2002. This application included the completion of the terminal canopy, a baggage claim area expansion; the acquisition of snow removal equipment; the acquisition of passenger boarding bridges and funding of the local share of project costs associated with the Runway 11/29 upgrade and relocation and associated taxiway improvements.

In addition to the projects listed above, PFC #3 provided for the funding of approximately $2.4 million of the project costs and approximately $600,000 in interest costs associated with certain projects related to the parking garage constructed in 2003 including all of the roadways and a portion of the utility relocation.

Although levied by the Jetport, PFCs are actually collected from airline passengers by the respective airline on behalf of the Jetport. In the process of collecting PFCs, each airline is entitled to and does commingle the collected PFCs with other airline funds as well as deduct carrier compensation of $0.11 per PFC collected. Airlines remit collected PFCs to the Jetport on a monthly basis.

Revenues do not include PFC Revenues. No assurance can be given that PFCs will actually be received in the amount or at the time contemplated by the Jetport. The amount of actual PFC Revenues collected, and the rate of collection, will vary depending on the actual levels of qualified passenger enplanements at the Jetport.

In addition, the FAA may terminate the Jetport's ability to impose PFCs, subject to informal and formal procedural safeguards, if (1) the Jetport fails to use its PFC Revenues for approved projects in accordance with the FAA's approval, the PFC Act or the regulations promulgated thereunder, or (2) the Jetport otherwise violates the PFC Act or provisions of the Airport Noise and Capacity Act of 1990 and its implementing regulations. Furthermore, no assurance can be given that the Jetport's authority to impose a PFC will not be terminated by Congress or the FAA, or that the PFC program will not be modified or restricted by Congress or the FAA so as to reduce PFC Revenues available to the Jetport.

FEDERAL GRANTS-IN-AID

The Airport and Airway Improvement Act of 1982 created the AIP, which is administered by the FAA and funded by the Airport and Airway Trust Fund. This fund is financed by federal aviation user taxes. Grants are available to airport operators in the form of "entitlement" funds and "discretionary" funds. Entitlement funds are apportioned annually based upon enplaned passengers and cargo landing weights and discretionary funds are available at the discretion of the FAA based upon a national priority system. Actual entitlement funds will vary with the actual number of passenger enplanements, with total appropriations for the AIP and with any revision of the existing statutory formula for calculating such funds.

The U.S. Department of Transportation (DOT) classifies airports as large, medium, small and non hubs according to their share of the total enplaned passengers in the United States. Large-hub airports enplane over 1.0%, medium-hub airports enplane between 0.25% and 0.9999%, small-hub airports enplane between 0.05% .2499% and non-hub airports enplane less than 0.05% of total enplaned passengers in the United States. Pursuant to the PFC Act and AIR-21, annual federal passenger entitlement grants to large- and medium-hub airports are reduced by 50% when a $3.00 PFC is imposed and reduced by 75% when a $4.50 PFC is imposed. Small- and non-hub airports are not required to reduce their passenger entitlement grants due to the collection of any PFC amount. As a result of the Jetport's small hub classification by the DOT, the City is not required to reduce any federal passenger entitlement grants when collecting either the current $3.00 PFC or the anticipated $4.50 PFC.

For federal fiscal years 2003, 2004, 2005 and 2006, the total amount appropriated for all airports was $3.23 billion, $3.47 billion, $3.54 billion, and $3.53 billion, respectively. For information concerning AIP grants received by the Jetport, see "MANAGEMENT'S DISCUSSION OF FINANCIAL INFORMATION – Capital Contributions" and " – Grants" above.

FAA authorization and the funding of the Airport and Airway Trust Fund (the primary source of AIP funding) expired on September 30, 2007. The FAA is currently operating under a short term extension of "Vision 100 – Century of Aviation Reauthorization Act" (Public Law 108-176) which covered federal fiscal years 2004 through 2007. A new four year FAA authorization is pending before Congress. No assurance can be given that such pending authorization will be enacted or that, if enacted, it will not vary materially from prior authorization and funding law.

No assurance can be given that federal grants-in-aid will actually be received in any amount or at any time contemplated by the Jetport.

FACTORS AFFECTING JETPORT OPERATIONS AND REVENUES

General

The principal of and interest on the Bonds is payable pursuant to the Certificate solely from the Revenues, Funds and Accounts pledged as security for the Bonds, subject to the prior payment of M&O Expenses. Receipt of Revenues in amounts sufficient to make timely payment of M&O Expenses and principal of and interest on the Bonds is dependent upon a number of factors affecting the business of air transportation.

In considering the matters set forth in this Official Statement, prospective investors should carefully review all investment considerations set forth throughout this Official Statement, and should specifically consider certain risks associated with the Series 2008 Bonds. There follows a discussion of some, but not necessarily all, of the possible considerations and risks which should be carefully evaluated by prospective purchasers of the Series 2008 Bonds prior to purchasing any Series 2008 Bonds. The Series 2008 Bonds may not be suitable investments for all persons. Prospective purchasers should be able to evaluate the risks and merits of any investment in the Series 2008 Bonds and should confer with their own legal and financial advisors before considering a purchase of the Series 2008 Bonds.

General Factors Affecting the Airline Industry

General Factors Affecting Air Carrier Revenues. The airline industry is highly cyclical and is characterized by intense competition, high operating and capital costs, and varying demand. Passenger and cargo volumes are sensitive to general and local economic trends, and passenger traffic can fluctuate with seasonal travel patterns. The profitability of the airline industry can change dramatically from quarter to quarter and from year to year, even in the absence of catastrophic events such as the events of September 11, 2001.

The revenues of both the Jetport and the airlines serving the Jetport can be materially affected by many factors including demand for air travel; airline bankruptcies and the application of federal and state bankruptcy and insolvency laws; airline service and cost competition; mergers, acquisitions, and closures; the price of air travel; the availability and cost of fuel; high fixed costs; high capital requirements; the cost and availability of financing; technological changes; national and international disasters and hostilities; the cost and availability of employees; strikes and other employee disruptions; the maintenance and replacement requirements of aircraft; the availability of routes and slots at various airports; congestion in the federal air traffic control system and at connecting hub airports; litigation liability; federal regulation; environmental risks and regulations; noise abatement concerns and regulation; and other risks.

General Factors Affecting Airline Activity. Numerous factors affect air traffic, generally, and air traffic at the Jetport, specifically. Demand for air travel is influenced by factors such as population; levels of disposable income; the nature, level and concentration of industrial and commercial activity in the service area; and the cost of air travel. The cost of air travel is, in turn, affected by the number of airlines serving the Jetport and its principal O&D markets and the financial condition, cost structure, and hubbing strategies of the airlines serving the Jetport. The financial strength and stability of airlines serving the Jetport are key determinants of future airline service and traffic. In addition, individual airline decisions regarding level of service at the Jetport will affect total enplanements. No assurance can be given as to the levels of aviation activity that will be achieved by the Jetport. There is no assurance that the Jetport, despite a demonstrated level of airline service and operations, will continue to maintain such levels in the future.

Airline Agreements

Revenues may be affected by the ability of the Signatory Airlines, individually and collectively, to meet their respective obligations under the Airline Agreements. Pursuant to the Airline Agreements between the City and each of the Signatory Airlines, each Signatory Airline agrees to pay rentals, fees and charges for its use of the Jetport. The current Airline Agreements will expire no later than December 31, 2009. The City anticipates that it will renegotiate the Airline Agreements prior to their expiration and intends to enter into new agreements. No assurance can be given concerning the outcome of any such negotiations or the content of any new airline agreements with the airlines utilizing the Jetport. Any reduction in Revenues or change in the manner of assessing rentals, fees and charges could have an adverse impact on the timely payment of principal of or interest on the Series 2008 Bonds. As the Series 2008 Bonds are being issued to finance construction of parking facilities, debt service on these bonds is not allocable to the Signatory Airlines. See "AIRLINE AND OTHER REVENUE PRODUCING AGREEMENTS."

Effect of Bankruptcy on Airline Agreements

The profitability of the airline industry has varied significantly in recent years. As a result, many air carriers have declared or have been threatened with bankruptcy. In the event of bankruptcy proceedings involving one or more of the Signatory Airlines, the debtor airline or its bankruptcy trustee must determine within a time period determined by the bankruptcy court whether to assume or reject the applicable Airline Agreement. In the event of assumption, the debtor would be required to cure any prior default and to provide adequate assurance of future performance under the relevant agreement. Rejection of an Airline Agreement by any of such airlines would give rise to an unsecured claim of the City for damages, the amount of which may be limited by the Bankruptcy Code.

Financial Condition and Bankruptcy of Certain Airlines

The financial strength and stability of the airlines using the Jetport, together with numerous other factors, influence the level of aviation activity at the Jetport and the Revenues of the Jetport. Since September 11, 2001, substantially all domestic airlines have been downgraded by the rating agencies, a number of them have declared Chapter 11 bankruptcy, including

United, U.S. Airways, Delta, Northwest, ATA, Air Canada and Independence Air, and many airlines have implemented service reductions and layoffs of employees in response to a reduction in passenger demand. Record fuel prices and the financial circumstances of the airline industry have led to a new round of bankruptcies among smaller carriers in the last several months, including ATA Airlines, Skybus, Aloha Airgroup and Frontier Airlines.

Delta Air Lines and Northwest Airlines announced on April 14, 2008 an agreement in which the two carriers will combine in an all-stock transaction. The new airline will be called Delta. This merger is subject to governmental approvals. Delta and Delta affiliates accounted for 170,633 enplanements and Northwest and Northwest affiliates 52,938 enplanements, respectively, representing 21.8% and 6.8%, respectively of all enplanements at the Jetport for the Fiscal Year ended June 30, 2007.

The merger of Delta and Northwest and any other mergers may result in a decrease in gate utilization by an airline. It is not possible to predict the impact on gate usage as a result of potential airline consolidation at this time.

General Information Concerning the Airlines

Many of the airlines serving the Jetport, or their respective parent corporations, registered on a national exchange are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith file reports and other information with the Securities and Exchange Commission (the "SEC"). Certain information, including financial information, concerning such airlines, or their respective parent corporations, is disclosed in certain reports and statements filed with the SEC. Such reports and statements can be inspected and copies at the public reference facilities maintained by the SEC at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the following Regional Offices of the SEC: Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511, and Seven World Trade Center, 13th Floor, New York, New York 10048. Copies of such material can also be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 upon payment of prescribed rates. The SEC maintains a web site at http://www.sec.gov containing reports, proxy statements and other information regarding registrants that file electronically with the SEC. In addition, reports, proxy statements and other information concerning airlines whose stock or whose parent's stock is traded on the New York Stock Exchange may be inspected and copied at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. In addition, each airline is required to file periodic reports of financial and operation statistics with the DOT. Such reports can be inspected at the DOT's Office of Aviation Information Management, Data Requirements and Public Records Division, Research and Special Programs Administration, Department of Transportation, 400 Seventh Street, S.W., Washington, D.C. 20590.

The City makes no representation as to the financial condition of any airline serving the Jetport.

Concession Revenues

Revenues from concessions at the Jetport are provided principally from parking, rental car and terminal retail operations, including restaurant, news and advertising. Because concessions primarily serve airline passengers, Revenues from concessions are affected by many of the factors that impact airlines.

Economic Conditions in the Jetport's Air Trade Area

For a review of the economic conditions in the Jetport's air trade area, see Chapter 1 of the REPORT OF THE AIRPORT CONSULTANT included in Appendix A.

Government Regulation

Environmental Regulation. The FAA has jurisdiction over flying operations generally, including personnel, aircraft, ground facilities and other technical matters, as well as certain environmental matters. All aircraft using the Jetport comply with the noise control requirements of the Airport Noise and Capacity Act of 1990.

In addition, under the Clean Air Act of 1970, the Environmental Protection Agency was given authority to promulgate aircraft emission standards. Consequently, the potential for additional regulation exists.

Airport Security. On November 19, 2001, the Aviation and Transportation Security Act (the "Aviation Security Act") was enacted into law. The Aviation Security Act provided, among other things, for the establishment of the TSA. Under the Aviation Security Act, the provision of airport security is administered by the federal government through TSA. The Aviation Security Act also permits the deployment of air marshals on all flights and requires deployment of air marshals on all "high risk" flights. The airlines provide a portion of the cost of the federal security service. The Aviation Security Act also provides for a passenger fee of $2.50 for each flight segment, not to exceed $5.00 per one-way trip, which is to be used by the federal government to help defray the cost of the TSA.

In addition, like many other airport operators, the Jetport experienced increased operating costs due to compliance with federally mandated and other security and operating requirements. The airlines and the federal government are primarily responsible for, and will bear most of the costs associated with, implementing the new security measures. However, the Aviation Security Act did require that sufficient explosive detection systems ("EDS") be deployed at airports in the United States to screen all checked baggage. EDS equipment purchased by the federal government has been installed at the Jetport. In some cases this EDS equipment necessitated structural modifications to terminal buildings and substantially all of the cost of those modifications and the installation was borne by the TSA. The design and installation associated with the EDS requirement did result in some modest increase in cost in the CIP. The Jetport continues to follow and implement security initiatives based on the policy and guidelines established by the TSA. The Jetport is currently in compliance with all federally mandated security requirements.

In addition to costs relating to installation of the new EDS, the Jetport's operating costs have increased because of the procedures mandated under "Code Orange" (high) and "Code Red" (severe) national threat levels declared by the Department of Homeland Security.

Report of the Airport Consultant

As noted in the Report of the Airport Consultant, any forecast is subject to uncertainties. Inevitably, some assumptions used to develop the forecasts may not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material. See "REPORT OF THE AIRPORT CONSULTANT" in Appendix A hereto.

Limitations on Remedies

The Series 2008 Bonds are not subject to acceleration under any circumstances or for any reason, including without limitation on the occurrence or continuance of any Event of Default. Upon the occurrence or continuation of an Event of Default, the City would be liable only for principal and interest payments on the Series 2008 Bonds as they come due. In addition, the Series 2008 Bonds are payable solely from Revenues. Under certain circumstances, holders of the Series 2008 Bonds may not be able to pursue certain remedies or enforce covenants contained in the General Certificate.

The remedies available to the holders of the Series 2008 Bonds upon an Event of Default are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the federal bankruptcy code), the remedies specified by the General Certificate and the Series 2008 Bonds may not be readily available or may be limited.

LITIGATION AND PROCEEDINGS

There is no litigation pending or threatened which seeks to restrain or enjoin the sale, execution, issuance or delivery of the Series 2008 Bonds or in any way contests the validity of the Series 2008 Bonds or any proceedings of the City taken with respect to the authorization, sale, execution, issuance or delivery of the Series 2008 Bonds or the pledge or application of any moneys provided to pay, or to secure the payment of, debt service on the Series 2008 Bonds when due in accordance with the Certificate. The City is involved in various lawsuits arising in the ordinary course of operations of the Jetport. Although the outcome of all existing claims is not presently determinable, the City estimates that the outcome of these matters (taking into account existing accruals for probable losses for such claims and insurance coverage) will not materially affect the financial position of the Jetport or the City's ability to pay debt service on the Series 2008 Bonds.

TAX MATTERS

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Series 2008 Bonds in order that interest on the Series 2008 Bonds be and remain excluded from gross income pursuant to section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use, investment and expenditure of bond proceeds and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause interest on the Series 2008 Bonds to become subject to federal income taxation retroactive to the date of issuance of the Series 2008 Bonds, regardless of when such noncompliance occurs or is ascertained.

The Arbitrage and Use of Proceeds Certificate of the City, which will be delivered concurrently with the delivery of the Series 2008 Bonds, will contain provisions and procedures regarding compliance with the requirements of the Code. The City, in executing its Arbitrage and Use of Proceeds Certificate, will covenant to comply with the provisions and procedures set forth therein and to do and perform all acts and things necessary or desirable in order to assure that interest paid on the Series 2008 Bonds will be excluded from gross income under section 103 of the Code.

Pierce Atwood, LLP, Bond Counsel to the City, is of the opinion that, under existing statutes and court decisions and assuming that the City complies with the covenants set forth in its Arbitrage and Use of Proceeds Certificate, interest on the Series 2008 Bonds will be excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. In addition, such interest will not, under the Code, be treated as a preference item in calculating the alternative minimum taxable income of individuals or corporations. Such interest, however, is included in “adjusted current earnings” for purposes of computing the alternative minimum tax that may be imposed on corporations.

In the opinion of Bond Counsel, under existing statutes, regulations and court decisions, interest on the Series 2008 Bonds is exempt from taxation within the State of Maine. Bond Counsel will express no other opinion as to any tax consequences of holding the Series 2008 Bonds.

Prospective purchasers of the Series 2008 Bonds should be aware that ownership of governmental obligations, such as the Series 2008 Bonds, may have collateral federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise eligible for the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences from the ownership of the Series 2008 Bonds. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

Legislation affecting governmental obligations, such as the Series 2008 Bonds, is continuously being considered by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Series 2008 Bonds will not have an adverse effect on the tax exempt status or market price of the Series 2008 Bonds.

Original Issue Discount. In the opinion of Bond Counsel, under existing law, the original issue discount, if any, in the selling price of each Series 2008 Bond, to the extent properly allocable to each owner of such Series 2008 Bond, is excludable from gross income for federal income tax purposes with respect to such owner. The original issue discount is the excess of the stated redemption price at maturity of such Series 2008 Bond over its initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the Series 2008 Bonds of such maturity were sold.

Under Section 1288 of the Internal Revenue Code of 1986, as amended, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a bond during any accrual period generally equals (i) the issue price of such bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (iii) any interest payable on such bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in such bond.

The foregoing discussion assumes that all interest payments made on the Series 2008 Bonds are "qualified stated interest payments" as defined in Treasury Regulations Sections 1.1273-1(c)(1)(i) or 1.1275-5(e), as applicable. If interest payments are not "qualified stated interest payments," then such payments must be included in the stated redemption price at maturity, for the purpose of calculating original issue discount, and will be accrued as part of the original issue discount.

Purchasers of any Series 2008 Bond at an original issue discount should consult their tax advisors regarding the determination and treatment of original issue discount for federal income tax purposes, and with respect to state and local tax consequences of owning such Bonds.

Original Issue Premium. An amount equal to the excess of the purchase price of a Series 2008 Bond over its stated redemption price at maturity constitutes premium on such Bond. A purchaser of a Bond must amortize any premium over such Bond's term using constant yield principles, based on the Bond's yield to maturity. As premium is amortized, the purchaser's basis in such Bond and the amount of tax-exempt interest received with respect to any Bond will be reduced by the amount of amortizable premium properly allocable to such purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of such Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any Series 2008 Bond at a premium, whether at the time of initial issuance or subsequent thereto, should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes, and with respect to state and local tax consequences of owning such Bonds.

CONTINUING DISCLOSURE

In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, the City will deliver its Continuing Disclosure Certificate with respect to the Series 2008 Bonds for the benefit of the beneficial owners of the Series 2008 Bonds, substantially in the form attached as Appendix D to this Official Statement (the

"Continuing Disclosure Certificate"), pursuant to which the City will agree to provide, or cause to be provided, (i) certain annual financial information and operating data, (ii) timely notice of the occurrence of certain material events with respect to the Series 2008 Bonds and (iii) timely notice of a failure by the City to provide the required annual financial information on or before the date specified in the Continuing Disclosure Certificate. The obligation of the Underwriter (as defined herein) to purchase the Series 2008 Bonds is conditioned upon their receiving, at or prior to the delivery of the Series 2008 Bonds, an executed copy of the Continuing Disclosure Certificate. The City has delivered continuing disclosure undertakings with respect to other debt of the City and to date has complied in all material respects with such undertakings.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc. ("S&P"), will assign ratings of "Aaa" and "AAA," respectively, to the Series 2008 Bonds based on the issuance of the Policy by the Insurer. In addition, Moody's and S&P have assigned underlying ratings of "A3" and "BBB+" to the Series 2008 Bonds based solely on their respective evaluations of the Series 2008 Bonds without giving effect to the Policy. Such ratings express only the views of each such rating agency. Certain information and materials were furnished to such rating agencies to be considered in evaluating the Series 2008 Bonds. Any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of such rating agency, circumstances so warrant. Any such change in or withdrawal of such rating could have an adverse effect on the market price of the Series 2008 Bonds. The ratings are not recommendations to buy, sell or hold the Series 2008 Bonds.

FINANCIAL STATEMENTS

Included herein as Appendix E hereto are the audited financial statements of the Jetport as of, and for the years ended, June 30, 2007 and June 30, 2006, together with the report thereon dated November 9, 2007 of Runyon Kersteen Ouellette, Certified Public Accountants. The financial statements as of June 30, 2007 and for the year then ended, included in Appendix E hereto, have been audited by Runyon Kersteen Ouellette as stated in their report appearing in Appendix E. The City has not requested the consent of Runyon Kersteen Ouellette for the inclusion of the financial statements in Appendix E, nor has it been received.

FINANCIAL ADVISOR

Moors & Cabot, Inc. has served as financial advisor to the City in connection with the issuance of the Series 2008 Bonds. In accordance with applicable law, Moors & Cabot, Inc. will not purchase any portion of the Series 2008 Bonds. Moors & Cabot, Inc. is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for, the accuracy, completeness or fairness of the information contained in this Official Statement including the Appendices hereto.

AIRPORT CONSULTANT

Information provided by MAC Consulting, LLC in its Report of the Airport Consultant included in this Official Statement as Appendix A is based on the City's reliance on MAC Consulting, LLC's knowledge and expertise in the area of airport feasibility studies.

UNDERWRITING

The Series 2008 Bonds are being purchased by J.P. Morgan Securities Inc. (the “Underwriter”). The Underwriter has agreed to purchase the Series 2008 Bonds at a price of $25,867,197.42, which purchase price reflects an Underwriter’s discount of $160,133.33 from the initial public offering prices of the Series 2008 Bonds and a net original issue discount of $392,669.25. The purchase contract relating to the Series 2008 Bonds provides that the Underwriter will purchase all of the Series 2008 Bonds, if any Series 2008 Bonds are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the purchase contract. The initial public offering prices may be changed, from time to time, by the Underwriter. The Underwriter may offer and sell the Series 2008 Bonds to certain dealers (including dealers depositing Series 2008 Bonds into unit investment trusts, certain of which may be sponsored or managed by the Underwriter) and others at prices lower than the public offering prices stated on the inside front cover page hereof.

MISCELLANEOUS

Any statement in this Official Statement setting forth any opinion or estimate, whether or not expressly so stated, is intended as such and not as a representation of fact. No representation is made that any such statement will be realized. The information, estimates and assumptions and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale made pursuant to this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the Jetport since the date of this Official Statement, except as expressly stated.

The execution and distribution of this Official Statement has been duly authorized by the City Council of the City.

CITY OF PORTLAND, MAINE

By: /s/Duane G. Kline
Duane G. Kline
Director of Finance

Dated June 12, 2008

CITY OF PORTLAND, MAINE
GENERAL AIRPORT REVENUE BONDS, SERIES 2008

REPORT OF THE AIRPORT CONSULTANT

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June 4, 2008

Mr. Duane G. Kline
Director of Finance
City of Portland
389 Congress Street
Portland, Maine 04101

Re: City of Portland, Maine
General Airport Revenue Bonds (Series 2008)
Appendix A: Report of the Airport Consultant

Dear Mr. Kline:

This report sets forth findings, assumptions, and projections of air traffic and financial analyses performed by MAC Consulting, LLC (MAC) and its subconsultant Innova Aviation Consulting, LLC (Innova) in conjunction with the planned issuance by the City of Portland (City) of its $26,090,000 General Airport Revenue Bonds, Series 2008 (Series 2008 Bonds) for the Portland International Jetport (Jetport). This report is intended for inclusion in the Official Statement for the Series 2008 Bonds as Appendix A: Report of the Airport Consultant.

In 2007, the Jetport, in conjunction with Coffman Associates, Inc., completed the Airport Master Plan (Master Plan). One of the principal projects included in the Master Plan's capital improvement program (CIP) is the expansion of the existing parking garage (Parking Garage Expansion) at the Jetport. On June 18, 2007, the City authorized the issuance of the Series 2008 Bonds to finance the Parking Garage Expansion. On January 15, 2008, the Jetport received bids on the construction of the Parking Garage Expansion of which the low bid of approximately $18.5 million was awarded to Ledgewood Construction on February 15, 2008. The proceeds of the Series 2008 Bonds will be used to pay for the construction of the Parking Garage Expansion, reimburse the Jetport for design and administrative costs, allow for construction contingencies, and fund capitalized interest, a debt service reserve, and costs of issuance of the Series 2008 Bonds. The Parking Garage Expansion is expected to be substantially complete by January 2009.

On the basis of the assumptions and analyses described in this report, MAC is of the opinion that Net Revenues during the projection period will be adequate to meet, as well as exceed, the City's rate covenant requirements set forth in Section 705(a) of the General Certificate, dated as of July 1, 2003 (the General Certificate). The General Certificate will be supplemented by a Second Supplemental Certificate authorizing the Series 2008 Bonds delivered on behalf of the

City as of June 1, 2008 (the Supplemental Certificate and, together with the General Certificate, the Certificate). In addition, debt service on the Series 2008 Bonds will not require rates and charges to users that are unreasonable when compared to other airports undertaking similar capital improvement programs. Additional findings of these analyses include the following:

Economic Base

- The economic base of the Jetport's Air Trade Area is strong and diversified and should continue to generate sustained growth in the demand for air transportation services.

- From 2000 through 2006, the growth rate in the Air Trade Area's economy was equivalent to the growth rate experienced throughout Maine and outpaced the nation as a whole and is expected to exceed the growth projected for Maine's economy but to lag behind the U.S. economy through 2015.

- The population growth rate in the Air Trade Area was greater than that of the State of Maine but less than that of the nation between 1990 and 2007. The population growth rate in the Air Trade Area is projected to outpace the Maine rate but remain slightly behind that of the nation through 2015.

- Per capita income in the Air Trade Area increased between 2000 and 2006. Per capita income for the Air Trade Area is projected to grow at a compound annual growth rate of 1.3%, which is equivalent to that of Maine but slightly greater than the projected growth rate of the nation between 2006 and 2015.

- The Air Trade Area maintained unemployment rates consistently below the nation between 1995 and 2007. The majority of the major industry classifications for nonagricultural employment in the Air Trade Area experienced positive growth between 2000 and 2006, with the highest growth in employment occurring in the services sector.

- The Air Trade Area offers a variety of cultural, recreational, and educational resources and activities.

Air Traffic

- Origin and destination (O&D) passenger traffic represented 99% of the traffic at the Jetport in 2007. The O&D nature of the Jetport indicates that its traffic is influenced more by local demand for air transportation of the Air Trade Area served rather than by individual carrier decisions regarding hub and service patterns in support of connecting activity.

- As of May 2008, the Jetport had scheduled passenger service provided by two low-cost carriers, 10 regional affiliates of five legacy carriers, and four all-cargo carriers. The market for passenger traffic at the Jetport is competitive as no one airline (including code-share partners) has more than a 26% share of passengers through fiscal year-to-date April 30, 2008. US Airways Express is the largest airline at the Jetport with an enplaned passenger market share of 26.0%. Delta Connection and JetBlue, the second and third largest airlines at the Jetport, have enplaned passenger market shares of 17.4% and 17.0%, respectively.

- Ten markets are served from the Jetport on a non-stop basis. Eight of the 27 largest O&D markets at the Jetport have non-stop service, three of them by multiple airlines. The other two non-stop markets served from the Jetport are Cincinnati and Cleveland, hubs of Delta Air Lines and Continental Airlines, respectively, where a variety of connecting flights are available. Three markets are served by low-cost airlines.

- Since 1998, enplanements at the Jetport have increased at a compound annual growth rate of 2.5% as a result of growth in the Air Trade Area as well as the existence and expansion of competitive airline service at the Jetport available at reasonable fares. From FY 2002 to FY 2007, enplaned passengers have grown considerably faster at a compound annual growth rate of 5.1%. The introduction of low-cost carrier service at the Jetport over the last two years has increased seat capacity and lowered fares at the Jetport, which has accommodated additional demand. The level of enplaned passengers experienced in FY 2007 is the highest in Jetport history.

- Enplanements are forecast to increase from 781,185 in 2007 to approximately 1.1 million in FY 2016, reflecting a compound annual growth rate of 3.6% from FY 2007 to FY 2016. While enplanements have grown much faster than 3.6% per year over the past five years, as low-cost carriers have added capacity and caused average fares to decrease at the Jetport, these higher rates of growth are not forecast to continue throughout the forecast period.

Financial Analyses

- The Parking Garage Expansion is financially feasible and will provide facilities that will alleviate parking constraints at the Jetport.

- The Airline Agreements for the Signatory Airlines each had an original expiration date of December 31, 2006. In fall 2006, the Signatory Airlines and the Jetport agreed to extend the term of the Airline Agreements until December 31, 2009. Prior to the new expiration date, the Jetport intends on negotiating a new airline agreement with the airlines. It is the intent of the Jetport to include in this new airline agreement approval to fund the cost of the construction of the expanded terminal. If the Airline Agreements expire and new agreements are not signed, the City has the legal authority to set rates. Since this analysis does not include the financial impact of the construction of the expanded terminal, the current methodologies outlined in the Airline Agreements are assumed to remain in place throughout the projection period.

- From FY 2002 to FY 2007, garage and surface lot parking revenue increased at a compound annual growth rate of approximately 21.5% compared to enplanement growth of 5.1% for the same time period. This significant increase in garage and surface lot parking revenue is primarily due to enplanement growth, daily parking rate increases, and an increase in parking capacity. In addition to garage and surface lot parking revenue, the parking cost center also includes parking revenues related to the rental cars and the employee lot. Total parking revenues are projected to increase from $5.5 million in FY 2007 to $7.6 million in 2016, reflecting a compound annual growth rate of 3.5%.

- On a per enplanement basis, total Signatory Airline rentals, fees, and charges range from $5.80 in FY 2010 to $6.16 in FY 2009.

- The Debt Service Coverage Ratio of 125% (Net Revenues divided by Required Debt Service Fund Deposits) required by Section 705(a) of the General Certificate is exceeded in each year ranging from a minimum of 1.46 times in FY 2010, the first full year of debt service related to the Series 2008 Bonds, to 1.64 times in FY 2016.

- A sensitivity analysis was prepared to determine the impact of the discontinuation of service by the two low-cost carriers at the Jetport on the Debt Service Coverage Ratio. Even under this sensitivity, the estimated Debt Service Coverage Ratio exceeds the 125% required under the General Certificate during the projection period presented in this report.

In addition to the Parking Garage Expansion, the Master Plan describes the need for a terminal and apron expansion at the Jetport. As a result, the City has selected architects to begin the design of Phase 1 of the expanded terminal building and surrounding apron area. Currently, the first phase of this project is scheduled for substantial completion by fall 2010. However, the actual decision to proceed with construction of this facility will be based on the Jetport maintaining demand levels. At this time, it is assumed that the funding for this terminal expansion project will be provided primarily by bonds supported by passenger facility charges (PFCs) and additional general airport revenue bonds. Since the design process for the terminal expansion project has just begun and the details of the building have not yet been developed, the financial impacts of this project to the Jetport are not included in this analysis.

The projections present the expected financial results of the Jetport for the FY 2008 through FY 2016 period. The projections are based on information and assumptions reflecting expected conditions and the course of action that management expects to take during the projection period. MAC has relied upon the Jetport for representations about its plans and expectations and for disclosure of significant information that might affect the realization of projected results. Representatives of the Jetport have reviewed the assumptions and concur that they provide a reasonable and appropriate basis for the projections.

The assumptions and estimates underlying the projections are inherently subject to change and, though considered reasonable when taken as a whole as of this date, are subject to a wide variety of business, economic, and competitive risks and uncertainties that could cause actual results to vary materially from forecast results. Accordingly, there can be no assurance that assumptions will be realized, that unanticipated events and circumstances will not occur, and that actual results will not be materially higher or lower than projected results.

The Report of the Airport Consultant should be read in its entirety for an understanding of the assumptions, limiting conditions, and rationale underlying the financial projections. MAC has no responsibility to update this report for events and circumstances occurring after the date of the report. Except as defined otherwise, the capitalized terms used in this report are as defined in the Certificate and/or the Airline Agreement.

Sincerely,

MAC Consulting, LLC

MAC Consulting, LLC

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TABLE OF CONTENTS

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LIST OF FIGURES

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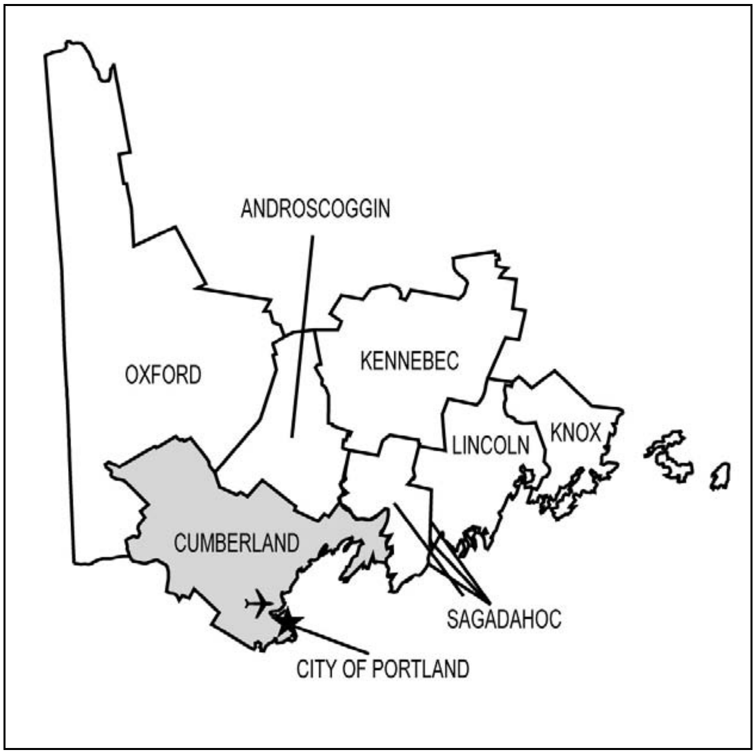
1. ECONOMIC BASE FOR AIR TRANSPORTATION

The demand for air transportation is, to a large degree, dependent upon the demographic and economic characteristics of the geographical area served by an airport (i.e., the air trade area). This relationship is particularly true for origin and destination (O&D) passenger traffic which, in 2007 constituted 99% of the traffic at the Jetport. This high O&D percentage indicates that the major portion of demand for air travel at the Jetport is influenced more by local characteristics of the area served than by individual carrier decisions regarding hub and service patterns in support of connecting activity. This chapter presents data indicating the Jetport's air trade area has an economic base capable of supporting increased air travel demand at the Jetport during the projection period.

1.1. AIR TRADE AREA

The borders of an air trade area are influenced by the location of other metropolitan areas and their associated commercial airport facilities, discussed in greater detail in the following chapter of this report. For purposes of these analyses, the Jetport's air trade area (Air Trade Area) is best represented by the counties in which the majority of the Jetport's originating passengers reside and where comparable alternative facilities are not available within a driving distance of less than 90 miles. As a result, the Air Trade Area comprises the following seven counties in Maine: Androscoggin, Cumberland, Kennebec, Knox, Lincoln, Oxford, and Sagadahoc. It is the economic strength of these counties that provide the primary base for supporting air transportation at the Jetport. As a result, socioeconomic data for these counties were analyzed in conjunction with socioeconomic data for the State of Maine and the United States. **Figure 1-1** graphically presents the Jetport's Air Trade Area.

Figure 1-1
Air Trade Area



1.2. STATUS OF THE ECONOMY

Table 1-1 presents a comparison of the Air Trade Area's Gross Regional Product (GRP), Maine's Gross State Product (GSP), and the United States' Gross Domestic Product (GDP)[1]. From 2000 to 2006, the growth rate in the Air Trade Area's economic output was equivalent to the growth rate experienced throughout Maine and outpaced the nation as a whole. Overall, the compound annual growth rate from 2000 to 2006 was 2.9% for the Air Trade Area's GRP and Maine's GSP compared to 2.5% for the U.S. GDP.

[1] GRP, GSP, and GDP measure the market value of goods and services produced in the Air Trade Area, Maine, and the U.S., respectively.

Table 1-1
Historical and Projected GRP, GSP, and GDP

	GRP (in millions)		GSP (in millions)		GDP (in billions)	
Year	Air Trade Area	% Change	Maine	% Change	United States	% Change
Historical						
2000	$22,805	--	$38,518	--	$10,565	--
2001	$23,433	2.8%	$39,413	2.3%	$10,677	1.1%
2002	$24,151	3.1%	$40,427	2.6%	$10,884	1.9%
2003	$24,611	1.9%	$41,208	1.9%	$11,172	2.7%
2004	$25,754	4.6%	$43,131	4.7%	$11,634	4.1%
2005	$25,961	0.8%	$43,649	1.2%	$12,027	3.4%
2006	$27,112	4.4%	$45,623	4.5%	$12,285	2.2%
Projected						
2015	$32,722		$54,675		$15,088	
Compound Annual Growth Rate						
2000-2006	2.9%		2.9%		2.5%	
2006-2015	2.1%		2.0%		2.3%	

Sources: Woods & Poole Economics, Inc., *The 2007 Complete Economic and Demographic Data Source*, presented in 2004 dollars.
Compiled by MAC Consulting, LLC

The table also presents projected GRP, GSP, and GDP for 2015. As shown, the Air Trade Area's GRP is predicted to increase at a compound annual growth rate of 2.1% while Maine's GSP is projected to increase at a compound annual growth rate of 2.0% and the nation's GDP is projected to increase at a compound annual growth rate of 2.3% through the projection period. As shown in these longer-term projections, economic growth is expected to continue in each of the areas examined but at slower rates than experienced historically; however, economists' views of near-term projections are mixed.

1.3. POPULATION

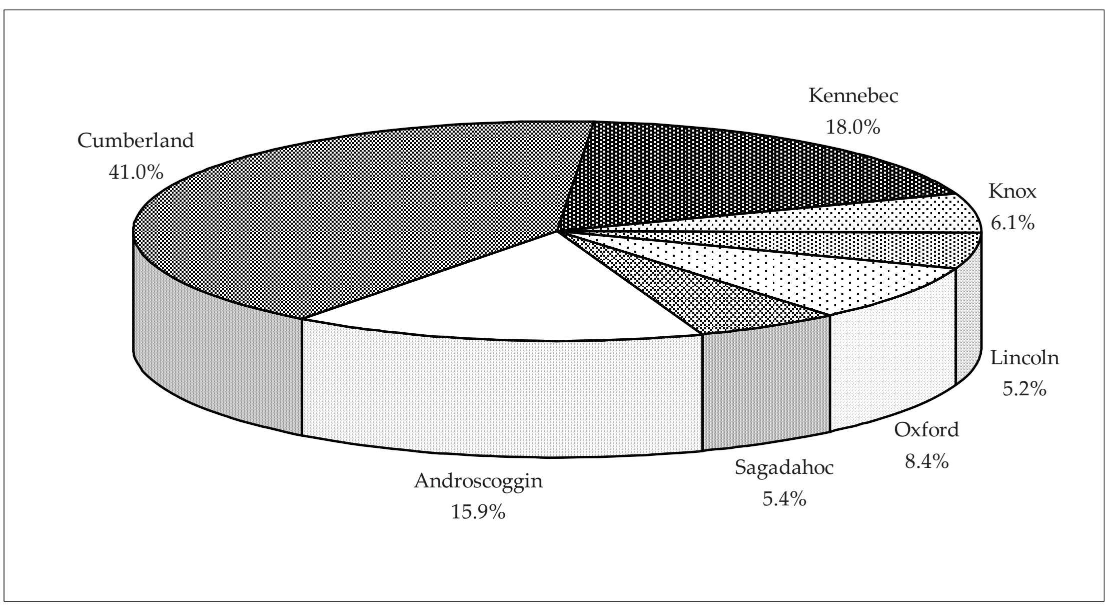
The historical population of the Air Trade Area, the State of Maine, and the United States is presented in **Table 1-2.** As shown, population in the Air Trade Area increased at a compound annual growth rate of 0.5% between 1990 and 2007, compared to 0.4% for the State of Maine and 1.1% for the U.S. during the same time period. As shown in **Figure 1-2**, the largest concentration of population within the Air Trade Area was in Cumberland County (41.0%), the county in which the Jetport is located. In addition, the population of the Air Trade Area accounted for 51.0% of Maine's total population in 2007.

Table 1-2
Historical and Projected Population

	Historical			Projected	Compound Annual Growth Rate Historical	Compound Annual Growth Rate Projected
	CY 1990	CY 2000	CY 2007	CY 2015	1990-2007	2007-2015
Androscoggin	105,259	103,793	106,815	111,865	0.1%	0.6%
Cumberland	243,135	265,612	275,374	294,808	0.7%	0.9%
Kennebec	115,904	117,114	120,839	124,990	0.2%	0.4%
Knox	36,310	39,618	40,781	45,695	0.7%	1.4%
Lincoln	30,357	33,616	34,800	38,379	0.8%	1.2%
Oxford	52,602	54,755	56,734	59,583	0.4%	0.6%
Sagadahoc	33,535	35,214	36,387	38,052	0.5%	0.6%
AIR TRADE AREA	617,102	649,722	671,730	713,372	0.5%	0.8%
State of Maine	1,227,928	1,274,923	1,317,207	1,395,053	0.4%	0.7%
United States	248,709,873	281,421,906	301,621,157	327,310,599	1.1%	1.0%

Sources: U.S. Department of Commerce, Bureau of the Census (1990, 2000, and 2007)
Woods & Poole Economics, Inc., *The 2007 Complete Economic and Demographic Data Source* (2015)
Compiled by MAC Consulting, LLC

Figure 1-2
Geographic Distribution of the Air Trade Area's CY 2007 Population



Source: U.S. Department of Commerce, Bureau of the Census
Compiled by MAC Consulting, LLC

Table 1-2 also shows projections of the population for the Air Trade Area, the State of Maine, and the U.S. for 2015. These projections are provided by Woods & Poole Economics, Inc.[2] and are based on a number of factors, including historical population growth from 1970 to the present, job prospects within the relevant geographic area, and projected population growth for the entire nation. Population in the Air Trade Area is expected to increase at a compound annual growth rate of 0.8% between 2007 and 2015, which is slightly greater than Maine's projected compound annual growth rate of 0.7% but less than the nation's projected compound annual growth rate of 1.0% during the same time period. However, the projected 0.9% compound annual growth of Cumberland County's population is higher than the Air Trade Area and State averages.

Through 2015, the largest concentration of the Air Trade Area's population is expected to remain in Cumberland County, indicating a significant population base surrounding the Jetport to support growth in aviation activity and air service.

1.4. INCOME

The demand for air travel increases as income increases, as consumers with higher income levels tend to travel by air more frequently. When comparing the various levels of income, the level of income in a particular area indicates the relative affluence of local residents. Changes in the level of income over time indicate changes in economic well being and reflect local economic and employment trends.

Table 1-3 presents per capita income for the Air Trade Area, Maine, and the U.S. for 2000 through 2006. As shown, per capita income for the Air Trade Area increased at a compound annual growth rate of 1.6% between 2000 and 2006, which is higher than Maine's and the nation's compound annual growth rates during this same time period. As with population in the Air Trade Area, personal income is also concentrated in the area surrounding the Jetport. In 2006, Cumberland County accounted for 46.4% of the Air Trade Area's personal income. The Air Trade Area's total personal income accounts for approximately 54.5% of Maine's total personal income.

[2] Woods & Poole Economics, Inc. is a nationally recognized independent firm that specializes in long-term economic and demographic projections.

Table 1-3
Per Capita Income

CY	Per Capita Income Air Trade Area	 Maine	 United States
Historical			
2000	$30,028	$28,142	$32,341
2001	$31,018	$28,969	$32,441
2002	$31,224	$29,054	$32,232
2003	$31,801	$29,468	$32,294
2004	$32,008	$29,861	$33,090
2005	$32,014	$29,946	$33,507
2006	$32,979	$30,826	$33,880
Projected			
2015	$36,945	$34,496	$37,739
Compound Annual Growth Rate			
2000 - 2006	1.6%	1.5%	0.8%
2006 - 2015	1.3%	1.3%	1.2%

Source: Woods & Poole Economics, Inc., *The 2007 Complete Economic and Demographic Data Source*
Compiled by MAC Consulting, LLC

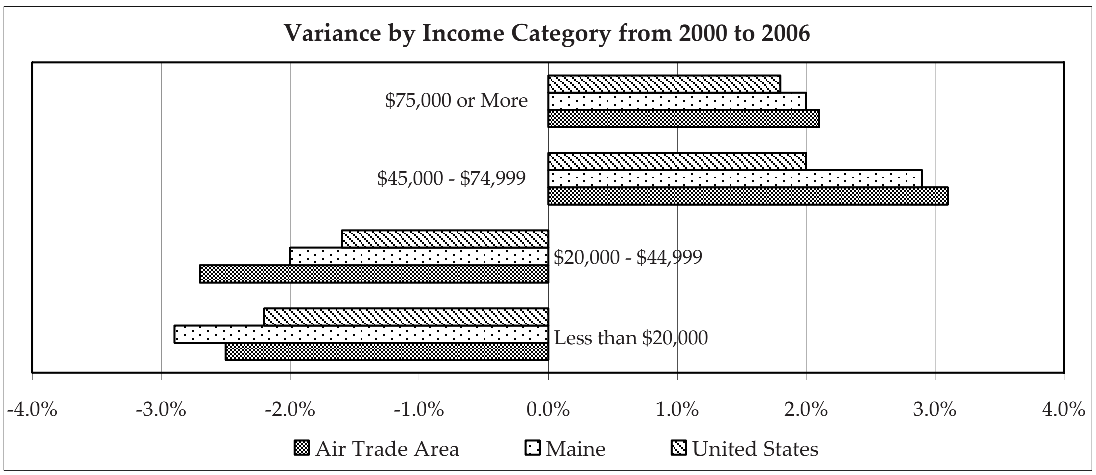
Table 1-3 also presents projections of per capita income for 2015. According to Woods & Poole Economics, Inc., per capita income in the Air Trade Area is projected to increase from approximately $32,979 in 2006 to approximately $36,945 in 2015, representing a compound annual growth rate of 1.3% from 2006 through 2015. This projected growth rate is equivalent to Maine's and slightly higher than the nation’s during this same time period.

An additional indicator of the market’s potential for air transportation demand is the percentage of households in the higher income categories. An examination of this indicator is important because as personal income increases, the cost of air transportation becomes increasingly affordable and therefore, air transportation is used more frequently. According to the Travel Industry Association’s *2007 Domestic Travel Report*, approximately 79% of domestic trips using air transportation were taken by passengers with annual household incomes over $50,000.

Table 1-4 presents the distribution of households by income category for the Air Trade Area, Maine, and the U.S. for 2000 and 2006. As shown, 48.2% of households in the Air Trade Area had an income of $45,000 or more in 2006 compared to 45.2% and 50.7% for Maine and the U.S., respectively. In addition, there has been a decrease in the percentage of households in the lower two income categories, while the percentage of households in the higher two income categories has increased since 2000. The percentage of households in the Air Trade Area with an income of $75,000 or more increased 2.1% from 2000 to 2006, compared to 2.0% for Maine and 1.8% for the U.S.

Table 1-4
Distribution of Households by Income Category

	Air Trade Area			Maine			United States		
Income Category	CY 2000	CY 2006	Variance	CY 2000	CY 2006	Variance	CY 2000	CY 2006	Variance
Less than $20,000	22.7%	20.2%	-2.5%	25.0%	22.1%	-2.9%	22.2%	20.0%	-2.2%
$20,000 - $44,999	34.3%	31.6%	-2.7%	34.7%	32.7%	-2.0%	30.9%	29.3%	-1.6%
$45,000 - $74,999	25.7%	28.8%	3.1%	24.8%	27.7%	2.9%	24.4%	26.4%	2.0%
$75,000 or More	17.3%	19.4%	2.1%	15.5%	17.5%	2.0%	22.5%	24.3%	1.8%
Total	100.0%	100.0%		100.0%	100.0%		100.0%	100.0%	



Source: Woods & Poole Economics, Inc., *The 2007 Complete Economic and Demographic Data Source*
Compiled by MAC Consulting, LLC

1.5. EMPLOYMENT

Table 1-5 presents the civilian labor force for the Air Trade Area, Maine, and the U.S. between 2000 and 2007. The Air Trade Area's civilian labor force grew by 17,425 workers from 2000 to 2007. This increase represents a compound annual growth rate of 0.7%, which is equivalent to that of Maine and less than the growth experienced throughout the U.S. during the same time period.

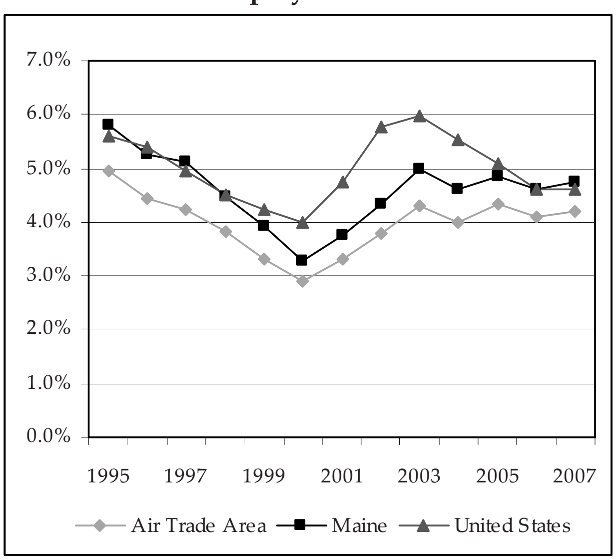
Table 1-5
Civilian Labor Force

CY	Air Trade Area	Maine	United States (000s)
2000	349,761	672,440	142,583
2001	350,747	675,981	143,734
2002	352,172	680,569	144,863
2003	354,007	684,689	146,510
2004	356,496	686,826	147,401
2005	360,452	695,741	149,320
2006	364,926	703,196	151,428
2007	367,186	704,693	153,124
Compound Annual Growth Rate			
2000 - 2007	0.7%	0.7%	1.0%

Sources: Maine Department of Labor
U.S. Department of Labor, Bureau of Labor Statistics
Compiled by MAC Consulting, LLC

Figure 1-3 depicts the unemployment rates experienced in the Air Trade Area, Maine, and the U.S. from 1995 through 2007. As shown, the Air Trade Area maintained unemployment rates consistently below Maine and the U.S during the period shown. In 2007, the unemployment rate was 4.2% for the Air Trade Area, compared to 4.7% for Maine and 4.6% for the U.S.

Figure 1-3
Unemployment Rates

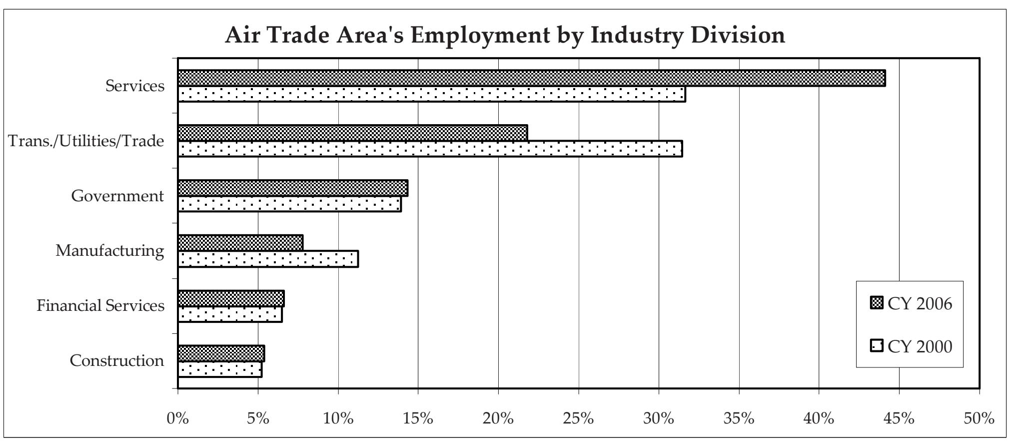


Sources: Maine Department of Labor
U.S. Department of Labor, Bureau of Labor Statistics
Compiled by MAC Consulting, LLC

An analysis of nonagricultural employment trends by major industry division is presented in **Table 1-6**, which compares the Air Trade Area's employment trends to those of the U.S. for 2000 and 2006. As shown, nonagricultural employment in the Air Trade Area increased from 317,848 workers in 2000 to 328,124 in 2006. This increase represents a compound annual growth rate of 0.5% during this time period, which is equivalent to the growth experienced nationwide. With the exception of the transportation/utilities/trade and manufacturing sectors, each of the major industry groups in the Air Trade Area experienced positive growth in the range of years depicted. The highest percentage increase in employment during this period occurred in the services sector, with a compound annual growth rate of 6.2% compared to 1.4% for the U.S.

Table 1-6
Nonagricultural Employment Trends by Major Industry Division

	Air Trade Area			United States (000s)		
Industry	CY 2000	CY 2006	Compound Annl Growth Rate	CY 2000	CY 2006	Compound Annl Growth Rate
Services	100,600	144,733	6.2%	52,436	57,020	1.4%
Transportation/Utilities/Trade	100,014	71,500	-5.4%	26,225	26,231	0.0%
Government	44,248	46,990	1.0%	20,790	21,990	0.9%
Manufacturing [1]	35,752	25,538	-5.5%	17,263	14,197	-3.2%
Financial Services	20,606	21,732	0.9%	7,687	8,363	1.4%
Construction [2]	16,628	17,631	1.0%	7,386	8,373	2.1%
Total	317,848	328,124	0.5%	131,787	136,174	0.5%



[1] Beginning in CY 2002, the Maine Department of Labor stopped disclosing manufacturing employment in Sagadahoc County. For comparative purposes, the manufacturing employment in CY 2000 has been reduced by employment in Sagadahoc County.

[2] Includes mining employment.

Sources: Maine Department of Labor
U.S. Department of Labor, Bureau of Labor Statistics
Compiled by MAC Consulting, LLC

Table 1-7 illustrates the diversity of the local economy by listing major private-sector employers located in the Air Trade Area, as measured by the average number of employees in the third quarter of 2007. This diversity helps to shield the Air Trade Area from hardship due to fluctuations in a particular sector. As shown, Hannaford Bros. Company is the largest employer with over 8,000 employees statewide. Other major private-sector employers include Wal-Mart, L.L. Bean, Inc., Bath Iron Works Corporation (BIW), and Maine Medical Center, each having greater than 5,000 employees. Additionally, the Air Trade Area is home to Energy East, a Fortune 500 company and the parent company of Central Maine Power Company, and Fairchild Semiconductor, a Fortune 1000 company.

Table 1-7
Top Private Employers in Maine
with Locations in the Air Trade Area[1]

Employer	Location	Approximate Employment	Industry Sector	Product or Service
Hannaford Bros. Company	Statewide	8001-9000	Trade	Supermarkets and other grocery stores
Wal-Mart	Statewide	7001-8000	Trade	Discount department stores
L.L. Bean, Inc.	Cumberland	6001-7000	Trade	Retail trade/catalog sales
Bath Iron Works Corporation	Sagadahoc	5001-6000	Manufacturing	Ship building and repairing
Maine Medical Center	Cumberland	5001-6000	Services	General medical and surgical hospitals
Shaw's Supermarkets, Inc.	Statewide	3001-3500	Trade	Supermarkets and other grocery stores
UnumProvident	Cumberland	3001-3500	Financial	Direct life insurance carriers
TD Banknorth, N.A.	Statewide	2501-3000	Financial	Commercial banking
MaineGeneral Medical Center	Kennebec	2501-3000	Services	General medical and surgical hospitals
Bank of America, N.A.	Statewide	1501-2000	Financial	Commercial banking
Central Maine Medical Center	Androscoggin	1501-2000	Services	General medical and surgical hospitals
Home Depot USA, Inc.	Statewide	1501-2000	Trade	Home centers
Mercy Hospital	Cumberland	1501-2000	Services	General medical and surgical hospitals
Verso Paper	Statewide	1501-2000	Manufacturing	Paper manufacturer
ElderCare Resources Corp.	Statewide	1201-1500	Services	Nursing care facilities
Rite Aid of Maine, Inc.	Statewide	1201-1500	Trade	Pharmacies and drug stores
S. D. Warren (SAPPI)	Statewide	1201-1500	Manufacturing	Paper manufacturer
Bowdoin College	Cumberland	1001-1200	Services	Education
Central Maine Power Company	Statewide	1001-1200	Utilities	Hydroelectric power generation
Rumford Paper Company	Oxford	1001-1200	Manufacturing	Paper manufacturer
Verizon New England, Inc.	Statewide	1001-1200	Services	Telecommunications carriers
Irving Oil Corporation	Statewide	1001-1200	Trade	Gasoline stations with convenience stores
Anthem Companies	Statewide	901-1000	Financial	Direct health and medical insurance
Fairchild Semiconductor Corp	Cumberland	901-1000	Manufacturing	Semiconductors and related device mfg.
Lowes Home Centers, Inc.	Statewide	901-1000	Trade	Home centers
Penobscot Bay Medical Center	Knox	901-1000	Services	General medical and surgical hospitals
United Parcel Service	Statewide	901-1000	Services	Couriers

[1] Ranked by average monthly employment, July through September 2007.

Source: Maine Department of Labor, Center for Workforce Research and Information
Compiled by MAC Consulting, LLC

1.6. ECONOMIC BASE

The economic strength of the Air Trade Area can be seen more clearly by examining the local economy in greater detail. The growth rates discussed in the following subsections were presented in Table 1-6.

1.6.1. Services

The Air Trade Area's economy has shifted to a more service-oriented economy. Employment in the Air Trade Area's services industry increased at a compound annual growth rate of 6.2% from 2000 to 2006 compared to 1.4% for the nation. Several major employers, as well as activities, in the services sector are discussed below.

- Several premier medical facilities are located in the Air Trade Area.

  - The Maine Medical Center, located in Portland, is currently involved in several renovation and expansion projects including construction of a new central utility plant, a new women and infant's building, an expansion of the emergency department, a new helipad, and a new parking garage. In 2007, this facility was included in *U.S. News and World Report*'s "America's Best Hospitals" list, ranking 45th in the nation for orthopedic care and 50th in the nation in terms of heart care and heart surgery. Maine Medical Center was also recently named a Level I Trauma Center and a Primary Stroke Center.

  - Mercy Hospital broke ground on a two phase construction project in the fall of 2006. Phase One of construction includes a 151,000 square-foot hospital building and is scheduled to be complete by late 2008. It will include short-stay and comprehensive outpatient surgery, imaging, obstetrics and gynecology, breast and women's health, oncology and hematology, physical rehabilitation and laboratory services, in addition to the Our Lady of Mercy Chapel and a medical office building. The new campus, which is connected to the Portland Trails System, will allow Mercy to modernize and improve the delivery of health care services. Phase Two will include an expansion of the hospital constructed in Phase One to accommodate the remaining services at State Street, in addition to an additional medical office building and possibly a hospital administration building. The entire project is scheduled to be complete by 2012.

  - Athenahealth, Inc. recently announced plans to purchase an operations facility located in Belfast from Bank of America, N.A. Athenahealth, Inc. will gain the ability to expand nationwide once it occupies the vacant facility. According to the company, the facility will be home to 100 new employees initially but may reach as many as 700 new jobs during the first five years of operations in the expanded facility.

- Other medical facilities include MaineGeneral Medical Center, Central Maine Medical Center, ElderCare Resources Corp., and Penobscot Bay Medical Center.

- The availability and quality of educational institutions are important in stimulating economic growth and development. Several private educational institutions are located in the Air Trade Area, including Bowdoin College, Colby College, and Bates College, ranked 7th, 22nd, and 24th, respectively, on *U.S. News & World Report*'s 2008 ranking of Liberal Arts Colleges. The Air Trade Area is also home to the University of New England and Saint Joseph's College, ranked 67th and 80th on *U.S. News & World Report's* 2008 rankings of Top Northern Master's Universities. Other private educational institutions located in the Air Trade Area include Andover College, Maine College of Art, New England Bible College, Rockport College, and Thomas College.

- Tourism also plays an important role in the Air Trade Area's services sector. According to "Place and Prosperity," a report prepared by the Maine State Planning Office, overnight visitors to Maine spent over $3 billion on goods and services, approximately two-thirds of which was attributable to tourists. More importantly, this revenue stream is an infusion of capital being spent by non-residents. The Air Trade Area offers a wide variety of attractions, which not only provide a catalyst for employment, but also increase the quality of life. Local residents also enjoy the benefit of having access to these activities. The following are examples of tourist attractions in the Air Trade Area.

  - There are a wide variety of museums and historical sites located in the Air Trade Area. Some of these museums include the Center for Maine History, the Portland Museum of Art, the Children's Museum of Maine, the Tate House Museum, the Victoria Mansion, the Portland Observatory, and the Maine Maritime Museum.

  - The landscape of the Air Trade Area provides for many indoor and outdoor recreational activities such as arts and crafts, dance, music, and sports, including hiking, kayaking, fishing, sailing, or snow skiing. According to a study prepared by the Margaret Chase Smith Policy Center at the University of Maine and the Maine Department of Conservation, visitors to Maine state parks and historic sites spent $60.3 million on goods and services directly related to their state park and historic site visits in 2005. Including the direct and indirect impacts, state parks and historic sites contributed an estimated $95.7 million to Maine's economy in 2005. State parks in the Air Trade Area include Bradbury Mountain State Park and Sebago Lake State Park, and historic sites in the Air Trade Area include Fort McClary State Historic Site, John Paul Jones State Historic Site, and Eagle Island State Historic Site.

  - There are a wide variety of festivals and events that attract visitors to the Air Trade Area. These include the Baystock Festival, Festival of Nations, Greek Heritage Festival, Maine Boatbuilders Show, Maine Brewers' Festival, Maine Festival of the Book, the Old Port Festival, and Steam Fest.

1.6.2. Transportation/Utilities/Trade

Employment in the Air Trade Area's transportation/utilities/trade sector decreased at a compound annual growth rate of 5.4% a year between 2000 and 2006, compared to minimal growth nationwide during this same period. This decrease occurred in 2002 when employment in this sector fell 30.9% from the previous year. Since 2002, employment in the transportation/utilities/trade sector has grown at a compound annual growth rate of 0.9%.

One indicator of growth in the trade sector is retail sales, defined as all net sales (gross sales minus refunds and allowances for returns) for establishments engaged primarily in retail trade. **Table 1-8** presents historical per capita retail sales for the Air Trade Area, Maine, and the U.S. for 2000 through 2006. Per capita retail sales for each of the areas examined increased at a compound annual growth rate of 1.2% between 2000 and 2006. Table 1-8 also presents projections for 2015. Per capita retail sales are expected to increase at a compound annual growth rate of 1.1% in each of the areas examined between 2006 and 2015. In each year, the Air Trade Area's per capita retail sales exceeded those of Maine and the U.S., indicating either a greater tendency of the residents of the Air Trade Area to spend or the attraction of shoppers from outside the Air Trade Area.

Table 1-8
Per Capita Retail Sales

CY	Air Trade Area	Maine	United States
Historical			
2000	$15,488	$13,331	$11,770
2001	$15,437	$13,286	$11,733
2002	$15,427	$13,276	$11,726
2003	$15,620	$13,443	$11,875
2004	$16,004	$13,771	$12,167
2005	$16,347	$14,065	$12,429
2006	$16,669	$14,342	$12,673
Projected			
2015	$18,383	$15,808	$13,990
Compound Annual Growth Rate			
2000 - 2006	1.2%	1.2%	1.2%
2006 - 2015	1.1%	1.1%	1.1%

Source: Woods & Poole Economics, Inc., *The 2007 Complete Economic and Demographic Data Source*
Compiled by MAC Consulting, LLC

The Air Trade Area is home to several retail sales centers including Portland's Old Port area, the Freeport Village shopping area, and the area in and surrounding the Maine Mall in South Portland. The Old Port area in Portland's downtown district is home to many boutiques and art galleries. Over 170 upscale retail outlets and L.L. Bean, Inc. are located in Freeport. The Maine Mall area has Maine's largest indoor shopping center. In addition, a number of new developments are planned or being constructed, including a new retail development near the Maine Mall and a 130,000 square foot Cabela's in Scarborough. L.L. Bean, Inc. recently completed a 30,000 square foot addition to its flagship store in Freeport and a 350,000 square foot expansion of its Order Fulfillment Center also located in Freeport. In addition, construction has started on the Freeport Village Station, a retail complex and parking structure developed by L.L. Bean, Inc. and Berensen Associates. As a result of these and other retail sales centers, the Air Trade Area attracts shoppers from outside its boundaries.

Hannaford Bros. Company, a supermarket chain owned by Delhaize America and based in Scarborough, Maine, is the State's largest employer and has served the Air Trade Area since its inception in 1883. Hannaford Bros. Company also operates two distribution centers in the Air Trade Area. In addition, Shaw's Supermarkets, Inc., which is owned by SUPERVALU, Inc., has been located in the Air Trade Area since opening its first store in 1860. Shaw's Supermarkets, Inc. employs over 30,000 people in Maine, Massachusetts, New Hampshire, Rhode Island, Connecticut, and Vermont.

In addition to retail trade, wholesale trade, specifically beer and wine wholesale trade, plays an important role in the State's economy. According to the Maine Beer and Wine Wholesalers Association, beer and wine wholesalers provide a $37 million economic impact to the state and employ more than 1,700 workers.

In addition to wholesale and retail sales, exporting is also an important factor in the trade sector. In fact, according to the Maine International Trade Center, Maine's total exports increased 13.7% in 2006 from 2005. Computer and electronic products followed by paper were the most widely exported items, increasing 20.3% and 18.5%, respectively, in 2006 from 2005 levels.

1.6.3. Government

Employment in the Air Trade Area's government sector increased at a compound annual growth rate of 1.0% between 2000 and 2006, compared to 0.9% experienced nationwide during this same time period. Major employers in the government sector located in the Air Trade Area are discussed below.

- The Air Trade Area includes the State Capital of Augusta, making the state government the largest public employer in the Air Trade Area. According to the Maine Department of Labor, state and local governments employ nearly 47,000 workers in the Air Trade Area.

- In addition to the private universities mentioned previously, the Air Trade Area is home to several public universities. There are two public university systems in Maine.

- The University of Maine System consists of seven universities and 10 regional outreach centers. Two of these universities, the University of Maine at Augusta and the University of Southern Maine, are located in the Air Trade Area. Enrollment at these two universities is approximately 17,000 full- and part-time students. Four of the 10 regional outreach centers are located in the Air Trade Area.

- The Maine Community College system consists of seven community colleges located throughout Maine. The Air Trade Area is home to three of these institutions. Kennebec Valley Community College is located in Fairfield; Central Maine Community College is located in Auburn; and Southern Maine Community College is located in South Portland. Enrollment at these community colleges is approximately 8,000 full- and part-time students.

- Naval Air Station (NAS) Brunswick is home to five active-duty squadrons and two reserve squadrons and is located in Cumberland County. In 2005, the Base Realignment and Closure committee voted to close NAS Brunswick and move its operations to NAS Jacksonville. In 2007, the Navy began relocating squadrons based at NAS Brunswick to NAS Jacksonville and this relocation is scheduled to be completed in 2011. According to a study prepared by the Maine State Planning Office in January 2007, NAS Brunswick's closure will result in a loss of approximately 2,700 active-duty military and 700 civilian jobs. According to the study, most communities recovered from major base closures, and some actually experienced greater long-term growth if the facilities were successfully converted to private-sector uses. The *Brunswick Naval Air Station Reuse Master Plan* was adopted in December 2007 and recommends redevelopment of the base into the following land use districts: airport operations district, aviation-related business district, professional office district, community mixed use district, business and technology industries district, education district, residential district, recreation and open space district, and natural areas district.

  According to the Aviation Feasibility Study prepared for the Brunswick Local Redevelopment Authority, the most likely civilian aviation activities that would occur at NAS Brunswick include general and corporate aviation; aircraft manufacturing as well as maintenance, repair, and overhaul; operation and maintenance of aircraft fleet for government agencies such as the Federal Aviation Administration and the Department of Homeland Security; aerospace research and development. This study also concluded that scheduled passenger and cargo airline service is unlikely to occur at NAS Brunswick.

1.6.4. Manufacturing

Manufacturing employment in the Air Trade Area decreased at a compound annual growth rate of 5.5% between 2000 and 2006. This decrease in manufacturing employment was not unique to the Air Trade Area, as manufacturing employment nationwide decreased at a compound annual growth rate of 3.2% between 2000 and 2006. Examples of major manufacturing facilities located in the Air Trade Area are discussed below.

- BIW, a division of General Dynamics, is located on the Kennebec River in Bath and is one of the largest private employers in Maine. Since its inception in 1884, BIW has built private, commercial, and military vessels. Historically, its largest customer has been the United States Navy. Since completing its first Navy ship in 1893, the company has continued building and sometimes designing vessels for the Navy, including some of the most advanced surface warships in the world. In 1985, the Navy awarded the Arleigh Burke-class lead ship design and construction contract to BIW. Since that time, 26 ships have been delivered and eight ships remain in backlog. In 2007, BIW was awarded a $49 million contract modification to continue its work on the DDG 51 Arleigh Burke-class AEGIS destroyer program. In 2007, the Navy awarded BIW contract modifications of nearly $600 million to continue work on the new DDG 1000 Zumwalt Class of destroyers, and in 2008, the company was awarded a $1.4 billion contract to build the DDG 1000 Zumwalt.

- The semiconductor industry plays a major role in the Air Trade Area's economy. Fairchild Semiconductor and National Semiconductor are both located in Cumberland County.

  - Fairchild Semiconductor is headquartered in the Air Trade Area and has approximately 9,000 employees worldwide.

  - National Semiconductor has design, manufacturing, and testing facilities located in the Air Trade Area and employs approximately 7,600 people worldwide. In January 2004, a $58 million expansion of the facility was undertaken to meet increasing demand for the company's products.

- According to the North East State Foresters Association, the annual contribution of forest-based manufacturing, which includes paper manufacturing, to the Maine economy is approximately $5.3 billion.

  - Verso Paper is headquartered in Tennessee and operates four mills, one of which is located in the Air Trade Area. The company's Androscoggin County mill has been in operation since 1965 and employs approximately 990 workers.

  - Rumford Paper Company operates a mill in Oxford County and employs approximately 1,200 people.

- SAPPI, the parent company of S.D. Warren, produces coated, specialty, and technical paper. SAPPI has locations throughout Maine, including the S.D. Warren paper mill in Westbrook and Corporate Data Facility, Financial Services group, and Information Technology group in South Portland. Throughout Maine, SAPPI employs approximately 1,700 people.

- IDEXX Laboratories, Inc., which is headquartered in Westbrook and employs over 4,500 people worldwide, manufactures products focused on pet health. IDEXX Laboratories, Inc. is undergoing a $100 million expansion that is expected to generate 500 additional jobs within the next five years. The company employs approximately 1,400 workers at its Westbrook location, making it one of the largest employers in the Air Trade Area. However, IDEXX Laboratories, Inc. reports its employment figures to the Maine Department of Labor in four categories and no single category has employment figures large enough for the company to be listed on Table 1-7.

- Vingtech, the U.S. subsidiary of Simrod Optronics, opened its U.S. headquarters and production facility in Biddeford in January 2008. Vingtech manufactures highly specialized optical equipment. The company currently employs 20 workers with $20 million in sales and expects to increase to 60 employees and $60 million in sales within the next five years.

1.6.5. Financial Services

Financial services employment in the Air Trade Area and the nation increased at a compound annual growth rate of 0.9% and 1.4%, respectively, between 2000 and 2006. According to the Maine Department of Labor, which ranks employers in terms of average number of employees, UnumProvident is the largest financial employer in the Air Trade Area; followed by TD Banknorth, N.A. and Bank of America, N.A., both of which have offices statewide.

There is a large concentration of insurance companies located in the Air Trade Area. In fact, according to each state's department of labor, insurance employment as a percentage of total financial services employment in 2006 was approximately 41% in the Air Trade Area compared to 67% in the Hartford, Connecticut Labor Market Area, typically recognized as a major center for insurance activity. Major insurance companies located in the Air Trade Area include Acadia Insurance Company, Aetna Inc., Anthem Companies, Disability RMS, Maine Employers' Mutual Insurance Company, OneBeacon Insurance, TD Banknorth Insurance Group, and UnumProvident, which was discussed previously as the largest financial employer in the Air Trade Area.

1.6.6. Construction

Employment in the Air Trade Area's construction industry increased at a compound annual growth rate of 1.0% between 2000 and 2006, compared to 2.1% experienced nationwide during this same time period. Recent and future major development projects in the Air Trade Area include the following:

- Nappi Distributors recently completed construction of its new $13 million, 155,000 square foot distribution facility in Gorham. Nappi Distributors is one of the largest beverage distributors in Maine.

- General Growth Properties, the owner of the Maine Mall, is planning to develop a high-end shopping center across the street from the Maine Mall. The development is estimated to cost approximately $6.5 million.

- Cabela's, a leading direct marketer of outdoor merchandise, is scheduled to open a 130,000 square foot store at The Gateway in May 2008. The Gateway is a 70-acre mixed-use complex located in Scarborough and will also include a hotel, additional retail space, restaurant facilities, banking facilities, and professional office space.

- L.L. Bean, Inc. recently completed a 30,000 square foot addition to its flagship store in Freeport and a 350,000 square foot expansion of its Order Fulfillment Center also located in Freeport. Construction has started on the Freeport Village Station, a retail complex and parking structure, which is being developed by L.L. Bean, Inc. and Berensen Associates.

- IDEXX Laboratories, Inc. announced plans for a $100 million expansion, which will occur over the next 20 years. As part of the expansion, the company plans to purchase and renovate the building it currently leases and may also construct a new building on land the company owns nearby. This expansion is expected to create 500 new jobs within the next five years.

- Construction on a portion of the $100 million Portland Riverwalk project began in April 2007. The Riverwalk project is being constructed in several phases, including a boutique hotel, luxury condominiums, and a parking garage. The project is expected to generate 700 construction jobs. The parking garage phase of this project is currently under construction.

1.6.7. Other

The following presents additional information regarding other facets of the Air Trade Area's economic base.

- The Air Trade Area is home to the Portland Pirates, the American Hockey League affiliate of the National Hockey League's Anaheim Ducks, as well as the Portland Seadogs, the Double-A affiliate of major league baseball's Boston Red Sox.

- There is an array of performing arts available in the Air Trade Area. These include the Portland Ballet, the Portland Symphony Orchestra, the Portland Opera Repertory Theater, the Maine State Music Theater in Brunswick, and the Maine Music Society in Auburn, which supports performances of the Maine Chamber Ensemble and the Androscoggin Chorale.

1.7. SUMMARY

As detailed in this chapter, the Air Trade Area's economy is stable and diversified and contains over 51% of the population and over 54% of the personal income of the State of Maine. This, in tandem with a 99% O&D passenger market, indicates that the Jetport is capable of supporting increased air travel demand during the projection period. The next chapter presents the forecasts of air travel demand for the Jetport.

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2. AIR TRAFFIC

This chapter presents historical and forecast aviation activity at the Jetport and discusses key factors affecting these activity levels. Because of their impact on traffic at the Jetport, the status of the airline industry and passenger activity at Boston Logan International and Manchester•Boston Regional airports are also discussed in this section.

2.1. STATUS OF THE AIRLINE INDUSTRY

In addition to the socioeconomic factors presented in Chapter 1, the status of the airline industry has the potential to affect the projections of aviation demand at the Jetport. The airline industry as a whole remains unstable following a period of prolonged difficulty from 2001 through 2005 that resulted from weak economic conditions, political instability and military activity in the world, and the terrorist events occurring on and after September 11, 2001. Details of these trends are discussed below.

- January 2001 through August 2001 was a period of decline in domestic passenger revenues for airlines in the United States. During this period, domestic airfares decreased 20% from their heights reached in 2000. These fare decreases were a leading indicator of a slowing economy in the U.S. and around the world during the period immediately prior to the downfall of the "dot-com" companies. Airlines in the U.S. began to struggle to earn a profit under cost structures built around revenue generation at higher fare levels.

- The events of September 11, 2001 and the subsequent military action in Iraq and Afghanistan, SARS, and the Avian Flu Virus exacerbated the airlines' financial difficulties. Not only were passengers paying 20% less for domestic airline tickets, many passengers chose not to fly out of fear or because of the inconvenience caused by time consuming and confusing security procedures at airports.

- From 2002 through 2005, the U.S. airline industry as a whole operated at a net loss primarily for the following reasons

  - Low-cost airlines including AirTran, Frontier, JetBlue, and Southwest increased their collective market share of U.S. domestic enplanements from 18% in 2000 to 26% in 2007. With this larger market share, low-cost airlines have a substantial impact on domestic airfare pricing. As a result, domestic airfares have not returned to levels experienced prior to 2001.

  - Atlantic Coast Airlines, which previously served as a regional affiliate to United Airlines, began a low-cost airline called Independence Air using 50-seat regional jets primarily serving markets in the Eastern United States from Washington Dulles International Airport. While the airline was ultimately liquidated in 2005, it was responsible for depressing average airfares in the Eastern United States to unprofitable levels while the airline was in business.

- Jet fuel prices began to rise appreciably for the first time in many years. Jet fuel prices currently stand at record levels making this commodity the largest component of most airlines' cost structures, having surpassed labor. In response to these circumstances, legacy airlines in the U.S. began a cost-cutting process to reduce their non-fuel costs structures so that they could earn a profit at new prevailing domestic airfare levels. This cost-cutting process included (1) simplifying fleets by retiring older less-efficient aircraft, (2) improving labor productivity and lowering compensation levels, (3) rationalizing route networks by allocating smaller or regional aircraft to markets where demand was insufficient to support larger aircraft, (4) eliminating under-performing hubs and focusing efforts at attracting higher yield passengers, and (5) allocating more capacity to international routes while curtailing domestic capacity growth plans.

- In 2006 and 2007, the U.S. airline industry as a whole achieved a net profit for the first time since 2000. However, upward pressure on costs, especially fuel costs, and downward pressure on ticket prices continue to dampen the recovery. Further declines in economic growth or other external events that impact demand for air transportation continue to jeopardize this recovery.

- In early 2008, airlines have begun to take steps to rationalize domestic capacity and safeguard the financial recovery of the industry.

  - Delta and Northwest have announced plans to merge operations, potentially creating the largest airline in the world.

  - Many airlines have announced plans to reduce domestic capacity in 2008. These airlines are accelerating aircraft retirements, selling aircraft, and deferring aircraft deliveries to reduce domestic capacity.

  - Due to liquidity concerns, Frontier Airlines filed to reorganize under Chapter 11 of the United States Bankruptcy Code.

  - Six airlines, Aloha, ATA, Big Sky, Champion, Eos, and Skybus, have ceased operations primarily due to high jet fuel costs.

2.2. ALTERNATIVE FACILITIES

The Air Trade Area is the primary source of demand for air transportation at the Jetport as 99% of passengers using the Jetport begin or end their journeys there. The Jetport's service area is further defined by the availability and quality of air service at surrounding airports. Boston Logan International and Manchester•Boston Regional airports are geographically located within approximately 100 miles of the Jetport and offer commercial air service that is competitive with the Jetport.

The map on **Figure 2-1** depicts the three-airport region (the Region) that impacts traffic generation at the Jetport[1]. For reasons discussed below, passenger and cargo diversion from the Air Trade Area to other airports in the Region has been significant, but as airlines have added new capacity to popular destinations at competitive fares, the Jetport has begun to accommodate an ever larger proportion of demand generated by the Air Trade Area.

Figure 2-1
Service Region

[1] The Region illustrated on Figure 2-1 is a geographic area that contains the three airports that impact traffic generation at the Jetport as a result of geographic proximity and road accessibility, comparative airline service and capacity, and prevailing airfares.

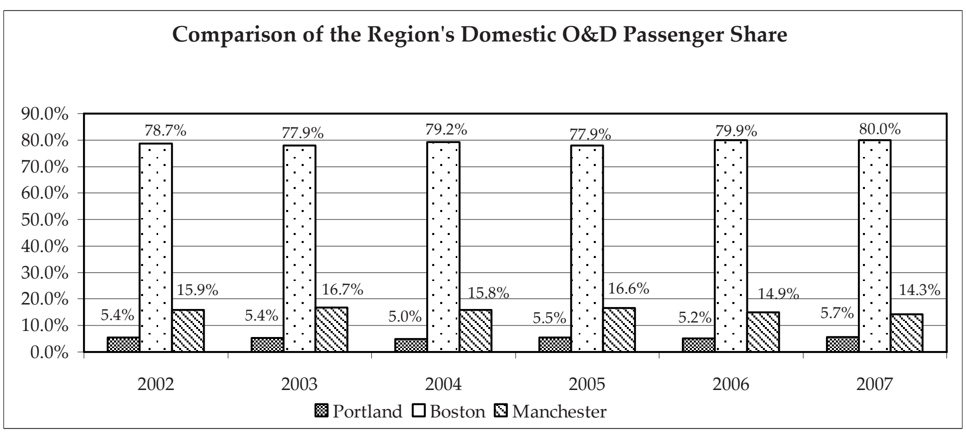
Manchester•Boston Regional Airport is 94 miles southwest of the Jetport. Travel time to Manchester•Boston Regional Airport from the Jetport by car under favorable driving conditions is one hour and forty-five minutes. Boston Logan International Airport is 102 miles southeast of the Jetport. Under favorable driving conditions, the travel time from Portland to Boston Logan International Airport is approximately two hours.

2.2.1. O&D Passenger Traffic in the Region

Table 2-1 summarizes recent trends in domestic O&D passenger traffic at airports in the Region. While the Jetport is the third largest among airports in the Region, domestic O&D traffic at the Jetport has increased the fastest at a compound annual growth rate of 6.1% over the past six years. The largest airport in the Region is Boston Logan International Airport, where domestic O&D traffic increased at a compound annual growth rate of 5.1% per year from 2002 to 2007. Domestic O&D passengers at Manchester•Boston Regional Airport increased at a more modest 2.6% compound annual growth rate. While domestic O&D passenger traffic at the Jetport continued to increase in 2007, domestic O&D passenger traffic at Boston Logan International Airport was flat, and domestic O&D passenger traffic at Manchester•Boston Regional Airport declined in 2007.

Table 2-1
Domestic O&D Passengers in the Region
(000's)

	Calendar Year						Compound Annual
Airport	2002	2003	2004	2005	2006	2007	Growth Rate
Portland	1,100	1,121	1,200	1,406	1,337	1,477	6.1%
Boston	16,014	16,311	19,002	19,835	20,578	20,577	5.1%
Manchester	3,230	3,499	3,796	4,216	3,833	3,674	2.6%
Total	20,344	20,931	23,998	25,457	25,748	25,727	4.8%



Sources: United States Department of Transportation O&D Passenger Survey
Compiled by Innova Aviation Consulting, LLC

2.2.2. Domestic Air Service in the Region

Table 2-2 summarizes the domestic service pattern at airports in the Region. Domestic service at Boston Logan International Airport is very broad and includes an average of 44,009 daily departure seats to 77 non-stop destinations. Boston is served by a wide variety of airlines including full-service legacy carriers, low-cost carriers, and regional/commuter carriers. Low-cost carriers offer 22% of total domestic seat capacity at Boston Logan International Airport. Manchester•Boston Regional Airport has an average of 6,917 daily departure seats to 20 non-stop destinations throughout the United States. Low-cost carrier Southwest Airlines offers 57% of total seat capacity at Manchester•Boston Regional Airport. Service at the Jetport is available to 14 non-stop destinations in the eastern United States with an average of 3,169 daily departure seats. Air service at the Jetport includes two low-cost carriers and regional affiliates of five legacy carriers.

Table 2-2
Average Daily Domestic Departure Seats and
Nonstop Domestic Destinations Served
May 2008

Airport	Domestic Nonstop Destinations	Average Daily Domestic Departure Seats
Portland	14	3,169
Boston	77	44,009
Manchester	20	6,917

Sources: Official Airline Guide Schedules May 2008
Compiled by Innova Aviation Consulting, LLC

2.2.3. Airfares in the Region

Table 2-3 summarizes the average fares for the airports in the Region for the Jetport's largest 20 O&D passenger markets in 2007, the most recent period for which data is available. In most markets, the Jetport generates a higher airfare than the other airports in the Region; however, in the majority of the markets the difference is on average about $30 one way. This potential savings would be diminished once the passenger incurred the time and cost of traveling to the alternative airports.

One reason that the Jetport's airfares have been comparatively high relates to its limited low-cost carrier service compared to the other airports in the Region. As low-cost carriers have inaugurated service to the Jetport, they have lowered airfares and added new capacity. Incumbent carriers then lowered their fares as a competitive response. As a result, additional passenger traffic generated by the Air Trade Area has been accommodated at the Jetport.

Table 2-3
Average One-Way Fare Comparison

Rank	Market	Portland	Boston	Manchester
1	New York City [a]	$106.20	$157.66	$159.17
2	Washington, D.C./Baltimore [b]	$153.77	$134.01	$97.40
3	Orlando [c]	$140.09	$136.82	$114.16
4	Miami/Fort Lauderdale/Palm Beach [d]	$156.52	$148.67	$136.49
5	Tampa Bay Area [e]	$147.86	$141.11	$116.44
6	Chicago [f]	$203.71	$156.33	$130.96
7	Atlanta	$208.66	$166.60	$258.67
8	San Francisco Bay Area [g]	$231.74	$249.31	$211.20
9	Philadelphia	$225.69	$132.99	$81.57
10	Los Angeles Basin [h]	$242.77	$233.03	$183.61
11	Charlotte	$162.50	$166.68	$179.32
12	Denver	$202.56	$193.87	$179.61
13	Fort Myers/Naples [i]	$157.74	$144.96	$138.31
14	Richmond/Norfolk/Newport News [j]	$163.07	$114.04	$142.90
15	Seattle/Tacoma	$214.59	$219.27	$204.67
16	Jacksonville, Florida	$155.48	$154.74	$133.70
17	Las Vegas	$200.35	$184.27	$162.58
18	Raleigh/Durham	$148.77	$142.96	$137.97
19	San Diego/Carlsbad [k]	$215.43	$221.76	$187.18
20	Phoenix	$202.39	$199.05	$149.38

[a] John F. Kennedy International, LaGuardia, Long Island Macarthur, Newark Liberty International, Stewart International, and Westchester County airports
[b] Baltimore Washington International Thurgood Marshall, Ronald Reagan Washington National, and Washington Dulles International airports
[c] Orlando and Orlando Sanford international airports
[d] Fort Lauderdale/Hollywood, Miami, and Palm Beach international airports
[e] Saint Petersburg Clearwater, Sarasota Bradenton, and Tampa international airports
[f] Midway and O'Hare international airports.
[g] Norman Y. Mineta San Jose, Oakland, and San Francisco international airports
[h] Bob Hope, John Wayne, Long Beach, Los Angeles International, and LA/Ontario International airports
[i] Naples Municipal and Southwest Florida International airports
[j] Newport News/Williamsburg, Norfolk, and Richmond international airports
[k] McClellan - Palomar and San Diego International airports

Sources: United States Department of Transportation O&D Passenger Survey for the year end December 31, 2007
Compiled by Innova Aviation Consulting, LLC

JetBlue and AirTran inaugurated service to the Jetport in May 2006 and June 2007, respectively. As shown in the table, the Jetport enjoys the lowest airfare in the Region to New York City, JetBlue's first non-stop market. Competitive airfares in AirTran's first non-stop market, Washington, D.C./Baltimore, are not yet evident on the table because AirTran was only in the market for six months of the 12-month period shown. However, AirTran's new capacity and lower fares in conjunction with the competitive response of incumbent airlines is expected to produce results in the Washington, D.C./Baltimore market similar to what JetBlue has achieved in the New York City market. Both AirTran and JetBlue have recently inaugurated new service to Orlando, Florida, indicating the airlines are pleased with the results of their services to the Jetport and that fares in these markets are likely to become more competitive as well.

2.2.4. Traffic Diversion to Alternative Facilities

Historically, activity at the Jetport has been negatively impacted by passengers in the Air Trade Area using other airports in the Region. However, the inauguration of the low-cost carrier service at the Jetport has begun to reverse this traffic diversion.

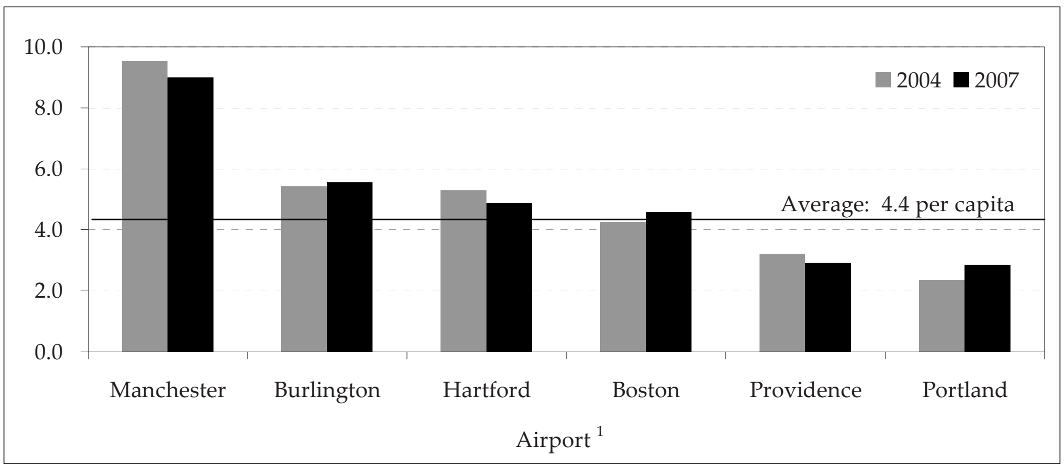
- **Boston Logan International Airport –** For many years, a significant proportion of passengers traveling to and from most destinations throughout New England, including the Air Trade Area, flew from Boston Logan International Airport because of the quality and quantity of air service provided there versus other New England airports. However, the attractiveness of the broad service pattern at Boston Logan International Airport has been mitigated by the time and expense of traveling by road to Boston from other parts of New England and the cost to park at Boston Logan International Airport.

  When competitive air service is available at a convenient airport outside Boston such as the Jetport, passengers have opted to use those facilities. Specifically, as low-cost carriers have inaugurated service at the Jetport and other New England airports, passengers have begun to use these airports rather than Boston Logan International Airport. Boston Logan International Airport continues to serve as the gateway to New England for long-haul and international traffic. The hourly service provided between the Air Trade Area and Boston Logan International Airport on Concord Coach, the most widely used surface transportation provider, is evidence of this. However, short- and medium-haul domestic passengers are now more likely to fly from one of the many airports in New England with good quality air service at competitive prices.

- **Manchester•Boston Regional Airport –** For a short period prior to the inauguration of low-cost carrier service at the Jetport, some Air Trade Area passengers used Manchester•Boston Regional Airport due to the low airfares resulting from the low-cost carrier service provided there. Since JetBlue and AirTran began serving the Jetport, passengers to and from the Air Trade Area have begun to take advantage of the competitive air service at the Jetport rather than incur the cost of traveling to Manchester•Boston Regional Airport. This trend is evidenced by the discontinuation by Mermaid Transportation of its ground transportation service between the Air Trade Area and Manchester•Boston Regional Airport. Mermaid Transportation has redeployed its assets to bring passengers from North and East of the Air Trade Area to the Jetport. With efficient low-cost carrier service at the Jetport, Manchester•Boston Regional Airport no longer attracts a significant number of Air Trade Area passengers, and is not expected to do so in the future.

To illustrate the amount of traffic diversion (and potential upside in passenger traffic generation) at the Jetport, **Figure 2-2** compares the propensity to travel from New England airports with low-cost carrier service. Propensity to travel is expressed as domestic O&D passengers per capita. While it would be expected that the New England airports generate similar propensities to travel, the propensity to travel from the Jetport trailed other airports in New England and the New England airport average. The reason for this difference was higher airfares caused by the lack of low-cost carrier capacity at the Jetport. The availability of more low-cost carrier capacity at other airports in New England at lower fares caused passengers bound to and from Portland to fly from other airports.

Figure 2-2
Domestic O&D Passengers per Capita at New England Airports with Low-cost Carrier Service



[1] The domestic O&D passenger per capita statistic for the New England airports uses their respective MSAs. Therefore, for comparative purposes, the domestic O&D passenger per capita statistic for Portland uses the Portland-South Portland-Biddeford MSA instead of the Air Trade Area.

Sources: United States Department of Transportation O&D Passenger Survey calendar years 2004 and 2007.
Woods & Poole Economics, Inc., *The 2007 Complete Economic and Demographic Data Source*
Compiled by Innova Consulting, LLC

The Jetport generated 2.4 domestic O&D passengers per capita in 2004, which was prior to the existence of low-cost carrier service at the Jetport. In 2007, the Jetport generated 2.8 domestic O&D passengers per capita, reflecting a 6.6% compound annual growth rate from 2004 to 2007. This illustrates that as low-cost carrier service has become available at the Jetport, passengers bound to and from Portland will choose the Jetport over an alternative facility in the Region. Since AirTran served the Jetport for only seven months of 2007, the propensity to travel from the Jetport is likely to continue to approach the average in New

England as the Jetport continues to recover traffic diversion from other airports within the Region.

2.3. AIRLINES SERVING THE JETPORT

Airlines serving the Jetport in May 2008 shown on **Table 2-4** include two low-cost carriers, 10 regional affiliates of five legacy carriers, and four all-cargo carriers. This diverse group of airlines provides a stable base of scheduled service to the Jetport. Low-cost carriers AirTran and JetBlue have begun providing scheduled service at the Jetport over the last two years, which has accommodated additional passenger traffic as a result of increased seat capacity and lower airfares. The two low-cost carriers at the Jetport provide service to business and leisure destinations in the northeastern United States and Florida. Legacy carriers including Continental, Delta, Northwest, United, and US Airways serve the Jetport with regional jet and turbo-prop flights provided by their regional affiliate airlines. As shown, some regional airlines provide service for more than one legacy airline. DHL and FedEx provide all-cargo service to the Jetport. The Jetport serves as FedEx's Maine hub in which its own service is supplemented by AirNow and Wiggins service between the Jetport and smaller airports in Maine.

Table 2-4
Airlines Serving the Jetport
May 2008

Low-Cost Carriers	Regional Affiliates of Legacy Carriers	All-Cargo Carriers
AirTran Airways	Continental	DHL
JetBlue Airways	ExpressJet Airlines	FedEx
	Delta	AirNow
	Atlantic Southeast Airlines (ASA)	FedEx
	Comair	Wiggins
	Mesa/Freedom Air	
	Northwest	
	Mesaba Airlines	
	Pinnacle Airlines	
	United	
	Mesa Air	
	Trans States/GoJet	
	US Airways	
	Air Wisconsin Airlines	
	Chautauqua/Republic Airlines	
	Mesa Air	
	Piedmont Airlines	

Sources: The Jetport
Compiled by Innova Aviation Consulting, LLC

This diverse set of airlines provides a competitive environment at the Jetport. Regional affiliates of legacy carriers provide access to large hubs where passengers in the Air Trade Area can make connections to hundreds of markets throughout the United States and around the world. Low-cost carriers provide quality services to popular destinations at competitive fares at the Jetport. All-cargo carriers offer shippers of time-sensitive materials quality access to the Air Trade Area. Together, the diversity of airline service combines to provide Portland passengers and shippers with a wide range of air service options.

2.4. HISTORICAL AIR SERVICE

In 2007, passenger traffic at the Jetport was comprised of 99% O&D passengers. **Table 2-5** displays the 27 largest O&D passenger markets at the Jetport during 2007, the most recent period for which data is available. Each of these markets represents at least 1.0% of total O&D traffic at the Jetport. Collectively, the largest 27 markets represent 73.2% of total O&D traffic at the Jetport.

Table 2-5
Largest O&D Passenger Markets

Rank	Market	Passengers	Market Share
1	New York City [a]	157,190	10.2%
2	Washington, D.C./Baltimore [b]	153,390	9.9%
3	Orlando [c]	91,800	5.9%
4	Miami/Fort Lauderdale/Palm Beach [d]	68,150	4.4%
5	Tampa Bay Area [e]	63,210	4.1%
6	Chicago [f]	52,980	3.4%
7	Atlanta	51,440	3.3%
8	San Francisco Bay Area [g]	40,580	2.6%
9	Philadelphia	37,800	2.4%
10	Los Angeles Basin [h]	35,360	2.3%
11	Charlotte	33,220	2.2%
12	Denver	31,270	2.0%
13	Fort Myers/Naples [i]	30,170	2.0%
14	Richmond/Norfolk/Newport News [j]	28,010	1.8%
15	Seattle/Tacoma	25,980	1.7%
16	Jacksonville, Florida	25,050	1.6%
17	Las Vegas	24,050	1.6%
18	Raleigh/Durham	22,080	1.4%
19	San Diego/Carlsbad [k]	21,030	1.4%
20	Phoenix	20,740	1.3%
21	Houston [l]	17,670	1.1%
22	Pittsburgh	17,440	1.1%
23	Dallas/Fort Worth [m]	16,760	1.1%
24	Minneapolis/Saint Paul	16,620	1.1%
25	Nashville	16,470	1.1%
26	Portland, Oregon	15,480	1.0%
27	Detroit	15,180	1.0%
	Subtotal	1,129,120	73.2%
	Others	414,220	26.8%
	Total	1,543,340	100.0%

[a] John F. Kennedy International, LaGuardia, Long Island Macarthur, Newark Liberty International, Stewart International, and Westchester County airports
[b] Baltimore Washington International Thurgood Marshall, Ronald Reagan Washington National, and Washington Dulles International airports
[c] Orlando and Orlando Sanford international airports
[d] Fort Lauderdale/Hollywood, Miami, and Palm Beach international airports
[e] Saint Petersburg Clearwater, Sarasota Bradenton, and Tampa international airports
[f] Midway and O'Hare international airports.
[g] Norman Y. Mineta San Jose, Oakland, and San Francisco international airports
[h] Bob Hope, John Wayne, Long Beach, Los Angeles International, and LA/Ontario International airports
[i] Naples Municipal and Southwest Florida International airports
[j] Newport News/Williamsburg, Norfolk, and Richmond international airports
[k] McClellan - Palomar and San Diego International airports
[l] George Bush Intercontinental and William P. Hobby airports
[m] Dallas Love Field and Dallas/Fort Worth International Airport

Sources: United States Department of Transportation O&D Passenger Survey for the year end December 31, 2007
Compiled by Innova Aviation Consulting, LLC

O&D traffic patterns at the Jetport are relatively diversified as none of the largest markets represents more than 11.0% of the total traffic base. Most of the largest markets correspond to large metropolitan areas in the United States located far enough from Portland to make air travel an efficient option in terms of total trip time.

Table 2-6 summarizes non-stop scheduled passenger service at the Jetport in May 2008. Ten markets are served from the Jetport on a non-stop basis.[2] Eight of the 27 largest O&D markets at the Jetport have non-stop service, three of them by multiple airlines. The other two non-stop markets served from the Jetport are Cincinnati and Cleveland, hubs of Delta Air Lines and Continental Airlines, respectively, where a variety of connecting flights are available. Three markets are served by low-cost airlines.

Table 2-6
Non-stop Markets
May 2008

Market	Average Daily Nonstop Flights	Number of Carriers Serving Nonstop	Published Carriers
New York City	16	4	Continental Express, Delta Connection, JetBlue, US Airways Express
Washington, D.C./ Baltimore	9	3	AirTran, US Airways Express, United Express
Philadelphia	6	1	US Airways Express
Atlanta	3	1	Delta Connection
Chicago	3	1	United Express
Cincinnati	2	1	Delta Connection
Detroit	2	1	Northwest Airlink
Charlotte	2	1	US Airways Express
Cleveland	1	1	Continental Express
Orlando	1	2	AirTran, JetBlue
Total	45		

Sources: Official Airline Guide Schedules
Compiled by Innova Aviation Consulting, LLC

[2] The 10 non-stop markets served are consistent with the 13 unique destinations presented on Table 2-1 because the New York City and Washington, D.C./Baltimore markets are comprised of three destination airports each.

2.5. HISTORICAL PASSENGER ACTIVITY

Table 2-7 presents historical enplanements at the Jetport from FY 1998 through FY 2007. Enplanements at the Jetport have grown at a compound annual growth rate of 2.5% from FY 1998 to FY 2007 (625,336 to 781,185, respectively).[3] From FY 2002 to FY 2007, enplanements have grown considerably faster at a compound annual growth rate of 5.1%. The introduction of low-cost carrier service at the Jetport over the last two years has increased seat capacity and lowered fares at the Jetport, which has accommodated additional demand.

Table 2-7
Historical Enplanements

Fiscal Year	Major/ National	Regional/ Commuter	Total	Annual Growth
1998	303,320	322,016	625,336	--
1999	337,213	329,933	667,146	6.7%
2000	374,600	300,007	674,607	1.1%
2001	391,039	286,441	677,480	0.4%
2002	326,344	283,664	610,008	-10.0%
2003	321,364	305,062	626,426	2.7%
2004	288,849	349,825	638,674	2.0%
2005	280,120	464,393	744,513	16.6%
2006	116,902	562,556	679,458	-8.7%
2007	180,922	600,263	781,185	15.0%
Compound Annual Growth Rate				
1998-2007	-5.6%	7.2%	2.5%	
2002-2007	-11.1%	16.2%	5.1%	

Sources: The Jetport
Compiled by Innova Aviation Consulting, LLC

Since FY 1998, enplanements have increased in eight of the last 10 years and for each of the two years in which enplanements declined, passenger traffic at the Jetport recovered quickly:

- As a result of the events of September 11, 2001, enplanements declined 10.0% in FY 2002, but traffic immediately began to recover in FY 2003 and FY 2004, and reached then record levels in FY 2005.

- Following the termination of service by and liquidation of Independence Air in FY 2006, enplanements declined 8.7% followed by an increase in enplanements of 15.0% in FY 2007 primarily due to the new service provided by AirTran and JetBlue. The resulting Jetport enplanement levels in FY 2007 are the highest in Jetport history.

[3] For the remainder of this chapter, major/national is defined as activity on legacy and low-cost carriers, while regional/commuter is defined as activity on flights operated by regional affiliates of legacy carriers.

The fluctuations in enplanements from FY 2005 through FY 2007 illustrate the fact that when capacity is available at the Jetport at competitive fares, passengers choose to travel from the Jetport rather than use an alternate airport in the Region.

Passengers traveling on regional/commuter airlines have grown faster than those on major/national airlines at the Jetport. From FY 1998 to FY 2007, passenger traffic on regional/commuter airlines increased at a compound annual growth rate of 7.2%, while passenger traffic on major/national airlines decreased at a compound annual growth rate of 5.6%. Over this period, major/national airlines transferred many routes to regional affiliates to better match capacity with demand. This trend is even more pronounced between FY 2002 and FY 2007 when regional/commuter airline traffic increased at a compound annual growth rate of 16.2% while major/national airline traffic decreased at a compound annual growth rate of 11.1%.

In FY 2007, major/national airline passenger traffic began to increase more rapidly than regional/commuter passenger traffic due to the inauguration of service by low-cost airlines AirTran and JetBlue. Because legacy carriers have now replaced all mainline flying to the Jetport with regional/commuter affiliates and low-cost carriers have only recently begun to serve the Jetport, major/national airline traffic is likely to grow faster than regional/commuter traffic for the foreseeable future.

Table 2-8 presents monthly enplanements at the Jetport for FY 2006, FY 2007, and fiscal year-to-date 2008. Monthly enplanements at the Jetport in FY 2006 and FY 2007 increased as much as 37.0% over the corresponding month in the prior year. Over this period, AirTran and JetBlue served the Jetport offering new capacity at competitive fares that caused Air Trade Area passengers to use the Jetport rather than one of the other airports in the Region. For the year as a whole, enplanements at the Jetport grew 15.0% in FY 2007 over FY 2006.

Table 2-8
Monthly Enplanements

Month	FY 2006	FY 2007	Annual Growth	FY 2008	Annual Growth
July	82,474	80,076	-2.9%	89,560	11.8%
August	86,382	85,014	-1.6%	95,649	12.5%
September	65,464	68,090	4.0%	81,053	19.0%
October	61,468	74,987	22.0%	82,937	10.6%
November	49,320	58,389	18.4%	63,582	8.9%
December	46,130	54,848	18.9%	55,026	0.3%
January	39,307	53,866	37.0%	56,664	5.2%
February	39,680	48,212	21.5%	60,422	25.3%
March	47,440	60,621	27.8%	66,322	9.4%
April	45,848	57,538	25.5%	69,202	20.3%
May	50,709	65,450	29.1%	n.a.	
June	65,236	74,094	13.6%	n.a.	
Total	679,458	781,185	15.0%	n.a.	
July - April	563,513	641,641	13.9%	720,417	12.3%

Sources: The Jetport
Compiled by Innova Aviation Consulting, LLC

In the first ten months of FY 2008, enplanements at the Jetport increased 12.3% over the corresponding period in FY 2007. Increases in the rate of enplanement growth flattened in December due to bad weather in the northeast causing several airline cancellations at the Jetport. That notwithstanding, airlines continue to add new capacity to the market to take advantage of the favorable operating environment as evidenced by the increase in enplanements in February, March, and April 2008. The primary reasons for the rapid traffic growth in FY 2007 and FY 2008 are as follows:

- From the perspective of airline capacity, the Jetport benefited from new service from low-cost airlines such as AirTran to Baltimore and Orlando; and JetBlue to New York City and Orlando.

- From the perspective of demand, FY 2007 was a record year for air travel in the United States. More people traveled by air than ever before and flights operated at record load factors over the period.

In addition to the new service in the past year, certain airlines have made announcements for new service in the coming months (some services are seasonal):

- **AirTran –** two additional daily frequencies to Baltimore

- **Continental Express –** one additional daily frequency to Cleveland

- **Northwest Airlink –** daily service to Minneapolis and an additional daily frequency to Detroit

- **US Airways Express –** one additional daily frequency each to Charlotte, New York LaGuardia, and Washington National

The new seat capacity on these new and existing routes will continue to help meet growing demand in the Air Trade Area.

Table 2-9 presents the Jetport's historical enplanement market share for FY 2002 through FY 2007.[4] As evidenced by the data presented in this table, the Jetport market has become more competitive over the past several years. Low-cost carrier market share continues to grow as each of these airlines continues to add flights and destinations at the Jetport. In general, the broader base of airlines serving the Jetport and relative balance in market share among the airlines has made the Jetport a more stable market capable of sustaining consistent growth in enplanements experienced in recent years enhanced by new capacity and lower fares.

Table 2-9
Historical Enplanement Market Share

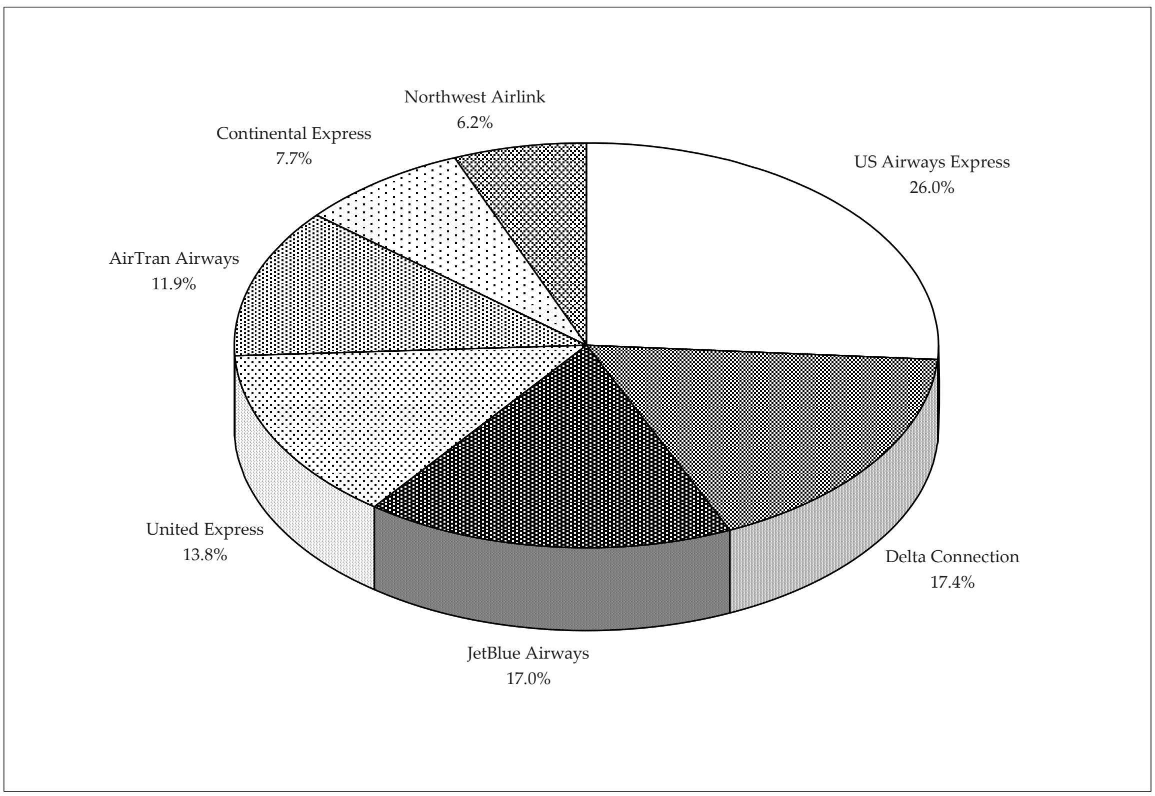
Airline	FY 2002	% Share	FY 2003	% Share	FY 2004	% Share	FY 2005	% Share	FY 2006	% Share	FY 2007	% Share
US Airways	154,541	25.3%	123,925	19.8%	70,530	11.0%	68,682	9.2%	36,448	5.4%	-	0.0%
US Airways Express	40,408	6.6%	47,772	7.6%	94,726	14.8%	109,706	14.7%	168,842	24.8%	230,622	29.5%
Subtotal	194,949	32.0%	171,697	27.4%	165,256	25.9%	178,388	24.0%	205,290	30.2%	230,622	29.5%
Delta Air Lines	128,055	21.0%	146,516	23.4%	147,834	23.1%	150,515	20.2%	29,550	4.3%	5,031	0.6%
Delta Connection	32,518	5.3%	49,162	7.8%	56,909	8.9%	72,494	9.7%	139,576	20.5%	165,602	21.2%
Subtotal	160,573	26.3%	195,678	31.2%	204,743	32.1%	223,009	30.0%	169,126	24.9%	170,633	21.8%
JetBlue Airways	-	0.0%	-	0.0%	-	0.0%	-	0.0%	14,294	2.1%	135,836	17.4%
United Express	82,425	13.5%	89,945	14.4%	97,929	15.3%	105,973	14.2%	120,396	17.7%	119,602	15.3%
Continental Airlines	-	0.0%	992	0.2%	3,598	0.6%	-	0.0%	-	0.0%	-	0.0%
Continental Express	54,381	8.9%	51,340	8.2%	48,800	7.6%	52,701	7.1%	58,385	8.6%	65,101	8.3%
Continental Connection	6,543	1.1%	8,378	1.3%	9,341	1.5%	7,349	1.0%	1,182	0.2%	-	0.0%
Subtotal	60,924	10.0%	60,710	9.7%	61,739	9.7%	60,050	8.1%	59,567	8.8%	65,101	8.3%
AirTran Airways	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	6,453	0.8%
American Eagle	66,430	10.9%	58,465	9.3%	40,951	6.4%	26,005	3.5%	-	0.0%	-	0.0%
Northwest Airlines	43,748	7.2%	49,931	8.0%	66,887	10.5%	60,923	8.2%	36,610	5.4%	33,602	4.3%
Northwest Airlink	-	0.0%	-	0.0%	-	0.0%	24,525	3.3%	34,258	5.0%	19,336	2.5%
Subtotal	43,748	7.2%	49,931	8.0%	66,887	10.5%	85,448	11.5%	70,868	10.4%	52,938	6.8%
Independence Air	-	0.0%	-	0.0%	1,169	0.2%	65,640	8.8%	39,917	5.9%	-	0.0%
Air Nova	959	0.2%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total	610,008	100.0%	626,426	100.0%	638,674	100.0%	744,513	100.0%	679,458	100.0%	781,185	100.0%

Sources: The Jetport
Compiled by Innova Aviation Consulting, LLC

[4] Regional affiliates of legacy carriers listed on Table 2-4 are subtotaled by legacy carrier on Table 2-9 under their "Doing Business As" identity.

Figure 2-3 illustrates the relative market share of airlines at the Jetport for fiscal year-to-date April 30, 2008, the most recent period for which data is available. The market for passenger traffic at the Jetport is competitive as no one airline (including code-share partners) has more than a 26% share of passengers. US Airways Express is the largest airline at the Jetport with an enplaned passenger market share of 26.0%. Delta Connection and JetBlue, the second and third largest airlines at the Jetport, have enplaned passenger market shares of 17.4% and 17.0%, respectively. United Express and AirTran have enplaned passenger market shares of 13.8% and 11.9%, respectively, while Continental Express and Northwest Airlink have more limited presences with 7.7% and 6.2% market shares of enplanements, respectively. Low-cost airlines have successfully penetrated the Portland market and collectively enplaned 28.9% of passengers at the Jetport in fiscal year-to-date April 30, 2008.

Figure 2-3
Enplanement Market Share by Carrier
Fiscal Year-to-Date April 30, 2008



Source: The Jetport
Compiled by Innova Aviation Consulting, LLC

2.6. HISTORICAL AIRCRAFT OPERATIONS AND LANDED WEIGHT

Table 2-10 presents historical aircraft operations at the Jetport between FY 1998 and FY 2007. From FY 1998 to FY 2007, aircraft operations decreased at a compound annual growth rate of 2.9%. Over the more recent period from FY 2002 to FY 2007, aircraft operations decreased at a more modest rate of 2.3% annually. Decreases in operations have been most pronounced by the major/national airlines as they shifted more flying to regional/commuter affiliates.

Table 2-10
Historical Aircraft Operations

Fiscal Year	Major/ National	Regional/ Commuter	Cargo	Total	Annual Growth
1998	12,870	31,678	3,902	48,450	--
1999	11,830	28,640	3,962	44,432	-8.3%
2000	13,298	25,846	3,728	42,872	-3.5%
2001	12,904	26,262	3,776	42,942	0.2%
2002	9,736	28,218	3,742	41,696	-2.9%
2003	7,120	27,120	3,754	37,994	-8.9%
2004	5,598	28,120	4,340	38,058	0.2%
2005	6,104	31,154	4,426	41,684	9.5%
2006	2,962	27,758	5,008	35,728	-14.3%
2007	4,112	27,848	5,152	37,112	3.9%
Compound Annual Growth Rate					
1998-2007	-11.9%	-1.4%	3.1%	-2.9%	
2002-2007	-15.8%	-0.3%	6.6%	-2.3%	

Sources: The Jetport
Compiled by Innova Aviation Consulting, LLC

Over the period FY 1998 to FY 2007, major/national carrier operations decreased at a compound annual growth rate of 11.9% as regional/commuter operations decreased at a compound annual growth rate of 1.4%. This trend continued between FY 2002 and FY 2007 as major/national operations decreased at a compound annual growth rate of 15.8% while regional/commuter operations decreased at a compound annual growth rate of 0.3% as airlines aggressively sought efficiency gains following the events of September 11, 2001. In FY 2007 this trend reversed as major/national operations began to increase rapidly and regional/commuter operations increased modestly. This can be attributed to both the inauguration of narrow-body service by low-cost airlines and the introduction of larger 70-100 seat regional jets.

Cargo airline operations increased at a compound annual growth rate of 3.1% annually from FY 1998 through FY 2007 and at a compound annual growth rate of 6.6% from FY 2002 through FY 2007. DHL and FedEx have served the Jetport consistently over the entire period and provide dependable shipping options for time sensitive cargo to and from the Air Trade Area. AirNow and Wiggins operate flights at the Jetport that connect cargo from smaller airports in Maine to

FedEx's flights at the Jetport. Increases in flights by AirNow and Wiggins have driven the increases in cargo operations. Because these flights are operated on small aircraft, cargo landed weight has increased more modestly over the periods, as discussed in the following section.

Table 2-11 presents historical landed weight at the Jetport from FY 1998 to FY 2007. During this time period, landed weight decreased at a compound annual growth rate of 2.3%, and from FY 2002 to FY 2007 it decreased at a compound annual growth rate of 2.4%. This decrease is largely the result of legacy airlines replacing mainline narrow-body aircraft with regional jet aircraft and suspending certain routes over the period. Major/national airline landed weight decreased while regional/commuter and cargo landed weight increased over the period.

Table 2-11
Historical Landed Weight (000 lbs)

Fiscal Year	Major/ National	Regional/ Commuter	Cargo	Total	Annual Growth
1998	756,878	388,980	116,644	1,262,502	--
1999	770,222	404,463	115,745	1,290,430	2.2%
2000	748,341	358,818	115,695	1,222,854	-5.2%
2001	722,189	329,393	114,718	1,166,300	-4.6%
2002	571,316	465,395	118,402	1,155,113	-1.0%
2003	424,883	496,283	118,473	1,039,639	-10.0%
2004	335,869	583,728	121,445	1,041,042	0.1%
2005	321,897	689,932	131,499	1,143,328	9.8%
2006	149,009	740,093	142,423	1,031,525	-9.8%
2007	150,031	725,676	146,196	1,021,903	-0.9%
Compound Annual Growth Rate					
1998-2007	-16.5%	7.2%	2.5%	-2.3%	
2002-2007	-23.5%	9.3%	4.3%	-2.4%	

Sources: The Jetport
Compiled by Innova Aviation Consulting, LLC

From FY 1998 through FY 2007, major/national airline landed weight decreased at a compound annual growth rate of 16.5% while regional/commuter airline landed weight increased 7.2%. From FY 2002 through FY 2007, major/national airline landed weight decreased at a compound annual growth rate of 23.5% while regional/commuter landed weight increased 9.3%. Because legacy airlines now serve the Jetport exclusively with regional affiliates, the shift of landed weight from major/national airlines to regional/commuter airlines is likely complete. Increases in major/national and regional/commuter landed weight can be expected in the future as a result of new service by low-cost carriers and the replacement of smaller regional jets with larger regional jets by legacy carriers.

Cargo landed weight increased at a compound annual growth rate of 2.5% from FY 1998 through FY 2007, and 4.3% from FY 2002 through FY 2007. These increases in cargo landed weight correspond to increases in the FedEx operation at the Jetport. FedEx bases two of its own aircraft at the Jetport. These aircraft serve demand generated in the Air Trade Area and also cargo that arrives at the Jetport from other airports in Maine on smaller aircraft operated by AirNow and Wiggins. Increases in activity by AirNow and Wiggins as well as increases in aircraft size operated by FedEx have been responsible for increases in landed weight over the period. Landed weight generated by DHL has been consistent over the period.

2.7. FORECASTS OF AVIATION DEMAND

Forecasts of aviation demand were prepared on the basis of socio-economic and demographic factors in the Air Trade Area, the Jetport's traffic performance over the long-term as well as during the most recent five-year period, and anticipated airline activity at the Jetport. These forecasts are based on a number of underlying assumptions, discussed below.

The forecasts anticipate that the Jetport will continue to attract O&D travelers to and from the Air Trade Area with the broad range of airline services to both major markets and airline connecting hubs provided by both legacy and low-cost airlines.

- Traffic diversion to other airports in the Region is forecast to be recovered at the Jetport over the forecast period as a result of more capacity at the Jetport and lower fares that are more consistent with those found at other airports in the Region. It is further anticipated that both legacy and low-cost airlines will increase capacity at the Jetport by adding new markets as well as by increasing the aircraft size on existing routes.

- Forecasts of aviation demand anticipate that the relative balance of major/national operations and regional/commuter operations will change in favor of major/national operations as a result of increased low-cost carrier activity. As discussed in previous sections, airlines have matched capacity and demand, and are now beginning to increase capacity and add new markets where appropriate. Cargo operations will continue to increase incrementally over the forecast period.

- Increases in future enplanements at the Jetport can be expected as airlines continue to match capacity to demand and operate flights at record load factors. Many of the smaller 37-50 seat regional jets that operate at the Jetport will likely be replaced with larger 70-100 seat regional jets.

- The forecasts do not account for any unforeseen external events occurring such as labor disruptions, airline mergers, extraordinary increases in airfares, political instability, military or terrorist action, or extraordinary increases in aviation fuel costs.

2.7.1. Enplanement Forecasts

The enplanement forecast is the result of a macro-economic analysis of the relationship between economic growth in the Air Trade Area combined with a micro-economic analysis of likely capacity deployment of airlines currently serving the market as well as those likely to serve the market over the forecast period. **Table 2-12** presents historical and forecast enplanements at the Jetport for major/national airlines as well as regional/commuter airlines. Total enplanements are forecast to increase at a compound annual growth rate of 3.6% from FY 2007 to FY 2016 from approximately 781,185 in FY 2007 to 1,075,000 in FY 2016. This increase is more modest than growth rates experienced over the past five years, and slightly higher than the long-term growth trend discussed previously from FY 1998 to FY 2007 as a result of new service offered by low-cost carriers.

Table 2-12
Forecast Enplanements

Fiscal Year	Major/ National	Regional/ Commuter	Total	Annual Growth
Historical				
2002	326,344	283,664	610,008	--
2003	321,364	305,062	626,426	2.7%
2004	288,849	349,825	638,674	2.0%
2005	280,120	464,393	744,513	16.6%
2006	116,902	562,556	679,458	-8.7%
2007	180,922	600,263	781,185	15.0%
Forecast				
2008	262,500	612,500	875,000	12.0%
2009	270,000	630,000	900,000	2.9%
2010	277,500	647,500	925,000	2.8%
2011	285,000	665,000	950,000	2.7%
2012	292,500	682,500	975,000	2.6%
2013	300,000	700,000	1,000,000	2.6%
2014	307,500	717,500	1,025,000	2.5%
2015	315,000	735,000	1,050,000	2.4%
2016	322,500	752,500	1,075,000	2.4%
Compound Annual Growth Rate				
2002-2007	-11.1%	16.2%	5.1%	
2007-2016	6.6%	2.5%	3.6%	

Sources: The Jetport, 2002 to 2007
Innova Aviation Consulting, LLC, 2008 - 2016

Major/national airlines are forecast to increase enplanements at a compound annual growth rate of 6.6% from FY 2007 to FY 2016 while regional/commuter airlines are forecast to increase at a compound annual growth rate of approximately 2.5%. The difference in growth rates anticipates that the relative share of operations between the two groups change slightly in favor of major/national airlines. Major/national enplanements are forecast to increase faster than regional/commuter enplanements because the major/national category includes the low-cost carriers that operate larger aircraft. It is expected that both groups will gradually increase the average aircraft size over the period. This forecast corresponds to an increase in enplaned passengers per operation from 49 in FY 2007 to 61 in FY 2016.

For FY 2008, enplanements are estimated based on a review of year-to-date enplanement data as well as increases in capacity in published schedules. As noted previously, year-to-date enplanements at the Jetport have increased 12.3% over the same period in FY 2007. These increases were generated by the new service provided by the low-cost airlines at low fares which in turn increased enplanements. For the balance of FY 2008, increases in enplanements when compared to FY 2007 are expected to be similar to the first ten months of the fiscal year. For the purposes of estimating enplanements for the balance of FY 2008, the percentage of seats filled on published capacity has been held constant. When fiscal year-to-date enplanements are added to scheduled seat capacity at constant load factors for the balance of the fiscal year, FY 2008 passenger enplanements are forecast to be 12.0% higher than FY 2007.

After FY 2008, passenger traffic is forecast to grow in a linear fashion. Therefore, the increment of passenger growth is assumed to be constant while the growth rate is assumed to diminish over time due to the higher base of each successive year. This is consistent with the trend of historical linear growth in passenger traffic at the Jetport and in the United States. Enplanements have been forecast based on growth in the economy of the Air Trade Area and the availability of competitive air service at the Jetport. Enplanement growth at the Jetport is positively impacted by growth in economic activity and decreases in average airfares, and negatively impacted by increases in average airfares.

Economic and demographic growth of the Air Trade Area exceeded passenger enplanement growth at the Jetport over the historical period due to relatively high airfares at the Jetport when compared to other airports in the Region. Passenger enplanement growth from FY 1998 to FY 2007 was tempered by a 3.4% increase in domestic airfares at the Jetport. In contrast, domestic airfares at Boston Logan International Airport decreased 7.6% and domestic airfares at Manchester•Boston Regional Airport decreased 1.2% over the same period. As previously discussed, domestic airfares at both of these airports were lower than those found at the Jetport in 2007. This fare disadvantage caused passengers bound to and from the Air Trade Area to use alternative airports in the Region.

Over the forecast period, passenger enplanement growth is expected to exceed the economic and demographic growth of the Air Trade Area because the presence of low-cost carriers at the Jetport is expected to attract more Air Trade Area passengers to the Jetport with capacity to popular destinations at less expensive airfares. It is likely that average airfares will decrease over the forecast period to a level more consistent with those prevailing at other airports in the Region. The economic growth of the Air Trade Area along with expected decreases in airfares and additional low-cost carrier capacity at the Jetport are forecast to generate a compound annual growth rate in passenger traffic of 3.6% over the forecast period.

To further validate the reasonableness of the enplanement forecast resulting in a compound annual growth rate of 3.6%, the propensity to travel from the Jetport included in Figure 2-2 was recalculated for FY 2016. This resulted in a propensity to travel from the Jetport of 3.8 domestic O&D passengers per capita, up from 2.8 domestic O&D passengers per capita in FY 2007. This level is closer to the average of New England airports of 4.4 domestic O&D passengers per capita shown on Figure 2-2. Since the increase in propensity to travel from the Jetport still lags the New England airport average over the forecast period, it is offered as evidence that the forecast is reasonable.

The diverse and competitive mix of airlines serving the Jetport, including most of the legacy airlines and two low-cost carriers, are expected to have new aircraft available to support expansion at the Jetport in the future. AirTran and JetBlue are taking deliveries of new aircraft that will likely be deployed in domestic markets including the Jetport. While the legacy airlines are not adding significant domestic capacity nor do they have many aircraft on order for fleet growth, they are replacing smaller regional jet aircraft with larger regional jets.

The forecasts presented herein are higher than those prepared in the Federal Aviation Administration's 2007 Terminal Area Forecast (TAF) for the Jetport because the TAF was prepared without adequately accounting for traffic generated by new and existing airlines' increased capacity. For federal fiscal year-ended September 30, 2007, the TAF anticipated approximately 699,252 enplanements at the Jetport. In FY 2007, the Jetport enplaned 781,185 passengers. Therefore, the base year of the TAF underestimated enplanements by at least 80,000 annual passengers. Through 2016, the TAF anticipated growth of 146,309 to enplanements, or at a compound annual growth rate of 2.1%. The forecast in Table 2-12 anticipates a compound annual growth rate of 3.6%, or 293,815 enplanements, to arrive at a forecast of 1,075,000 enplanements by FY 2016. The higher annual enplanement growth rate presented in Table 2-12 compared to the TAF is reasonable given the amount of new competition and additional capacity from low-cost carriers at the Jetport.

2.7.2. Operations Projections

Table 2-13 presents historical and projected aircraft operations by major category. As shown, total operations are expected to increase from 37,112 in FY 2007 to 41,400 in FY 2016, which corresponds to a compound annual growth rate of 1.2%.

Table 2-13
Forecast Aircraft Operations

Fiscal Year	Major/ National	Regional/ Commuter	Cargo	Total	Annual Growth
Historical					
2002	9,736	28,218	3,742	41,696	--
2003	7,120	27,120	3,754	37,994	-8.9%
2004	5,598	28,120	4,340	38,058	0.2%
2005	6,104	31,154	4,426	41,684	9.5%
2006	2,962	27,758	5,008	35,728	-14.3%
2007	4,112	27,848	5,152	37,112	3.9%
Forecast					
2008	5,920	26,240	5,080	37,240	0.3%
2009	6,080	26,460	5,220	37,760	1.4%
2010	6,240	26,680	5,360	38,280	1.4%
2011	6,400	26,900	5,500	38,800	1.4%
2012	6,560	27,120	5,640	39,320	1.3%
2013	6,720	27,340	5,780	39,840	1.3%
2014	6,880	27,560	5,920	40,360	1.3%
2015	7,040	27,780	6,060	40,880	1.3%
2016	7,200	28,000	6,200	41,400	1.3%
Compound Annual Growth Rate					
2002-2007	-15.8%	-0.3%	6.6%	-2.3%	
2007-2016	6.4%	0.1%	2.1%	1.2%	

Sources: The Jetport, 2002 to 2007
Innova Aviation Consulting, LLC, 2008 - 2016

Passenger airline operations forecasts were developed based on recent relationships between enplanements, load factors, and average seating capacity of aircraft utilized at the Jetport. Specifically, enplaned passengers per operation are expected to rise from 49 to 61 over the forecast period. This assumption is based on the continued increase in narrow-body and larger regional jet activity experienced over the last several years as airlines optimize efficiency both at the Jetport and nationally. Major/national airline operations are forecast to increase at a compound annual growth rate of 6.4% while regional/commuter airline operations are forecast to increase at a compound annual growth rate of 0.1% to reflect the gradual replacement of existing aircraft with incrementally larger aircraft between FY 2007 and FY 2016.

Cargo operations are forecast to increase at a compound annual growth rate of 2.1% from FY 2007 to FY 2016. While the forecast rate of growth is lower than historical rates of growth in cargo operations, the number of incremental cargo operations over the forecast period is consistent with historical development of cargo operations at the Jetport.

2.7.3. Landed Weight Projections

Table 2-14 presents historical and forecast airline landed weight at the Jetport. As shown, landed weight is forecast to increase from approximately 1.0 billion pounds in FY 2007 to approximately 1.3 billion pounds in FY 2016. This corresponds to a compound annual growth rate of 2.9%. Major/national airline landed weight is forecast to increase at a compound annual growth rate of 8.9% over the period, while regional/commuter airline landed weight is forecast to increase at a compound annual growth rate 1.4%. Both major/national and regional/commuter landed weight are forecast to grow due to the replacement of smaller aircraft with larger aircraft along with the inauguration of new frequencies. Landed weight generated by cargo aircraft activity is forecast to grow at a compound annual growth rate of 2.5% over the forecast period, which is slightly more conservative than the historical growth rate of cargo landed weight. The increment of cargo landed weight over the forecast period is consistent with the increment of cargo landed weight over the historical period.

Table 2-14
Forecast Landed Weight (000 lbs)

Fiscal Year	Major/ National	Regional/ Commuter	Cargo	Total	Annual Growth
Historical					
2002	571,316	465,395	118,402	1,155,113	--
2003	424,883	496,283	118,473	1,039,639	-10.0%
2004	335,869	583,728	121,445	1,041,042	0.1%
2005	321,897	689,932	131,499	1,143,328	9.8%
2006	149,009	740,093	142,423	1,031,525	-9.8%
2007	150,031	725,676	146,196	1,021,903	-0.9%
Forecast					
2008	250,000	740,000	135,000	1,125,000	10.1%
2009	259,000	750,000	141,000	1,150,000	2.2%
2010	268,000	760,000	147,000	1,175,000	2.2%
2011	277,000	770,000	153,000	1,200,000	2.1%
2012	286,000	780,000	159,000	1,225,000	2.1%
2013	295,000	790,000	165,000	1,250,000	2.0%
2014	304,000	800,000	171,000	1,275,000	2.0%
2015	313,000	810,000	177,000	1,300,000	2.0%
2016	322,000	820,000	183,000	1,325,000	1.9%
Compound Annual Growth Rate					
2002-2007	-23.5%	9.3%	4.3%	-2.4%	
2007-2016	8.9%	1.4%	2.5%	2.9%	

Sources: The Jetport, 2002 to 2007
Innova Aviation Consulting, LLC, 2008 - 2016

2.8. SUMMARY

Since 1998, enplanements at the Jetport have increased at a compound annual growth rate of 2.5% as a result of growth in the Air Trade Area and the recent expansion of competitive airline service, but have been tempered over much of the period by high fares. The Jetport is served by a diverse set of airlines including two low-cost airlines. Over the forecast period, enplanements are forecast to increase at a compound annual growth rate of 3.6% as economic activity in the Air Trade Area continues to grow, competitive air service continues to be available at the Jetport, and average airfares available at the Jetport decline. To support that growth, the next chapter of this report describes the Capital Improvement Program (CIP) at the Jetport.

3. CAPITAL IMPROVEMENT PROGRAM

This chapter contains a review of existing Jetport facilities, a summary of the Jetport's CIP, of which the Parking Garage Expansion is a subset, and describes the funding sources for the Parking Garage Expansion.

3.1. EXISTING JETPORT FACILITIES

The Jetport occupies approximately 840 acres and is located three miles west of downtown Portland. It is situated within the cities of Portland and South Portland. The existing Jetport facilities are described below.

3.1.1. Airfield Facilities

The Jetport's major airfield facilities consist of two air carrier runways (11/29 and 18/36) and associated taxiways, which provide access to the air carrier apron to the north and west, the cargo area to the north and east, and general aviation facilities to the east. The primary runway is Runway 11/29, which is 7,200 feet in length. The runway is served at both ends by an instrument landing system precision approach, which allows access to the Jetport in virtually all weather conditions. The secondary runway is Runway 18/36, which is 5,001 feet in length and used primarily for crosswind operations. While capable of handling larger aircraft on an infrequent basis, it primarily serves general aviation and commuter aircraft, particularly during high wind conditions, and when advantageous to both air traffic control and pilots.

The taxiway system at the Jetport consists of two full-length taxiways parallel to the two air carrier runways and five exit taxiways. Taxiway A is a full-length taxiway located on the north side of Runway 11/29 and provides access to the holding aprons as well as ingress and egress on both ends of Runway 11/29. Taxiway C is a full-length taxiway parallel to the west side of Runway 18/36. The north end of Taxiway C provides ingress and egress to Runway 18. The south end of Taxiway C intersects with and provides an exit to Runway 11/29 as well as provides ingress and egress to Runway 36. The five exit taxiways include Taxiway D, Taxiway E, Taxiway F, Taxiway G, and Taxiway J.

3.1.2. Passenger Terminal Facilities

The passenger terminal complex is located near the midfield in an east-west orientation on the north side of Runway 11/29. In 2006, an expansion of the east end of the terminal was completed, which doubled the capacity of the baggage claim area, while providing additional office space on the second level, and a new partial third level that will house a mechanical penthouse with a generator room. The expansion added 24,000 square feet to the existing 136,000 square feet, for a total capacity of 160,000 square feet.

The terminal is divided into two levels for passenger processing. The lower level includes ticketing, baggage make-up, baggage claim, and surface transportation services. There are seven ticket counters and three baggage carousels, which are used by the passenger airlines. The upper level includes passenger screening and holdrooms, restaurants, shops, Jetport administration offices, meeting rooms, and other offices. The Transportation Security Administration's (TSA) administrative space is also located on the second floor of the terminal building. The passenger terminal has 12 passenger gates, nine of which contain passenger loading bridges. The passenger terminal apron is located south of the terminal and provides aircraft parking, access, and circulation for the air carrier gate positions. Several gates have multiple aircraft parking positions and can be utilized by either commuter or jet aircraft.

3.1.3. Parking Facilities and Roadways

The existing parking facilities at the Jetport include a short-term parking area, long-term garage, and long-term surface lot all located north of the terminal building. The first floor in the original parking garage built in 1979 is defined as the short-term parking area and contains 140 spaces. Long-term parking facilities at the Jetport include a 430 space parking garage built in 1979, a 1,142 space parking garage completed in March 2003, and a 502 space surface lot. As a result, there are a total of 2,214 public parking spaces at the Jetport. In addition, the Jetport has a remote lot located approximately two miles west of the terminal and an overflow lot located just north of the long-term garage. These surface lots contain 548 spaces and are only used to accommodate overflow parkers during peak periods. Finally, the Jetport has a 275 space employee lot and a 238 space rental car ready/return lot.

3.1.4. Other Facilities

Other facilities on the Jetport include general aviation, cargo, snow removal equipment and maintenance building, aircraft rescue and fire fighting (ARFF) station, and the air traffic control tower (ATCT).

The general aviation area includes apron, fueling, hangars and buildings. This area is located to the north of the passenger terminal building and west of Runway 18/36. While designated a commercial service airport, the Jetport remains a vital link to general aviation in the region. A fixed-base operator (FBO), Northeast Airmotive, operates on the field, providing typical general aviation services. There are also two specialized aviation service operators (SASOs), Maine Aviation and Maine Aviation Sales, at the Jetport. Several hangar facilities offer space for aircraft storage and maintenance.

The primary air cargo facility is located east of Runway 18/36. Both FedEx and DHL operate from the cargo area. FedEx leases three ramp positions totaling 55,000 square feet and DHL leases one ramp position totaling 26,000 square feet.

The ARFF building and ATCT are located to the west of Runway 18/36 and to the east of the terminal building.

3.2. CAPITAL IMPROVEMENT PROGRAM

In 2007, the Jetport, in conjunction with Coffman Associates, Inc., completed the Airport Master Plan (Master Plan). The recommended improvements are grouped into three planning horizons: short-term (2007-2012), intermediate (2013-2017), and long-term (2018-2027). Each year, the City re-examines the priorities for funding as well as adding or removing projects from the CIP. While most projects are demand-based, others are dictated by design standards, safety, or rehabilitation needs. There is a higher level of uncertainty as to the estimated cost and schedule of projects in the later years of the CIP, as compared to those scheduled to be undertaken within the next several years. **Table 3-1** presents the estimated cost of the CIP included in the Master Plan. As shown in the table, the Jetport's total CIP is estimated to be approximately $242.8 million; of this amount approximately $117.8 million is estimated for the short-term planning horizon which encompasses the six-year period of 2007 through 2012.

Table 3-1
Capital Improvement Program

Project	Short-Term Planning Horizon 2007-2012	Intermediate Planning Horizon 2013-2017	Long-Term Planning Horizon 2018-2027	Total
Development by Needs				
Demand [1]	$86,227,546	$79,529,000	$10,949,000	$176,705,546
Environmental	10,462,500	0	0	10,462,500
Safety	10,325,100	2,150,000	960,000	13,435,100
Reconstruction/Rehabilitation	9,200,000	6,961,500	18,887,500	35,049,000
Capacity	1,592,800	2,651,900	2,857,800	7,102,500
Total	$117,807,946	$91,292,400	$33,654,300	$242,754,646
Cost Center				
Airfield	$37,580,400	$20,223,000	$23,636,600	$81,440,000
General Aviation	5,776,600	2,126,900	6,265,200	14,168,700
Terminal	52,330,000	62,100,000	2,200,000	116,630,000
Parking [1]	22,120,946	6,842,500	1,552,500	30,515,946
Total	$117,807,946	$91,292,400	$33,654,300	$242,754,646

[1] This represents the bid amount for the Parking Garage Expansion increased for contingencies and design and administrative costs in lieu of the estimate provided in the Master Plan.

Sources: Master Plan
Jetport
Compiled by MAC Consulting, LLC

The following provides a description of a portion of the projects contained in the CIP that are ongoing or are expected to be implemented within the short-term planning horizon with the exception of the Parking Garage Expansion which is discussed in the next section.

- ***Airfield Facilities.*** The improvements to the airfield for the Jetport focus on meeting FAA design and safety standards, new taxiways for efficiency, and upgrading Runway 18/36 so that it can more fully serve as a back-up to Runway 11/29.

- ***Passenger Terminal Facilities.*** The Master Plan describes the need for a new terminal building and surrounding apron area at the Jetport, which was determined through a nine-month planning process. A primary conclusion of this process was that the existing terminal building capacity and circulation deficiencies need to be addressed and cannot be resolved without expanding the facility. As a result, the City has selected architects to begin the design of Phase 1 of the expanded terminal building and surrounding apron area. Currently, the first phase of this project is scheduled for substantial completion by fall 2010. However, the actual decision to proceed with construction of this facility will be based on the Jetport maintaining demand levels.

  According to the Master Plan, the estimated cost for the terminal expansion project is approximately $52 million. However, the Jetport currently estimates that this amount will be $60 million. At this time, it is assumed that the funding for this terminal expansion project will be provided primarily by bonds supported by PFCs and additional general airport revenue bonds, with funding for the apron being provided by FAA entitlement grants, grants from the State of Maine, and additional general airport revenue bonds. Since the design process for the terminal expansion project has just begun and the details of the building have not yet been developed, the financial impacts of this project to the Jetport are not included in this analysis.

- ***Parking Facilities and Roadways.*** To accommodate future public parking needs and provide convenient access to the terminal building, the Jetport is undertaking the Parking Garage Expansion project, which is discussed in greater detail in the next section. The Master Plan also describes the need for additional surface parking along Jetport Boulevard and northeast of the existing terminal building circulation roadway.

- ***General Aviation.*** General aviation development is reserved in two separate areas on the Jetport: the existing apron area west of Runway 18/36 and a new general aviation area located southwest of the Runway 11/29/Runway 18/36 intersection. The south general aviation area includes hangars for small and large aircraft storage and for providing general aviation services such as refueling and maintenance. Vehicle access would be via a connection with Westbrook Street and the recently completed Jetport Plaza Road, which extends along the southern Jetport boundary.

- ***Air Cargo.*** Future air cargo development to meet forecast demand will continue east of Runway 18/36 along Taxiway G, which is the area established for air cargo development. Air cargo sort buildings, vehicle parking, and related truck courts would be developed on the east side of the apron. The configuration of this apron allows for a larger apron area and for easier circulation on the apron. A new taxiway between Taxiway G and Taxiway A is intended to reduce the number of runway crossings and the potential for runway incursions. A goal of this plan is to develop this area exclusively for air cargo activity. The plan relocates all existing general aviation facilities from this area to other general aviation areas on the Jetport. This will segregate uses on the Jetport and allow air cargo development exclusively east of Runway 18/36. Additional truck staging and automobile parking for the northern cargo sort building is created along Yellowbird Road. Access to the air cargo apron is via a dedicated road connecting with Yellowbird Road. The existing interior Jetport service road will be relocated to provide contiguous access to the Jetport maintenance facility. Expansion potential for the Jetport maintenance building will be reserved on the west side of the building.

- ***Other Facilities.*** The Master Plan describes a 20-foot extension of the ARFF building to the east to allow for easier accommodation of the new ARFF vehicles. This concept also provides for the relocation of the ATCT along the Jetport's southern boundary, should this be required in the future. This location provides ATCT personnel with a segregated location that orients the tower with a line-of-sight of all potential aircraft movement areas.

3.3. PARKING GARAGE EXPANSION

In 2007, MAC Consulting, LLC prepared a parking feasibility study for the City to determine the future needs of the parking facilities at the Jetport (the 2007 Parking Feasibility). This study identified both short- and long-term parking requirements at the Jetport based on current enplanements and estimated future enplanements. According to the study, a typical industry norm for a parking facility's operational capacity is 85% of total spaces, which tends to be the occupancy level of a parking facility at which customers begin to have difficulty finding an available space. For calendar year 2007, the Jetport's existing parking facilities reached average occupancy levels of 83% and were over 85% for 183 days or 50% of the time. In addition, with enplanements of 781,185 in FY 2007 and a forecast of 875,000 enplanements in FY 2008, it is likely that the existing parking facilities will exceed the 85% average operational capacity within the year, further indicating that the Jetport may have constrained parking facilities.

This need for available parking spaces prompted the City to approve the design and construction of the Parking Garage Expansion. The Master Plan originally estimated the Parking Garage Expansion construction costs at approximately $25 million. On January 15, 2008, the Jetport received bids on the construction of the Parking Garage Expansion of which the low bid of approximately $18.5 million was awarded to Ledgewood Construction on February 15, 2008. This amount was then increased by 10% to $20.4 million to allow for construction contingencies. Prior to receiving the bid, the Jetport spent approximately $1.7 million on design and administrative costs for the Parking Garage Expansion. Part of the proceeds from the Series 2008 Bonds will be used to reimburse the Jetport for these costs; therefore, increasing the amount to be bonded from $20.4 million to $22.1 million. This amount is then increased to an estimated par amount of $26,090,000 to fund capitalized interest, a debt service reserve, and costs of issuance of the Series 2008 Bonds. The Parking Garage Expansion is expected to be substantially complete by January 2009.

Phase 1 of the parking garage was completed in 2003, and Phase 2 is the Parking Garage Expansion. The Parking Garage Expansion is comprised of the construction of a 1,039 space five-level parking garage and associated site work. The old parking garage originally built in 1979, which consists of the existing short-term parking area and a portion of the existing long-term garage, will be demolished to accommodate this new facility. Upon completion of the Parking Garage Expansion, the Jetport will gain 1,039 spaces and lose 570 spaces, which is a net gain of 469 spaces. The new structure will be completely integrated with the 1,142 space structure completed in March 2003 to provide a single functionally seamless parking garage of 2,181 spaces. Following completion of the Parking Garage Expansion, the Jetport will have a total of 2,683 public parking spaces. The Parking Garage Expansion will be constructed with a composite galvanized steel and pre-cast concrete deck structure identical to that of the Phase 1 structure. The use of a galvanized steel frame, although more expensive, ensures a 50-year useful life for the structure and lower ongoing maintenance costs when compared to other design types.

3.4. PLAN OF FINANCE

The City estimates that the majority of the cost of the CIP will be funded from a combination of federal grants, State grants, PFCs (both on a "pay as you go" basis and through debt obligations secured by a pledge of PFCs), third-party funding, and additional general airport revenue bonds. On June 18, 2007, the City authorized the issuance of the Series 2008 Bonds to fund the Parking Garage Expansion. **Table 3-2** presents the sources of funding for the project costs of the CIP.

Table 3-2
CIP Sources of Funding

Project	CIP	Funding Sources: Federal Grants	PFCs	State Grants	3rd Party Funds	Series 2008 Bonds	Additional Bonds
Short-Term Planning Horizon							
Airfield	$37,580,400	$33,744,380	$2,200,000	$852,073	$0	$0	$783,948
General Aviation	5,776,600	1,900,000	0	50,000	3,826,600	0	0
Terminal	52,330,000	0	46,050,400	0	0	0	6,279,600
Parking [1]	22,120,946	0	0	0	0	22,120,946	0
Total Short Term	$117,807,946	$35,644,380	$48,250,400	$902,073	$3,826,600	$22,120,946	$7,063,548
Intermediate Planning Horizon	$91,292,400	$19,162,260	$56,048,000	$504,270	$0	$0	$15,577,870
Long-Term Planning Horizon	$33,654,300	$29,584,710	$900,000	$778,545	$0	$0	$2,391,045
Total CIP	$242,754,646	$84,391,350	$105,198,400	$2,184,888	$3,826,600	$22,120,946	$25,032,463

[1] This represents the bid amount for the Parking Garage Expansion increased for contingencies and design and administrative costs in lieu of the estimate provided in the Master Plan.

Sources: Master Plan
Jetport
Compiled by MAC Consulting, LLC

The funding sources presented in the table are described in greater detail as follows:

- ***Federal Grants*** – The FAA's Airport Improvement Program (AIP) consists of entitlement funds and discretionary funds. Entitlement funds are distributed through grants by a formula currently based on the number of enplanements and the amount of landed weight of arriving cargo at individual airports. The AIP was reauthorized for fiscal years 2000-2003 in legislation enacted in April 2000, and in the 2003 FAA Reauthorization Act for federal fiscal years 2004 through 2007. A bill is currently pending on a reauthorization act beyond 2007; however, nothing has been approved at this time. The Jetport anticipates that federal grants will fund CIP projects for the short-term horizon in the amount of approximately $35.6 million.

- ***State Grants*** – The State of Maine can fund half the local share for eligible projects in an airport's capital program. Since the Jetport is a small-hub airport, the formula for grants is 95% federal and 5% local. As a result, it is assumed that the State of Maine will fund 2.5% of the eligible projects in the CIP. The City anticipates that State grants in the amount of approximately $900,000 will be available to pay a portion of the costs of CIP projects included in the short-term horizon.

- ***Passenger Facility Charges*** – In August 2005, the Jetport received the FAA's authorization to collect up to $34,389,032 through a $3.00 PFC primarily to fund terminal and roadway improvements, an upgrade to Runway 11/29, the extension of taxiway A, snow removal equipment, and other miscellaneous projects at the Jetport, as well as financing costs. In May 2006, this approval amount was increased by $1,190,731 to $35,579,763 with an expiration date of September 1, 2012. The Jetport is currently in the process of amending this PFC application to increase the collection amount from $3.00 per passenger to $4.50 (PFC Amendment), which is estimated to shorten the expiration date to spring 2010. The PFC Amendment is expected to be submitted to the FAA in summer 2008 with approval anticipated by fall 2008. Therefore, for purposes of this analysis, it was assumed that PFC revenues at the $4.50 level would not be available to fund the CIP until FY 2011. The City anticipates that PFCs in the amount of approximately $48.3 million will be available to pay a portion of the costs of the terminal project and related apron projects included in the short-term horizon. The Jetport intends on submitting a new PFC application to the FAA by spring 2009 to fund the eligible portion of the terminal expansion project.

- ***Third-Party Funds*** – The Jetport anticipates that the general aviation projects listed in the Master Plan's short-term planning horizon will be funded by a third party. This amount equates to approximately $3.8 million.

- ***Additional Bonds*** – The proceeds of the $26,090,000 in Series 2008 Bonds will be used to fund approximately $20.4 million in project costs and contingencies for the Parking Garage Expansion, reimburse the Jetport for approximately $1.7 million in design and administrative costs for the Parking Garage Expansion, and fund capitalized interest, a debt service reserve, and costs of issuance of the Series 2008 Bonds. The funding for the short-term horizon CIP projects anticipates the need for approximately $7.1 million in additional bonds to fund portions of the terminal building project and related apron projects. However, since the design process for the terminal building project has just begun and the details of the building have not yet been developed, the financial impacts of this project are not included in this analysis. In addition, the intermediate and long-term horizon CIP projects are more than five years in the future and therefore, their cost and timing are uncertain. As a result, the financial impact of these projects is not included in the analysis. The debt service associated with the Series 2008 Bonds is discussed in the next chapter.

- ***Lines of Credit*** – The City has two lines of credit (LOC) to provide funds for capital projects at the Jetport. One of the LOCs is secured solely by PFCs and the other is subordinate to the Bonds. The City has used and expects to use PFCs to fund a portion of capital projects approved in the existing PFC applications. To provide liquidity to fund these capital projects, the City has acquired a PFC LOC with Bank of America, N.A. (PFC LOC). The PFC LOC was authorized and issued in a maximum principal amount of $14,214,483 of which $7,500,000 was outstanding as of April 30, 2008. The PFC LOC is secured by a pledge of the Jetport's PFC revenue and matures on October 1, 2011. In addition, the Jetport has established a LOC with Key Bank, National Association to fund interim costs related to the Parking Garage Expansion until the Series 2008 Bonds are issued (Key LOC). The Key LOC was authorized and issued in a maximum principal amount of $20 million. The Key LOC is secured by a subordinated pledge of the Jetport's revenues and matures on the earlier of completion of the Parking Garage Expansion, issuance of the Series 2008 Bonds, or February 27, 2009. The City expects to enter into a third LOC for $5 million to provide funds for the design of the terminal expansion project by summer 2008. If the City obtains this LOC, it would be subordinated to the Bonds.

3.5. SUMMARY

Chapter 2 presents the enplanement forecasts, which are projected to be approximately 1.1 million in FY 2016. As discussed in this chapter, the existing parking facilities are becoming constrained under the existing enplanement levels of 781,185 in FY 2007. The need for additional parking spaces prompted the City to undertake the Parking Garage Expansion and to authorize the issuance of the Series 2008 Bonds, which are described in greater detail in the next chapter.

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4. FINANCIAL ANALYSIS

This chapter examines the financial structure of the City, as well as the cost and financial implications of constructing the Parking Garage Expansion. Also included in this chapter are estimates of Net Revenues and a discussion of compliance with the Rate Covenant requirement established by the Certificate. A sensitivity analysis is presented at the end of this chapter to examine the effect of unforeseen factors that may impact the future operating results of the Jetport.

4.1. FINANCIAL STRUCTURE

This section discusses City accounting practices, including the cost center structure utilized for airline rate-setting purposes and the requirements and provisions of the Certificate and Airline Agreements.

4.1.1. Jetport Accounting

The Jetport is owned by the City and is operated as a financially self-sufficient enterprise fund of the City. The City's elected officials include the Mayor and the City Council, which consists of five members that are elected by voters in five separate districts of the City and four at-large members elected by the voters throughout the entire City. The Jetport's operating budget is approved by the City Council. In addition, the City has a City Manager who is the administrative head of the City and is responsible to the City Council for the administration of all departments.

The accounting and financial reporting policies of the City conform to accounting principles for local government units as set forth by the Governmental Accounting Standards Board. Nine divisions are included in the City's financial structure for the Jetport, of which four are direct cost centers (Jetport field, general aviation, terminal, and parking) and five are indirect cost centers (Jetport administration, fringe and indirect costs, security, Jetport surplus, and marketing).

4.1.2. Certificate

The Certificate authorizes the issuance of general airport revenue bonds by the City. Certain provisions of the Certificate, as well as the rate-making methodology contained in the Airline Agreements (discussed in subsequent subsections), were utilized to develop the financial analysis contained in this report. Sections of the Certificate as they pertain to this report are summarized in the following paragraphs.

- The Certificate defines Revenues as all receipts, revenues, fees, rentals, investment earnings, income, and other monies received by or on behalf of the City from or in connection with the ownership or operation of all or any part of the Jetport including without limitation all tolls and charges, landing fees, terminal rentals, real property rentals, concession fees, parking receipts, interest income, proceeds of business interruption insurance and condemnation awards from temporary takings, but not including proceeds of insurance (except business interruption insurance, if any) and of condemnation awards (except awards for temporary takings); proceeds of the sale of any Indebtedness; Grant Receipts; Passenger Facility Charges (PFC) Revenues; proceeds of any permitted sale of any portion of the Jetport; monies derived from facilities financed with the proceeds of certain Indebtedness; interest income or other investment earnings on the Project Fund; any Swap Termination Payments paid to the City; or any other amounts which are not deemed to be Revenues in accordance with generally accepted accounting principles or that are restricted as to their use.

- Under the Certificate, Net Revenues means with respect to a period of time, an amount equal to Revenues minus Maintenance and Operating (M&O) Expenses both accrued and payable during such period in accordance with generally accepted accounting principles.

- Under the Certificate, M&O Expenses shall mean the City's expenses, whether or not annually recurring, of maintaining, repairing and operating the Jetport including, without limiting the generality of the foregoing, amounts for administrative expenses including costs of salaries and benefits and amounts required to finance pension benefits earned by employees; cost of insurance; payments for engineering, financial, accounting, legal and other services; any lawfully imposed taxes or other assessments on the Jetport or income from or operations at the Jetport and reserves for such taxes or assessments, any payments in lieu of taxes for the Jetport or income from or operations at the Jetport and reserves for such in lieu of taxes; any administration or service fees; costs of issuance not financed in the Costs of a Project paid by the City; and payments of interest on (but not the principal of) revenue anticipation notes and other current expenses; but not including any allowance for amortization or depreciation; any other expense for which (or to the extent to which) the City is or will be paid or reimbursed from or through any source that is not included or includable as Revenues; any extraordinary items arising from the early extinguishment of debt; depreciation, recognition upon disposal or other retirement of a capital asset, reserves for unusual and extraordinary maintenance or repair, Debt Service payable from any Fund or Account established under the General Certificate, and expenses described in Section 709(c)(i) of the General Certificate.

- Under the Certificate, PFC Revenues are defined as any passenger facility charges or similar charges levied by or on behalf of the City pursuant to the Federal Aviation Safety and Capacity Expansion Act of 1990, as from time-to-time amended, and any successor thereto, and all investment earnings thereon.

- In Section 705 of the General Certificate, the City covenants that for each Fiscal Year, it will fix and adjust rates and charges with respect to the Jetport for the services and facilities furnished by the Jetport so that Net Revenues in each Fiscal Year will equal at least 125% of the Required Debt Service Fund Deposits. The City also covenants to comply with all of the required fund deposits specified in the General Certificate.

- Article V of the Certificate creates certain funds and accounts and establishes the principal function and uses of each fund and account. These funds are described in detail in Section 503 through Section 513 of the General Certificate and the purpose of the funds used in the financial analysis is summarized below:

  - Revenue Fund – The purpose of this fund is to provide an account for the deposit of all Revenues as well as transfers to the Operating Fund, Debt Service Fund, M&O Reserve Fund, Renewal and Replacement Reserve Fund, and Rebate Fund.

  - Project Fund – This fund is for the deposit of all proceeds of Bonds, as defined in the Certificate, other than deposits in the Debt Service Reserve Fund and the Capitalized Interest Account of the Debt Service Fund and certain other monies for the payment of Costs of a Project.

  - Operating Fund – Transfers to this fund include the amount equal to M&O Expenses as shown in the Operating Budget.

  - Debt Service Fund – This fund contains sub-accounts for principal, interest, redemption, and capitalized interest associated with Debt Service for each Series of Bonds.

  - Debt Service Reserve Fund – This fund includes deposits in an amount equal to the Series Debt Service Reserve Fund Requirement, if any, established with respect to each Series of Bonds. Investment earnings for this fund are considered Revenues.

  - M&O Reserve Fund – Each Fiscal Year, the deposit in this fund shall equal the amount necessary to make the fund balance equal to M&O Expenses, as provided in the Operating Budget, for three consecutive months. Investment earnings for this fund are considered Revenues.

4.1.3. Airline Agreements

The City has entered into signatory leases with AirTran Airways, Air Wisconsin Airlines, ExpressJet Airlines, Inc., Delta Air Lines, DHL, FedEx, JetBlue Airways, Northwest Airlines, and US Airways (collectively, the Signatory Airlines). The Airline Agreement provides for code-share carriers to operate under the Airline Agreement as a Signatory Airline. Therefore, the regional/commuter carriers that provide service under an operating agreement with a mainline carrier are also considered Signatory Airlines.

The Airline Agreements for the Signatory Airlines each had an original expiration date of December 31, 2006. In fall 2006, the Signatory Airlines and the Jetport agreed to extend the term of the Airline Agreements until December 31, 2009. Prior to the new expiration date, the Jetport intends on negotiating a new airline agreement with the airlines. It is the intent of the Jetport to include in this new airline agreement approval to fund the cost of the construction of the terminal expansion project. If the Airline Agreements expire and new agreements are not signed, the City has the legal authority to set rates.

Since this analysis does not include the financial impact of the construction of the terminal expansion project, the current methodologies outlined in the Airline Agreements are assumed to remain in place throughout the projection period. Key provisions of the Airline Agreements between the City and the Signatory Airlines include the following:

- Rates for rentals, charges, and fees for the Signatory Airlines are calculated on an annual basis. The landing fee is a 50% recovery compensatory-based formula, based on requirements of the Jetport field divided by total airport landed weight. The terminal building rental rate for each terminal building sub-center (Common Use, Exclusive Use, and Public/Concessions) is a compensatory-based formula, based on requirements of the terminal building divided by the square feet of those areas.

- Rentals, charges, and fees for the current rate setting period are adjusted for the variance of budget to actual M&O Expenses from the prior rate setting period.

- The Airline Agreements provide that for each rate adjustment period, the City will provide the budget and actual financial information for the prior rate setting period and a budget for the current rate setting period; the adjustment of rates for the prior Fiscal Year that is carried over to the current rate setting period; and the calculation of proposed rentals, charges, and fees for the current rate setting period to the Signatory Airlines. A meeting is also held between the Airport Manager and the Signatory Airlines for the purpose of discussing the proposed rentals, charges, and fees. The Airport Manager may give consideration to Signatory Airlines' comments and suggestions prior to the adoption and finalization of the proposed rentals, charges, and fees.

- A Majority-In-Interest (MII) provision is included in the Airline Agreements for the Jetport field and terminal building capital improvements that are not included as part of Exhibit B of the Airline Agreement. MII is defined as 50% in number of all Signatory Airlines, which in aggregate paid 50% or more of landing fees or terminal building rentals in the preceding Fiscal Year for the Jetport field and the terminal building, respectively.

- The Jetport's premises are leased by the Signatory Airlines exclusively, preferentially, and jointly. Any unleased areas are under the direct control of the City.

4.2. DEBT SERVICE REQUIREMENTS

As of June 30, 2007, the City had $32,850,000 in outstanding General Airport Revenue Bonds and $392,393 in outstanding Jetport-related General Obligation Bonds. As previously discussed, the City currently has two LOCs to provide funds for capital projects at the Jetport. One of the LOCs is secured solely by PFCs and the other is subordinated to the Bonds.

The sources and uses of funds used to determine the debt service associated with the issuance of the Series 2008 Bonds are presented in **Table 4-1**. As shown in the table, it is assumed that the Series 2008 Bonds will be issued in a par amount of $26,090,000. The proceeds of the Series 2008 Bonds, together with interest earnings during construction are expected to be used to fund approximately $22.1 million in project costs. No additional revenue bond issuances to support the future CIP are assumed in this analysis.

Table 4-1
Sources and Uses of Funds
Series 2008 Bonds

Sources	
Par Amount of Bonds	$26,090,000
	$26,090,000
Uses	
Project Fund Deposits	$21,094,919
Debt Service Reserve Fund	1,922,200
Capitalized Interest Account of Debt Service Fund	1,550,852
Costs of Issuance [1]	1,522,029
	$26,090,000

[1] Costs of issuance include bond issuance costs, underwriter's discount, and bond insurance premium.

Sources: J.P. Morgan Securities Inc.
Compiled by MAC Consulting, LLC

Table 4-2 presents the debt service amounts associated with the City's outstanding revenue bonds and general obligation bonds for Jetport purposes (the Prior General Obligation Bonds), as well as the projected debt service requirements for the Series 2008 Bonds.

Table 4-2
Debt Service Requirements

	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
Prior General Obligation Bonds	$200,224	$189,414	$178,596	$167,794	$80,267	$0	$0	$0	$0	$0
General Airport Revenue Bonds										
Series 2003 Bonds	$2,255,311	$2,255,809	$2,255,119	$2,253,241	$2,255,175	$2,255,723	$2,253,723	$2,252,400	$2,253,625	$2,253,625
Series 2008 Bonds [1]	0	0	0	1,920,400	1,919,100	1,921,600	1,917,600	1,917,400	1,920,700	1,917,200
Total GARBs	$2,255,311	$2,255,809	$2,255,119	$4,173,641	$4,174,275	$4,177,323	$4,171,323	$4,169,800	$4,174,325	$4,170,825

[1] Debt service for the Series 2008 Bonds is presented net of capitalized interest at an assumed interest rate of 6% per annum.

Sources: City records, Prior General Obligation Bonds and Series 2003 Bonds
J.P. Morgan Securities Inc., Series 2008 Bonds
Compiled by MAC Consulting, LLC

As shown in the table, outstanding Bond debt service was approximately $2.3 million in FY 2007, increasing to approximately $4.2 million in FY 2010 to FY 2016. Debt service associated with the Series 2008 Bonds is estimated to be $1.9 million annually beginning in FY 2010.

4.3. M&O EXPENSES

M&O Expenses represent the day-to-day expenditures for the operation of the Jetport, including the administrative functions. M&O Expenses are assigned by division and then allocated to the cost centers described in Section 4.1. Within each division, there are line items to which the M&O Expenses are assigned, including but not limited to payroll, benefits, administrative services, contractual services, maintenance and repairs, rentals, insurance, supplies, utilities, contributions, and capital outlay.

Table 4-3 presents M&O Expenses for actual FY 2007, estimated FY 2008, budget FY 2009, and projected FY 2010 through FY 2016. As shown, M&O Expenses were approximately $9.9 million in FY 2007, are estimated to be approximately $10.4 million in FY 2008, and are budgeted to be approximately $10.5 million in FY 2009.

Table 4-3
M&O Expense Projections

	Actual 2007	Estimated 2008	Budget 2009	Projected 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016
Summary by Line Item										
Payroll	$2,004,004	$2,004,136	$2,125,006	$2,210,000	$2,298,000	$2,390,000	$2,485,000	$2,584,000	$2,688,000	$2,795,000
Benefits	1,074,830	1,118,022	1,088,067	1,132,000	1,177,000	1,224,000	1,274,000	1,325,000	1,378,000	1,434,000
Administrative Services	565,795	507,555	516,538	536,000	557,000	578,000	600,000	625,000	650,000	676,000
Contractual Services	1,890,305	2,151,343	2,354,394	2,448,000	2,545,000	2,647,000	2,754,000	2,864,000	2,978,000	3,097,000
Maintenance & Repairs	822,210	869,978	900,530	937,000	974,000	1,012,000	1,052,000	1,094,000	1,138,000	1,183,000
Rentals	220,311	341,266	22,391	23,000	23,000	23,000	23,000	23,000	23,000	23,000
Insurance	150,070	157,989	136,269	142,000	148,000	154,000	160,000	166,000	173,000	180,000
Supplies	496,655	707,109	603,443	628,000	653,000	679,000	707,000	736,000	765,000	795,000
Utilities	755,658	784,865	814,370	847,000	880,000	914,000	949,000	987,000	1,026,000	1,066,000
Contributions	1,901,949	1,761,619	1,967,528	2,046,000	2,128,000	2,213,000	2,301,000	2,393,000	2,488,000	2,588,000
Total	$9,881,788	$10,403,882	$10,528,535	$10,949,000	$11,383,000	$11,834,000	$12,305,000	$12,797,000	$13,307,000	$13,837,000
Summary by Cost Center										
Jetport Administration	$1,795,605	$1,661,729	$1,586,049	$1,649,000	$1,714,000	$1,782,000	$1,852,000	$1,926,000	$2,003,000	$2,083,000
Jetport Field	1,745,528	2,148,240	1,978,704	2,059,000	2,140,000	2,225,000	2,314,000	2,407,000	2,503,000	2,602,000
General Aviation	11,317	4,314	7,620	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Security	1,437,214	1,607,506	1,807,818	1,879,000	1,953,000	2,030,000	2,111,000	2,196,000	2,284,000	2,376,000
Terminal	2,610,278	2,634,988	2,811,183	2,923,000	3,040,000	3,161,000	3,287,000	3,417,000	3,553,000	3,694,000
Marketing	191,563	266,650	267,920	278,000	289,000	300,000	312,000	325,000	338,000	351,000
Parking	334,402	421,579	401,298	418,000	435,000	452,000	470,000	489,000	508,000	528,000
ARFF	1,755,881	1,658,875	1,667,944	1,735,000	1,804,000	1,876,000	1,951,000	2,029,000	2,110,000	2,195,000
Total	$9,881,788	$10,403,882	$10,528,535	$10,949,000	$11,383,000	$11,834,000	$12,305,000	$12,797,000	$13,307,000	$13,837,000

Sources: Jetport, FY 2007-FY 2009
MAC Consulting, LLC, FY 2010-FY 2016

The FY 2007 M&O Expenses reflect the actual expenditures presented in the 2007 Financial Statements for the Jetport. The FY 2008 M&O Expenses reflect the Jetport's estimate for the year based on M&O Expenses as of April 30, 2008. The FY 2009 M&O Expenses reflect the amounts presented in the City's FY 2009 Annual Operating Budget that was approved on May 19, 2008 (FY 2009 Budget). The following paragraphs describe the FY 2007, FY 2008, and FY 2009 M&O Expenses in more detail.

- As shown in the table, FY 2008 M&O Expenses are estimated to be approximately $10.4 million. Actual M&O Expenses from July 2007 through April 2008 are approximately $8.4 million compared to the budget of $9.2 million for the same time period.

- Contractual services in the Jetport Field increased and rentals decreased reflecting an accounting reassignment of the snow removal services at the Jetport.

- Utilities in the FY 2009 Budget are increasing to allow for the rising fuel costs nationwide. While this impacts all of the cost centers, it has the biggest impact on the terminal cost center.

- Contributions increase in FY 2009 as a result of the addition of a security guard in FY 2008 related to code orange level security requirements and an increase for standard of living costs.

As also shown in the table, M&O Expenses are forecast to be approximately $13.8 million in FY 2016, reflecting a compound annual growth rate of 3.8% from FY 2007 through FY 2016. The assumptions used to project M&O Expenses are as follows:

- Estimates of future M&O Expenses at the Jetport are based on a review of historical trends, the anticipated effects of inflation (assumed at 4% annually beginning in FY 2010), staffing requirements, and projected increases in aviation activity.

- Standard Parking pays for all costs associated with the management and operation of the parking facilities and pays the City a net amount. This net amount accounts for any increases in expenses due to the Parking Garage Expansion. Therefore, additional expenses resulting from the Parking Garage Expansion are not reflected in the Jetport's M&O expenses but are reflected in the net parking revenues shown in the next section.

- Indirect M&O Expenses are allocated according to Section 7.07 of the Airline Agreements as follows:

Indirect Cost Center	Jetport Field	Terminal Building
Jetport Administration	50%	50%
Security	10%	90%
Marketing	50%	50%
ARFF	95%	5%
Roadways	50%	50%

4.4. REVENUES

Major sources of Revenue at the Jetport include:

- ***Nonairline Revenues*** – Nonairline revenues accounted for approximately 71% of the Jetport's Revenues in FY 2007 and include the operation of public parking facilities and other parking services at the Jetport; terminal concession revenues generated from fees paid by concessionaires at the Jetport such as rental car, restaurant, news/gift shop, and advertising; cargo landing fees, ground rentals; and cargo and hangar rentals.

- ***Airline Revenues*** – Airline revenues accounted for approximately 29% of the Jetport's Revenues in FY 2007 and include revenues generated from passenger airline landing fees and terminal rentals.

Table 4-4 presents Revenues for actual FY 2007, estimated FY 2008, budget FY 2009, and projected FY 2010 through FY 2016. As shown, Revenues were approximately $14.3 million in FY 2007 increasing to approximately $20.7 million in FY 2016, reflecting a compound annual growth rate of 4.2% during that time period.

Table 4-4
Revenue Projections

	Actual 2007	Estimated 2008	Budget 2009	Projected 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016
Airline Revenues										
Terminal Areas	$2,257,104	$2,539,140	$2,921,145	$3,144,000	$3,233,000	$3,332,000	$3,428,000	$3,562,000	$3,701,000	$3,845,000
Landing Fees-Passenger	1,835,702	2,321,949	2,627,041	2,217,940	2,291,040	2,333,180	2,413,160	2,505,180	2,599,780	2,700,400
	$4,092,806	$4,861,089	$5,548,186	$5,361,940	$5,524,040	$5,665,180	$5,841,160	$6,067,180	$6,300,780	$6,545,400
Parking										
Garage & Surface Lots	$5,099,906	$5,198,987	$4,112,999	$6,008,439	$6,176,491	$6,342,283	$6,509,582	$6,676,127	$6,842,672	$7,009,971
Rental Car Parking	215,250	214,200	214,200	245,300	255,000	265,000	276,000	287,000	298,000	310,000
Rental Car Terminal Use	96,118	112,782	119,912	122,000	124,000	126,000	129,000	132,000	135,000	138,000
Employee Lot & Other	123,707	116,976	91,691	93,000	94,000	95,000	96,000	97,000	98,000	99,000
	$5,534,981	$5,642,945	$4,538,802	$6,468,739	$6,649,491	$6,828,283	$7,010,582	$7,192,127	$7,373,672	$7,556,971
Other										
Rental Car	$2,346,696	$2,501,659	$2,449,331	$2,568,000	$2,690,000	$2,816,000	$2,946,000	$3,080,000	$3,218,000	$3,361,000
Restaurant	356,839	351,335	336,000	368,000	386,000	404,000	423,000	442,000	462,000	482,000
News/Gift Shop	210,957	275,957	208,000	289,000	303,000	317,000	332,000	347,000	363,000	379,000
Advertising	88,488	105,552	90,000	94,000	98,000	103,000	108,000	113,000	118,000	123,000
Other Concessions	55,956	93,268	77,640	90,000	95,000	100,000	105,000	110,000	115,000	120,000
Ground Rent	433,401	452,605	424,534	441,938	460,096	478,300	497,552	517,854	538,208	559,616
Landing Fees-Cargo	299,637	282,437	340,734	361,060	372,960	379,820	392,840	407,820	423,220	439,600
TSA	194,907	214,248	263,729	274,000	285,000	296,000	308,000	320,000	333,000	346,000
Cargo Rentals	60,081	83,014	73,470	74,939	76,438	77,967	79,526	81,117	82,739	84,394
Miscellaneous	214,555	277,496	289,130	291,000	293,000	295,000	297,000	299,000	301,000	303,000
	$4,261,517	$4,637,571	$4,552,568	$4,851,938	$5,059,494	$5,267,087	$5,488,918	$5,717,791	$5,954,167	$6,197,610
Total Operating Revenues	$13,889,304	$15,141,605	$14,639,555	$16,682,617	$17,233,025	$17,760,550	$18,340,660	$18,977,098	$19,628,619	$20,299,981
Investment Earnings	$422,085	$375,000	$295,000	$345,000	$351,000	$357,000	$363,000	$369,000	$376,000	$383,000
Total Revenues	$14,311,388	$15,516,605	$14,934,555	$17,027,617	$17,584,025	$18,117,550	$18,703,660	$19,346,098	$20,004,619	$20,682,981

Sources: Jetport, FY 2007-FY 2009
MAC Consulting, LLC, FY 2010-FY 2016

As with M&O Expenses, FY 2007 Revenues reflect the Revenues presented in the 2007 Financial Statements, FY 2008 Revenues reflect the Jetport's estimate for the year based on Revenues as of April 30, 2008, and FY 2009 Revenues reflect the Revenues presented in the FY 2009 Budget. The following paragraphs describe the FY 2007, FY 2008, and FY 2009 Revenues in more detail.

- As shown in the table, FY 2008 revenues are estimated to be approximately $15.5 million. Actual revenues from July 2007 through April 2008 are approximately $12.4 million compared to the budget of $12.5 million for the same time period.

- Airline Revenues in FY 2008 and FY 2009 are increasing as a result of increasing landed weights at the Jetport and increases in the airline rates and charges resulting primarily from capital projects related to the expansion of the security area and the relocation of certain concession space in the terminal.

- As a result of the City's accounting cycle, the Jetport prepared its FY 2009 budget in November 2007. At that time, the Jetport budgeted terminal concession revenues based on a forecast of 800,000 enplanements. This resulted in a budgeted decrease in FY 2009 terminal concession revenues. However, as discussed in Chapter 2, FY 2008 enplanements are projected to be 875,000, making it less likely that terminal concession revenues will decrease in FY 2009. As a result, FY 2010 concession revenues were adjusted to account for the forecasted increase in enplanements.

- FY 2009 parking revenues are lower than FY 2008 due to the construction of the Parking Garage Expansion. In the initial stage of construction, the Jetport will lose approximately 570 spaces, and therefore, lose a portion of parking revenues. Upon completion of the Parking Garage Expansion, the Jetport will gain 1,039 spaces for a net gain of 469 spaces.

Revenues are discussed in greater detail in the following sections.

4.4.1. Nonairline Revenues

A summary of the key concession lease provisions for the nonairline revenues are discussed in greater detail as follows:

- The Jetport has a management agreement with Standard Parking Corporation. This agreement had an original term of August 1, 2001 through December 31, 2004 with two automatic successive five-year term extensions unless written notice of non-renewal is given by the City. Therefore, the Jetport is in the first five-year extension period which expires on December 31, 2009. Standard Parking's responsibilities include the management and operation of the parking facilities and any shuttle services, general maintenance of revenue controls and parking facilities, hiring and supervising qualified personnel, promotion of use/growth of the Jetport parking facilities, collection of parking fees from users, and preparation of annual budgets of parking revenue and expenses. Under the contract, the City reimburses Standard Parking for all costs associated with the management and operation of the parking facilities and receives net parking revenue. Standard Parking receives a fixed management fee that is adjusted on August 1 of each year by the consumer price index for urban consumers.

- The on-airport rental car operators at the Jetport include Avis Budget Group, Inc., Hertz Corporation, and Vanguard Car Rental USA, Inc. (National/Alamo)[1]. Each rental car company is obligated to pay a concession fee of the greater of a specified minimum

[1] Avis and Budget have the same parent company but are run separately; Alamo and National have the same parent company but are run jointly.

annual guarantee or 10% of the gross receipts of each on-airport rental car operator. The rental car companies also pay terminal rental for the premises occupied in the terminal. The existing rental car leases have terms ending June 30, 2008, at which time the Jetport intends to continue with the current leases on a month-to-month basis with an estimated re-bid in the fall of 2008

- The restaurant concession at the Jetport is operated by HMS Host, Inc. (formerly known as Host Marriott Services Corporation) (Host) pursuant to the current agreement with a subsidiary of Host which terminates on May 31, 2015, provided that the City has the right to terminate the agreement at any time on 30 days notice. Host is required to pay the greater of 10.5% of its annual gross receipts (excluding any sales taxes collected) at the Jetport or a minimum amount which is adjusted based on the prior year's payment. In addition, Host must pay for janitorial services, repairs, electricity charges and taxes and assessments with respect to its premises.

- The news/gift shop concession at the Jetport is operated by Paradies Shops, L.L.C. (Paradies) pursuant to an agreement which terminated on February 28, 2006. Pursuant to the agreement, Paradies is required to pay to the City 10% of annual gross revenues less than $600,000, 11% of annual gross revenues between $600,000 and $800,000, 11.5% of annual gross revenues between $800,000 and $1,000,000, and 12% of its annual gross revenues over $1,000,000 or 80% of the prior year's payment if it is higher than the percentage of gross revenues calculation for the current year. In addition, Paradies must pay for janitorial services and repairs and for its share of any terminal building costs for heat, water, sewer, air conditioning and electric service. The City is continuing this agreement on a month to month basis and will be issuing a request for proposals for news/gift concessions within the next six months concurrently with the design of the proposed terminal expansion. This will allow the City to include the future planned terminal concession space, which is now being designed, within the request for proposals.

Nonairline revenues are anticipated to grow between FY 2010 and FY 2016 primarily based on historical trends and lease provisions. In addition to inflation, terminal concession revenues and rental car revenues are projected to increase with enplanement growth.

4.4.2. Parking Revenues

Since the primary use of the proceeds from the Series 2008 Bonds is to fund the Parking Garage Expansion, a more detailed analysis of parking revenue projections was conducted. Currently, the Jetport is charging a maximum daily rate of $12 for the long-term garage, $10 for the long-term surface lot, and $7 for the discount lot. In addition, the first floor in the original parking garage is defined as the short-term parking area and the Jetport charges $2 per hour for these spaces. This compares to Manchester•Boston Regional at a maximum daily parking rate of $17 in the long-term parking garage and $10 in the long-term surface lots; and Boston Logan International Airport at a maximum daily parking rate of $24 in the central parking garage, terminal B garage, and terminal E lots 1 and 2 and $18 in the surface economy lot.

Table 4-5 presents garage and surface lot parking revenues and enplanements for FY 2002 through FY 2007. As shown in the table, garage and surface lot parking revenue increased at a compound annual growth rate of approximately 21.5% from 2002 to 2007 compared to enplanement growth of 5.1% for the same time period. This significant increase in garage and surface lot parking revenue is primarily due to enplanement growth, daily parking rate increases, and an increase in parking capacity. FY 2006 garage and surface lot parking revenue decreased from FY 2005 levels as a result of the decrease in enplanements due to the termination of service by Independence Air in January 2006. As also shown in the table, garage and surface lot parking revenue from July 2007 through April 2008 increased 5.9% over the same time period in FY 2007 indicating that garage and surface lot parking revenues are continuing to increase with the growth in enplanements at the Jetport.

Table 4-5
Historical Garage and Surface Lot
Parking Revenues

Fiscal Year	Garage & Surface Lot Revenue	Annual Growth	Enplanements	Annual Growth
2002	$1,926,914	--	610,008	--
2003	$2,107,272	9.4%	626,426	2.7%
2004	$3,168,502	50.4%	638,674	2.0%
2005	$4,123,770	30.1%	744,513	16.6%
2006	$3,702,125	-10.2%	679,458	-8.7%
2007	$5,099,906	37.8%	781,185	15.0%
Compound Annual Growth Rate				
2002-2007	21.5%		5.1%	
July 06 - Apr 07	$3,736,404	--	641,641	--
July 07 - Apr 08	$3,956,950	5.9%	720,417	12.3%

Sources: Jetport records
Compiled by MAC Consulting, LLC

The parking revenue projections included in Table 4-4 were determined based on the assumptions included in the 2007 Parking Feasibility Study adjusted to reflect the revised activity forecasts presented in Chapter 2 of this report and actual revenue and parking transaction data available since January 2007. The following summarizes key assumptions used in developing the parking revenue projections:

- The primary driver of parking revenue is growth in O&D passengers at the Jetport. Since the Jetport is 99% O&D, enplanement growth at the Jetport is reflective of O&D passenger growth. Although levels are forecast to fluctuate in certain years, enplanements are forecasted to increase at a compound annual growth rate of 3.6% from FY 2007 to FY 2016.

- In February 2008, the Jetport increased its surface and garage daily rates by $2 per day. The parking revenue projections assume an additional rate increase of $2 per day following completion of the expansion of the parking garage (FY 2010). No other parking rate increases were assumed during the projection period of this analysis, which is conservative since historically the Jetport has increased rates approximately every two years since opening the parking garage in 2003 and it is common industry practice for airports to increase parking rates periodically to allow for inflation.

- Except for FY 2009, transactions are projected based on the same growth rate used to forecast enplanements. By FY 2010, the long-term surface lot is forecast to be at capacity and would not be able to accommodate the projected increase in transactions. Once the long-term surface lot is full, this analysis assumes that un-accommodated parkers would move to the long-term garage at their respective times in the system paying the long-term garage rate.

- The gross parking revenues resulting from the daily rate increase and the projected transactions are translated into net parking revenues to the Jetport based on historical distributions which average 75% of gross parking revenues.

- In addition to garage and surface lot parking revenue, the parking cost center also includes parking revenues related to the rental cars and the employee lot. These revenues are projected to increase with inflation.

Table 4-6 presents a cash flow analysis for the parking cost center. Since the proceeds from the Series 2008 Bonds are solely to fund the Parking Garage Expansion and related financing costs, a coverage ratio was included for the parking cost center.[2] As shown in the table, parking revenues are projected to increase from $5.5 million in FY 2007 to $7.6 million in 2016, reflecting a compound annual growth rate of 3.5%. As also shown, net parking revenues are projected to exceed revenue bond debt service by a minimum of 1.45 times throughout the forecast period.

[2] The coverage ratio presented in Table 4-6 is not meant to reflect the actual Debt Service Coverage Ratio required under Section 705 of the Certificate. The Debt Service Coverage Ratio per Section 705 is presented in Table 4-8.

Table 4-6
Parking Cash Flow

	Actual 2007	Estimated 2008	Budget 2009	Projected 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016
Revenues	$5,534,981	$5,642,945	$4,538,802	$6,468,739	$6,649,491	$6,828,283	$7,010,582	$7,192,127	$7,373,672	$7,556,971
LESS: M&O Expense	(334,402)	(421,579)	(401,298)	(418,000)	(435,000)	(452,000)	(470,000)	(489,000)	(508,000)	(528,000)
NET PARKING REVENUES	$5,200,579	$5,221,366	$4,137,504	$6,050,739	$6,214,491	$6,376,283	$6,540,582	$6,703,127	$6,865,672	$7,028,971
LESS: Equipment & Capital Outlays	($74,545)	($67,990)	$0	$0	$0	$0	$0	$0	$0	$0
LESS: Prior G.O. Bond Dbt Svc	0	0	0	0	0	0	0	0	0	0
LESS: Revenue Bond Debt Service	(2,255,311)	(2,255,809)	(2,255,119)	(4,173,641)	(4,174,275)	(4,177,323)	(4,171,323)	(4,169,800)	(4,174,325)	(4,170,825)
LESS: M&O Reserve Fund	(70,791)	(21,794)	6,593	(4,176)	(4,250)	(4,250)	(4,500)	(4,750)	(4,750)	(5,000)
Net Surplus/(Deficit)	$2,799,933	$2,875,773	$1,888,978	$1,872,923	$2,035,967	$2,194,710	$2,364,759	$2,528,577	$2,686,597	$2,853,146
Debt Service Coverage										
Net Parking Revenues	$5,200,579	$5,221,366	$4,137,504	$6,050,739	$6,214,491	$6,376,283	$6,540,582	$6,703,127	$6,865,672	$7,028,971
Required Debt Service Fund Deposit	$2,255,311	$2,255,809	$2,255,119	$4,173,641	$4,174,275	$4,177,323	$4,171,323	$4,169,800	$4,174,325	$4,170,825
Debt Service Coverage	**2.31**	**2.31**	**1.83**	**1.45**	**1.49**	**1.53**	**1.57**	**1.61**	**1.64**	**1.69**

Source: MAC Consulting, LLC

4.4.3. Airline Revenues

The balance of the revenues annually generated by the Jetport is comprised of landing fees and terminal rentals payable by the airlines. Airline revenues are projected based on the rate provisions provided in the Airline Agreements for the Signatory Airlines. Since this analysis does not include the financial impact of the construction of the terminal expansion project, the current methodologies outlined in the Airline Agreements are assumed to remain in place throughout the projection period.

The landing fee is a 50% recovery compensatory-based formula, based on requirements of the Jetport field divided by total airport landed weight. The terminal building rental rate is a compensatory-based formula, based on requirements of the terminal building divided by the square feet of each terminal sub-center. The rate-base items that determine the total requirement for the rate calculations include the following items:

- M&O Expenses
- Equipment and Capital Outlays under $10,000
- Amortization
- Debt Service
- Debt Service Coverage

The rates and charges to the Signatory Airlines are determined prospectively pursuant to the ratemaking procedures of the Airline Agreements. After the end of the Fiscal Year, the amounts actually collected from the Signatory Airlines are reconciled to the amounts actually required under the Airline Agreement to be paid for such Fiscal Year, and the amount of any overpayment or underpayment is established. The Signatory Airlines' rates and charges are adjusted for any underpayments and overpayments in the next Fiscal Year's calculations.

Table 4-7 presents the airline rates and charges for the Jetport. Since the debt service associated with the Series 2008 Bonds is solely for the Parking Garage Expansion, it is not included in the airlines' rates and charges. As shown in the table, the sum of the rate-base items listed above for each airline cost center is divided by total estimated landed weight in 1,000 pounds for the landing fee and exclusive use and common use space for the terminal rental rate.

Table 4-7
Airline Rates and Charges

	Budget 2009	Projected 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016
Exclusive Use Tml Rental Rate								
Direct Expenses	$397,070	$411,897	$428,446	$445,456	$463,154	$481,313	$500,391	$520,158
Indirect Expenses	607,591	630,108	654,944	680,779	707,822	736,300	765,779	796,476
Equipment & Capital Outlays	3,628	3,079	3,079	3,079	3,079	3,079	3,079	3,079
Amortization	83,705	64,049	51,470	41,691	28,322	28,322	28,322	28,322
Debt Service	0	0	0	0	0	0	0	0
Debt Service Coverage	0	0	0	0	0	0	0	0
Total Requirement	$1,091,994	$1,109,133	$1,137,939	$1,171,004	$1,202,376	$1,249,014	$1,297,570	$1,348,034
Exclusive Use Space	30,133	30,131	30,131	30,131	30,131	30,131	30,131	30,131
Exclusive Use Tml Rental Rate[1]	$35.57	$36.81	$37.77	$38.86	$39.91	$41.45	$43.06	$44.74
Leased Exclusive Use Space	29,222	29,305	29,305	29,305	29,305	29,305	29,305	29,305
Exclusive Use Terminal Rentals	$1,039,444	$1,079,000	$1,107,000	$1,139,000	$1,170,000	$1,215,000	$1,262,000	$1,311,000
Common Use Tml Rental Rate								
Direct Expenses	$1,027,805	$1,069,975	$1,112,776	$1,157,087	$1,203,234	$1,250,889	$1,300,709	$1,352,366
Indirect Expenses	864,196	899,595	935,052	971,937	1,010,545	1,051,204	1,093,290	1,137,115
Equipment & Capital Outlays	5,161	4,395	4,395	4,395	4,395	4,395	4,395	4,395
Amortization	119,056	91,442	73,483	59,521	40,435	40,435	40,435	40,435
Debt Service	0	0	0	0	0	0	0	0
Debt Service Coverage	0	0	0	0	0	0	0	0
Total Requirement	$2,016,218	$2,065,407	$2,125,707	$2,192,940	$2,258,608	$2,346,922	$2,438,829	$2,534,311
Common Use Space	42,859	43,017	43,017	43,017	43,017	43,017	43,017	43,017
Common Use Tml Rental Rate[1]	$46.38	$48.01	$49.42	$50.98	$52.50	$54.56	$56.69	$58.91
Leased Common Use Space	40,571	43,017	43,017	43,017	43,017	43,017	43,017	43,017
Common Use Terminal Rentals	$1,881,701	$2,065,000	$2,126,000	$2,193,000	$2,258,000	$2,347,000	$2,439,000	$2,534,000
Landing Fee Rate								
Direct Expenses	$1,978,704	$2,059,000	$2,140,000	$2,225,000	$2,314,000	$2,407,000	$2,503,000	$2,602,000
Indirect Expenses	2,692,313	2,799,650	2,910,600	3,026,200	3,146,550	3,272,650	3,403,400	3,539,850
Equipment & Capital Outlays	21,250	11,541	11,541	11,541	11,541	11,541	11,541	11,541
Amortization	290,787	282,925	261,975	169,480	137,480	130,359	130,359	130,359
Debt Service	0	0	0	0	0	0	0	0
Debt Service Coverage	0	0	0	0	0	0	0	0
Total Requirement	$4,983,054	$5,153,116	$5,324,116	$5,432,221	$5,609,571	$5,821,550	$6,048,300	$6,283,750
Landed Weight (000's lbs.)	1,150,000	1,175,000	1,200,000	1,225,000	1,250,000	1,275,000	1,300,000	1,325,000
Rate Prior to Adjustments	$4.33	$4.39	$4.44	$4.43	$4.49	$4.57	$4.65	$4.74
Landing Fee Reduction (50%)[1]	$2.41	$2.20	$2.22	$2.22	$2.25	$2.29	$2.33	$2.37
Passenger Lnd Wght (000's lbs.)	1,092,325	1,010,451	1,032,000	1,053,354	1,074,904	1,096,359	1,118,185	1,139,409
Landing Fee Revenue-Passenger	$2,627,041	$2,217,940	$2,291,040	$2,333,180	$2,413,160	$2,505,180	$2,599,780	$2,700,400
Signatory Airline Cost per Enpl								
Exclusive Use Terminal Rentals	$1,039,444	$1,079,000	$1,107,000	$1,139,000	$1,170,000	$1,215,000	$1,262,000	$1,311,000
Common Use Terminal Rentals	1,881,701	2,065,000	2,126,000	2,193,000	2,258,000	2,347,000	2,439,000	2,534,000
Landing Fee Revenue-Passenger	2,627,041	2,217,940	2,291,040	2,333,180	2,413,160	2,505,180	2,599,780	2,700,400
Total Airline Revenues	$5,548,186	$5,361,940	$5,524,040	$5,665,180	$5,841,160	$6,067,180	$6,300,780	$6,545,400
Enplanements	900,000	925,000	950,000	975,000	1,000,000	1,025,000	1,050,000	1,075,000
Signatory Airline Cost per Enpl	$6.16	$5.80	$5.81	$5.81	$5.84	$5.92	$6.00	$6.09

[1] FY 2009 rates and charges include a settlement adjustment to the airlines for the difference between the previous year's estimate to budget.

Sources: Airline Agreements
MAC Consulting, LLC

The signatory airline cost per enplanement is also shown in Table 4-7. As shown, the airline cost per enplanement ranges from $5.80 in FY 2010 to $6.16 in FY 2009.

4.5. DEBT SERVICE COVERAGE RATIO

In Section 705(a) of the General Certificate, the City covenants that for each Fiscal Year, it will fix and adjust Rates and Charges with respect to Portland International Jetport for the services and facilities furnished by the Jetport so that Net Revenues in each Fiscal Year will equal at least 125% of the Required Debt Service Fund Deposits. **Table 4-8** presents estimated debt service coverage for the Jetport. As shown, estimated debt service coverage exceeds the 1.25 times Rate Covenant requirement during the projection period ranging from a minimum of 1.46 times in FY 2010, the first full year of debt service related to the Series 2008 Bonds, to 1.64 times in FY 2016.

Table 4-8
Debt Service Coverage Ratio
and Net Cash Flow

	Actual 2007	Estimated 2008	Budget 2009	Projected 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016
Revenues										
Operating Revenues	$13,889,304	$15,141,605	$14,639,555	$16,682,617	$17,233,025	$17,760,550	$18,340,660	$18,977,098	$19,628,619	$20,299,981
Investment Earnings	422,085	375,000	295,000	345,000	351,000	357,000	363,000	369,000	376,000	383,000
Total Revenues	$14,311,388	$15,516,605	$14,934,555	$17,027,617	$17,584,025	$18,117,550	$18,703,660	$19,346,098	$20,004,619	$20,682,981
LESS: M&O Expense[1]	(9,963,611)	(10,403,882)	(10,528,535)	(10,949,000)	(11,383,000)	(11,834,000)	(12,305,000)	(12,797,000)	(13,307,000)	(13,837,000)
NET REVENUES	$4,347,777	$5,112,723	$4,406,020	$6,078,617	$6,201,025	$6,283,550	$6,398,660	$6,549,098	$6,697,619	$6,845,981
LESS: Equipment & Capital Outlays	(350,423)	(1,355,000)	(767,000)	(25,270)	(25,270)	(25,270)	(25,270)	(25,270)	(25,270)	(25,270)
LESS: Prior G.O. Bond Dbt Svc	(200,224)	(189,414)	(178,596)	(167,794)	(80,267)	0	0	0	0	0
LESS: Revenue Bond Debt Service	(2,255,311)	(2,255,809)	(2,255,119)	(4,173,641)	(4,174,275)	(4,177,323)	(4,171,323)	(4,169,800)	(4,174,325)	(4,170,825)
LESS: M&O Reserve Fund	(213,637)	(130,523)	(54,236)	(105,116)	(108,500)	(112,750)	(117,750)	(123,000)	(127,500)	(132,500)
Net Surplus/(Deficit)	$1,328,182	$1,181,978	$1,151,069	$1,606,796	$1,812,714	$1,968,207	$2,084,317	$2,231,028	$2,370,524	$2,517,386
Debt Service Coverage Ratio										
Net Revenues	$4,347,777	$5,112,723	$4,406,020	$6,078,617	$6,201,025	$6,283,550	$6,398,660	$6,549,098	$6,697,619	$6,845,981
Required Debt Service Fund Deposit	$2,255,311	$2,255,809	$2,255,119	$4,173,641	$4,174,275	$4,177,323	$4,171,323	$4,169,800	$4,174,325	$4,170,825
Debt Service Coverage Ratio	**1.93**	**2.27**	**1.95**	**1.46**	**1.49**	**1.50**	**1.53**	**1.57**	**1.60**	**1.64**

[1] For the calculation of the Debt Service Coverage Ratio, FY 2007 M&O Expenses are adjusted for encumbrances.

Sources: Certificate
MAC Consulting, LLC

4.6. SENSITIVITY ANALYSIS

The techniques used in this report are consistent with industry practices for similar studies in connection with airport revenue bond sales. While MAC Consulting, LLC believes the approach and assumptions utilized are reasonable, some assumptions regarding future trends and events may not materialize and certain historical results presented in this report may not be indicative of the future operating results of the Jetport. Therefore, a sensitivity analysis was prepared to determine the impacts of certain potential negative events.

Due to the Jetport's strong O&D traffic, it is reasonable to assume that while enplanements may fluctuate during the projection period due to unforeseen circumstances, they would eventually, return to historical levels. This has been evidenced by the increases in enplanements after September 2001 and after the bankruptcy of Independence Air.

However, the future of the aviation industry is uncertain given upward pressure on airline costs such as fuel, declines in the economy, and other external events that impact demand for air transportation. As a result, a sensitivity analysis was prepared to account for certain unforeseen circumstances in the airline industry and how they might impact the Jetport. The sensitivity prepared for this report examines the impact of the discontinuation of service by the two low-cost carriers at the Jetport.

For the fiscal year to date April 30, 2008, AirTran and JetBlue accounted for approximately 29% of enplanements and 22% of the landed weight at the Jetport; therefore, enplanements and landed weight in FY 2009 were decreased by these percentages, respectively. Since the Jetport has a strong O&D market, enplanements in 2010 are assumed to recover by 50% and then increase annually by 2.5%, reflecting the compound annual growth rate forecasted in Chapter 2. These results were then compared to the results presented in Section 4.3 and Section 4.4 (the Base Case).

Table 4-9 includes a comparison of the airline cost per enplanement and debt service coverage for the Jetport. As shown under the sensitivity, estimated debt service coverage remains above the 1.25 times Rate Covenant requirement of the General Certificate during the projection period.

Table 4-9
Sensitivity Analysis

	Base Case				Sensitivity			
Fiscal Year	Enplanements	Public Parking Revenues	Cost Per Enpl	Debt Service Cvrg Ratio	Enplanements	Public Parking Revenues	Cost Per Enpl	Debt Service Cvrg Ratio
2009	900,000	$4,112,999	$6.16	1.95	639,000	$4,112,999	$8.68	1.91
2010	925,000	$6,008,439	$5.80	1.46	757,000	$5,577,381	$7.09	1.31
2011	950,000	$6,176,491	$5.81	1.49	777,460	$5,728,100	$7.11	1.33
2012	975,000	$6,342,283	$5.81	1.50	797,919	$5,878,820	$7.11	1.35
2013	1,000,000	$6,509,582	$5.84	1.53	818,379	$6,033,308	$7.14	1.37
2014	1,025,000	$6,676,127	$5.92	1.57	838,838	$6,187,795	$7.24	1.40
2015	1,050,000	$6,842,672	$6.00	1.60	859,297	$6,342,283	$7.34	1.43
2016	1,075,000	$7,009,971	$6.09	1.64	879,757	$6,497,524	$7.45	1.47

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Upon delivery of the Bonds described herein, Pierce Atwood LLP, Portland, Maine, bond counsel, proposes to issue its opinion in substantially the following form:

June ____, 2008

City of Portland, Maine
389 Congress Street
Portland, Maine 04101

RE: City of Portland, Maine General Airport Revenue Bonds
$26,420,000 Series 2008 (Non-AMT)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and sale by the City of Portland, Maine (the "City") of $26,420,000 aggregate principal amount of its General Airport Revenue Bond Series 2008 (Non-AMT) dated June ____, 2008 (the "Bonds").

In such capacity, we have examined the law, including the Revenue Producing Municipal Facilities Act, Title 30-A, c. 213 of the Maine Revised Statutes, as amended, and the record of proceedings certified to us by the City in connection with the execution and delivery of Bonds, including among other documents, a certified copy of Order 263-06/07 (the "Bond Order") duly adopted by the City Council at a meeting thereof duly called and held on June 18, 2007 authorizing the execution, issuance and delivery of the Bonds.

The Bonds are limited obligations of the City, payable solely from certain revenues of the Portland International Jetport pledged therefor as specified in and pursuant to that certain General Certificate of Terms of Issuance of General Airport Revenue Bonds – Portland International Jetport dated June 1, 2008 (the "General Certificate"), on a parity with the City's $29,165,000 General Airport Revenue Bond Series 2003A (Non-AMT) and its $5,835,000 General Airport Revenue Bonds Series 2003B (Taxable) both dated July 10, 2003, and any additional bonds that may hereafter be issued by the City for Jetport purposes pursuant to the General Certificate, and do not constitute a debt or liability of the City or a pledge of the faith and credit of the City and the City is not obligated to levy or pledge any form of taxation whatever therefor or to make any appropriation for payment thereof except from the foregoing revenues pledged therefor.

The Bonds should be signed by the Director of Finance of the City and the Mayor, sealed with the seal of the City attested by its Clerk, and should bear the signed certificate of the certifying agent identified thereon.

We understand the Bonds are dated as of June ____, 2008 and have been issued as serial bonds (the "Serial Bonds") in the denominations, bearing interest and maturing as of January 1 of each year as reflected below and term bonds in the denomination of $12,445,000, due January 1, 2038, bearing interest at the rate of ______% (the "Term Bonds"):

Serial Bonds

Maturity (January 1)	Principal Amount	Interest Rate	Maturity (January 1)	Principal Amount	Interest Rate
2011	$490,000	4.000%	2021	$740,000	4.250
2012	510,000	4.000	2022	775,000	4.500
2013	530,000	4.000	2023	810,000	4.500
2014	555,000	4.000	2024	845,000	4.500
2015	575,000	4.000	2025	885,000	4.625
2016	600,000	4.000	2026	930,000	4.700
2017	625,000	4.125	2027	975,000	4.750
2018	650,000	4.250	2028	1,020,000	4.750
2019	680,000	4.250	2029	1,070,000	4.750
2020	710,000	4.375			

The Term Bonds are subject to mandatory redemption in part on January 1 of the respective years shown below at the principal amount of such Term Bond being redeemed plus accrued interest to the date of redemption thereof, without premium, from sinking fund installments which are required to be made in amounts sufficient to redeem (or pay at maturity in the case of the final sinking fund installment) such Term Bond in the principal amounts (or in such lesser principal amount as may result from prior redemption or purchase by the City) shown below.

Year	Principal Amount	Year	Principal Amount
2030	$1,125,000	2035	$1,440,000
2031	1,180,000	2036	1,515,000
2032	1,240,000	2037	1,595,000
2033	1,305,000	2038	1,675,000†
2034	1,370,000		

Bonds maturing on and before January 1, 2018 are not subject to redemption prior to their stated dates of maturity. Bonds maturing on and after January 1, 2019 are subject to redemption from any source, at the option of the City, in whole or in part, at any time on and after January 1, 2018,, upon notice as provided in the Certificate, at the redemption price of one hundred percent (100%) of the principal amount thereof, plus accrued interest, if any, to the date of redemption.

† Final maturity.

We have examined Bond No. 08-1 and are of the opinion that said Bond is in proper form and duly executed by the City.

In expressing the opinion set forth in paragraph 3 hereinbelow, we have examined and relied upon the Arbitrage and Use of Proceeds Certificate and General Certificate of Finance Director of the City delivered concurrently herewith (the "Tax Certificates"), which contain representations, certifications, provisions and procedures regarding compliance with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"). The City, in executing such Tax Certificates, has certified that the information therein is true and accurate and that the City will comply with the provisions and procedures set forth therein and do and perform all acts and things necessary or desirable in order to assure that interest paid on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes. In rendering the opinion set forth in paragraph 3 below, we have relied upon the representations and certifications of the City set forth in such Tax Certificates, and we have assumed that the City will comply with the provisions and procedures set forth in such certificates.

We note that the Code establishes certain requirements regarding use, expenditure and investment of the proceeds of the Bonds and timely payment of certain investment earnings to the U.S. Treasury that must be met subsequent to the issuance and delivery of the Bonds in order that interest thereon be and remain excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code. Noncompliance with such requirements may cause interest on the Bonds to be included in the gross income of the owners thereof retroactive to the date of issuance thereof, regardless of when such noncompliance occurs.

We also note that ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Owners of the Bonds should consult their tax advisors regarding the applicability of any such collateral tax consequences of owning the Bonds.

With reference to the Bonds, we are further of the opinion that under existing law:

1. Under the Constitution and laws of the State of Maine, the City has been duly created and validly exists as a body corporate and politic and a municipality under the name of the City of Portland with lawful power and authority to adopt the Bond Order and to execute, issue and deliver the Bonds.

2. The Bonds, executed as above described and subject to due authentication have been duly authorized and are valid and binding limited obligations of the City, payable as to principal, premium, if any, and interest solely from the revenues pledged therefor, enforceable in accordance with their terms.

3. Based on existing statutes, regulations and court decisions, interest payable on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from the gross income of the owners thereof for federal income tax purposes. Interest on the

Bonds will not be treated as a preference item in calculating alternative minimum taxable income of individuals and corporations; however, interest on the Bonds will be taken into account in determining the adjusted net book income or adjusted current earnings for purposes of computing the alternative minimum tax imposed upon corporations and will be taken into account for purposes of the foreign branch profits tax.

4. Interest payable on the Bonds is not subject to Maine income taxes under existing statutes, regulations, and decisions; provided that no opinion is expressed as to taxation of interest on the Bonds as a tax preference subject to the minimum tax or franchise tax imposed under Chapters 818 and 819, respectively, of Title 36 of the Maine Revised Statutes, as amended. This exemption does not extend to any gift, estate, succession or inheritance tax or other tax not levied or assessed directly on the Bond or the income therefrom.

The foregoing opinions are qualified to the extent that the enforceability of the obligations of the City, including the Bonds, may be limited by bankruptcy, moratorium, or insolvency or other laws affecting creditors' rights and remedies generally and are subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We have not examined and assume no responsibility for the financial condition of the City and nothing set forth herein shall be construed as assurance as to the City's financial condition or ability to make required debt service payments on the Bonds.

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequence of acquiring, carrying, owning or disposing of the Bonds.

The opinions rendered herein are given as of the date hereof and we assume no obligation to update, revise or supplement such opinions to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

PIERCE ATWOOD LLP

By:________________________________

James M. Saffian
A Partner

CITY OF PORTLAND, MAINE
GENERAL AIRPORT REVENUE BONDS, SERIES 2008
APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE CERTIFICATE

SUMMARY OF CERTAIN TERMS OF THE CERTIFICATE

The following is a brief summary of certain provisions of the General Certificate including certain terms used in the General Certificate and used but not elsewhere defined in the Official Statement. This summary does not purport to be complete and reference is made to the General Certificate for full and complete statements of its terms and provisions.

Definitions

"Account" shall mean any account established pursuant to Section 502 of the General Certificate.

"Accountant" shall mean Runyon, Kersteen & Ouellette or any other independent certified public accountant (or a firm thereof) selected by the City, which may be the accountant regularly auditing the books of the City.

"Accreted Value" shall mean (a) with respect to any Capital Appreciation Bonds, as of any date of calculation, the sum of the amount set forth in a Supplemental Certificate as the amount representing the initial principal amount of such Capital Appreciation Bonds plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, or (b) with respect to Original Issue Discount Bonds, as of the date of calculation, the amount representing the initial public offering price of such Original Issue Discount Bonds plus the amount of the discounted principal which has accreted since the date of issue; in each case the Accreted Value shall be determined in accordance with the provisions of the Supplemental Certificate authorizing the issuance of such Capital Appreciation Bonds or Original Issue Discount Bonds.

"Advance-Refunded Municipal Bonds" means obligations the interest on which is excluded from gross income for purposes of federal income taxation that have been advance-refunded prior to their maturity and are fully and irrevocably secured as to principal and interest by Government Obligations, or Government Obligations that have been stripped of their unmatured interest coupons or interest coupons stripped from Government Obligations, held in trust for the payment thereof and which obligations are rated in the highest rating category by each Rating Agency.

"Airport Consultant" initially shall mean PB Aviation, Inc., and thereafter shall mean a firm or firms of national recognition experienced in the field of planning the development, operation and management of airports and aviation facilities, selected and employed by the City pursuant to Section 711 of the General Certificate from time to time.

"Authorized Newspaper" shall mean "The Bond Buyer," "The Wall Street Journal" or any newspaper or financial journal which is customarily published (except in the case of legal holidays) at least once a day for at least five days in each calendar week, printed in the English language, containing financial news, and of general circulation in the City of Portland and the City of New York.

"Authorized Representative" shall mean, with respect to the City, the Director of Finance of the City and, when used in reference to an act or document, shall also mean any other person authorized by the Governing Body to perform such act or sign such document.

"Average Annual Debt Service" shall mean, with respect to any Series of Bonds, the sum of Debt Service for each year in which such Bonds will be Outstanding divided by the number of years that such Bonds will be Outstanding.

"Balloon Maturities" shall mean, with respect to any Series of Bonds, 50% or more of the principal of which matures on the same date or within a Fiscal Year, that portion of such Series which matures on such date or within such Fiscal Year. For purposes of this definition, the principal amount maturing on any date shall be reduced by the amount of such Bonds scheduled to be amortized by prepayment or redemption prior to their stated maturity date, including the amount of any Sinking Fund Installment. Commercial paper, Parity Bond Anticipation Notes or other Short-Term/Demand Obligations shall not be Balloon Maturities.

"Bond" or "Bonds" shall mean any bonds, notes or other evidences of indebtedness, as the case may be, authenticated and delivered pursuant to Sections 206 or 207 of the General Certificate and shall include Parity Bond Anticipation Notes, Short-Term/Demand Obligations, Regularly Scheduled Swap Payments, Parity Reimbursement Obligations, and other securities, contracts or obligations incurred through lease, installment purchase or other agreements or certificates of participation therein, in each case to the extent secured as described in the General Certificate; but shall not mean Special Indebtedness or any other bonds, notes or other evidence of indebtedness, that is secured by a pledge of the Revenues that is in all respects subordinate to the provisions of the General Certificate and the lien and pledge created thereby.

"Bond Counsel's Opinion" shall mean an opinion signed by Pierce Atwood or any attorney or firm of attorneys of nationally recognized standing in the field of law relating to revenue bonds of public instrumentalities, selected by the City and satisfactory to the Trustee and may be an attorney or firm regularly providing services to the City.

"Bond Year" shall mean, with respect to any Series of Bonds, the twelve-month period, if any, set forth in the Supplemental Certificate authorizing any such Series.

"Business Day" shall mean unless specified otherwise in the applicable Supplemental Certificate, any day other than a Saturday, a Sunday or a day which shall be in the State of Maine, the State of New York or in the jurisdiction in which the Office of the Trustee or the designated office of the Registrar is located, a legal holiday or any other day on which any Trustee is authorized or required by law to be closed for business.

"Capital Appreciation Bonds" shall mean Bonds all or a portion of the interest on which is compounded and accumulated at the rates and on the dates set forth in a Supplemental Certificate and is payable only upon redemption or on the maturity date of such Bonds. Bonds which are issued as Capital Appreciation Bonds, but later convert to Bonds on which interest is paid periodically shall be Capital Appreciation Bonds until the conversion date and from and after such conversion date shall no longer be Capital Appreciation Bonds, but shall be treated as having a principal amount equal to their Accreted Value on the conversion date.

"Capital Expenditures" shall mean any amount expended on extensions, improvements, enlargements, betterments, alterations, renewals, repairs and replacements of the Jetport (including land, equipment and other real or personal property) that, (i) are used or useful in connection with the Jetport or any part thereof, (ii) are constructed, acquired, or made by or on behalf of the City subsequent to the date of the General Certificate, and (iii) are properly chargeable (whether or not so charged by the City) according to generally accepted accounting principles, as additions to property or plant accounts.

"Capitalized Interest" shall mean, for any particular Series of Bonds, that portion of the proceeds of such Series, if any, required by the Supplemental Certificate authorizing such Series to be deposited in a Subaccount established by such Supplemental Certificate for such Series in the Capitalized Interest Account for the purpose of funding the payment of a portion of the interest to come due on such Series.

"Capitalized Interest Account" shall mean the Account by that name established in the Debt Service Fund pursuant to Section 502 of the General Certificate.

"City" shall mean the City of Portland, Maine, a Maine municipal corporation, or any other political subdivision or public instrumentality of the State which shall hereafter succeed to the powers of the City relating to the Jetport.

"City Charter" shall mean the Charter of the City enacted on November 4, 1986, as amended from time to time.

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

"Code" shall mean the Internal Revenue Code of 1986, as amended, including applicable Treasury Regulations, rulings and procedures promulgated thereunder or under the Internal Revenue Code of 1954, as amended.

"Completion Bond" shall mean any Bond authenticated and delivered on original issuance pursuant to Section 206 of the General Certificate for the purpose of paying costs of completing a Project for which Bonds have previously been issued, or thereafter authenticated and delivered in lieu of or substitution for such Bond pursuant to the terms of the General Certificate.

"Consultant" shall mean the Accountant, the Airport Consultant, the Independent Engineer or any other independent consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm, underwriter, financial adviser, financial institution or other expert recognized to be well-qualified for work of the character required and retained by the Governing Body to perform acts and carry out duties provided for such Consultant in the General Certificate.

"Consultant Certificate" shall mean, when used with respect to the City or any Consultant, a signed document or report, as the context indicates, of such person or firm, which in the case of the City shall be signed by an Authorized Representative, attesting to or acknowledging the matters therein stated or setting forth matters to be determined pursuant hereto.

"Costs" as applied to any Project, shall mean all or any part of the cost, paid by or on behalf of or reimbursable by or to the City, of undertaking and carrying out such Project.

"Costs of Issuance" shall mean all items of expense directly or indirectly payable or reimbursable by or to the City and related to the authorization, sale and issuance of Bonds, including but not limited to the costs or fees incurred to obtain a Credit Facility or a Financial Guaranty with respect to such Series of Bonds.

"Credit Facility" shall mean a letter of credit, revolving credit agreement, standby purchase agreement, surety bond, insurance policy or similar obligation, arrangement or instrument issued by a bank, insurance company or other financial institution, or other form of credit enhancement and/or liquidity support, if any, provided for in the applicable Supplemental Certificate, including any alternate Credit Facility delivered in accordance with provisions of such Supplemental Certificate, that provides for payment of all or a portion of the Principal Installments or interest due on any Series of Bonds or provides funds for (i) the direct payment of the Principal Installments of and interest on such Bonds when due or (ii) the payment of the Principal Installments of and interest on such Bonds in the event amounts otherwise pledged to the payment thereof are not available when due or (iii) the payment of the Tender Option Price of any Option Bond which may be tendered to the City for purchase or payment in accordance with the Supplemental Certificate authorizing such Option Bond (in any case, regardless of whether such Credit Facility provides funds for any other purpose). Any reference in a Supplemental Certificate to a "Letter of Credit" shall be deemed to mean a Credit Facility.

"Credit Provider" shall mean, with respect to a Series of Bonds, the provider of a Credit Facility, including municipal bond insurance, letter of credit, or liquidity support, if any, for such Series of Bonds specified in the applicable Supplemental Certificate.

"Debt Service" for any period of time shall mean, as of any date of calculation and with respect to any Series of Bonds, an amount equal to the amount of payments required to be made for principal of and interest on all Bonds Outstanding of such Series, including Principal Installments, Sinking Fund Installments and Regularly Scheduled Swap Payments to be made by the City, and City payments pursuant to Reimbursement Agreements with Credit Providers to reimburse such Credit Providers for debt service payments made, and to pay credit enhancement or liquidity support fees, in each case to the extent secured by the General Certificate, scheduled to come due within a specified Fiscal Year, computed as follows:

(a) In determining the amount of principal to be funded in each year, payment shall (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made on Bonds Outstanding (other than Short-Term/Demand Obligations) in accordance with any amortization schedule established by the governing documents setting forth the terms of such Bonds, including, as a principal payment, the Accreted Value of any Capital Appreciation Bonds or Original Issue Discount Bonds maturing or scheduled for redemption in such year; and in determining the amount of interest to be funded in each year, interest payable at a fixed rate shall (except to the extent any other subsection of this definition applies) be assumed to be made at such fixed rate and on the required funding dates.

(b) Except for any historical period for which the actual rate or rates are determinable and except as otherwise provided in the General Certificate, Bonds that bear interest at a variable rate shall be deemed to bear interest at a fixed annual rate equal to (i) the average of the daily rates of such Bonds during the 365 consecutive days (or any lesser period such Bonds have been Outstanding) next preceding the date of computation; or (ii) with respect to any Bonds bearing interest at a variable rate which are being issued on the date of computation, the initial rate of such Bonds upon such issuance.

(c) Any Bonds that bear interest at a variable rate and with respect to which there exists a Swap that obligates the City to pay a fixed interest rate or a different variable interest rate shall (for the period during which such Swap is reasonably expected to remain in effect) be deemed to bear interest at the effective fixed annual rate or different variable rate thereon as a result of such Swap. In the case of any Bonds that bear interest at a fixed rate and with respect to which there exists a Swap that obligates the City to pay a variable rate, Annual Debt Service shall (for the period during which such Swap is reasonably expected to remain in effect) be deemed to include the interest payable on such Bonds, less the fixed amounts received by the City under the Swap, plus the amount of the variable payments (using the convention described in (b) above) to be made by the City under the Swap.

(d) If all or any portion of an Outstanding Series of Bonds constitute Balloon Maturities, authorized but unissued Bonds under a Program, Parity Bond Anticipation Notes or Short-Term/Demand Obligations, then, for purposes of determining Debt Service, each maturity that constitutes a Balloon Maturity, authorized but unissued Bonds under a Program, Parity Bond Anticipation Notes or Short-Term/Demand Obligations shall, unless otherwise provided in the Supplemental Certificate pursuant to which such Bonds are authorized or unless provision (e) of this definition then applies to such maturity, be treated as if it were to be amortized over a term of not more than 30 years and with substantially level annual debt service payments commencing not later than the year following the year in which such Balloon Maturity, authorized but unissued Bonds under a Program, Parity Bond Anticipation Notes or Short-Term/Demand Obligations were issued, and extending not later than 30 years from the date such Balloon Maturity, authorized but unissued Bonds under a Program, Parity Bond Anticipation Notes or Short-Term/Demand Obligations were originally issued; the interest rate used for such computation shall be that rate quoted in The Bond Buyer 25 Revenue Bond Index for the last week of the month preceding the date of calculation as published by "The Bond Buyer", or if that index is no longer published, another similar index designated by an Authorized Representative, taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; with respect to any Series of Bonds only a portion of which constitutes Balloon Maturities, authorized but unissued Bonds under a Program, Parity Bond Anticipation Notes or Short-Term/Demand Obligations, the remaining portion shall be treated as described in (a) above or such other provision of this definition as shall be applicable, and with respect to that portion of a Series of Bonds that constitutes Balloon Maturities, all funding requirements of principal and interest becoming due in any year other than the stated maturity of the Balloon Maturities shall be treated as described in (a) above or such other provision of this definition as shall be applicable.

(e) Any maturity of Bonds that constitutes a Balloon Maturity as described in provision (d) of this definition and for which the stated maturity date occurs within 12 months from the date such calculation of Debt Service is made, shall be assumed to become due and payable on the stated maturity date, and provision (d) above shall not apply thereto, unless an Authorized Representative certifies in writing (i) that the City intends to refinance such maturity, (ii) a reasonable estimate of the terms of such refinancing and (iii) that the debt capacity of the City is sufficient to successfully complete such refinancing (which may be based entirely on information provided by a Consultant), whereupon such Balloon Maturity shall be assumed to be refinanced in accordance with the terms set out in such certificate and such terms shall be used for purposes of calculating Debt Service; provided that such assumption shall not result in an interest rate lower than that which would be assumed under provision (d) above and provided further that principal shall be assumed to amortize over a term of not more than 30 years from the expected date of refinancing.

(f) In any computation relating to the issuance of a Series of Bonds required by Section 206 of the General Certificate, there shall be excluded from the computation of Debt Service principal of and interest on Bonds for which funds are, or are reasonably expected to be, available for payment of debt service, provided that such funds are irrevocably committed to make such payments, including without limitation any such funds in an escrow account or any such funds constituting capitalized interest held in any fund or account created by the General Certificate.

"Debt Service Coverage Ratio" shall mean the requirement of Section 705(a)(2) of the General Certificate that in each Fiscal Year, Net Revenues for such Fiscal Year shall equal or exceed 125% of Required Debt Service Fund Deposits.

"Debt Service Fund" shall mean the Debt Service Fund established pursuant to Section 502 of the General Certificate.

"Debt Service Reserve Fund" shall mean the Debt Service Reserve Fund established pursuant to Section 502 of the General Certificate.

"Defeasance Obligations" shall mean the obligations described in clause (a), (b) or (h) of the definition of Investment Securities in the General Certificate; provided that such obligations shall not be redeemable prior to the maturity date or stated redemption date relied upon in satisfying the conditions of Section 1201 of the General Certificate.

"Designated Debt" shall mean any Bonds with respect to which there shall be in effect a Swap.

"Enabling Act" shall have the meaning given such term in the recitals hereto, as amended from time to time, unless expressly stated to refer to the Enabling Act as in effect on a specific date.

"Event of Default" shall mean any event specified in Section 1001 of the General Certificate.

"Financial Guaranties" shall mean one or more of the following: (i) irrevocable, unconditional and unexpired letters of credit issued by banking institutions the senior long-term debt obligations of which (or the holding company of any such banking institution) have (at the time of issue of such letter of credit) a rating in either of the two highest categories from each of S&P and Moody's (if such rating agencies are Rating Agencies) and, if rated by any other Rating Agency, a rating in either of the two highest categories of such Rating Agency; or (ii) an irrevocable and unconditional policy or policies of insurance in full force and effect issued by municipal bond insurers or multiline insurers the obligations insured by which are eligible for a rating in either of the two highest categories from each of S&P and Moody's (if such rating agencies are Rating Agencies) and, if rated by any other Rating Agency, a rating in either of the two highest categories of such Rating Agency; in each case providing for the payment of sums for the payment of Principal Installments of and interest on Bonds in the manner provided in Sections 508 of the General Certificate; and providing further that any such Financial Guaranty must be drawn upon on a date which is at least seven days prior to the expiration date of such Financial Guaranty in an amount equal to the deficiency which would exist if the Financial Guaranty expired, unless a substitute Financial Guaranty is acquired prior to such expiration date as provided in a related Supplemental Resolution.

"Fiscal Year" shall mean the twelve-month period commencing July 1 of any calendar year and ending June 30 of the succeeding calendar year or such other twelve month period as may be authorized by the City. In the event that a different fiscal year is authorized, references in the General Certificate to July 1 or June 30 shall refer, respectively, to the first and last day of such fiscal year.

"Fixed Rate Bonds" shall mean, as of any date of determination, any Bonds bearing interest at a fixed rate for the remainder of their term.

"Fund" shall mean any fund established or maintained pursuant to Section 502 of the General Certificate.

"General Certificate" shall mean the General Certificate of Terms of Issuance of General Airport Revenue Bonds - Portland International Jetport dated as of July 1, 2003.

"General Fund" shall mean the General Fund established pursuant to Section 502 of the General Certificate.

"Governing Body" shall mean the Department of Transportation of the City or other City office or department or delegee duly and lawfully charged with the supervision of the operation of the Jetport or any other matter relating hereto and, where applicable, shall mean the City Council; and in the event that the ownership or operation of the Jetport shall be transferred as provided by law to any public entity other than the City, the duly authorized governing body of such public entity.

"Government Obligations" shall mean direct general obligations of the United States of America.

"Grant Agreements" shall mean any and all agreements between the City and the United States of America or the State, or any agency, department, bureau, commission or other instrumentality of either thereof, all as the same may be amended or supplemented from time to time, providing for or relating to the provision of Grant Receipts to the City.

"Grant Receipts" shall mean any money received by or on behalf of the City under or pursuant to a Grant Agreement as or on account of a grant or contribution, heretofore or hereafter made, in aid of or with respect to any Project.

"Indebtedness" shall mean any indebtedness for borrowed money of the City relating to the Jetport.

"Independent Engineer" shall mean any independent architect or engineer or firm of architects or engineers employed by the City pursuant to Section 710 of the General Certificate.

"Interest Account" shall mean, as the context indicates, the Account of that name established within the Debt Service Fund or the Subordinated Debt Service Fund pursuant to Section 502 of the General Certificate.

"Investment Securities" shall mean and include any of the following securities, if and to the extent the same are at the time legal investments by the City of the funds to be invested therein and conform to the policies set forth in any investment guidelines adopted by the City or by a duly appointed committee of the Governing Body and in effect at the time of the making of such investment:

(a) Government Obligations;

(b) Certificates or receipts representing direct ownership of future interest or principal payments on Government Obligations or any obligations of agencies or instrumentalities of the United States of America which are backed by the full faith and credit of the United States, which certificates or receipts are issued directly by the United States Department of Treasury or by the agency or instrumentality issuing such obligations;

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following: Federal Home Loan Mortgage Corporation; Student Loan Marketing Association; Federal Home Loan Banks; Federal National Mortgage Association; Government National Mortgage Association; Bank for Cooperatives; Federal Intermediate Credit Banks; Federal Financing Bank; Export-Import Bank of the United States; Federal Land Banks; or any other agency or instrumentality of the United States of America; or the International Reconstruction Development Bank;

(d) All other obligations issued by an agency, association, authority or an instrumentality of the United States of America pursuant to authority granted by Congress, or any executive order;

(e) Interest-bearing time or demand deposits, certificates of deposit, or other similar banking arrangements with any government securities dealer, bank, trust company, savings and loan association, national banking association or other savings institution (including the Trustee or its affiliates), provided that such deposits, certificates, and other arrangements are fully insured by the Federal Deposit Insurance Corporation;

(f) Repurchase agreements collateralized by securities described in subparagraph (a), (b) or (c) above with any primary dealer recognized by a Federal Reserve Bank or any commercial bank the long-term unsecured debt of which (or of the corporate parent of which), in either case, is rated in one of the three highest long-term rating categories by S&P and Moody's (if such rating agencies are Rating Agencies) and, if rated by any other Rating Agency, rated in any of the three highest rating categories of such Rating Agency; provided that (1) a specific written repurchase agreement governs the transaction, (2) the securities are held, free and clear of any lien, by the City or the Trustee, as the case may be, or an independent third party acting solely as agent for the City or the Trustee, and such third party is (a) a Federal Reserve Bank, or (b) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than $25 million, and the City or the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the City or the Trustee, (3) if the repurchase agreement has a term of more than 30 days then the City or the Trustee will value the collateral securities no less frequently than monthly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within five business days of such valuation, (4) the fair market value of the collateral securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 102%, and (5) the City's security entitlement with respect to the underlying investment is created pursuant to Title 11, Article 8-A or perfected pursuant to Title 11, Article 9-A;

(g) Money market funds registered under the federal Investment Company Act of 1940 whose shares are registered under the United States Securities Act of 1933 and rated in the highest rating category by S&P and Moody's (if such rating agencies are Rating Agencies) and, if rated by any other Rating Agency, rated in the highest category of such Rating Agency provided that the investment of the funds are limited to investments described in paragraphs (a) – (c) above or in repurchase agreements secured by investments described in paragraphs (a) – (c) above;

(h) Shares of investment companies or cash equivalent investments which are authorized to invest only in assets or securities described in subparagraphs (a), (b) and (c) above including, without limitation, the JP Morgan Funds or any other mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (a) the Trustee or an affiliate of the Trustee receives fees from such funds for services rendered, (b) the Trustee charges and collects fees for services rendered pursuant to the Indenture, which fees are, separate from the fees received from such funds, and (c) services performed for such funds and pursuant to the General Certificate may at time duplicate those provided to such funds by the Trustee or its affiliates;

(i) Advance-Refunded Municipal Bonds;

(j) Short-term or long-term obligations the interest on which is excludable from gross income for Federal income tax purposes and that are rated in any of the two highest rating categories by S&P and Moody's (if such rating agencies are Rating Agencies) and if rated by any other Rating Agency, rated in any of the two highest rating categories of such Rating Agency, or shares of investment companies or cash equivalents which are authorized to invest primarily in such obligations; and

(k) any other investment authorized pursuant to an amendment or supplement hereto pursuant to Section 801(h) of the General Certificate.

Obligations of any Trustee or an affiliate thereof may be Investment Securities, provided that they otherwise qualify.

"Jetport" shall mean the airport facilities of the City presently known as Portland International Jetport and presently located within the corporate boundaries of the City and the City of South Portland, together with all buildings, facilities, runways, hangars, parking areas for aircraft or vehicles, access roads, control towers, terminal facilities for aircraft and land vehicles, facilities for servicing aircraft and all equipment, appurtenances, property, rights, easements and interests acquired or leased by the City in connection with the construction or the operation thereof, and all extensions, improvements, enlargements, betterments, attractions, improvements, renewals, repairs and replacements thereof hereafter made.

"M&O Expenses" shall mean the City's expenses, whether or not annually recurring, of maintaining, repairing and operating the Jetport including, without limiting the generality of the foregoing, amounts for administrative expenses including costs of salaries and benefits and amounts required to finance pension benefits earned by employees; cost of insurance; payments for engineering, financial, accounting, legal and other services; any lawfully imposed taxes or other assessments on the Jetport or income from or operations at the Jetport and reserves for such taxes or assessments, any payments in lieu of taxes for the Jetport or income from or operations at the Jetport and reserves for such in lieu of taxes; any administration or service fees; costs of issuance not financed in the Costs of a Project paid by the City; and payments of interest on (but not the principal of) revenue anticipation notes and other current expenses; but not including any allowance for amortization or depreciation; any other expense for which (or to the extent to which) the City is or will be paid or reimbursed from or through any source that is not included or includable as Revenues; any extraordinary items arising from the early extinguishment of debt; depreciation, recognition upon disposal or other retirement of a capital asset, reserves for unusual and extraordinary maintenance or repair, Debt Service payable from any Fund or Account established hereunder, and expenses described in Section 709(c)(i) of the General Certificate.

"M&O Reserve Fund" shall mean the M&O Reserve Fund established pursuant to Section 502 of the General Certificate.

"Moody's" shall mean Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of New York, and its successors and assigns and, if such corporation shall no longer perform the functions of a securities rating agency, Moody's shall mean any other nationally recognized securities rating agency designated by an Authorized Representative.

"Net Revenues" shall mean, with respect to a period of time, an amount equal to all Revenues accrued in such period in accordance with generally accepted accounting principles minus the M&O Expenses incurred or payable during such period in accordance with generally accepted accounting principles.

"Office of the Trustee" means the designated corporate trust agency office of the Trustee or at such other address as Trustee shall designate.

"Operating Budget" shall mean the Operating Budget with respect to the operations of the Jetport duly adopted by the City as provided in Section 712 of the General Certificate, as amended from time to time in accordance with Section 712 of the General Certificate.

"Operating Fund" shall mean the Operating Fund established pursuant to Section 502 of the General Certificate.

"Option Bonds" shall mean Bonds that by their terms may be tendered by and at the option of the owner thereof for purchase or payment by the City prior to the stated maturity thereof.

"Original Issue Discount Bonds" shall mean Bonds that are sold at an initial public offering price of less than face value and that are specifically designated as Original Issue Discount Bonds by the Supplemental Certificate under which such Bonds are issued.

"Outstanding", when used with reference to Bonds, shall mean, as of any date, all Bonds theretofore or thereupon being authenticated and delivered hereunder but shall not include:

(a) any Bonds canceled by the Trustee (or otherwise) at or prior to such date;

(b) any Bonds (or portion thereof) for the payment or redemption of which there shall be set aside and held in trust hereunder either:

(i) moneys in an amount sufficient to pay when due (after taking into account investment earnings thereon) the Principal Installments or Redemption Price thereof, together with all accrued and unpaid interest thereon to the principal payment date(s) or the date of redemption,

(ii) Defeasance Obligations in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications, as are necessary to provide moneys (whether as principal or interest) in an amount sufficient to pay when due the Principal Installments or Redemption Price thereof, together with all accrued and unpaid interest thereon to the principal payment date(s) or the date of redemption, or

(iii) any combination of (i) and (ii) above,

and, if such Bonds (or portion thereof) are to be redeemed, for which notice of redemption has been given as provided in Article VI, or the applicable Supplemental Certificate, or provision satisfactory to the Trustee has been made for the giving of such notice;

(c) any Bonds in lieu of or in substitution for which other Bonds have been authenticated and delivered; and

(d) any Bonds deemed to have been paid as provided in Section 1201(b) of the General Certificate.

"Owner" or "holder" or words of similar import shall mean, when used with reference to Indebtedness, the person in whose name the Indebtedness is registered.

"Parity Bond Anticipation Notes" shall mean any of the notes issued pursuant to Section 208 of the General Certificate, the interest on which is payable from and secured by a pledge of, and a lien on, the Revenues on a parity with the lien created by Section 501 of the General Certificate.

"Parity Reimbursement Obligation" shall mean a Reimbursement Obligation so described in Section 209(b) of the General Certificate.

"Paying Agent" shall mean any paying agent for the Bonds of any Series, and its successor or successors and any other person which may at any time be substituted in its place pursuant hereto.

"Payment Date" shall mean, with respect to any Series of Bonds, each date on which interest or a Principal Installment or both shall be due and payable on any of such Outstanding Bonds according to their respective terms.

"PFC Revenues" shall mean any passenger facility charges or similar charges levied by or on behalf of the City pursuant to the Federal Aviation Safety and Capacity Expansion Act of 1990, as from time to time amended, and any successor thereto, and all investment earnings thereon.

"Principal Account" shall mean the Account of that name established within the Debt Service Fund or the Subordinated Debt Service Fund, as the case may be, pursuant to Section 502 of the General Certificate.

"Principal Installment" shall mean, as of any date of calculation and with respect to any Series of Bonds, so long as any Bonds of such Series are Outstanding, (i) the principal amount of such Series due on a certain future date for which no Sinking Fund Installments have been established or (ii) the unsatisfied balance of any Sinking Fund Installments due on a certain future date for Bonds of such Series. For the purposes of the preceding sentence, "principal amount" shall include (x) any amount designated in, or determined pursuant to, the applicable Supplemental Certificate, as the "principal amount" with respect to any Bonds which do not pay full current interest for all or any part of their term, (y) the Tender Option Price of any Option Bonds which may be tendered to the City for purchase or payment prior to the stated maturity thereof in accordance with the terms of the Supplemental Certificate authorizing such Option Bonds, unless such amount is secured by a Credit Facility that is not in default, and (z) the principal amount of any Parity Reimbursement Obligation. Principal Installment shall, however, not include the principal of Parity Bond Anticipation Notes.

"Prior General Obligation Bonds" shall mean the following general obligation bonds of the City:

Dated Date	Original Principal Amount	Outstanding Principal Amount
11/1/84	$265,000	$4,963
10/1/89	$1,600,000	$557,104
10/1/90	$1,600,000	$621,904
10/1/91	$119,700	$9,451

"Pro Forma Bond Issue" shall mean, when used with reference to any Series Debt Service Reserve Fund Requirement in connection with a Series of Variable Rate Bonds, the hypothetical fixed rate long-term bond issue set forth in the Supplemental Certificate authorizing such Series, having (i) the same maturities (and sinking fund provisions, if any) as the Series of Variable Rate Bonds to which it relates and (ii) such interest rate or rates as the City shall reasonably deem to be the equivalent of the rates which would have been borne by such Series of Variable Rate Bonds if such Series had been issued as a Series of Fixed Rate Bonds; provided that such interest rate shall be not less than 80% of the "30-year revenue bond index" then most recently published by The Bond Buyer or, if such index is no longer published, such other substantially comparable index as determined by the City with the approval of the Trustee.

"Program" shall mean a financing program identified in a Supplemental Certificate, (a) that is authorized and the terms thereof approved by a resolution adopted by the City and the items required under Section 206 of the General Certificate have been filed with the Trustee, (b) wherein the City has authorized the issuance, from time to time, of notes, commercial paper or other indebtedness in an authorized amount, and (c) the authorized amount of which has met the test for an additional Series of Bonds set forth in Section 206 of the General Certificate and the Outstanding amount of which may vary from time to time, but may not exceed the authorized amount.

"Project" shall mean any undertaking or other activity including a Capital Expenditure by or on behalf of the City to maintain, equip, improve or enlarge the Jetport as more specifically described in a Supplemental Certificate.

"Project Fund" shall mean the Project Fund established pursuant to Section 502 of the General Certificate.

"Qualified Swap" shall mean any Swap (a) the Designated Debt of which is all or part of a particular Series of Bonds; (b) the Swap Provider of which is a Qualified Swap Provider or has been a Qualified Swap Provider within the 60-day period preceding the date on which a calculation of Debt Service or Required Debt Service Fund Deposits is being made; (c) which has a term not greater than the term of the Designated Debt or a specified mandatory tender date or redemption date of such Designated Debt; and (d) which has been designated in writing to the Trustee by the City as a Qualified Swap with respect to such Bonds.

"Qualified Swap Provider" shall mean a financial institution, the senior long-term debt obligations of which, or the obligations of which under any Qualified Swap, are (i) guaranteed by a financial institution, or subsidiary of a financial institution, the senior long-term debt obligations of which, are rated by each of S&P and Moody's (if such rating agencies are Rating Agencies) and, if rated by any other Rating Agency, by such Rating Agency in one of the three highest rating categories of each such Rating Agency, respectively, or (ii) fully secured by obligations described in clause (a) or (c) of the definition of Investment Securities that are (A) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 105% (or such lower percentage as shall be acceptable to the Rating Agencies) of the notional amount of the Swap, together with the interest accrued and unpaid thereon, (B) held by the Trustee (who shall not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Trustee, (C) subject to a perfected first lien on behalf of the Trustee, and (D) free and clear from all third-party liens.

"Rate Covenant" shall mean the requirement of Section 705(a)(1) of the General Certificate that in each Fiscal Year, Net Revenues shall equal or exceed the sum of Required Debt Service Fund Deposits plus deposits required to be made under Sections 505(a)(iii) through (viii) of the General Certificate (excluding interest or other earnings on the Project Fund and amounts paid from other funds of the City that are not Revenues and are not transferred from other Funds or Accounts established hereunder).

"Rates and Charges" shall mean all charges, whether denominated as charges, fees, rates, rentals, assessments or otherwise, established by the Governing Body for the services provided for the use, lease or license of any portion of the Jetport, including without limitation landing and parking fees and terminal and concession rents and charges.

"Rating Agencies" shall mean Moody's and S&P and their respective successors and assigns if such rating agencies are maintaining a rating on the Bonds at the request of the City, and shall also include any other rating agency nationally recognized for skill and expertise in rating the credit of obligations such as the Bonds and which is maintaining a rating on the Bonds at the request of the City.

"Rebate Fund" shall mean the Rebate Fund established pursuant to Section 502 of the General Certificate.

"Rebate Fund Requirement" means, as of any date of calculation, an amount equal to the aggregate of the amounts, if any, specified in each Supplemental Certificate authorizing the issuance of a Series of Bonds as the amount required to be maintained in the Rebate Fund with respect to such Bonds.

"Record Date" shall mean, unless otherwise determined by a Supplemental Certificate for a particular Series of Bonds, the fifteenth day of the month immediately preceding any month in which there occurs a Payment Date.

"Redemption Account" shall mean, as the context indicates, the Account of that name established within the Debt Service Fund or the Subordinated Debt Service Fund pursuant to Section 502 of the General Certificate.

"Redemption Price" shall mean, when used with respect to a Bond or portion thereof, the principal amount thereof plus the applicable premium, if any, payable upon either optional or mandatory redemption thereof pursuant to the General Certificate.

"Refunding Bond" shall mean any Bond authenticated and delivered on original issuance pursuant to Section 206 and Section 207 of the General Certificate for the purpose of refunding any Prior General Obligation Bonds or any Bonds Outstanding, or thereafter authenticated and delivered in lieu of or substitution for such Bond pursuant to the General Certificate.

"Registrar" means the Trustee as bond registrar with respect to the Bonds and its successors and assigns in such capacity.

"Regularly Scheduled Swap Payments" shall mean the regularly scheduled payments under the terms of a Swap which are due absent any termination, default or dispute in connection with such Swap.

"Reimbursement Obligation" shall mean the obligation of the City so described in Section 209(b) of the General Certificate, whether or not such obligation to so reimburse is evidenced by a promissory note or other instrument.

"Renewal and Replacement Reserve Fund" shall mean the Renewal and Replacement Reserve Fund established pursuant to Section 502 of the General Certificate.

"Renewal and Replacement Reserve Fund Requirement" shall mean $250,000 for each Fiscal Year through the Fiscal Year ending June 30, 2004 and thereafter shall mean the amount shown on the Operating Budget then in effect as required to be the balance of the Renewal and Replacement Reserve Fund for the Fiscal Year.

"Required Debt Service Fund Deposits" shall mean for, any period of time, all deposits required to be made to the Principal and Interest Accounts of the Debt Service Fund for such period whether pursuant to Section 505(a)(ii), 519(b) of the General Certificate (including earnings retained in the Debt Service Fund pursuant to such Section) or any other provision thereof, reduced by amounts transferred or expected to be transferred from the Capitalized Interest Account, from interest or other investment earnings on the Project Fund (as provided pursuant to Section 519(b) of the General Certificate) or from amounts paid from other funds of the City that are not Revenues and that are not transferred from other Funds or Accounts established hereunder.

Notwithstanding the foregoing, (a) for purposes of computing the Required Debt Service Fund Deposits of Bonds that constitute Synthetic Fixed Rate Debt, the interest rate payable thereon shall, if the City so elects, be that rate as provided for by the terms of the Swap or the net interest rate payable pursuant to offsetting indices, as applicable, and (b) for purposes of computing the Required Debt Service Fund Deposits of Bonds with respect to which a Qualified Swap has been entered into whereby the City has agreed to pay the floating variable rate thereunder, if the City so elects, no fixed interest rate amounts payable on the Bonds to which such Swap pertains shall be included and the interest rate payable thereon shall be that rate as provided by the terms of the Swap, except that for any future period such rate shall be estimated in the manner provided for estimating interest on Variable Rate Bonds in the definition of "Debt Service" in the General Certificate.

In addition, for purposes of computing the Required Debt Service Fund Deposits of any Series of Bonds, including Capital Appreciation Bonds, as to which interest is deferred and compounded rather than being paid currently during any period of calculation required by the General Certificate, such calculation shall be made as if interest on such Bonds accrued and was deemed paid at a rate determined on the date of such calculation by a nationally known investment banking firm selected by the City (which firm may be an owner or underwriter of any Bonds) to be the rate which, if earnings at such rate were compounded on the initial public sale price as set forth in the Supplemental Certificate authorizing such Bonds in the manner required by the terms of such Bonds through the maturity date or earlier date on which such compounding is scheduled to cease, would produce the amount of such Bonds scheduled to mature on such maturity date or the Accreted Value of such Bonds scheduled to exist on such earlier date, as the case may be. For purposes of computing Required Debt Service Fund Deposits at any time with respect to any such Series of Bonds then outstanding, such calculation shall be made in accordance with the provisions of the Supplemental Certificate authorizing the issuance of such Series of Bonds.

"Revenue Fund" shall mean the Revenue Fund established pursuant to Section 502 of the General Certificate.

"Revenues" shall mean and include all receipts, revenues, fees, rentals, investment earnings, income and other moneys received by or on behalf of the City from or in connection with the ownership or operation of all or any part of the Jetport, whether existing at the date of the General Certificate or thereafter coming into existence and whether held by the City at such date or thereafter acquired, including, without limitation, all tolls and charges, landing fees, terminal rentals, real property rentals, concession fees, parking receipts, interest income, proceeds of business interruption insurance and condemnation awards from temporary takings, but not including (i) proceeds of insurance (except business interruption insurance, if any) and of condemnation awards (except awards for temporary takings), (ii) proceeds of the sale of any Indebtedness, (iii) Grant Receipts or PFC Revenues, (iv) proceeds of the sale of any portion of the Jetport permitted by Section 706 of the General Certificate, (v) moneys derived from facilities hereafter financed with the proceeds of Indebtedness permitted under Section 709(b) or 709(c) of the General Certificate to finance a facility for a particular person to the extent that such moneys are pledged to the payment of such Indebtedness under a separate resolution, indenture or other agreement of the City, (vi) interest income or other investment earnings on the Project Fund, (vii) any Swap Termination Payment paid to the City or, (viii) any other amounts which are not deemed to be revenues in accordance with generally accepted accounting principles or that are restricted as to their use.

"S&P" shall mean Standard & Poor's Rating Group, a corporation organized and existing under the laws of the State of New York, and its successors and assigns and, if such corporation shall no longer perform the functions of a securities rating agency, Standard & Poor's shall mean any other nationally recognized securities rating agency designated by an Authorized Representative.

"Series" or "Series of Bonds" shall mean all of the Bonds authenticated and delivered on original issuance identified pursuant to the Supplemental Certificate authorizing such Bonds as a separate Series of Bonds and any Bonds thereafter authenticated and delivered in lieu of or in substitution therefor regardless of variations in maturity, interest rate or other provisions.

"Series 2003 Bonds" shall mean the City of Portland, Maine, General Airport Revenue Bonds, Series 2003-A (Non-AMT), and Series 2003-B (Federally Taxable) issued by the City pursuant to the terms of the General Certificate and a Supplemental Certificate dated as of July 1, 2003 and Order No. 33-01/02 duly adopted by the City Council on August 20, 2001.

"Series Debt Service Reserve Fund Requirement" shall mean the amount, if any, required to be on deposit in a Series Account in the Debt Service Reserve Fund specified in the Supplemental Certificate governing the issuance of and securing the related Series of Bonds.

"Short-Term/Demand Obligations" shall mean each Series of Bonds issued pursuant to the General Certificate, the payment of principal of which is either (a) payable on demand at the option of the holder at a time sooner than a date on which such principal is deemed to be payable for purposes of computing Debt Service, or (b) scheduled to be payable within one year from the date of issuance and is contemplated to be refinanced for a specified period or term either (i) through the issuance of additional Short-Term/Demand Obligations pursuant to a Program, or (ii) through the issuance of long-term Bonds.

"Sinking Fund Installment" shall mean, as of any particular date of calculation, the amount required by the General Certificate or any Supplemental Certificate to be paid by the City on a future date for the retirement of the principal amount of Outstanding Bonds that are stated to mature subsequent to such future date, but does not include any amount payable by the City by reason only of the maturity of a Bond.

"Special Account" shall mean, with respect to the Debt Service Reserve Fund, one or more of the Special Accounts established by a Supplemental Certificate pursuant to Section 502(c) of the General Certificate.

"Special Indebtedness" shall mean Indebtedness incurred pursuant to Section 709 of the General Certificate.

"State" shall mean the State of Maine.

"Subaccount" shall mean one of the separate Subaccounts established within an Account or Fund, with respect to a particular Series of Bonds.

"Subordinated Bonds" shall mean bonds, notes or other evidence of indebtedness issued or incurred by the City with respect to the Jetport that is secured by a pledge of the Revenues that is in all respects subordinate to the provisions of the General Certificate and the lien and pledge created the General Certificate.

"Subordinated Debt Service Fund" shall mean the Subordinated Debt Service Fund, if any, established with respect to the issuance of a Series of Subordinated Bonds.

"Subordinated Debt Service Reserve Fund" shall mean the Subordinated Debt Service Reserve Fund, if any, established with respect to the issuance of a Series of Subordinated Bonds.

"Supplemental Certificate" shall mean a Supplemental Certificate of the City authorizing the issuance of a Series of Bonds or otherwise amending or supplementing the General Certificate, adopted in accordance with Article VI.

"Swap" shall mean any financial arrangement between the City and a Swap Provider which provides that (a) each of the parties shall pay to the other an amount or amounts calculated as if such amount were interest accruing during the term of the arrangement at a specified rate (whether fixed or a variable rate or measured against some other rate) on the principal amount of a Designated Debt, and payable from time to time or at a designated time or times (whether before, during or after the term of the arrangement); (b) if such amount is to be paid before it is deemed to have accrued, the amount paid shall reflect the present value of such future amount (i.e., an upfront premium), while an amount to be paid after it is deemed to have accrued shall reflect the time value of such amount; and (c) payment dates and calculated accrual rates need not be the same for each payor, but to the extent payment dates coincide, the arrangement may (but need not) provide that one shall pay to the other any net amount due under such arrangement.

"Swap Provider" shall mean a party to a Swap with the City.

"Swap Termination Payment" shall mean an amount payable to the City or a Swap Provider, in accordance with a Swap, to compensate the other party to the Swap for any losses and costs that such other party may incur as a result of an event of default or the early termination of the obligations, in whole or in part, of the parties under such Swap; provided that any Swap Termination Payment to be made by the City shall not be secured by the General Certificate on a parity with Bonds.

"Synthetic Fixed Rate Debt" shall mean Bonds that (a) are combined, as Designated Debt, with a Qualified Swap and create, in the opinion of a Consultant, a substantially fixed-rate maturity or maturities for a term not exceeding such maturity or maturities, or (b) consist of an arrangement in which two inversely related variable-rate securities are issued in equal principal amounts with interest based on offsetting indices resulting in a combined payment which is economically equivalent to a fixed rate.

"Tax Exempt Bonds" shall mean Bonds the interest on which is excluded from gross income of the holder thereof for federal income tax purposes which was accompanied by a favorable Bond Counsel's Opinion regarding such exclusion on the date of such Bonds.

"Tender Option Price" shall mean, with respect to any Option Bond tendered for purchase or payment in accordance with the Supplemental Certificate authorizing such Option Bond, an amount equal to the principal amount of such Option Bond.

"Trustee" shall mean J.P. Morgan Trust Company, National Association of its successor or successors and any other person which may at any time be substituted in its place pursuant hereto.

"Variable Rate Bonds" shall mean, as of any date of determination, any Bonds on which the interest rate borne thereby may vary during any part of its remaining term. (Section 101)

Terms and Conditions of the General Certificate to Constitute Contract

In consideration of the purchase and acceptance of any series of Bonds by those who shall hold the same from time to time, the provisions of the General Certificate shall be a part of the contract of the City with the holders of such Bonds and shall be deemed to be and shall constitute a contract between the City, the Trustee and the holders from time to time of the Bonds. The pledge of the General Certificate and the provisions, covenants and agreements set forth in the General Certificate to be performed by or on behalf of the City with respect to the Bonds shall be for the equal benefit, protection and security of the holders of any and all Bonds, each of which, regardless of the time or times of its issue or maturity, shall be of equal rank with that of any of the other holders of Bonds, without preference, priority or distinction over any other of the General Certificate except as expressly provided in the General Certificate. (Section 202)

Obligation of Bonds

The Bonds shall not be general obligations of the City and the full faith and credit of the City are not pledged for the payment of the Bonds. The Bonds shall be payable solely from the Revenues pledged therefor under the General Certificate. Neither the State nor any other political subdivision thereof shall be obligated to pay the principal of, premium or interest on any Bond and neither the faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal of, premium or interest on any Bond. (Section 203)

Authorization of Bonds in Series

In order to provide sufficient funds for the Costs of Projects or for the purpose of refunding any Indebtedness issued by the City to pay the Costs of Projects, Series of Bonds of the City, upon due authorization of the City Council, are authorized to be issued from time to time without limitation as to amount except as provided in the General Certificate or as provided in the Enabling Act or as otherwise may be limited by law and such Bonds shall be issued subject to the terms, conditions and limitations established in the General Certificate and in one or more Supplemental Certificates authorizing such Series. (Section 204)

Conditions Precedent to Delivery of a Series of Bonds

The Bonds of a Series shall be executed by or on behalf of the City for issuance and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the City or upon its order, but only upon the receipt by the Trustee of certain documents, including a Supplemental Certificate and opinions relating to such Bond, and:

(a) except in the case of the Series 2003 Bonds, any Series of Refunding Bonds issued pursuant to Section 207(a)(i) of the General Certificate, any Series of Completion Bonds with respect to which the conditions related in subsection (h) below are satisfied, or any Parity Bond Anticipation Notes,

(i) a Consultant Certificate of an Authorized Representative of the City, confirmed by the Consultant Certificate of an Accountant, certifying that for any period of 12 consecutive months included wholly within the most recent period of 18 consecutive months preceding the date on which such Bonds are to be issued for which such information is available (A) Net Revenues for such period of 12 consecutive months were at least equal to the sum of Required Debt Service Fund Deposits on all then Outstanding Bonds plus deposits required to be made under Sections 505(a)(iii) through (viii) of the General Certificate (excluding deposits to the Subordinated Debt Service Fund, if any, paid from other funds of the City that are not Revenues and are not transferred from other Funds or Accounts established hereunder) for such 12-month period and (B) Net Revenues for such period of 12 consecutive months were at least equal to 125% of the Required Debt Service Fund Deposits on all then Outstanding Bonds for such 12-month period; and

(ii) either

(A) a Consultant Certificate of an Authorized Representative of City, confirmed by the Consultant Certificate of an Accountant, certifying that for any period of 12 consecutive months included wholly within the most recent period of 18 consecutive months preceding the date on which such Bonds are to be issued for which such information is available, Net Revenues for such period of 12 consecutive months were at least equal to 125% of the maximum annual Debt Service in any Fiscal Year on all Outstanding Bonds after giving effect to the issuance of such Bonds (and to the refunding of any Prior General Obligation Bonds or Bonds to be refunded from the proceeds thereof); provided, however, that solely for the purpose of making such certification (x) in computing the Debt Service of Bonds that constitute Synthetic Fixed Rate Debt, the interest rate payable thereon shall, if the City so elects, be that rate as provided for by the terms of the Swap or the net interest rate payable pursuant to offsetting indices, as applicable, (y) in computing the Debt Service of Bonds with reference to which a Qualified Swap has been entered into whereby the City has agreed to pay the floating variable rate thereunder, if the City so elects, no fixed interest rate amounts payable on the Bonds to which such Swap pertains shall be included and the interest rate payable thereon shall be the rate provided by the terms of the Swap, except that for any future period such rate shall be estimated in the manner provided for estimating interest on Variable Rate Bonds in the definition of "Debt Service" in Section 101 of the General Certificate, and (z) for purposes of computing the Debt Service of any Series of Bonds, including Capital Appreciation Bonds, as to which interest is deferred and compounded rather than being paid currently during any period of calculation required by the General Certificate, such calculation shall be made as if interest on such Bonds accrued and was deemed paid at a rate determined on the date of such calculation by a nationally known investment banking firm selected by the City (which firm may be an owner or underwriter of any Bonds) to be the rate which, if earnings at such rate were compounded on the initial public sale price as set forth in the Supplemental Certificate authorizing such Bonds in the manner required by the terms of such Bonds through the maturity date or earlier date on which such compounding is scheduled to cease, would produce the amount of such Bonds scheduled to mature on such maturity date or the accrued value of such Bonds scheduled to exist on such earlier date, as the case may be (and for purposes of computing Debt Service at any time with respect to any such Series of Bonds then outstanding, such calculation shall be made in accordance with the provisions of the Supplemental Certificate authorizing the issuance of such Series of Bonds); or

(B) a Consultant Certificate of the Airport Consultant estimating that, for each Fiscal Year during the period commencing with (and including) the Fiscal Year in which such Bonds are to be issued and ending with (and including) the later of the fifth subsequent Fiscal Year or the third Fiscal Year following the date on which all Projects financed in whole or in part by such Bonds are estimated to have been completed and placed in operation, the requirements of the second sentence of Section 705(a) of the General Certificate will be satisfied, taking into account the particular Series of Bonds to be issued (and the refunding of any Prior General Obligation Bonds or Bonds to be refunded from the proceeds thereof), such estimations to be based on estimates by the Independent Engineer of the cost to complete and the time for completion and initial operation of such Projects and to be after giving effect, among other factors as the Airport Consultant shall consider relevant, to any estimated changes in M&O Expenses and in Revenues as the result of the completion of such Projects or any portion thereof;

(b) a Consultant Certificate of the Authorized Representative of the City, dated as of the date of such delivery, stating that there is no Event of Default by the City with respect to the performance of any of the covenants, conditions, agreements or provisions contained in the General Certificate, provided, however, that the City need deliver no such certification with respect to compliance with Section 705 of the General Certificate for a Series of Refunding Bonds issued pursuant to Section 207(a)(i) of the General Certificate;

(c) in the case of any Series of Completion Bonds, a Consultant Certificate of the Authorized Representative of the City, dated as of the date of such delivery, stating (i) that the aggregate principal amount of the Bonds of such Series does not exceed an amount equal to 15% of the aggregate principal amount of Bonds previously issued for a Project the Costs of completing which are to be paid from the proceeds of such Completion Bonds and reasonably allocated to such Project, (ii) that all of the proceeds of such prior Bonds reasonably allocable to such Project have been or will be used to pay Costs of such Project, (iii) that the then-estimated Costs of such Project exceed the sum of the Costs of such Project already paid plus moneys available in the Project Fund therefor (including unspent proceeds of such prior Bonds) and (iv) that the nature and purpose of such Project have not changed materially from those contemplated at the time of the issuance of the prior Bonds. (Section 206)

Conditions Precedent to Delivery of Refunding Bonds

Upon the receipt by the Trustee of certain documents, including a Supplemental Certificate and opinions relating to such Bond one or more Series of Refunding Bonds may be issued pursuant to Section 207 of the General Certificate at any time to refund any of the Prior General Obligation Bonds or any Outstanding Bonds provided that either (i), but only with respect to Bonds issued to refund Prior General Obligation Bonds or Bonds, (A) Debt Service on the Prior General Obligation Bonds and the Bonds Outstanding immediately after the issuance of such Refunding Bonds for each Fiscal Year shall be no greater than Debt Service on the Prior General Obligation Bonds and the Bonds Outstanding immediately prior to the issuance of such Refunding Bonds and (B) the final maturity of the Bonds Outstanding immediately after the issuance of such Refunding Bonds shall be no later than the final maturity of the Bonds Outstanding immediately prior to the issuance of such Refunding Bonds or (ii) the requirements of Section 206(e) of the General Certificate shall have been satisfied after giving effect to the proposed refunding, all as shown in a Consultant Certificate signed by an Authorized Representative of the City (and, as to the matters in Section 206(e)(ii)(B) of the General Certificate, a Consultant Certificate of the Airport Consultant) and delivered to the Trustee prior to the authentication and delivery of such Series of Refunding Bonds. Refunding

Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make the deposits in the Funds, Accounts and Subaccounts required by the provisions of the Supplemental Certificate authorizing such Bonds. (Section 207).

Parity Bond Anticipation Notes

Whenever the City shall authorize the issuance of a Series of Bonds, the City may authorize the issuance of notes (and renewals thereof) in anticipation of such Bonds. The principal of and interest on such notes and renewals thereof shall be payable from the proceeds of such notes or from the proceeds of the sale of the Series of Bonds in anticipation of which such notes are issued. The proceeds of such Bonds may be pledged for the payment of the principal of and interest on such notes and any such pledge shall have a priority over any other pledge of such proceeds created by the General Certificate. The City may pledge the Revenues to the payment of the interest on such notes which pledge may be on a parity with the pledge securing all Bonds in which event such interest shall be payable from the Debt Service Fund. The City may also pledge the Revenues and moneys on deposit in the General Fund to the payment of the principal of such notes but such pledge shall be subordinate to the pledge securing the payment of the Bonds. A copy of the authorizing action of the City Council authorizing such notes, certified by an Authorized Representative of the City, shall be delivered to the Trustee following its adoption. (Section 208)

Credit Facilities

(a) In connection with the issuance of any Series of Bonds hereunder, the City may obtain or cause to be obtained one or more Credit Facilities providing for payment of all or a portion of the Principal Installments, or Redemption Price or interest due or to become due on such Bonds, providing for the purchase of such Bonds by the issuer of such Credit Facility or providing funds for the purchase of such Bonds by the City.

(b) The City may secure such Credit Facility by an agreement providing for the purchase of the Series of Bonds secured thereby with such adjustments to the rate of interest, method of determining interest, maturity, or redemption provisions as specified by the City in the applicable Supplemental Certificate. The City may also in an agreement with the issuer of such Credit Facility agree to directly reimburse such issuer for amounts paid under the terms of such Credit Facility, together with interest thereon (the "Reimbursement Obligation"); provided, however, that no Reimbursement Obligation shall be deemed to be Outstanding, for purposes of the General Certificate, until amounts are paid under such Credit Facility. Any such Reimbursement Obligation may be secured by a pledge of, and a lien on, Revenues on a parity with the lien created by Section 501 of the General Certificate (a "Parity Reimbursement Obligation"). Any such Parity Reimbursement Obligation shall be deemed to be a Bond of the Series of Bonds to which the Credit Facility which gave rise to such Parity Reimbursement Obligation related.

(c) Any such Credit Facility shall be for the benefit of and secure such Series of Bonds or portion thereof as specified in the applicable Supplemental Certificate. (Section 209)

The Pledge Effected by The General Certificate

Under the General Certificate, there is pledged for the payment of the Bonds, in accordance with the terms and the provisions of the General Certificate, for or to the purposes and on the terms and conditions set forth in the General Certificate: (i) all Revenues and (ii) all moneys or securities in any of the Funds, Accounts and Subaccounts (except the Revenue Fund, the Operating Fund, the Rebate Fund, the Subordinated Debt Service Fund, if any, and the Subordinated Debt Service Reserve Fund, if any) together with the investment earnings thereon except to the extent such earnings are required to be deposited in the Rebate Fund pursuant to a Supplemental Certificate. It is the intention of the City that, to the fullest extent permitted by law, this pledge shall be valid and binding from the time when it is made, that the Revenues, moneys, securities and other funds so pledged and then or thereafter received by the City shall immediately be subject to the lien of such pledge and shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the City, irrespective of whether such parties have notice thereof. (Section 501)

Establishment of Funds and Accounts

(a) Other than with respect to the funds described in subparagraphs (vi) and (vii) below, the following Funds and Accounts are established under the General Certificate:

(i) Revenue Fund;

(ii) Project Fund;

(iii) Operating Fund;

(iv) Debt Service Fund, containing a

(A) Principal Account;

(B) Interest Account;

(C) Redemption Account; and

(D) Capitalized Interest Account;

(v) Debt Service Reserve Fund containing such Series Accounts as may be specified from time to time in a Supplemental Certificate;

(vi) Subordinated Debt Service Fund, if any established upon issuance of any Subordinated Bonds;

(vii) Subordinated Debt Service Reserve Fund, if any is established upon issuance of any Subordinated Bonds;

(viii) M&O Reserve Fund;

(ix) Renewal and Replacement Reserve Fund;

(x) Rebate Fund; and

(xi) General Fund.

(b) Any Supplemental Certificate providing for the issue of a Series of Bonds shall establish separate Accounts or Subaccounts.

(c) Any Supplemental Certificate which provides for a Credit Facility to secure the payment of the Principal Installments of and interest on the Bonds authorized thereby or to secure the payment of the Tender Option Price of any Option Bonds authorized thereby, may establish one or more "Special Accounts" in the Debt Service Reserve Fund.

(d) The City or, at the request of the City, the Trustee shall establish within any Fund held by the City or the Trustee, as applicable, such Accounts as shall be designated in a Supplemental Certificate or in the written instructions of an Authorized Representative of the City and shall in like manner establish within any Fund or Account such Subaccounts as shall be so designated.

(e) Unless otherwise expressly provided in the General Certificate, all of the Funds, Accounts and Subaccounts shall be held by the City, except that (1) the Debt Service Fund and the Debt Service Reserve Fund shall be held by the Trustee, and (2) at the election of the City, any Fund initially held by the City or any Account or

Subaccount therein may be transferred to the Trustee on such terms and for so long as the City may determine. (Section 502)

Project Fund

(a) There shall be deposited from time to time in the Project Fund (i) Bond proceeds as described in Section 401(a) of the General Certificate; (ii) the proceeds of insurance, if any, maintained by the City against physical loss of or damage to the Jetport, or of contractors' performance bonds with respect thereto, pertaining to the period of construction of any Project; (iii) the balance remaining of the proceeds of any Parity Bond Anticipation Notes issued to pay the Costs of a Project after payment or provision for payment of such notes; (iv) any amounts required to be deposited therein pursuant hereto or any Supplemental Certificate; (v) any moneys transferred from the General Fund pursuant to Section 514 of the General Certificate (which moneys shall be held separately from Accounts or Subaccounts in the Project Fund holding proceeds of the sale of any Bonds or any earnings thereon); and (vi) any other amounts received by the City for or in connection with the Jetport and determined by the City to be deposited in the Project Fund, which are not otherwise required to be applied in accordance with the General Certificate.

(b) Except as otherwise provided in Section 507(e) and in Section 519 of the General Certificate, amounts in the Project Fund shall be expended only to pay Costs of a Project in the manner provided in Section 503 of the General Certificate.

(c) The City shall only make payments from the Project Fund (except payments and withdrawals pursuant to Sections 507(e) and 519 of the General Certificate), in the amounts, on the other terms and conditions set forth in this subsection.

(i) Each payment shall be properly payable out of the Project Fund in accordance with the terms and conditions of the General Certificate and none of such items shall have formed the basis for any disbursement theretofore made from the Project Fund; and

(ii) Moneys paid from the Project Fund shall be expended in compliance with the provisions of Section 714 of the General Certificate.

(d) Notwithstanding any of the other provisions of Section 503 of the General Certificate, to the extent that other moneys are not available therefor in any of the other Funds and Accounts established hereunder, amounts in the Project Fund shall be applied to the payment of Bonds when due in accordance with Sections 507(e) of the General Certificate.

(e) At any time from time to time the City may transfer amounts on deposit therein between a particular Subaccount within the Project Fund and another Subaccount within the Project Fund.

(f) If the City at any time does not reasonably expect the moneys on deposit in any Subaccount of the Project Fund that constitute the proceeds of Tax Exempt Bonds to be expended for the Costs of a Project, then such moneys shall be transferred to the Redemption Account and held in a Subaccount therein and applied solely to the redemption of Bonds of the Series to which such moneys relate on the first date on which such Bonds may be called without premium (unless the City shall elect to call such Bonds earlier at a premium) or, upon receipt of a Bond Counsel's opinion to the effect that such will not, in and of itself, adversely affect the exclusion of interest of such Bonds from the gross income of the holders thereof, to the payment of interest on Bonds of the Series to which such monies relate. Pending application to such redemption or to such payment of interest, such moneys shall be not be invested at a yield exceeding the yield on the related Series of Bonds unless the City shall have provided a Bond Counsel's Opinion to the effect that investment of such moneys at a greater yield would not adversely affect the exclusion of interest on any Tax Exempt Bonds from gross income of the holder for federal income tax purposes. (Section 503)

Deposit of Revenues

Commencing as of July 1, 2003, the City shall promptly deposit all Revenues received in the Revenue Fund. There shall also be deposited into the Revenue Fund all other amounts required by the General Certificate to be so deposited. (Section 504)

Flow of Funds From the Revenue Fund

(a) During any month, the City shall, from time to time, deposit monies in the Operating Fund an amount necessary and sufficient to pay M&O Expenses for that month which amount shall not exceed the M&O Expenses for that month as shown on the Operating Budget filed with the Trustee pursuant to Section 712 of the General Certificate. On the last Business Day of each month, commencing July 31, 2003, the City shall, after making any transfers required pursuant to Section 505(a), Sections 508(b) and 512(c) of the General Certificate, from the available amounts on deposit in the Revenue Fund, make the following deposits in the following order:

(i) To the Debt Service Fund:

(A) on a pro rata basis the amount necessary to make up any deficiency in any Subaccount resulting from an increase in the applicable interest rate on any Variable Rate Bonds over the rate which was assumed in calculating the amount required for a prior deposit pursuant to Section 505(a)(ii)(B) of the General Certificate;

(B) on a pro rata basis to each Subaccount of the Interest Account, after taking into account any moneys transferred or to be transferred from the corresponding Subaccount of the Capitalized Interest Account if one has been established for the applicable Series, the amount necessary to increase the amount on deposit in each such Subaccount so that it equals interest included in Debt Service next coming due on Outstanding Bonds of the applicable Series accrued and unpaid and to accrue to and including the last day of the next succeeding month (assuming, in the case of Variable Rate Bonds, no further adjustments in the applicable interest rate);

(C) on a pro rata basis to each Subaccount of the Principal Account the amount necessary to increase the amount on deposit in each such Subaccount so that it equals that portion of the Principal Installment included in Debt Service next coming due on Outstanding Bonds of the applicable Series accrued and unpaid and to accrue (assuming such Principal Installment accrues on the same basis as simple interest on a debt) to and including the last day of the next succeeding month; provided, however, that no deposit shall be required to be made with respect to a Bond prior to twelve months before the next Principal Installment coming due on such Bond; and

(D) on a pro rata basis to each Subaccount of the Redemption Account the amount, if any, necessary to increase the amount on deposit in each such Subaccount so that it equals the Redemption Price of Outstanding Bonds of the applicable Series then called for redemption (other than from Sinking Fund Installments) as of any date on or prior to the last day of the next succeeding month, after taking into account amounts on deposit in the applicable Subaccount within the Principal Account, if any, available to pay such Bonds called for redemption.

The City shall not be required to make any payments into the Debt Service Fund when the aggregate amount of money in the Debt Service Fund and the Debt Service Reserve Fund is at least equal to the amount required to defease the lien of the General Certificate granted to secure payment of Bonds pursuant to Section 1201 of the General Certificate. In determining the amount of any payment to any Account of the Debt Service Fund, the City shall take into account all cash and investments then in such Fund and held for the same purpose and shall, when appropriate, reduce or increase the amount of any payment accordingly.

(ii) To the Debt Service Reserve Fund:

(A) to the applicable Series Account therein established pursuant to a Supplemental Certificate, one-twelfth (1/12) the amount, if any, necessary to increase the amount on deposit therein, determined as of the first day of the Fiscal Year, to an amount equal to the Series Debt Service Reserve Fund Requirement, if any (provided that no such deposit shall be required in a Fiscal Year following the funding of such Series Account in connection with the issuance of a Series of Bonds pursuant to Section 206(d) of the General Certificate); and

(B) to each such Special Account the deposit required by any Supplemental Certificate.

(iii) To the Subordinated Debt Service Fund (if any is established upon issuance of any Subordinated Bonds), such amounts as may be required to be deposited therein pursuant to the terms of the financing documents executed and delivered with respect to such Subordinated Bonds.

(iv) To the Subordinated Debt Service Reserve Fund (if any is established upon issuance of any Subordinated Bonds), such amounts as may be required to be deposited therein pursuant to the terms of the financing documents executed and delivered with respect to such Subordinated Bonds.

(v) To the M&O Reserve Fund, the amount necessary to make the amount on deposit therein equal to M&O Expenses for the three consecutive months following the next succeeding month, as shown on the Operating Budget filed with the Trustee pursuant to Section 712 of the General Certificate.

(vi) To the Renewal and Replacement Reserve Fund, one-twelfth (1/12) of the difference between the amount on deposit in such Fund on the first day of the current Fiscal Year and the Renewal and Replacement Reserve Requirement for the current Fiscal Year.

(vii) To the Rebate Fund, the amount necessary to make the amount on deposit therein equal to the Rebate Fund Requirement, if any, determined in accordance with the applicable Supplemental Certificate.

(viii) Subject to the provisions of Section 505(b) of the General Certificate, to the General Fund, any moneys remaining after making the deposits set forth above.

(b) On any day on which deposits are to be made pursuant to 505(a) of the General Certificate after making the deposits required by Sections 505(a)(i) through (viii) of the General Certificate, the City may retain all or any portion of the remaining moneys in the Revenue Fund to provide additional moneys for deposits required under Section 505(a) of the General Certificate during the next month or thereafter. (Section 505)

Operating Fund

(a) The Operating Fund shall be established as one or more accounts with one or more banks or trust companies, as the City shall determine. Moneys held in the Operating Fund shall be applied by the City to the payment of M&O Expenses in accordance with the Operating Budget.

(b) Moneys in the Revenue Fund shall be deposited into the Operating Fund pursuant to Section 505(a) of the General Certificate. From time to time, moneys on deposit in the M&O Reserve Fund may be deposited into the Operating Fund pursuant to Section 511 of the General Certificate. (Section 506)

Debt Service Fund

(a) The Trustee shall, for each Series of Bonds Outstanding, pay (i) on each Payment Date with respect to a Series of Bonds, (A) from the moneys on deposit in the applicable Subaccount within the Principal

Account of the Debt Service Fund the amounts required for the payment of the Principal Installments, if any, due on such Payment Date and (B) from the moneys on deposit in the applicable Subaccount within the Interest Account of the Debt Service Fund, including the moneys credited to the Subaccount, if any, established for such Series in the Capitalized Interest Account in such Fund, the interest due on such Payment Date; (ii) on any redemption date other than for sinking fund redemption, (A) from the applicable Subaccount within the Interest Account of the Debt Service Fund the amounts required for the payment of accrued interest on Bonds to be redeemed on such date unless the payment of such accrued interest shall be otherwise provided and (B) from the applicable Subaccount within the Redemption Account of the Debt Service Fund, the amounts required for the payment of principal of and premium, if any, on Bonds to be redeemed (other than by sinking fund redemption); and (iii) on any date of purchase (A) from the applicable Subaccount within the Principal Account of the Debt Service Fund, the amounts required for the payment of principal of any Bonds to be purchased to the extent sufficient amounts are not available therefor under a Credit Facility in accordance with the applicable Supplemental Certificate, and (B) from the applicable Subaccount within the Interest Account of the Debt Service Fund, any amounts required for the payment of accrued interest on Bonds to be purchased to the extent sufficient amounts are not available therefor under a Credit Facility in accordance with the applicable Supplemental Certificate or unless the payment of such accrued interest shall be otherwise provided.

(b) The amounts accumulated in the applicable Subaccount within the Principal Account of the Debt Service Fund for each Sinking Fund Installment shall, at the direction of an Authorized Representative of the City, be applied (together with amounts in the applicable Subaccount within the Interest Account of the Debt Service Fund with respect to interest on the Bonds for which such Sinking Fund Installment was established) by the Trustee prior to the 45th day preceding the due date of such Sinking Fund Installment as follows:

(i) to the purchase of Bonds of the Series and maturity for which such Sinking Fund Installment was established, at prices (including any brokerage and other charges) not exceeding the Redemption Price payable for such Bonds when such Bonds are redeemable by application of such Sinking Fund Installment plus unpaid interest accrued to the date of purchase, such purchases to be made by the Trustee as directed in writing by an Authorized Representative of the City; or

(ii) to the redemption of such Bonds pursuant to Article VI, if then redeemable by their terms, at or below the Redemption Price referred to in clause (i) above;

provided, however, that the Trustee shall not call for redemption or purchase any Bonds pursuant to this Subsection 507(b) of the General Certificate that have already been called for redemption pursuant to the provisions of Article VI.

(c) Upon the purchase or redemption of any Bond pursuant to subsection (b) of Section 507 of the General Certificate, an amount equal to the principal amount of the Bond so purchased or redeemed shall be credited toward the next Sinking Fund Installment thereafter to become due and the amount of any excess of the amounts so credited over the amount of such Sinking Fund Installment shall be credited against future Sinking Fund Installments in direct chronological order.

(d) As soon as practicable after the 45th day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption, pursuant to Section 603 of the General Certificate, on such due date Bonds of the Series and maturity for which such Sinking Fund Installment was established in such amount as shall be necessary to complete the retirement of the principal amount specified for such Sinking Fund Installment of the Bonds of such Series and maturity. The Trustee shall so call such Bonds for redemption whether or not it then has moneys in the Debt Service Fund sufficient to pay the applicable Redemption Price thereof on the redemption date. The Trustee shall apply to the redemption of the Bonds on each such redemption date, the amount required for the redemption of such Bonds. (Section 507)

Priority of Funds in Event of Debt Service Fund Shortfall

If on any Payment Date with respect to a Series of Bonds there shall be insufficient moneys available in the applicable Subaccount within the applicable Account in the Debt Service Fund to provide for payment of the Principal Installments of or interest on any Series of Bonds then due, after drawing any moneys available for such purpose from any applicable Credit Facility or Special Account in the Debt Service Reserve Fund, the City or, as the case may be, the Trustee shall withdraw and apply the necessary moneys to provide for such insufficiency from the following Funds and Accounts in the following order: (i) amounts in the Redemption Account not yet committed to the redemption of Bonds, (ii) the General Fund, (iii) the Subordinated Debt Service Fund, (iv) the applicable Series Account in the Debt Service Reserve Fund, (v) the Renewal and Replacement Reserve Fund and (vi) the Project Fund. (Section 507(e))

Debt Service Reserve Fund

(a) Amounts on deposit in each of the Series Accounts in the Debt Service Reserve Fund shall be applied, to the extent other funds are not available therefor pursuant to Section 507 of the General Certificate, solely to pay the Principal Installments of and interest on the Bonds of the Series to which such Series Account relates as and when specified in the applicable Supplemental Certificate. Amounts so applied shall be derived first, from cash or Investment Securities on deposit therein and, second, from draws or demands on Financial Guaranties held as a part thereof upon the terms and conditions set forth in any such Financial Guaranty or as set forth in the Supplemental Certificate authorizing use of such Financial Guaranty.

(b) If, as of June 30, or, if such day is not a Business Day, on the next preceding Business Day, the amount in any Special Account exceeds its requirement under the applicable Supplemental Certificate for the Fiscal Year then ending, after giving effect in the case of each such Account to any Credit Facility deposited in such Account, the Trustee shall withdraw from such Account the amount of any excess therein as of the date of such withdrawal and deposit the moneys so withdrawn first into the Interest Account of the Debt Service Fund until the amount on deposit therein is equal to the next deposit required to be made pursuant to Section 505(a) of the General Certificate and second to the Principal Account of the Debt Service Fund until the amount on deposit therein is equal to the next deposit required to be made therein pursuant to Section 505(a) of the General Certificate. Any balance of such excess remaining shall be applied as provided in the previous sentence with respect to deposits required pursuant to Section 505(a) of the General Certificate for as many succeeding months as is necessary to fully apply such excess.

(c) Whenever the amount (exclusive of Financial Guaranties and Credit Facilities) in all of the Accounts in the Debt Service Reserve Fund, together with the amount in the Debt Service Fund, is sufficient to pay all Outstanding Series of Bonds in accordance with their respective terms, the funds on deposit in the Debt Service Reserve Fund shall be transferred to the Debt Service Fund and applied to the redemption or payment at maturity of all Bonds Outstanding.

(d) In lieu of the required deposits and transfers to any Series Account in the Debt Service Reserve Fund, the City may cause to be deposited in any such Series Account, Financial Guaranties in an amount equal to the difference between the Series Debt Service Reserve Fund Requirement and the sums, if any, then on deposit in such Account or being deposited in such Account concurrently with such Financial Guaranties. The Financial Guaranties shall be payable (upon the giving of notice as required thereunder) on any date on which moneys will be required to be withdrawn from the applicable Series Account in the Debt Service Reserve Fund and applied to the payment of a Principal Installments of or interest on the applicable Series of Bonds and such withdrawal cannot be met by moneys on deposit in the applicable Series Account. If a disbursement is made pursuant to Financial Guaranties, the City shall be obligated either (i) to reinstate the maximum limits of such Financial Guaranties or (ii) to deposit into the applicable Series Account, funds in the amount of the disbursement made under such Financial Guaranties, or a combination of such alternatives, as shall provide that the amount in such Series Account equals the applicable Series Debt Service Reserve Fund Requirement.

(e) In the event of the refunding of any Bonds, the Trustee shall, upon the written direction of the City, withdraw from the Subaccount and Account related to the Bonds to be refunded all or any portion of the amounts accumulated therein with respect to the Bonds to be refunded and deposit such amounts as provided in such written direction; provided that such withdrawal shall not be made unless (i) immediately thereafter the Bonds being refunded shall be deemed to have been paid pursuant to Section 1201 of the General Certificate, and (ii), after giving effect to any amounts being simultaneously deposited therein, the amount remaining in each Series Account after such withdrawal shall not be less than the applicable Series Debt Service Reserve Fund Requirement. (Section 508)

M&O Reserve Fund

(a) Moneys in the M&O Reserve Fund shall be transferred to the Operating Fund to be applied to the payment of M&O Expenses upon delivery to the Trustee of a Consultant Certificate of an Authorized Representative to the effect that moneys on deposit in the Operating Fund are insufficient therefor.

(b) If on any day on which a transfer pursuant to Section 505(a)(vi) of the General Certificate is required, Revenues are insufficient to make the deposits to the M&O Reserve Fund required by such Section, or if on any date the City delivers a Consultant Certificate to the Trustee to the effect that moneys in the Operating Fund and the M&O Reserve Fund are insufficient to meet M&O Expenses then due and payable then, subject to any transfers to be made on such date pursuant to Sections 507(e) of the General Certificate, the City shall withdraw and apply the necessary moneys to provide for such insufficiency from the following Funds and Accounts in the following order: (i) the General Fund and (ii) the Renewal and Replacement Reserve Fund.

(c) If on any June 30, or if such day is not a Business Day, on the next preceding Business Day, the amount on deposit in the M&O Reserve Fund is in excess of the M&O Expenses for the next succeeding August, September and October, as shown on the Operating Budget filed with the Trustee pursuant to Section 712 of the General Certificate, such excess shall be transferred to the Revenue Fund. (Section 511)

Renewal and Replacement Reserve Fund

(a) Moneys in the Renewal and Replacement Reserve Fund shall be applied as provided in Section 507 of the General Certificate for any Capital Expenditure that is not provided for by moneys available in the Project Fund, the General Fund or the Operating Fund, including without limitation the costs of unanticipated or emergency repairs or replacements of any part of the Jetport which are properly chargeable to plant or property accounts under generally accepted accounting principles. The City shall withdraw from such Fund and deposit in one or more special separate Subaccounts established for such purpose in the Project Fund or, if the City has by resolution determined to subsequently finance such Capital Expenditure by the issuance of Bonds in a Subaccount relating to such Bonds, any amount specified by the City but only upon receipt of a Consultant Certificate of an Authorized Representative (i) specifying the improvement to which such Capital Expenditure will be applied, its estimated Cost and estimated completion date and (ii) certifying (a) that such improvement to which such Capital Expenditure will be applied is reasonably required for the continued operation of the Jetport or the maintenance of Revenues, (b) that all or a portion of such Capital Expenditure was not included in the Cost of Capital Expenditures to be financed in whole or in part from the Operating Fund and (c) that only the Cost of improvement to which such Capital Expenditure will be applied that is in excess of the amounts available therefor in such Fund is being or has previously been transferred from the Renewal and Replacement Reserve Fund. Upon completion of improvement to which such Capital Expenditure will be applied, any amount so deposited and not necessary to pay such Capital Expenditure shall be redeposited in the Renewal and Replacement Reserve Fund. The City shall also apply moneys in the Renewal and Replacement Reserve Fund as set forth in Section 507(e) of the General Certificate.

(b) If, on any day on which a transfer pursuant to Section 505(a) of the General Certificate is required, Revenues are insufficient to make the deposits to the Renewal and Replacement Reserve Fund required by such Section, or if on any date the City delivers a Consultant Certificate to the Trustee to the effect that moneys in the Renewal and Replacement Reserve Fund are insufficient to meet the Costs of a Capital Expenditure to be funded pursuant to Section 512(a) of the General Certificate then due and payable, then, subject to any transfer to be made on such date pursuant to Section 507(e) of the General Certificate, the City shall withdraw and apply the necessary moneys to provide for such insufficiency from the General Fund.

(c) If on any June 30, or, if such day is not a Business Day, on the next preceding Business Day, the amount on deposit in the Renewal and Replacement Fund is in excess of the Renewal and Replacement Reserve Fund Requirement for the Fiscal Year then ending, such excess shall be transferred to the Revenue Fund or shall be retained in the Renewal and Replacement Reserve Fund upon the delivery of a Consultant Certificate of an Authorized Representative to the effect that such amounts being retained are necessary to meet the Costs of Capital Expenditures properly payable from such Fund in accordance with Section 512(a) of the General Certificate. (Section 512)

General Fund

(a) Moneys in the General Fund may be disbursed for any lawful purpose relating to the Jetport, including without limitation, by way of transfer to any Fund or Account established pursuant hereto or any Supplemental Certificate. In the event that moneys in the General Fund are transferred to the Redemption Account and applied to the redemption of Bonds, pending application to redemption of Tax Exempt Bonds such moneys shall be invested at a yield not exceeding the yield on the Bonds to be redeemed unless the City shall deliver a Bond Counsel's Opinion to the effect that investment of such moneys at a higher yield is permitted without adversely affecting the exclusion of interest on the Bonds from gross income for federal income tax purposes. Moneys in the General Fund shall also be transferred and applied to the payment of principal of and interest on Parity Bond Anticipation Notes issued pursuant to Section 208 of the General Certificate to the extent provided in any Supplemental Certificate authorizing such Parity Bond Anticipation Notes.

(b) The City shall also apply moneys in the General Fund as set forth in Sections 507(e) and 512(b) of the General Certificate.

(c) The City may deposit to the credit of the General Fund any sum received by the City with respect to the Jetport from any source for any purpose for which the moneys held for the credit of the General Fund may be disbursed.

(d) If then permitted by law, moneys held for the credit of the General Fund (or any portion thereof) may be pledged by the City to the payment of the principal of and interest on any notes or other obligations issued by the City for any purpose for which the moneys held to the credit of the General Fund may be disbursed. (Section 514)

Trustee Deposits

(a) All moneys or securities held by the City or the Trustee under the provisions of the General Certificate shall constitute trust funds. All moneys or securities deposited under the provisions of the General Certificate with the Trustee shall be held in trust and applied only in accordance with the provisions of the General Certificate, and each of such Funds established by the General Certificate shall be a trust fund for the purposes of the General Certificate. The City acknowledges that any moneys or securities credited to a Fund or an Account hereunder which are deposited with the Trustee shall be identified to be part of such Fund or Account and subject to the pledge created hereunder. Prior to the first deposit of any moneys or securities with the Trustee, the City shall obtain from the Trustee its agreement to serve as agent of the City in holding such moneys or securities in trust in favor of the City and the contract or other written instrument between the City and the Trustee governing the establishment and operation of such account shall provide the moneys or securities from time to time deposited with the Trustee shall be held by the Trustee as such agent in trust in favor of the City or the Trustee; provided that, except as otherwise expressly provided in the General Certificate, the City shall be permitted at any time to make withdrawals from and write checks or other drafts against any account held by the City and apply the same for the purposes specified in the General Certificate and, subject to Section 519 of the General Certificate, the City shall be permitted to invest amounts in any such account in Investment Securities.

(b) The Trustee shall be a bank or trust company organized under the laws of a state of the United States of America or a national banking association organized under the laws of the United States of America, having capital stock, surplus and undivided earnings aggregating at least $100,000,000 (or such greater amount as set forth in a Supplemental Certificate) and willing and able to accept the office on reasonable and customary terms and authorized by law to act in accordance with the provisions of the General Certificate. (Section 517)

Investment of Certain Funds

(a) Moneys held in the Debt Service Fund shall be invested and reinvested by the Trustee to the fullest extent practicable in Investment Securities of the type described in clause (a), (b), (c), (d), (f), (h), (i) or (j) of the definition of Investment Securities in Section 101 of the General Certificate, which mature not later than at such times as shall be necessary to provide moneys when needed for payments to be made from such Funds. Moneys held in the Debt Service Reserve Fund shall be invested and reinvested by the Trustee to the fullest extent practicable in Investment Securities of the type described in clause (a), (b), (c), (d), (f), (h) or (i) of the definition of Investment Securities which mature not later than at such times as shall be necessary to provide moneys when needed for payment to be made from such Fund. Moneys held in any other Fund or Account established hereunder may be invested and reinvested in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Funds. The Trustee shall make all such investments of moneys held by it in accordance with written instructions from any Authorized Representative of the City, which may for this purpose include one or more investment advisors designated in writing by such Authorized Representative from time to time. In making any investment in any Investment Securities with moneys in any Fund or Account established hereunder, the City may, and may instruct the Trustee to, combine such moneys with moneys in any other Fund or Account, but solely for purposes of making such investment in such Investment Securities.

(b) Interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) and other investment earnings on any moneys or investments in the Funds and Accounts, other than the Project Fund, the Debt Service Fund and the Debt Service Reserve Fund, shall be paid into the Revenue Fund on the last Business Day of each month. Interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) and other investment earnings on any moneys or investments in the Debt Service Fund shall be retained in the Debt Service Fund. Interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) and other investment earnings on any moneys or investments in the Project Fund shall be paid, on the last Business Day of each month, to the related Subaccounts of the Debt Service Fund first to the Interest Account and second to the Principal Account; provided, however, that the City may from time to time direct that all or a portion of such earnings may be retained in the Project Fund for any period of time. Interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) and other investment earnings on any moneys or investments in the Debt Service Reserve Fund shall be paid, on the last Business Day of each month, on a pro rata basis based on the required deposits to each Series Subaccount therein pursuant to Section 505(a) of the General Certificate, first to the Interest Account of the Debt Service Fund and second to the Principal Account of the Debt Service Fund; provided however, that the City may direct that investment earnings on any moneys or investments in the Debt Service Reserve Fund may be deposited for such period of time as the City may determine in the Revenue Fund or the Project Fund if the City shall obtain a Bond Counsel's Opinion to the effect that such application of earnings shall not adversely affect the exclusion of interest on any Tax Exempt Bonds from gross income of the holder for federal income tax purposes.

(c) Notwithstanding the foregoing provisions of Section 519 of the General Certificate, the City may direct that investment earnings reasonably expected to be subject to the requirements of section 148(f) of the Code or the Treasury Regulations applicable thereto may be deposited directly to the Rebate Fund to the extent desirable to comply with the requirements of section 148(f) of the Code or the Treasury Regulations applicable thereto. (Section 519)

Valuation and Sale of Investments

Obligations purchased as an investment of moneys in any Fund created under the provisions of the General Certificate shall be deemed at all times to be a part of such Fund and any profit realized from the liquidation of such investment shall be credited to such Fund and any loss resulting from the liquidation of such investment shall be charged to such Fund.

In computing the amount in any Fund created under the provisions of the General Certificate for any purpose provided in the General Certificate, obligations purchased as an investment of moneys therein shall be valued at the amortized cost of such obligations or the market value thereof, whichever is lower. As used in the General Certificate the term "amortized cost", when used with respect to an obligation purchased at a premium above or a discount below par, means the value as of any given time obtained by dividing the total premium or discount at which such obligation was purchased by the number of days remaining to maturity on such obligation at the date of such purchase and by multiplying the amount thus calculated by the number of days having passed since such purchase; and (i) in the case of an obligation purchased at a premium by deducting the product thus obtained from the purchase price, and (ii) in the case of an obligation purchased at a discount by adding the product thus obtained to the purchase price. Any deficiency resulting from a decrease in the valuation of investments held in the applicable Series Account of the Debt Service Reserve Fund may be disregarded for purposes of calculating deposits required pursuant to Section 505 of the General Certificate provided that the amount on deposit in the applicable Series Account of the Debt Service Reserve Fund is an amount equal to at least ninety-five percent (95%) of the Series Debt Service Reserve Fund Requirement. The accrued interest paid in connection with the purchase of any obligation shall be included in the value thereof until interest on such obligation is paid. Such computation shall be made annually on June 30 for all Funds and at such other times as the City shall determine or as may be required by the General Certificate.

Except as otherwise provided in the General Certificate, the Trustee shall sell at the best price obtainable, or present for redemption, any obligation so purchased as an investment whenever it shall be requested in writing by an Authorized Representative of the City so to do. Whenever it shall be necessary in order to provide moneys to meet any payment or transfer from any Fund held by the Trustee, the Trustee shall sell at the best price obtainable or present for redemption such obligation or obligations designated by an Authorized Representative of the City necessary to provide sufficient moneys for such payment or transfer; provided, however, that if the City fails to provide such designation promptly after request thereof by the Trustee, the Trustee may in its discretion select the obligation or obligations to be sold or presented for redemption. The Trustee shall not be liable or responsible for any loss resulting from the making of any such investment or the sale or redemption of any obligation in the manner provided above. (Section 520)

Rebate Fund

Upon the issuance, sale and delivery of any Series of Bonds subject to the Rebate Fund Requirement, the City shall establish a separate account within the Rebate Fund for such Series. Funds on deposit in the Rebate Fund shall be applied as set forth in the applicable Supplemental Certificate. Unless otherwise specified in the applicable Supplemental Certificate, interest or other income derived from the investment or deposit of moneys in the Rebate Fund shall be transferred to the Operating Fund. (Section 521)

Covenant as to Rates and Charges; Debt Service Coverage Ratio

(a) The City shall for each Fiscal Year fix and adjust Rates and Charges with respect to the Jetport, which Rates and Charges shall be adopted by the Governing Body and which adoption shall be conclusive and final and not subject to supervision or regulation by any office, department, division, commission, board, bureau or agency of the State or any of its political subdivisions. The City covenants that in each Fiscal Year (1) Net Revenues shall equal or exceed the sum of Required Debt Service Fund Deposits plus deposits required to be made under Sections 505(a)(iii) through (viii) of the General Certificate (excluding interest or other earnings on the Project Fund and amounts paid from other funds of the City that are not Revenues and are not transferred from other Funds or Accounts established hereunder), and (2) Net Revenues for such Fiscal Year shall equal or exceed 125% of Required Debt Service Fund Deposits.

(b) If in any Fiscal Year, Net Revenues shall not satisfy the requirements of Section 705(a) of the General Certificate, then the City shall not be deemed to be in default hereunder so long as it shall have complied or is diligently proceeding to comply with the requirements of Section 705(d) and 705(e) of the General Certificate; provided, however, that if (1) the City shall not satisfy the requirements of Section 705(a) of the General Certificate for the first full Fiscal Year following its failure to satisfy such requirements, or (2) Net Revenues for such Fiscal Year shall not equal or exceed 100% of the Required Debt Service Fund Deposits, then notwithstanding the foregoing such failure shall constitute a default hereunder.

(c) On or before the last day of each Fiscal Year, the City shall review the adequacy of its rates, fees, rentals and other charges with respect to the Jetport to satisfy the requirements of Section 705 of the General Certificate for the next succeeding Fiscal Year. If such review, or any report of an Airport Consultant provided in connection with such review or in accordance with any Section of the General Certificate, indicates that the rates, fees, rentals and other charges with respect to the Jetport are, or are likely to be, insufficient to meet the requirements of Section 705 of the General Certificate for the next succeeding Fiscal Year, or if it otherwise appears at any time during such Fiscal Year that rates, fees, rentals and other charges with respect to the Jetport are or are likely to be insufficient to meet such requirements, the City shall promptly take such steps as are permitted by law and as are necessary to cure or avoid the deficiency.

(d) Within 180 days of the close of each Fiscal Year while Bonds are Outstanding, the City shall deliver to the Trustee a Consultant Certificate of an Authorized Representative stating, if such was the case, that the City satisfied the requirements of Section 705(a) of the General Certificate in such Fiscal Year or, if such was not the case, specifying in reasonable detail the corrective steps taken by the City so that it will comply with such requirements in the then current Fiscal Year. Such Consultant Certificate shall be accompanied by a Consultant Certificate of an Accountant in accordance with Section 713 of the General Certificate setting forth the amounts for the preceding Fiscal Year which are necessary to determine compliance with the requirements of Section 705(a) of the General Certificate. If the amounts set forth in the Consultant Certificate of an Accountant indicate that the City was not in compliance for such Fiscal Year with the provisions of Section 705(a) of the General Certificate, the Airport Consultant shall review the adequacy of the City's rates, fees, rentals and other charges with respect to the Jetport and shall recommend changes necessary for the City to be in compliance with Section 705(a) of the General Certificate by the end of the then current Fiscal Year and for the following Fiscal Year. The City covenants, to the extent permitted by law and existing contractual obligations, to use its best efforts to effect such changes as are so recommended by the Airport Consultant. (Section 705)

Maintenance of Powers; Retention of Assets

(a) The City covenants that it will use its best efforts to keep the Jetport open for landings, takeoffs and servicing of aircraft using facilities comparable to those which currently comprise the Jetport and to maintain the powers, functions, duties and obligations now reposed in it pursuant to law with respect to the Jetport, and will not at any time voluntarily do, suffer or permit any act or thing the effect of which would be to hinder, delay or imperil either the payment of the indebtedness evidenced by any of the Bonds or any other obligation secured by the General Certificate or the performance or observance of any of the covenants in the General Certificate contained.

(b) The City covenants that it will not dispose of assets necessary to operate the Jetport in the manner and at the levels of activity required to enable it to perform its covenants contained in the General Certificate, including, without limitation, the covenants contained in Section 705 of the General Certificate. (Section 706)

Insurance

The City shall at all times (a) carry insurance or cause insurance to be carried with a responsible insurance company or companies authorized and qualified under the laws of any state of the United States of America to assume the risk thereof, covering such portions of the Jetport as are customarily insured, and against loss or damage from such causes as are customarily insured against, by enterprises engaged in a similar type of business or (b) have adopted and maintain a risk financing plan for property and casualty losses which shall address such risks in accordance with the risks usually and customarily addressed by the City with regard to a public asset. (Section 707)

Indebtedness and Liens

(a) Except for Subordinated Bonds or as provided in Article II of the General Certificate or in Section 709 of the General Certificate, the City shall not issue any bonds, notes or other evidences of indebtedness secured by a pledge of or other lien or charge on the Revenues and shall not create or cause to be created any lien or charge on such Revenues or on any amounts held by any Trustee hereunder; but Section 709 of the General Certificate shall not prevent the City from issuing bonds or notes or other obligations for the purposes of the Jetport payable out of, or secured by a pledge of, Revenues to be derived on and after the date that the pledge of the Revenues provided in the General Certificate shall be discharged and satisfied as provided in Section 1202 of the General Certificate and which recite on their face that such pledge of said amounts is and shall be in all respects subordinate to the provisions of the General Certificate and the lien and pledge created by the General Certificate. Without limiting the generality of the foregoing, the City agrees that, except as permitted by the General Certificate, it shall not incur any Indebtedness or permit the issuance of any bonds payable from or secured by a pledge of or lien on Revenues prior or superior to, or on a parity with, the lien securing the Bonds.

(b) Notwithstanding anything in the General Certificate to the contrary, so long as no default shall have occurred hereunder and be continuing, the City may issue at any time or from time to time:

(i) Indebtedness issued in anticipation of Grant Receipts that may be secured solely by a pledge of the proceeds of such Indebtedness, the Grant Receipts anticipated, other amounts on deposit from time to time in any separate account established by the City to hold Grant Receipts, earnings thereon and other amounts not constituting Revenues hereunder; or

(ii) Indebtedness issued in anticipation of PFC Revenues that may be secured solely by a pledge of the proceeds of such Indebtedness, the PFC Revenues anticipated, other amounts on deposit from time to time in any separate account established by the City to hold PFC Revenues, earnings thereon and other amounts not constituting Revenues hereunder; or

(iii) Other Indebtedness that is not payable from or secured by Revenues, unless such payment or security is on a basis that in all respects subordinate to the pledge and lien of the General Certificate including without limitation Indebtedness that is payable from and secured solely by one or more of (A) amounts on deposit in or to be deposited in the General Fund pursuant to Sections 505 and 514 of the General Certificate, and (B) proceeds of such Indebtedness.

Any Indebtedness described in Section 709(b) of the General Certificate, in addition to the security therefor described or provided for in the General Certificate, may be issued as general obligations of the City or as special obligations payable solely from the Grant Receipts, amounts, proceeds, moneys, securities or funds pledged as security therefor.

(c) Notwithstanding anything in the General Certificate to the contrary, the City may issue Indebtedness secured solely by the revenues, receipts or other moneys derived by the City from the lease, license, operation, sale or other disposition of any facility or equipment (whether or not part of the Jetport) hereafter constructed or acquired by or on behalf of the City with the proceeds of such Indebtedness. Such Indebtedness shall be special, limited obligations of the City payable solely out of the revenues, receipts and other moneys pledged therefor. Such revenues, receipts and other moneys shall not be considered Revenues hereunder provided that (i) neither the debt service on such Indebtedness nor any cost of the acquisition, construction, operation, maintenance or repair of any such facility or equipment nor provision for reserves for any of the foregoing shall be paid from the proceeds of Indebtedness or from Revenues (other than Revenues deposited in or available for deposit in the General Fund pursuant to Section 505 of the General Certificate) or shall be included in M&O Expenses, (ii) any such revenues, receipts and moneys in excess of such debt service, cost of acquisition, construction, operation, maintenance and repair and reserves shall be deposited in the Revenue Fund (and upon such deposit shall be deemed Revenues), and (iii) prior to the issue of any such Indebtedness, the City shall deliver to the Trustee a Consultant Certificate of the Airport Consultant certifying that (A) the lease, license, operation, sale or other disposition of such facility or equipment and (B) the application of the revenues, receipts and other moneys derived therefrom to (x) the operation, maintenance and repair thereof, (y) the payment of the debt service on the Indebtedness issued therefor and (z) the provision of reserves for the foregoing will not result in any decrease in the Revenues projected by such Airport Consultant to be received by the City during the succeeding five Fiscal Years (including the Fiscal Year in which such Indebtedness is issued). (Section 709)

Independent Engineer

The City shall, until the Bonds and the interest thereon shall have been paid or provision for such payment shall have been made, when required to assure the performance of the duties imposed on the Independent Engineer by the General Certificate, employ an independent architect or engineer or firm of architects or engineers having a nationwide and favorable repute for skill and experience in reviewing and advising with respect to the plans, specifications, costs, schedules and procedures for constructing airport facilities. The Independent Engineer shall be selected by the City and, except in the case of the firm serving as Independent Engineer at the time of the adoption of the General Certificate, shall be acceptable to the Trustee. The acceptance of the Trustee shall not be unreasonably withheld or delayed; and if the Trustee shall fail to so accept, it shall deliver to the City a statement of its reasons for such failure. In rendering any report, certificate or opinion required pursuant hereto, the Independent Engineer may rely upon information, certificates, opinions or reports required to be provided by others pursuant hereto, and upon other sources which the Independent Engineer considers reliable, and other considerations and assumptions as deemed appropriate by the Independent Engineer. Subject to Section 1204 of the General

Certificate, copies of any such report, certificate or opinion shall be delivered to the Trustee and made available by the Trustee to any holder of the Bonds or their duly authorized representative for inspection. (Section 710)

Airport Consultant

The City shall, until the Bonds and the interest thereon shall have been paid or provision for such payment shall have been made, for the purpose of performing and carrying out the duties imposed on the Airport Consultant by the General Certificate, employ an independent accountant or firm of independent accountants, or a management consultant or management consulting firm, or independent engineer or engineering firm (which may also be the Independent Engineer), having, in any case, a nationwide and favorable repute for skill and experience in passing upon questions relating to the affairs, financial and otherwise, of airport facilities of the size, type and scope of the Jetport. The Airport Consultant shall be selected by the City and, except in the case of the firm serving as Airport Consultant at the time of the delivery of the General Certificate, shall be acceptable to the Trustee. The acceptance of the Trustee shall not be unreasonably withheld, delayed, or conditioned; and if the Trustee shall fail to so accept, it shall deliver to the City a statement of its reasons for such failure. In rendering any report, certificate or opinion required pursuant hereto, the Airport Consultant may rely upon information, certificates, opinions or reports required to be provided by others pursuant hereto, and upon other sources which the Airport Consultant considers reliable, and other considerations and assumptions as deemed appropriate by the Airport Consultant. Subject to Section 1204 of the General Certificate, copies of any such report, certificate or opinion shall be delivered to the Trustee and made available by the Trustee to any holder of the Bonds or their duly authorized representative for inspection. (Section 711)

Operating Budget

(a) Not less than thirty (30) days prior to the beginning of each Fiscal Year, the City shall prepare and deliver to the Trustee a preliminary Operating Budget, and within a reasonable time of adoption not less than one day prior to the beginning of each Fiscal Year, shall file with the Trustee a copy of the Operating Budget, duly certified by an Authorized Representative of the City, showing on a monthly basis the estimated M&O Expenses, as well as the Revenues or other moneys held hereunder estimated to be available to pay such M&O Expenses (including the amount of each item constituting a component thereof) for the ensuing Fiscal Year, together with any other information required to be set forth therein by the General Certificate; provided, however, that the Operating Budget for the Fiscal Year, or portion thereof, in which the first Series of Bonds is issued, may be adopted by any Authorized Representative of the City. Such Operating Budget may set forth such additional information as the City may determine. The City shall not incur aggregate M&O Expenses in any Fiscal Year in excess of the amount budgeted in the Operating Budget, as amended and supplemented for such Fiscal Year, except in case of emergency or as required by law and shall promptly file with the Trustee a written report of any such excess expenditure signed by an Authorized Representative and as soon as practicable thereafter adopt and file with the Trustee an amendment to the Operating Budget.

(b) In conjunction with adoption and filing, or any amendment, of the Operating Budget for each Fiscal Year commencing after June 30, 2003, the City shall certify the Renewal and Replacement Reserve Fund Requirement for the Fiscal Year to which such Budget relates. In addition, the City will certify the assumed interest rate on each Series of Variable Rate Bonds then Outstanding for which deposits will be required to be made pursuant to Section 505(a)(ii) or 505(a)(iv) of the General Certificate. If the City shall not certify the Renewal and Replacement Reserve Fund Requirement as aforesaid, the requirement for the Fiscal Year shall be such Requirement in effect for the previous Fiscal Year until the new requirement is certified as aforesaid.

(c) If for any reason the City shall not have adopted the Operating Budget as provided in Section 712(a) of the General Certificate, the Operating Budget for the then current Fiscal Year shall be deemed to be the Operating Budget for the ensuing Fiscal Year until a new Operating Budget is adopted.

(d) The City may at any time adopt an amended Operating Budget for the then current or ensuing Fiscal Year, but no such amended Operating Budget shall supersede any prior Budget until the City shall have filed with the Trustee a copy of such amended Operating Budget.

(e) In addition to the City's right to amend the Operating Budget pursuant to Section 712(d) of the General Certificate, the City may reallocate amounts budgeted to specific items or months within the Operating Budget then in effect at any time by delivery of a Consultant Certificate of its Authorized Representative provided that no such reallocation shall result in an increase in the aggregate M&O Expenses for the Fiscal Year covered by such Operating Budget. (Section 712)

Accounts and Reports

(a) The City shall maintain its books and accounts in accordance with generally accepted accounting principles applicable to airport operators such as the City and in accordance with such other principles of accounting as the City deems appropriate. Said books and accounts shall at all times be subject to the inspection of the Trustee and the holder or holders of not less than one per cent (1%) in principal amount of Outstanding Bonds of any category or their representatives duly authorized in writing.

(b) The City shall annually, as soon as available and in any event within 270 days after the close of each Fiscal Year, file with the Trustee a copy of an annual report for such year, accompanied by financial statements, audited by and containing the report of an Accountant, relating to the operations and properties of the Jetport for such Fiscal Year and setting forth in reasonable detail its financial condition as of the end of such year and the income and expenses for such year. Contemporaneously therewith, the City shall also provide the Trustee with a summary prepared by the Accountant of the receipts in and disbursements from the Funds and Accounts maintained under the General Certificate and any Supplemental Certificate during such Fiscal Year and the amounts held therein at the end of such Fiscal Year. Each report of such accountant or firm of accountants shall state that such financial statements of the City were prepared in accordance with generally accepted accounting principles, or shall state in what respects such financial statements do not conform with such generally accepted accounting principles. If in connection with such annual audit such Accountant submits any written recommendations as to internal accounting controls or related matters, such recommendations shall also be filed with the Trustee. Each annual report shall be accompanied by a certificate of the accountant or firm of accountants auditing the same to the effect that in the course of and within the scope of their examination of such financial statements made in accordance with generally accepted auditing standards nothing came to their attention that would lead them to believe that a default had occurred under the Resolution or, if such is not the case, specifying the nature of the default. Subject to Section 1204 of the General Certificate, copies of any such report or certificate shall be delivered to the Trustee and made available by the Trustee to any holder of the Bonds or their duly authorized representative for inspection at such holder's expense. (Section 713)

Tax Covenants

(a) The City shall take, or require to be taken, such action as may be reasonably within its ability and required to assure the continued exclusion from the federal gross income of holders of any Series of Tax Exempt Bonds, including, without limitation, the preparation and filing of any statements required to be filed by the City in order to establish and maintain such exclusion. In addition, the City shall not take, or permit to be taken on its behalf, any action which would adversely affect the exclusion from federal gross income of the interest on any Series of Tax Exempt Bonds.

(b) The City shall not permit the investment or application of the proceeds of any Series of Tax Exempt Bonds, including any funds considered proceeds within the meaning of section 148 of the Code, to be used to acquire any investment property the acquisition of which would cause such Bonds to be "arbitrage bonds" within the meaning of said section 148. (Section 714)

Obligations Under Qualified Swap; Nonqualified Swap

(a) The obligation of the City to make Regularly Scheduled Swap Payments under a Qualified Swap with respect to a Series of Bonds may be on a parity with the obligation of the City to make payments with respect to such Series of Bonds and other Bonds hereunder, except as otherwise provided by a Supplemental Certificate and elsewhere in the General Certificate with respect to any Swap Termination Payments. The City may provide in any Supplemental Certificate that Regularly Scheduled Swap Payments under a Qualified Swap shall be secured by a pledge of or lien on the Revenues on a parity with the Bonds of such Series and all other Bonds, regardless of the principal amount, if any, of the Bonds of such Series remaining Outstanding. The Trustee shall take all action consistent with the other provisions of the General Certificate as shall be requested in writing by the Qualified Swap Provider necessary to preserve and protect such pledge, lien and assignment and to enforce the obligations of the City with respect thereto. In the event the action requested to be taken pursuant to the preceding sentence shall require the Trustee either to exercise the remedies granted in the General Certificate or to institute any action, suit or proceeding in its own name, the Qualified Swap Provider shall provide to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred in connection therewith.

(b) In the event that a Swap Termination Payment or any other amounts other than as described in clause (a) above are due and payable by the City under a Qualified Swap, such Swap Termination Payment and any such other amounts shall be expressly subordinate to the payment of the Bonds.

(c) Obligations of the City to make payments, including Swap Termination Payments, under a Swap other than a Qualified Swap shall be expressly subordinate to the payment of the Bonds. (Section 716)

Supplemental Certificates Effective Upon Filing With the Trustee

For any one or more of the following purposes and at any time or from time to time, a Supplemental Certificate may be delivered by the City, which upon the filing with the Trustee of a copy thereof by an Authorized Representative, shall be fully effective in accordance with its terms:

(a) to close the General Certificate against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the General Certificate on, the authentication and delivery of Bonds;

(b) to add to the covenants and agreements of the City in the General Certificate other covenants and agreements to be observed by the City that are not contrary to or inconsistent with the General Certificate as theretofore in effect including any covenants necessary for compliance with the Code, including without limitation section 148(f) thereof or regulations promulgated thereunder;

(c) to add to the limitations and restrictions in the General Certificate other limitations and restrictions to be observed by the City that are not contrary to or inconsistent with the General Certificate as theretofore in effect;

(d) to surrender any right, power or privilege reserved to or conferred upon the City by the terms of the General Certificate, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the City contained in the General Certificate;

(e) to authorize Bonds of a Series and, in connection therewith specify and determine the matters and things referred to in Sections 206 and 207 of the General Certificate, and also any other matters and things relative to such Bonds that are not contrary to or inconsistent with the General Certificate 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 including, without limiting the generality of the foregoing, provisions amending or modifying the General Certificate to provide for the issuance of Bonds in book-entry form or in coupon form payable to bearer;

(f) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the General Certificate, of the Revenues or of any other moneys, securities or funds;

(g) to modify any of the provisions of the General Certificate in any respect whatsoever, provided that (i) such modification shall be, and be expressed to be, effective only after all Bonds of any Series affected by the amendment Outstanding at the date of the adoption of such Supplemental Certificate shall cease to be Outstanding, and (ii) such Supplemental Certificate shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental Certificate and of Bonds issued in exchange therefor or in place thereof;

(h) to modify the definition of Investment Securities as directed by the City, provided that the City shall have provided evidence to the Trustee that the details of such modification have been provided in writing to each Rating Agency then assigning a rating on Outstanding Bonds and that each such Rating Agency has either (i) confirmed in writing that such modification will not adversely affect such ratings or (ii) issued a rating on a Series of Bonds to be issued which is not lower than the rating assigned by such Rating Agency to Outstanding Bonds prior to such modification, or any other evidence satisfactory to the Trustee that modification will not adversely affect the then current ratings, if any, assigned to the Bonds by any Rating Agency; or

(i) to subject to the lien of the General Certificate additional revenues, security or collateral. (Section 801)

Supplemental Certificates Effective Upon Consent of Trustee

(a) For any one or more of the following purposes and at any time or from time to time, a Supplemental Certificate may be adopted, which, upon (i) the filing with the Trustee of a copy thereof certified by an Authorized Representative, and (ii) the filing with the City of an instrument in writing made by the Trustee consenting thereto shall be fully effective in accordance with its terms:

(1) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the General Certificate; or

(2) to insert such provisions clarifying matters or questions arising hereunder as are necessary or desirable and are not contrary to or inconsistent with the General Certificate as theretofore in effect; or

(3) to provide for additional duties of the Trustee.

(b) Any such Supplemental Certificate may also contain one or more of the purposes specified in Section 801 of the General Certificate, and in that event, the consent of the Trustee required by Section 802 of the General Certificate shall be applicable only to those provisions of such Supplemental Certificate as shall contain one or more of the purposes set forth in subsection (a) of Section 802. (Section 802)

Supplemental Certificates Effective With Consent of Bondholders

At any time or from time to time, a Supplemental Certificate may be adopted subject to consent by holders of any Bonds in accordance with and subject to the provisions of Article IX, which Supplemental Certificate, upon the filing with the Trustee of a copy thereof certified by an Authorized Representative and upon compliance with the provisions of Article IX, shall become fully effective in accordance with its terms as provided in said Article. (Section 803)

General Provisions

(a) The General Certificate shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of Article VIII and Article IX of the General Certificate. Nothing in Article VIII or Article IX contained shall affect or limit the right or obligation of the City to adopt, make, do, execute, acknowledge or deliver any resolution, act or other instrument pursuant to the provisions of Section 703 of the General Certificate or the right or obligation of the City to execute and deliver to any Trustee any instrument which elsewhere in the General Certificate it is provided shall be delivered to said Trustee.

(b) Any Supplemental Certificate referred to and permitted or authorized by Sections 801 and 802 of the General Certificate may be adopted by the City without the consent of any of the holders of any Bonds, but shall become effective only on the conditions, to the extent and at the time provided in said Sections, respectively. The copy of every Supplemental Certificate filed with the Trustee shall be accompanied by a Bond Counsel's Opinion stating that such Supplemental Certificate, is authorized or permitted by the General Certificate, and is valid and binding upon the City provided that such Bond Counsel's Opinion may take an exception on account of the laws of bankruptcy, reorganization and insolvency and of other laws affecting creditors' rights generally and to the exercise of judicial discretion in accordance with general equitable principles.

(c) The Trustee is authorized to accept the delivery of a certified copy of any Supplemental Certificate referred to and permitted or authorized by Section 801, 802 or 803 of the General Certificate and to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, shall be fully protected in relying on an opinion of counsel (which may be a Bond Counsel's Opinion) that such Supplemental Certificate is authorized or permitted by the provisions of the General Certificate.

(d) No Supplemental Certificate shall change or modify any of the rights or obligations of any Trustee without its written assent thereto. (Section 804)

Mailing of Notice of Amendment

Any provision in this Article for the mailing of a notice or other paper to any holder of the Bonds shall be fully complied with if it is mailed, by first-class mail, postage prepaid only (i) to each owner of Bonds then Outstanding at his address appearing upon the registry books, and (ii) to the Trustee. (Section 901)

Powers of Amendment

(a) Any modification or amendment of the General Certificate or of the rights and obligations of the City and of the holders of the Bonds hereunder, in any particular, may be made by a Supplemental Certificate, with the written consent given as provided in Section 903 of the General Certificate, (i) of the holders of at least two-thirds 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 of then Outstanding are affected by the modification or amendment, of the holders of at least two-thirds in aggregate principal amount of the Bonds of the several Series so affected 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 Section 902 of the General Certificate. 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 Trustee without its written assent thereto. For the purposes of Section 902 of the General Certificate, a Series shall be deemed to be affected by a modification or amendment of the General Certificate if the same adversely affects or diminishes the rights of the holders of Bonds of such Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment Bonds of any particular Series or maturity would be affected by any modification or amendment of the General Certificate and any such determination shall be binding and conclusive on the City and all holders of Bonds.

(b) For the purposes of Section 902 of the General Certificate, the holders of the Bonds may include the initial holders thereof, regardless of whether such Bonds are being held for immediate resale. (Section 902)

Credit Provider Authorized to Give Bondholder Consent

Notwithstanding any provision of the General Certificate to the contrary, including without limitation the provisions of Articles VIII and IX, and subject to the terms of any Supplemental Certificate delivered with respect to a Series of Bonds, of the General Certificate, if any Credit Facility is issued with respect to any Series of Bonds, then so long as the Credit Provider of such Credit Facility is not in default in its payment obligations thereunder, the Credit Provider of such Credit Facility shall at all times be deemed the sole and exclusive holder of the Bonds Outstanding of such Series that are fully insured or otherwise secured pursuant to such Credit Facility for the purposes of all approvals, consents, waivers, institution of any action, the exercising of any voting rights, and the direction of all remedies, including but not limited to approval of or consent to any amendment or supplement to the General Certificate. (Section 902(c))

Consent of Holders of Bonds

(a) The City may at any time adopt a Supplemental Certificate making a modification or amendment permitted by the provisions of Section 902 of the General Certificate, to take effect when and as provided in Section 903 of the General Certificate. A copy of such Supplemental Certificate (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to holders of Bonds for their consent thereto in form satisfactory to the Trustee, shall be mailed by the City to holders of Bonds and shall be published in the Authorized Newspapers at least once a week for two successive weeks (but failure to mail or publish such copy and request shall not affect the validity of the Supplemental Certificate when consented to as in Section 903 provided). Such Supplemental Certificate shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consents of holders of the percentages of Outstanding Bonds specified in Section 902 of the General Certificate and (b) a Bond Counsel's Opinion stating that such Supplemental Certificate has been duly and lawfully adopted and filed in accordance with the provisions of the General Certificate, is authorized or permitted by the General Certificate and is valid and binding upon the City, and (ii) a notice shall have been published as provided in Section 903 of the General Certificate. The City may fix a record date for purposes of determining holders of Bonds entitled to consent to a proposed Supplemental Certificate.

(b) Any such consent shall be binding upon the holder of the Bonds giving such consent and upon any subsequent holder of such Bond or any bonds issued in exchange therefor (whether or not such subsequent holder thereof has notice thereof).

(c) At any time after the holders of the required percentages of Bonds shall have filed their consents to the Supplemental Certificate, the Trustee shall make and file with the City a written statement that holders of such required percentages of Bonds have filed their consents. Such written statement shall be conclusive evidence that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Certificate (which may be referred to as a Supplemental Certificate adopted by the City on a stated date, a copy of which is on file with the Trustee) has been consented to by the holders of the required percentages of Bonds and will be effective as provided in Section 903 of the General Certificate, shall be given to the holders of Bonds by the City by mailing such notice to such holders and, if at the time any of such Bonds is in coupon form payable to bearer, by publishing the same in the Authorized Newspapers at least once not more than ninety days after holders of the required percentages of Bonds shall have filed their consents to the Supplemental Certificate and the written statement of the Trustee provided for above is filed. The City shall file with the Trustee proof of the giving of such notice. A record, consisting of the papers required or permitted by Section 903 to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Certificate making such amendment or modification shall be deemed conclusively binding upon the City, the Trustee and the holders of all Bonds upon the filing with the Trustee of the proof of the giving of such last mentioned notice. (Section 903)

Modifications by Unanimous Consent

Notwithstanding anything contained in Article VIII of the General Certificate or in the provisions of Article IX of the General Certificate, the terms and provisions of the General Certificate and the rights and obligations of the City and of the holders of Bonds may be modified or amended in any respect upon the adopting and filing of a Supplemental Certificate and the consent of the holders of all Bonds then Outstanding, such consent to be given as provided in Section 903 of the General Certificate except that no notice to the holders of Bonds either by mailing or publication shall be required; but no such modification or amendment shall change or modify any of the rights or obligations of any Trustee without the filing with the Trustee of the written assent thereto of such Trustee in addition to the consent of the holders of Bonds. (Section 904)

Events of Default

The occurrence of any one or more of the following events shall constitute an Event of Default hereunder:

(a) a default in the due and punctual payment of a Principal Installment or the Redemption Price of any Bonds when and as the same shall become due and payable, whether at maturity or upon earlier redemption, or otherwise; or

(b) a default in the due and punctual payment of any installment of interest on any Bonds, when and as such interest installment shall become due and payable; or

(c) default by the City in the performance or observance of any other of the covenants, agreements or conditions on its part or on the part of the City in the General Certificate, in any Supplemental Certificate or in the Bonds contained, and such default shall continue for a period of 90 days after written notice thereof stating that such notice is a "Notice of Default" to the City by the Trustee or to the City and to the Trustee by the holders of not less than a majority in principal amount of the Bonds, the 90-day period shall be extended to such longer period of time as the Trustee may deem appropriate in the event of defaults which by their nature will require such longer period of time to cure if the City shall commence such cure within such 90-day period and pursue the same diligently to completion; or

(d) if the City (i) admits in writing its inability to pay its debts generally as they become due, (ii) commences voluntary proceedings in bankruptcy or seeking a composition of indebtedness, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a receiver of the whole or any substantial part of the Jetport, or (v) consents to the assumption by any court of competent jurisdiction under any law for the relief of debtors of custody or control of the City or of the whole or any substantial part of the Jetport.

Upon the happening and continuance of any Event of Default, the Trustee shall give notice of such occurrence to the registered holders of the Bonds. Upon the happening and continuance of any Event of Default, neither the Trustee may nor the holders of the Bonds shall have the right to declare the principal of any Bonds then Outstanding, or the interest accrued thereon, to be due and payable prior to its stated maturity. (Section 1001)

Application of Revenues and Other Moneys After Default

(a) The City covenants that if an Event of Default shall happen and shall not have been remedied, the City, upon demand of the Trustee, shall pay over or cause to be paid over to the Trustee (i) forthwith, any moneys, securities and funds then held by the City held on its behalf in any Fund, Account or Subaccount hereunder (excluding the Rebate Fund) and (ii) as promptly as practicable after receipt thereof, the Revenues.

(b) During the continuance of an Event of Default, the Trustee shall apply such Revenues and the income therefrom as follows and in the following order:

(1) to the payment of the reasonable and proper fees, charges and expenses (including reasonable attorneys fees) of the Trustee and of any engineer or firm of engineers or accountants or firm of accountants selected by the Trustee pursuant to this Article and to the payment of any fees and expenses required to keep any Financial Guaranties or Credit Facilities in full force and effect;

(2) to the payment of the amounts required for reasonable and necessary M&O Expenses; and

(3) to the payment of the interest and principal or Redemption Price then due on the Bonds as follows:

(i) unless the principal of all of the Bonds shall be due and payable, First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments maturing, and, if the amount available shall not be sufficient to pay in full all installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to persons entitled thereto, without any discrimination or preference; or

(ii) if the principal of all of the Bonds shall be due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference; and

(4) To the payment of reasonable and necessary reserves and working capital therefor, and for the reasonable repair and replacement of the Jetport necessary to prevent loss of Revenues or to provide for the continued operation of the Jetport, as certified to the Trustee by an independent engineer or firm of engineers of recognized standing (who may be an engineer or firm of engineers retained by the City for other purposes) selected by the Trustee.

Any amounts on deposit in the Debt Service Fund and the Debt Service Reserve Fund shall not be applied to the payment of the principal amount and interest on Subordinated Bonds.

(c) If and when all overdue installments of interest on all Bonds, together with the reasonable and proper charges and expenses of the Trustee, and all other sums payable by the City hereunder, including the principal and Redemption Price of and accrued unpaid interest on all Bonds which shall then be payable by declaration or otherwise, shall either be paid by or for the account of the City, or provision satisfactory to the Trustee shall be made for such payment, and all defaults hereunder or the Bonds shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall pay over to the City all such Revenues then remaining unexpended in the hands of the Trustee (except Revenues deposited or pledged, or required by the terms of the General Certificate to be deposited or pledged, with the Trustee), and thereupon the City and the Trustee shall be restored, respectively, to their former position and rights hereunder, and all Revenues shall thereafter be applied as provided in Article V of the General Certificate. No such payment over to the City by the Trustee or resumption of the application of Revenues as provided in Article V shall extend to or affect any subsequent default hereunder or impair any right consequent thereon. (Section 1003)

Proceedings Brought by Trustee

(a) If an Event of Default shall happen and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, if the Trustee shall deem it advisable, may proceed to protect and enforce its rights and the rights of the holders of the Bonds hereunder forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant in the General Certificate contained, mandamus, or in aid of the execution of any power in the General Certificate granted, or for an accounting against the City as if the City 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 hereunder.

(b) All rights of action hereunder may be enforced by the Trustee without the possession of any of the Bonds or the production thereof on the trial or other proceedings, and any such suit or proceedings instituted by the Trustee shall be brought in its name.

(c) The holders of a majority in principal amount of the Bonds at the time Outstanding may direct by instrument in writing the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, provided that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the holders of Bonds not parties to such direction.

(d) Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right hereunder, the Trustee shall be entitled to exercise any and all rights and powers conferred in the General Certificate and provided to be exercised by the Trustee upon the occurrence of an Event of Default; and, as a matter of right against the City, without notice or demand and without regard to the adequacy of the security for the Bonds, the Trustee shall, to the extent permitted by law, be entitled to the appointment of a receiver of the moneys, securities and funds then held by the City in any Fund, Account or Subaccount hereunder and, subject to application of the Revenues, with all such powers as the court or courts making such appointment shall confer; but notwithstanding the appointment of any receiver, the Trustee shall be entitled to retain possession and control of and to collect and receive income from, any moneys, securities and funds deposited or pledged with it hereunder or agreed to provided to be delivered or pledged with it hereunder.

(e) Regardless of the happening of an Event of Default, the Trustee shall have the power to, but (unless requested in writing by the holders of a majority in principal amount of the Bonds then Outstanding, and furnished with reasonable security and indemnity) shall be under no obligation to, institute and maintain such suits and proceedings, including, without limitation, proceedings for declaratory judgment or injunctive or other equitable relief, (including without limitation, a writ of mandamus) as it may determine shall be necessary or expedient to prevent any impairment of the security hereunder, any impairment of the ability of the City or the Trustee to satisfy any of its agreements or obligations hereunder, or the impairment of any protection provided by the General Certificate of the interests of the holders of Bonds by any acts which may be unlawful or in violation of the General Certificate, and such suits and proceedings, including, without limitation, proceedings for declaratory judgment or injunctive or other equitable relief, (including without limitation, a writ of mandamus) as the Trustee may determine shall be necessary or expedient to preserve or protect its interest and the interests of the holders of any Bonds. (Section 1004)

Restrictions on Action by Holders of Bonds

(a) 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 General Certificate or the execution of any trust hereunder or for any remedy hereunder, unless such holder shall have previously given to the Trustee written notice of the happening of an Event of Default, as provided in this Article, and the holders of at least a majority 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 Section 1005 of the General Certificate 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 within a reasonable time; it being understood and intended that no one or more holders of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by the General Certificate, or to enforce any right hereunder, except in the manner in the General Certificate provided, and that all proceedings at law or in equity to enforce any provision of the General Certificate shall be instituted, had and maintained in the manner provided in the General Certificate and for the equal benefit of all holders of the Outstanding Bonds, in accordance with their rights and interests hereunder.

(b) Nothing in the General Certificate or in the Bonds contained shall affect or impair the obligation of the City, which is absolute and unconditional, to pay at the respective dates of maturity and places therein expressed the principal of and interest on the Bonds to the respective holders thereof, or affect or impair the right of action, which is also absolute and unconditional, of any holder to enforce such payment of his Bond. (Section 1005)

Responsibilities of Trustee

The recitals of fact in the General Certificate and in the Bonds contained shall be taken as the statements of the City and no Trustee assumes any responsibility for the correctness of the same. No Trustee makes any representations as to the validity or sufficiency of the General Certificate or of any Bonds issued thereunder or in respect of the security afforded by the General Certificate, and no Trustee shall incur any liability in respect thereof. The Trustee shall, however, be responsible for its representation contained in its certificate on the Bonds. No Trustee shall be under any responsibility or duty with respect to the issuance of the Bonds for value or the application of the proceeds thereof or the application of any moneys paid to the City or for any losses incurred upon the sale or redemption of any securities purchased for or held in any Fund Account or Subaccount hereunder. No Trustee shall be under any responsibility or duty with respect to the application of any moneys paid to any other Trustee. No Trustee shall be liable in connection with the performance of its duties hereunder except for its own willful misconduct or negligence. The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the General Certificate and no implied covenants or obligations shall be imposed upon the Trustee. No provision of the General Certificate shall require any Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. No Trustee shall be under any responsibility or duty with respect to any certificate, report or opinion delivered to it hereunder except to examine it to determine that it conforms to the provisions of the General Certificate. The Trustee may perform any of its duties hereunder either directly or through agents or attorneys and shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with reasonable care by it hereunder. The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default hereunder, except Events of Defaults described in paragraphs (a) and (b) of Section 1001 of the General Certificate, unless the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the company or by the holders of at least 10 percent of the aggregate principal amount of the bonds then outstanding; such notice and all other notices and instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered to the designated Office of the Trustee. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no default or Event of Default except as noted above. (Section 1103)

Resignation of Trustee

The Trustee may at any time resign and be discharged of the duties and obligations created by the General Certificate by giving not less than sixty (60) days' written notice to the City and publishing notice thereof, at the Trustee's expense, specifying the date when such resignation shall take effect, once in each week for two successive calendar weeks in an Authorized Newspaper, and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the City or the holders of any Bonds as provided in Section 1109 of the General Certificate, in which event such resignation shall take effect immediately on the appointment of such successor. (Section 1107)

Removal of Trustee

The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the holders of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the City. The Trustee may be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of the General Certificate with respect to the duties and obligations of the Trustee, by any court of competent jurisdiction upon the application of the City or the holders of not less than 25% in aggregate principal amount of Bonds Outstanding, excluding any Bonds held by or for the account of the City. Notwithstanding the foregoing provisions, the City may remove the Trustee, except during the existence of an Event of Default, upon 120 days written notice to the Trustee by filing with the Trustee an instrument signed by an Authorized Representative of the City. (Section 1108)

Appointment of Successor Trustee

(a) In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the holder of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the City, by an instrument or concurrent instruments in writing signed and acknowledged by such holders of any Bonds or by their attorneys-in-fact duly authorized and delivered to such successor trustee, notification thereof being given to the City and the predecessor Trustee; but (unless a successor trustee shall have been appointed by the holders of the Bonds as aforesaid) the City by a duly executed written instrument signed by an Authorized Representative shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by the holders of the Bonds as authorized in Section 1109 of the General Certificate. The City shall publish notice of any such appointment made by it once in each week for two consecutive calendar weeks, in an Authorized Newspaper, the first publication to be made within 20 days after such appointment. Any successor Trustee appointed by the City shall, immediately and without further act, be superseded by a Trustee appointed by the holders of the Bonds as authorized in Section 1109 of the General Certificate.

(b) If in a proper case no appointment of a successor trustee shall be made pursuant to the foregoing provisions of Section 1109 of the General Certificate within 45 days after the Trustee shall have given to the City written notice as provided in Section 1107 of the General Certificate or after a vacancy in the officer of the Trustee shall have occurred by reason of its inability to act, the Trustee or the holder of any Bond may apply to any court of competent jurisdiction to appoint a successor trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor trustee.

(c) Any Trustee appointed under the provisions of Section 1109 of the General Certificate in succession to the Trustee shall be a bank or trust company organized under the laws of any state or a national banking association, and having a capital and surplus aggregating at least $100,000,000, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the General Certificate. (Section 1109)

Defeasance

(a) If the City shall pay or cause to be paid to the holders of all Bonds then Outstanding, the Principal Installments and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the General Certificate, then, at the option of the City, expressed in an instrument in writing signed by an Authorized Representative and delivered to the Trustee, the covenants, agreements and other obligations of the City to the holders of such Bonds shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the City, execute and deliver to the City all such instruments as may be desirable to evidence such discharge and satisfaction and the Trustee shall pay over or deliver to the City all moneys, securities and funds held by them pursuant hereto which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

(b) Bonds 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 City 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 paragraph (a) of Section 1201 of the General Certificate. Subject to the provisions of subsection (c) of Section 1201 of the General Certificate, any Outstanding Bonds shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of Section 1201 of the General Certificate if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the City shall have given to the Trustee irrevocable instructions accepted in writing by the Trustee to publish as provided in Article VI notice of redemption of such Bonds (other than the Bonds which have been purchased by the Trustee at the direction of the City provided prior to the publication of such notice of redemption) on said date, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Obligations the principal installments of and/or the interest on which when due, without reinvestment, will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the Principal Installments or Redemption Price, if applicable, and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be, and (iii) in the event said Bonds are not to be redeemed within the next succeeding 60 days, the City shall have given the Trustee in form satisfactory to it irrevocable instructions to publish, as soon as practicable, at least twice, at an interval of not less than seven days between publications, in the Authorized Newspapers a notice to the holders of such Bonds that the deposit required by (i) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with Section 1201 of the General Certificate and stating such maturity or redemption date upon which moneys are to be available for the payment of the Principal Installments or Redemption Price, if applicable, on said Bonds (other than Bonds which have been purchased by the Trustee at the direction of the City a prior to the publication of the notice of redemption referred to in clause (i) of the General Certificate); provided, however, that in connection with the provision for payment of any Bonds which are then in non-certificated form, the requirements of clause (iii) above shall be deemed satisfied upon mailing of the notice required by said clause (iii) by registered mail to the securities depository which is the registered owner, or whose nominee is the registered owner, of such Bonds. The Trustee shall, as and to the extent necessary, apply moneys held by it pursuant to Section 1201 of the General Certificate to the retirement of said Bonds in amounts equal to the unsatisfied balances of any Sinking Fund Installments with respect to such Bonds, all in the manner provided in the General Certificate.

The Trustee shall, if so directed by the City (x) prior to the maturity date of Bonds deemed to have been paid in accordance with Section 1201 of the General Certificate which are not to be redeemed prior to their maturity date or (y) prior to the publication of the notice of redemption referred to in clause (i) above with respect to any Bonds deemed to have been paid in accordance with Section 1201 of the General Certificate which are to be redeemed on any date prior to their maturity, apply moneys deposited with the Trustee in respect of such Bonds and redeem or sell Defeasance Obligations so deposited with the Trustee and apply the proceeds thereof to the purchase of such Bonds and the Trustee shall immediately thereafter cancel all such Bonds so purchased; provided, however, that the Trustee shall receive a Consultant Certificate showing that the moneys and Defeasance Obligations remaining on deposit with the Trustee after the purchase and cancellation of such Bonds shall be sufficient to pay when due the Principal Installment or Redemption Price, if applicable, and interest due or to become due on all Bonds, in respect of which such moneys and Defeasance Obligations are being held by the Trustee on or prior to the redemption date or maturity date thereof, as the case may be and a Bond Counsel's Opinion to the effect that such redemption or sale of such Defeasance Obligations will not adversely affect the exclusion of the interest on such Bonds from gross income of the holders thereof for federal income tax purposes and that such redemption or sale otherwise complies with the provisions of the General Certificate. The directions given by the City to the Trustee referred to in the preceding sentence shall also specify the portion, if any, of such Bonds so purchased and canceled to be applied against the obligation of the Trustee to pay Bonds deemed paid in accordance with Section 1201 of the General Certificate upon their maturity date or dates and the portion, if any, of such Bonds so purchased and canceled to be applied against the obligation of the Trustee to redeem Bonds deemed paid in accordance with Section 1201 of the General Certificate on any date or dates prior to their maturity. In the event that on any date as a result of any purchases and cancellations of Bonds as provided in Section 1201 of the General Certificate the total amount of moneys and Defeasance Obligations remaining on deposit with the Trustee under Section 1201 of the General Certificate is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of the remaining Bonds in order to satisfy clause (ii) of this subsection (b) of Section 1201 of the General Certificate, the Trustee shall, if requested by the City, pay the amount of such excess to the City free and clear of any lien or pledge securing said Bonds or otherwise existing hereunder. Except as otherwise provided in this subsection (b) of Section 1201 of the General Certificate and subsection (c) of Section 1201 of the General Certificate, neither Defeasance Obligations nor moneys deposited with the Trustee pursuant to Section 1201 of the General Certificate nor principal or interest payments on any such Defeasance Obligations 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 Defeasance Obligations deposited with the Trustee (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the City as received by the Trustee, free and clear of any trust, lien or pledge securing said Bonds or otherwise existing hereunder, and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested at the written direction of an Authorized Representative of the City in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the City, as received by the Trustee, free and clear of any lien or pledge securing said Bonds or otherwise existing hereunder.

(c) For purposes of determining whether Variable 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 Defeasance Obligations and moneys, if any, in accordance with the second sentence of subsection (b) of Section 1201 of the General Certificate, the interest to come due on such Variable 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 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 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 Rate Bonds in order to satisfy the second sentence of subsection (b) of Section 1201 of the General Certificate, the Trustee shall, if requested, by the City, pay the amount of such excess to the City free and clear of any lien or pledge securing the Bonds or otherwise existing hereunder.

(d) Option Bonds shall be deemed to have been paid in accordance with the second sentence of subsection (b) of Section 1201 of the General Certificate only if, in addition to satisfying the requirements of clauses (i) and (iii) 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 Option Bonds which could become payable to the holders of such Option Bonds upon the exercise of any options provided to the holders of such Option Bonds; provided, however, that if, at the time a deposit is made with the Trustee pursuant to subsection (b) of Section1201 of the General Certificate, the options originally exercisable by the holder of an Option Bond are no longer exercisable, such Option Bond shall not be considered an Option Bond for purposes of this subsection (d). 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 City, pay the amount of such excess to the City free and clear of any trust, lien or pledge securing said Option Bonds or otherwise existing hereunder.

(e) Anything in the General Certificate to the contrary notwithstanding, any moneys held by a Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee at such date, or for two years after the date of deposit of such moneys if deposited with the Trustee after the said date when such Bonds become due and payable, shall, at the written request of the City, be repaid by the Trustee to the City, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the holders of any Bonds shall look only to the City for the payment of such Bonds; provided, however, that before being required to make any such payment to the City, the Trustee may, at the expense of the City, cause to be published at least twice, at an interval of not less than seven days between publications, in the Authorized Newspaper, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than thirty (30) days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the City. In the absence of any such written request, the Trustee shall from time to time deliver such unclaimed funds to or as directed by pertinent escheat authority, as identified by the Trustee in its sole discretion, pursuant to and in accordance with applicable unclaimed property laws, rules or regulations. Any such delivery shall be in accordance with the customary practices and procedures of the Trustee and the escheat authority. All moneys held by the Trustee and subject to Section 1201 of the General Certificate shall be held uninvested and without liability or interest thereon. Before making any payment under Section 1201 of the General Certificate, the Trustee shall be entitled to receive at the City's expense an opinion of counsel to the effect that said payment is permitted under applicable law. (Section 1201)

Preservation and Inspection of Documents

All documents received by any Trustee under the provisions of the General Certificate shall be retained in its possession and shall be subject at all reasonable times to the inspection of the City, any other Trustee, and any holder of any Bonds, and any person that the Trustee can reasonably determine is a beneficial owner of any Bonds held by or on behalf of a securities depository, and their agents and their representatives, any of whom may make copies thereof. Upon the receipt of a written request by any such beneficial owner or any holder of any Bonds, or their agents or their representatives, the Trustee shall provide copies of any reports or certificates delivered to the Trustee pursuant to any provision of the General Certificate. At the direction of the City, the Trustee shall require the party requesting such reports or certificates to pay or reimburse the Trustee for the direct costs of reproducing and mailing such reports or certificates. (Section 1204)

No Recourse on the Bonds

No recourse shall be had for the payment of the principal of or interest on the Bonds or for any claim based thereon or on the General Certificate against any elected official, other officer, employee or agent of the City or any person executing the Bonds. (Section 1206)

SUMMARY OF FIRST SUPPLEMENTAL CERTIFICATE

The following is a brief summary of certain provisions of the First Supplemental Certificate including certain terms used in the First Supplemental Certificate and used but not elsewhere defined in the Official Statement. This summary does not purport to be complete and reference is made to the First Supplemental Certificate for full and complete statements of its terms and provisions.

Definitions

“2003 Tax-Exempt Bonds” shall mean the Series 2003A Bonds.

“Annual Installment Date” shall mean a date selected by the City within 60 days after each Bond Year which date is not a Rebate Installment Date.

“Average Annual Debt Service” shall mean with respect to the Series 2003A Bonds and the Series 2003B Bonds, the average annual Debt Service for such Series as of any year such Series remains outstanding.

“Bond Payment Date” shall mean each date on which interest or a Principal Installment or both shall be due and payable on any Series 2003 Bond according to its terms.

“Bond Year” shall have the meaning set forth in Section 201 of the General Certificate.

“Defeasance Obligations” shall have the meaning given such term in the General Certificate, but shall not include the obligations described in clause (h) of the definition of Investment Securities therein.

“First Supplemental Certificate” shall mean the First Supplemental Certificate delivered with respect to up to $35,000,000 City of Portland, Maine General Airport Revenue Bonds, Series 2003A (Non-AMT) and Series 2003B (Federally Taxable).

“Fiscal Agent” means the fiscal agent so designated from time to time by the Insurer..

“Insurer” means Financial Security Assurance Inc., a New York stock insurance company, or any successor thereto or assignee thereof.

"Maximum Annual Debt Service" shall mean with respect to the Series 2003A Bonds and the Series 2003B Bonds, the maximum Debt Service for such Series in any year in which such Series will be outstanding.

“Nonpurpose Payments” shall have the meaning ascribed to such term in the Regulations.

“Policy” means the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest in the Bonds when due.

“Rebate Installment Date” shall mean the dates selected by the City pursuant to the Regulations for the computation of rebate as provided in Section 301(b) of the General Certificate, the first of which shall be no later than five years after the date of issue of the Series 2003 Tax-Exempt Bonds. Each subsequent Rebate Installment Date shall be no more than five years following the next preceding Rebate Installment Date. Rebate Installment Date shall also include the date on which final payment of the 2003 Tax-Exempt Bonds is made.

“Rebate Payment Date” shall mean, with respect to any Rebate Installment Date, 60 days after the Rebate Installment Date.

“Record Date” shall mean the fifteenth day of the month immediately preceding any month in which there occurs a Bond Payment Date.

“Regulations” shall mean the Treasury Regulations applicable to section 148(f) of the Code and the 2003 Tax-Exempt Bonds.

“Series 2003 Bonds” shall mean, collectively, the Series 2003A Bonds and the Series 2003B Bonds.

“Series 2003A Bonds” shall mean the $29,165,000 City of Portland, Maine General Airport Revenue Bonds, Series 2003A (Non-AMT) authorized by the Bond Order and issued pursuant to Section 201(a) of the First Supplemental Certificate.

“Series 2003B Bonds” shall mean the $5,835,000 City of Portland, Maine General Airport Revenue Bonds, Series 2003B (Federally Taxable) authorized by the Bond Order and issued pursuant to Section 201(b) of the First Supplemental Certificate.

“Series 2003A Debt Service Reserve Requirement” shall mean, with respect to the Series 2003A Bonds, an amount equal to, from time to time, (1) the lesser of (a) 10% of the stated principal amount of the Series 2003A Bonds, (b) the Maximum Annual Debt Service on the Series 2003A Bonds, or (c) 125% of the Average Annual Debt Service on the Series A Bonds, in the current or any future Fiscal Year, minus (2) the amount then on deposit in the Series 2003B Account of the Debt Service Reserve Fund.

“Series 2003B Debt Service Reserve Requirement” shall mean, with respect to the Series 2003B Bonds, an amount equal to, from time to time, the lesser of (a) 10% of the stated principal amount of the Series 2003B Bonds, (b) the Maximum Annual Debt Service on the Series 2003B Bonds, or (c) 125% of the Average Annual Debt Service on the Series 2003B Bonds, in the current or any future Fiscal Year.

Principal Amounts, Designations and Series.

Pursuant to the provisions of the General Certificate, a Series of Bonds entitled to the benefit, protection and security of such provisions is authorized in the aggregate principal amount of $29,165,000. Such Bonds shall be designated as and shall be distinguished from the Bonds of all other Series by the title “General Airport Revenue Bonds, Series 2003A (Non-AMT)”.

Pursuant to the provisions of the General Certificate, a Series of Bonds entitled to the benefit, protection and security of such provisions is authorized in the aggregate principal amount of $5,835,000. Such Bonds shall be designated as and shall be distinguished from the Bonds of all other Series by the title “General Airport Revenue Bonds, Series 2003B (Federally Taxable)”.

The Bond Year for the Series 2003 Bonds shall be the one-year period commencing each July 1.

Form, Denominations, Numbers and Letters

The Series 2003 Bonds shall be issued in the form of fully registered bonds in the minimum denomination of $5,000 and in integral multiples thereof. Unless the City shall otherwise direct, each Series 2003A Bond shall be lettered “03A-” followed by the number of such Series 2003A Bond. The Series 2003A Bonds shall be numbered consecutively from one upward.

Unless the City shall otherwise direct, each Series 2003B Bond shall be lettered “03B-” followed by the number of such Series 2003B Bond. The Series 2003B Bonds shall be numbered consecutively from one upward.

Dating of Series 2003 Bonds

The Series 2003 Bonds shall be dated as of the date of delivery. Each Series 2003 Bond shall bear interest from the July 1 or January 1 next preceding the date of authentication thereof, unless (i) the date of authentication is an interest payment date, in which case such Series 2003 Bond shall bear interest from such interest payment date; (ii) the Bond is authenticated as of a date on or after July 1, 2003 and on or prior to the Record Date next preceding January 1, 2004, in which event the bond shall bear interest from its date of delivery; (iii) the Bond is authenticated after a Record Date and before the next succeeding interest payment date, in which event the Bond shall bear interest from such interest payment date; or (iv) the payment of interest on the Series 2003 Bonds shall be in default, in which case each Series 2003 Bond shall bear interest from the last date to which interest thereon has been paid in full.

Place of Payment and Paying Agent

The Principal and Redemption Price of the Series 2003 Bonds shall be payable at the designated corporate trust office of the Trustee. Interest on the Series 2003 Bonds will be payable by the Trustee by check mailed to the registered holders, at their addresses as the same appear on the Record Date on the books of the City kept at the designated corporate trust office of the Trustee. Upon the written request of any registered holder of at least $1,000,000 in principal amount of Series 2003 Bonds, the Trustee shall make payments of interest on or principal of the Series 2003 Bonds to such holder by wire transfer to the account of such holder as set forth on the registration books of the City maintained at the designated corporate trust office of the Trustee at the close of business on the Record Date prior to the payment date, or to any other account of which such holder shall give written notice to the Trustee not less than five Business Days prior to the date set for payment. Such check or wire shall identify each payment of interest on or principal of an individual Series 2003 Bond separately by reference to the CUSIP number for such Series 2003 Bond. The provisions of Section 207 of the First Supplemental Certificate shall be subject to Section 304 of the First Supplemental Certificate.

Optional Redemption

The Series 2003A Bonds maturing before July 1, 201__ and the Series 2003B Bonds are not subject to optional redemption prior to maturity.

The Series 2003A Bonds maturing on and after July 1, 201__ are subject to redemption prior to maturity on any date on and after July 1, 201__, at the option of the City at the Redemption Prices (expressed as percentages of the principal amount of such Series 2003A Bonds or portions thereof to be redeemed) set forth below, plus accrued interest to the redemption date:

Period During Which Redeemed (both dates inclusive)	Redemption Price
July 1, 201__ and thereafter	100%

Mandatory Sinking Fund Redemption of Term Bonds

The Series 2003A Term Bonds and the Series 2003B Bonds are subject to mandatory sinking fund redemption prior to their respective stated dates of maturity, as provided in the Bonds, the First Supplemental Certificate and the General Certificate

Notice of Redemption of Series 2003A Bonds

Notice of the call for any redemption of Series 2003A Bonds prior to maturity, specifically identifying by designation, letters, numbers, or other distinguishing marks (including CUSIP numbers), the Series and numbers of the bond certificates, or portions thereof to be redeemed, the redemption price to be paid, the date of general mailing of notices to holders of such Series of the Series 2003A Bonds and information services, the date fixed for redemption, the name and address of the place or places where the amounts due upon such redemption are payable, including the name of the redemption agent together with a contact person and telephone number, the issue date, interest rate and maturity date of the Series 2003A Bonds to be redeemed shall be given by the Trustee on behalf of the City by mailing a copy of the redemption notice by registered or certified mail, postage prepaid, at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption, to the registered holder of each such Series 2003A Bond to be redeemed at the address shown on the registration books kept by the Trustee, provided, however, that failure to give such notice to any holder of a Series 2003A Bond by mailing, or any defect in such notice, shall not affect the validity of any proceedings for the redemption of any of the other Series 2003A Bonds. The failure to give such notice to the national information services by mailing, or any defect in such notice, shall not affect the validity of any proceedings for the redemption of any of the Series 2003A Bonds. Such notice shall further state that on such date there shall become due and payable upon each Series 2003A Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Series 2003A Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. The Trustee shall send a second notice of redemption by certified mail return receipt requested to any registered holder who has not submitted Series 2003A Bonds called for redemption thirty (30) days after the redemption date, provided, however, that the failure to give any second notice by mailing, or any defect in such notice, shall not affect the validity of any proceedings for the redemption of any of the Series 2003A Bonds and the Trustee shall not be liable for any failure by the Trustee to send any second notice. In the case of any redemption of Series 2003A Bonds prior to maturity to be made at the direction of the City, the Trustee shall give the notices required by Section 209 of the First Supplemental Certificate as soon as practicable after receipt of written notice from the City of such direction and shall not be required to give such notices until such time.

Establishment of Accounts and Subaccounts

Pursuant to Section 502 of the General Certificate, the First Supplemental Certificate establishes within the Funds and Accounts established under the General Certificate, the following subaccounts:

In the Project Fund:
- Series 2003A Subaccount
- Series 2003B Subaccount

In the Debt Service Fund:
- Series 2003A Principal Subaccount
- Series 2003A Interest Subaccount
- Series 2003A Redemption Subaccount
- Series 2003A Capitalized Interest Subaccount

- Series 2003B Principal Subaccount
- Series 2003B Interest Subaccount
- Series 2003B Redemption Subaccount
- Series 2003B Capitalized Interest Subaccount

In the Debt Service Reserve Fund:
- Series 2003A Account
- Series 2003B Account

Rebate Fund

For the purpose of compliance with section 148(f) of the Code, a Series 2003A Subaccount is established in the Rebate Fund, to be used solely for purposes of making the payments described in Section 301(b) of the First Supplemental Certificate until the requirements of section 148(f) of the Code and the Regulations applicable thereto shall have been satisfied. The City agrees that the requirements of Section 301(b) of the First Supplemental Certificate are subject to, and shall be interpreted in accordance with, section 148(f) of the Code and the Regulations applicable thereto, including without limitation the provisions of section 148(f)(4)(C)(viii) if an election has been made thereunder.

Calculation of Rebate Deposits and Payments

Promptly upon the close of each Bond Year and also upon the retirement of either Series of the 2003 Tax-Exempt Bonds, or at any other Rebate Installment Date selected by the City, the Trustee shall provide the City with a statement of earnings on all Funds, Accounts or Subaccounts with respect to such Series of the 2003 Tax-Exempt Bonds held in trust pursuant to the General Certificate which are subject to the requirements of Section 301(b) of the First Supplemental Certificate during any period not covered by a prior statement delivered pursuant to such Section. The statement shall include the purchase and sale prices of each investment (including any commission paid thereon which shall be separately stated if such information is available), the dates of each investment transaction, information as to whether such transactions were made at a discount or premium, and such other information known to the Trustee as the City shall reasonably require.

At least 15 days prior to each Rebate Payment Date, and additionally at least 15 days after each Annual Installment Date, the City shall, in accordance with the Regulations, determine the amount, if any, to be deposited into the Rebate Fund pursuant to Section 505(a) of the General Certificate based upon Nonpurpose Payments and Nonpurpose Receipts allocable to each Series of the 2003 Tax-Exempt Bonds. Such amount shall consist of: (1) the difference between the future values, as of the next succeeding Rebate Installment Date, or Annual Installment Date as determined by the City, of all Nonpurpose Payments (including, as authorized by the Regulations, any rebate previously paid) and Nonpurpose Receipts (whether held under the General Certificate or otherwise), reduced by (2) any amounts already on deposit in the applicable Subaccount of the Rebate Fund. For purposes of calculating the foregoing future values, the yield on each Series of the 2003 Tax-Exempt Bonds, determined in accordance with the Regulations, shall be used. Except as may otherwise be provided by law, the computation of the amounts to be deposited into such Subaccounts of the Rebate Fund need not take into account any earnings on any "tax exempt bond" under section 150(a)(6) of the Code and section 1.150-1 of the Regulations and which is not a specified private activity bond as defined in section 57(a)(5)(C) of the Code or any earnings as to which exceptions are provided under section 148(f)(4)(A), (B) or (C) of the Code or section 1.148-7 of the Regulations. The City shall also determine the amount of any applicable "yield restriction payments", as provided under section 1.148-5(c) of the Regulations.

The City shall deposit from the Revenue Fund, pursuant to Section 505(a) of the General Certificate, the amounts determined as provided under subsection (ii) to the applicable Subaccount of the Rebate Fund. If, according to the calculations made pursuant to subsection (ii) above, together with calculations made in prior years pursuant to such subsection, the amount on deposit in the Rebate Fund exceeds the amount required to be on deposit therein as of the Annual Installment Date, the City shall transfer such excess to the Revenue Fund.

No later than each Rebate Payment Date, the City shall pay to the United States from amounts on deposit in the applicable Subaccount of the Rebate Fund any "yield reduction payments" as aforesaid and/or a rebate amount that is at least 90% of the amount required to be paid pursuant to the provisions of section 148(f) of the Code as calculated by or on behalf of the City, taking into account any credit permitted by the Regulations. On a date selected by the City no later than 60 days after the date on which a Series of the 2003 Tax-Exempt Bonds has been paid in full, the City shall pay to the United States from amounts on deposit in the applicable Subaccount of the Rebate Fund any "yield reduction payments" as aforesaid and/or a rebate equal to 100% of the entire amount then payable pursuant to section 148(f) of the Code as calculated by or on behalf of the City, including actual or imputed earnings as provided by the Regulations. Any amounts in such Subaccount in excess of amounts due shall be deposited in the Revenue Fund. Unless otherwise provided by law, each payment shall be made to the Internal

Revenue Service Center, Ogden, Utah 84201 or any other address specified by the Internal Revenue Service and accompanied by a copy of Form 8038-T furnished by the City.

The City shall keep such records as will enable it to fulfill its responsibilities under Section 301(b) of the First Supplemental Certificate and section 148(f) of the Code. For purposes of the computation required under Section 301(b) of the First Supplemental Certificate, the Trustee shall make available to the City during normal business hours all information in the control of the Trustee that is necessary to such computations.

Section 301(b) of the First Supplemental Certificate, relating to rebate payments, as amended from time to time, shall survive the defeasance of the General Certificate and of the 2003 Tax-Exempt Bonds. Only upon (i) the retirement of a Series of the 2003 Tax-Exempt Bonds or provision for the same pursuant to Section 1201 of the General Certificate, and (ii) the payment of all amounts due under section 148 of the Code with respect to such Series shall any amounts remaining in the applicable Subaccount of the Rebate Fund be paid to the Revenue Fund.

<u>Application of Proceeds of Series 2003 Bonds</u>

Pursuant to Section 206(d) of the General Certificate and the First Supplemental Certificate, the City has directed that the proceeds of the sale of the Series 2003A Bonds, net of Underwriters' discount and the insurance premium payable to the Insurer in respect of the Policy, be deposited and applied:

(a) to fund the Series 2003A Account of the Debt Service Reserve Fund in an amount equal to the Series 2003A Debt Service Reserve Fund Requirement;

(b) to fund the Series 2003A Subaccount of the Interest Account of the Debt Service Fund in the amount of the accrued interest on the Series 2003A Bonds;

(c) to fund the Series 2003B Subaccount of the Capitalized Interest Account of the Debt Service Fund in the amount determined by the Authorized Representative; and

(d) to fund the Series 2003A Subaccount of the Project Fund in the amount determined by the Authorized Representative.

Pursuant to Section 206(d) of the General Certificate and the First Supplemental Certificate, the City directed that the proceeds of sale of the Series 2003B Bonds, net of Underwriters' discount and the insurance premium payable to the Insurer in respect of the Policy, be deposited and applied:

(a) to fund the Series 2003B Account of the Debt Service Reserve Fund in an amount equal to the Series 2003B Debt Service Reserve Fund Requirement;

(b) to fund the Series 2003B Subaccount of the Interest Account of the Debt Service Fund in the amount of the accrued interest on the Series 2003B Bonds;

(c) to fund the Series 2003B Subaccount of the Capitalized Interest Account of the Debt Service Fund in the amount determined by the Authorized Representative; and

(d) to fund the Series 2003B Subaccount of the Project Fund in the amount determined by the Authorized Representative.

Pursuant to Section 508(d) of the General Certificate, the City may fund the Series Accounts of the Debt Service Reserve Fund through the deposit of a Financial Guaranty in lieu of cash deposits. So long as the Policy is in effect and the Insurer is not in default thereunder and not in receivership, bankruptcy or reorganization, the City will not deposit any such Financial Guaranty in lieu of cash deposits without the prior written consent of the Insurer.

Unless the Insurer otherwise directs, upon the occurrence and continuance of an Event of Default where the occurrence and continuance of an event which with notice or lapse of time or both would constitute an Event of

Default, amounts on deposit in the Project Fund shall not be disbursed but shall instead be applied to the payment of debt service or redemption price of the Series 2003 Bonds.

The City agrees that the last paragraph of Section 505(a)(ii) of the General Certificate shall not be applicable to the Series 2003B Bonds. Upon final payment of all Debt Service on the Series 2003B Bonds, whether at maturity or earlier redemption in full, the Trustee shall transfer all amounts then on deposit in the Series 2003B Account of the Debt Service Reserve Fund to the Series 2003A Account of the Debt Service Reserve Fund.

Book-entry Form

In accordance with Section 303 of the General Certificate, the City determined that the Series 2003 Bonds shall be issued exclusively in "book-entry" form. The initial owner of the Series 2003 Bonds shall be Cede & Co. ("Cede"), on behalf of The Depository Trust Company ("DTC"), which shall hold one or more immobilized certificates representing each maturity of each Series of the Series 2003 Bonds. With respect to the Series 2003 Bonds so registered in the name of Cede, the City and the Trustee shall have no obligation or responsibility to any DTC participant, indirect participant or beneficial owner of the Series 2003 Bonds. Without limiting the immediately preceding sentence, the City and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any DTC participant or indirect participant with respect to any beneficial ownership interest in the Series 2003 Bonds, (ii) the delivery to any DTC participant, indirect participant, beneficial owner or any other person, other than DTC, of any notice with respect to the Series 2003 Bonds, including any notice of redemption, or (iii) the payment to any DTC participant, beneficial owner or any other person other than DTC, of any amount with respect to the principal or redemption price of or interest on the Series 2003 Bonds. The City and the Trustee may treat as, and deem DTC to be, the absolute owner of the Series 2003 Bonds for the purposes of (i) payment of the principal and redemption price of, as applicable, and interest on the Series 2003 Bonds, (ii) giving notices of redemption and other matters with respect to such Series 2003 Bonds and (iii) registering transfers with respect to such Series 2003 Bonds, and for all other purposes whatsoever. The Trustee shall pay all principal or redemption price of, as applicable, and interest on the Series 2003 Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to such principal or redemption price and interest to the extent of the sum or sums so paid. No person other than DTC shall receive a Series 2003 Bond evidencing the obligation of the City to make payments of principal or redemption price, as applicable, and interest thereon pursuant to the First Supplemental Certificate or the General Certificate. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the transfer provisions of the First Supplemental Certificate, the word "Cede" in the First Supplemental Certificate shall refer to such new nominee of DTC. All transfers of Series 2003 Bonds shall be effected as set forth in Section 306 of the General Certificate; provided that the City acknowledges and agrees that The Depository Trust Company shall establish procedures with its participants for recording and transferring the ownership of beneficial interests in the Series 2003 Bonds. The City and the Trustee may enter into a letter of representation and other documentation necessary or desirable to effectuate the issuance of the Series 2003 Bonds in book-entry form.

For purposes of determining consents of the owners of any Series 2003 Bonds under Articles VIII, IX and X and Section 1202 of the General Certificate, the Trustee shall establish a record date for determination of ownership of such Series 2003 Bonds, and shall give to DTC at least fifteen (15) calendar days' notice of any record date so established.

DTC may determine to discontinue providing its services with respect to any Series of the Series 2003 Bonds at any time by giving written notice to the City and discharging its responsibilities with respect thereto under applicable law.

The City, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to any Series of the Series 2003 Bonds if the City determines, and shall terminate the services of DTC with respect to the Series 2003 Bonds upon receipt by the City and the Trustee of written notice from DTC to the effect that DTC has received written notice from DTC participants or indirect participants having interests, as shown in the records of DTC, in an aggregate amount of not less than fifty percent (50%) of the aggregate principal amount of the then Outstanding Bonds of such Series, that: (I) DTC is unable to discharge its responsibilities with respect to such Series; or (II) a continuation of the requirement that all of the Outstanding Bonds of such Series be registered in the registration books kept by the Trustee in the name of Cede, as nominee of DTC, is not in the best interest of the beneficial owners of such Series.

Upon the termination of the services of DTC with respect to any Series of the 2003 Bonds pursuant to Section 304(c)(ii)(II) of the First Supplemental Certificate, or upon the discontinuance or termination of the services of DTC with respect to any Series of the Series 2003 Bonds pursuant to Section 304(c)(i) or 304(c)(ii)(I) of the First Supplemental Certificate after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the City, is willing and able to undertake such functions upon reasonable and customary terms, the Series 2003 Bonds of such Series shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede, as nominee of DTC, or in the name of any substitute securities depository or its nominee, but may be registered in whatever names the registered holder transferring or exchanging the Series 2003 Bonds of such Series shall designate, in accordance with the provisions of Article III of the General Certificate.

The City may hereafter amend the First Supplemental Resolution without notice to or consent of the owners of any of the Series 2003 Bonds in order to (x) effect the certification of one or more Series of the Series 2003 Bonds pursuant to Section 304(c) or (y) of the First Supplemental Certificate substitute another securities depository for DTC pursuant to Section 304(c) of the First Supplemental Certificate.

Notwithstanding any other provision of the First Supplemental Resolution or the General Certificate to the contrary, so long as any Series 2003 Bond of a Series is registered in the name of Cede, as nominee of DTC, all payments with respect to the principal or redemption price of, as applicable, and interest on, and all notices with respect to such Series shall be made and given, respectively, to DTC pursuant to the Blanket Issuer Letter of Representations dated as of May 18, 1995 between the City and DTC. Similar arrangements may be made with any substitute securities depository.

While DTC or its nominee, or any other securities depositary, is the registered owner of any Series of the Series 2003 Bonds all notices of redemption with respect to Series 2003 Bonds of such Series shall be sent for receipt by the registered owner at least two days prior to the date of general publication or release to the public.

In the event that the book-entry only system is discontinued, the Series 2003 Bonds shall be issued in certificated and fully registered form, and upon the written request of any holder of at least $1,000,000 in principal amount of Series 2003 Bonds, the Trustee shall enter two addresses for such holder upon its registration books, and any such notice of redemption shall be mailed as provided in the First Supplemental Certificate to both such addresses; provided, however, that failure to mail such notice to the second address shall not affect the validity of any proceedings for the redemption of any of the Series 2003 Bonds.

Bond Insurance

The City approved the purchase of the Policy securing the Series 2003 Bonds. The Director of Finance is authorized to execute and deliver a contract for bond insurance in form and substance satisfactory to such officer, his or her execution thereof to constitute conclusive evidence of his or her approval of such instrument and the approval of such instrument by the City.

The Policy

Use of Proceeds under the Policy. All amounts received under the Policy shall be used solely for the payment of principal of and interest on the Series 2003 Bonds.

Insurer Access to Information, Books and Records. While the Policy is in effect, the Trustee will furnish the Insurer and the Fiscal Agent with such information as they may reasonably request regarding the security for the Series 2003 Bonds, as appears from the books and records under its custody and control, or as otherwise known to it. The Trustee will permit the Insurer and the Fiscal Agent to have access to and to make copies of all such books and records after reasonable notice at any reasonable time during regular business hours at its corporate trust office.

Trustee to Notify Insurer of Insufficient Moneys. If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under the General Certificate or the First Supplemental Certificate, moneys sufficient to pay the principal of and interest on the Series 2003 Bonds due on such Payment Date, the Trustee shall give notice to the Insurer and to its Fiscal Agent, if any, by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Series 2003 Bonds due on such Payment Date, the Trustee shall make a claim under the Policy and give notice to the Insurer and the Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Series 2003 Bonds and the amount required to pay principal of the Series 2003 Bonds, confirmed in writing to the Insurer and the Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Policy.

In the event the claim to be make is for a mandatory sinking fund redemption installment, upon receipt of the moneys due, the Trustee shall authenticate and deliver to affected Bondholders who surrender their Bonds a new Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond surrendered. The Trustee shall designate any portion of payment of principal on Series 2003 Bonds paid by the Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 2003 Bonds registered to the then current Bondholder, whether DTC or its nominee or otherwise, and shall issue a replacement Series 2003 Bonds to the Insurer, registered in the name of Financial Security Assurance Inc., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Series 2003 Bonds shall have no effect on the amount of principal or interest payable by the Issuer on any Series 2003 Bond or the subrogation rights of the Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal paid in respect of any Bond. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Bondholders referred to as the “Policy Payments Account” and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Policy in trust on behalf of Bondholders and shall deposit any such amount in the Policy Payment Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Bondholders in the same manner as principal and interest payments are to be made with respect to the Series 2003 Bonds under the sections of the First Supplemental Certificate regarding payment of Series 2003 Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything to the contrary otherwise set forth in the General Certificate, and to the extent permitted by law, in the event amounts paid under the Policy are applied to claims for payment of principal of or interest on the Series 2003 Bonds, interest on such principal of and interest on such Series 2003 Bonds shall accrue and be payable from the date of such payment at the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank or its successor at its principal office in the City of New York, as its prime or base lending rate plus 3%, and (ii) the then applicable rate of interest on Series 2003 Bonds provided that in no event shall such rate exceed the maximum rate permissible under applicable usury or similar laws limiting interest rates.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following a Series 2003 Bond payment date shall promptly be remitted to the Insurer.

Trustee to Notify Insurer of Proposed Changes. The Trustee shall promptly, upon receipt of knowledge thereof, notify the Insurer of:

(a) any proposed change in the Series 2003 Bonds, the General Certificate or the First Supplemental Certificate;

(b) the occurrence of any Event of Default;

(c) any proposed resignation, removal or appointment of the Trustee under the General Certificate;

(d) any matter to be put to the holders of the Series 2003 Bonds for election under the General Certificate;

(e) exercise by the holders of the Series 2003 Bonds of any option, vote, right, power or the like under the General Certificate; and

(f) any other matter, notice of which is required hereunder to be given to any of the holders of the Series 2003 Bonds in accordance with the terms of the General Certificate.

(g) The Trustee shall deliver copies of any changes to the Series 2003 Bonds, the General Certificate and the First Supplemental Certificate to S&P and Moody's at least ten (10) days prior to the effective date thereof.

Insurer Rights in the Event of Nonpayment. The Insurer is entitled to the benefit of the following provisions in the event of any nonpayment of principal of or interest on any Series 2003 Bonds when due under the General Certificate or the First Supplemental Certificate ("Nonpayment"). Notwithstanding any other provision of the General Certificate:

(a) The Trustee shall promptly notify the Insurer of the Nonpayment.

(b) The Insurer shall, to the extent it makes any payment of principal of (or, in the case of Capital Appreciation Bonds, accreted value) or interest on the Series 2003 Bonds, become subrogate to the rights of the recipients of such payments in accordance with the terms of the policy. The obligations to the Insurer shall survive discharge or termination of the Series 2003 Bonds, the General Certificate or the First Supplemental Certificate.

(c) The Trustee shall deliver to the Fiscal Agent, uncancelled, all Series 2003 Bonds delivered to it with respect to which the Fiscal Agent has made payment as provided in the Policy. Such Series 2003 Bonds shall be delivered as fully registered bonds, per instructions of the Fiscal Agent. Notwithstanding anything in the General Certificate to the contrary, amounts paid by the Insurer under the Policy shall not be deemed paid for purposes of the General Certificate and shall remain Outstanding and continue to be due and owing until paid by the City in accordance with the General Certificate and the First Supplemental Certificate. The General Certificate and the First Supplemental Certificate shall not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.

(d) The Trustee shall recognize the Insurer as the holder of each of the Series 2003 Bonds with respect to which it has made payment as provided in the Policy for the purposes of exercising all options, votes, rights, powers or the like available to Bondholders of the Series 2003 Bonds under any provision of the General Certificate.

(e) The Insurer shall have the right to institute any suit, action or proceeding at law or in equity under the same terms as a holder of Series 2003 Bonds may institute any action under Section 1005 of the Certificate.

(f) The City shall pay or reimburse the Insurer any and all charges, fees, costs and expenses which the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in the Series 2003 Bonds, the General Certificate, or the First Supplemental Certificate; (ii) the pursuit of any remedies under the General Certificate or this Supplement Certificate or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the General Certificate or this Supplemental Certificate whether or not executed or completed, (iv) the violation by the Issuer of any law, rule or regulation, or any judgment, order or decree applicable to it or (v) any litigation or other dispute in connection with the Series 2003 Bond, the General Certificate or the Supplemental Certificate or the transactions contemplated thereby, other than amounts resulting from the failure of the Insurer to honor its obligations under the Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the General Certificate or this Supplemental Certificate.

(g) The Insurer shall be entitled to pay principal (or, in the case of Capital Appreciation Bonds, accreted value) or interest on the Series 2003 Bonds that shall become Due for a Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Policy) and any amounts due on the Series 2003 Bonds as a result of acceleration of the maturity thereof in accordance with the General Certificate and the First Supplemental Certificate whether or not the Insurer had received a Notice of Nonpayment (as such terms are defined in the Policy) or a claim upon the Policy.

Insurer Approval of Changes in Terms of Series 2003 Bonds, General Certificate or First Supplemental Certificate

So long as the Policy is in effect and the Insurer is not in default thereunder and not in receivership, bankruptcy or reorganization, no change in the Series 2003 Bonds, the General Certificate or the First Supplemental Certificate shall be made or shall become effective without the prior written approval of the Insurer.

Notwithstanding anything in the Certificate to the contrary, so long as the Policy is in effect and the Insurer is not in default thereunder, no holder of Series 2003 Bonds shall exercise any option, vote, right, power or the like required or permitted by the Series 2003 Bonds or the Certificate without first obtaining the prior written approval of the Insurer.

Insurer Deemed to be Sole Bondholder

(a) By acceptance of the Series 2003 Bonds, each holder thereof grants to the Insurer the right to exercise any option, vote, right power or the like available to holders of the Series 2003 Bonds under the Certificate. Each holder of a Bond insured by the Insurer (such bond being referred to individually, as an "Insured Bond," and collectively, as the "Insured Bonds") by virtue of its purchase of such Insured Bond is deemed to have granted the following rights and privileges to the Insurer as a condition to, and in consideration for, the Insurer's issuance and delivery of the Policy; provided, however, such grant to the Insurer shall be in effect only while the Policy is in effect and the Insurer is not in default under the Policy: the Insurer shall be deemed to be the sole owner of a principal amount of the Series 2003 Bonds equal to the principal amount of the Insured Bonds for purposes all approvals, consents, waivers, institution of any action, and the exercising of any voting rights and of the right to direct the exercise of, or consent to, rights and remedies to be taken by the Trustee (to the extent that the principal amount of the Outstanding Insured Bonds would give the holders thereof the right to so direct the Trustee) under the Certificate in circumstances that give rise to the Trustee's rights to exercise rights and remedies, and to take any other action which the holder of an Insured Bond is, or would be, permitted to take under the Certificate.

(b) The rights granted to the Insurer under the Series 2003 Bonds, the General Certificate and the First Supplemental Certificate to request, consent to or direct any action or rights granted to the Insurer in consideration of its issuance of the Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit of or on behalf of the holders of the Series 2003 Bonds nor does such action evidence any position of the Insurer, positive or negative, as to whether the holders of the Series 2003 Bonds consent is required in addition to the consent of the Insurer.

Certain Investments

Notwithstanding any provision of the General Certificate to the contrary, the City agrees for the benefit of the Insurer that so long as the Policy is in effect and the Insurer is not in default thereunder and not in receivership, bankruptcy or reorganization (a) the City will not enter into any repurchase agreement described in clause (f) of the definition of Investment Securities in Section 101 of the General Certificate which has a term of more than 30 days unless such term shall have been approved by the Insurer, (b) the fair market value of the collateral securities subject to any such agreement in relation to the amount of the applicable repurchase obligations shall be at least 104% or, in the case of collateral securities issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, at least 105%, (c) the maturities of Investment Securities held in the Debt Service Reserve Fund shall not exceed four years from the date of investment except with the written approval of the Insurer and (d) the written approval of the Insurer shall be required for any modification of the definition of Investment Securities pursuant to Section 801(h) of the General Certificate.

Miscellaneous

(i) In determining whether an Event of Default shall have occurred and be continuing, no effect shall be given to the Policy; (ii) the Trustee shall not take the Policy into account in determining whether the rights of holders of the Series 2003 Bonds are adversely affected by actions taken pursuant to the terms of the General Certificate; (iii) the Insurer shall be deemed to be an express third party beneficiary of the General Certificate; (iv) in determining whether any amendment, consent or other action to be taken, or any failure to act, under the General Certificate or the First Supplemental Certificate would adversely affect the security for the Bonds or the rights of the Bondholders, the Trustee shall consider the effect of any such amendment, consent, action or inaction as if there were no Policy; (v) no contract shall be entered into nor any action taken by which the rights of the Insurer or security for or sources of payment of the Series 2003 Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer; (vi) each of the City and the Trustee covenant and agree to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time otherwise preserve the priority of the pledge of Revenues under applicable law.

Airport Consultant; Engineers

So long as the Policy is in effect and the Insurer is not in default thereunder and not in receivership, bankruptcy or reorganization;

(a) Any Airport Consultant employed by the City to meet the requirements of Section 705 of the General Certificate following a breach thereof by the City shall be acceptable to the Insurer.

(b) Any Independent Engineer employed by the City pursuant to Section 710 of the General Certificate shall be acceptable to the Insurer.

(c) The acceptance of the Insurer shall not be required if not provided within 15 days of written request and if the Insurer shall fail to so accept, it shall deliver a statement of its reasons for such failure.

Defeasance

Notwithstanding anything in the General Certificate to the contrary, so long as the Policy is in effect and the Insurer is not in default thereunder and not in receivership, bankruptcy or reorganization, to accomplish defeasance, the City shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Series 2003 Bonds in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Insurer, and (iii) an opinion of Bond Counsel to the effect that the Series 2003 Bonds are no longer "outstanding" under the General Certificate, and (iv) if there is a trustee for the Series 2003 Bonds, a certificate of discharge of the Trustee with respect to the Series 2003 Bonds; each Verification and Defeasance Opinion shall be acceptable in form and substance and shall be addressed to the City, the Trustee and the Insurer. The Insurer shall be provided with final drafts of the above-referenced documentation not less than five (5) business days prior to the funding of the escrow.

Notwithstanding anything in the General Certificate to the contrary, Bonds shall be deemed "outstanding" under the General Certificate unless and until they are in fact paid and retired or the above criteria are met.

Cure Periods on Event of Default

Notwithstanding anything in Section 1001(c) of the General Certificate to the contrary, so long as the Policy is in effect and the Insurer is not in default thereunder and not in receivership, bankruptcy or reorganization, to accomplish defeasance, the 90 day cure period in Section 1001(c) of the General Certificate shall be reduced to 30 days and no extension of such cure period in excess of 30 days shall be extended for more than 60 days without the prior written consent of the Insurer.

Information Provided to Insurer

The Insurer shall be provided with the following information:

(i) By the City, annual audited financial statements within 150 days after the end of the Issuer's fiscal year (together with a certification of the Issuer that it is not aware of any default or Event of Default under the General Certificate) and the Issuer's annual budget within 30 days after the approval thereof together with such other information data or reports as the Insurer shall reasonably request from time to time.

(ii) By the Trustee, notice of any draw upon the Debt Service Reserve Fund within two Business Days after knowledge thereof other than (1) withdrawals of amounts in excess of the Debt Service Reserve Requirement and (2) withdrawals in connection with a refunding of Bonds.

(iii) By the Trustee or the City, as applicable, notice of any default known to the Trustee or the City within five Business Days after knowledge thereof.

(iv) By the City, prior notice of the advance refunding or redemption of any of the Bonds, including the principal amount, maturities and CUSIP numbers thereof.

(v) By the Trustee, notice of the resignation or removal of the Trustee and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto.

(vi) By the City, notice of the commencement of any proceeding by or against the City commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding").

(vii) By the City, notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Bonds.

(viii) By the City, a full original transcript of all proceedings relating to the execution of any amendment or supplement to the Related Documents, and

(ix) All reports, notices and correspondence to be delivered to Bondholders under the terms of the Related Documents.

Additional Series of Bonds

Notwithstanding satisfaction of other conditions to the issuance of additional series of Bonds contained in the General Certificate, no such issuance may occur (1) should any Event of Default (or any event which once all notice or grace periods have passed, would constitute an Event of Default) have occurred and be continuing unless such default shall be cured upon such issuance and (2) unless the Debt Service Reserve Fund is fully funded at its requirement (including the new issue) upon the issuance of such additional Series of Bonds, in either case unless otherwise permitted by the Insurer.

Continuing Disclosure

The City authorizes the execution and delivery by the Director of Finance of a continuing disclosure certificate (the "Continuing Disclosure Certificate") providing for continuing disclosure pursuant to Rule 15c2-12; and the City designated the registered owners and beneficial owners of the Series 2003 Bonds as beneficiaries of the Continuing Disclosure Certificate in accordance with and subject to the terms of the Continuing Disclosure Certificate.

SUMMARY OF SECOND SUPPLEMENTAL CERTIFICATE

The following is a brief summary of certain provisions of the Second Supplemental Certificate including certain terms used in the Second Supplemental Certificate and used but not elsewhere defined in the Official Statement. This summary does not purport to be complete and reference is made to the Second Supplemental Certificate for full and complete statements of its terms and provisions.

Definitions

(a) Capitalized terms used in the Second Supplemental Certificate and not otherwise defined shall have the respective meanings accorded such terms in the General Certificate.

(b) The following terms shall have the following meanings unless the context otherwise requires:

"2008 Note" shall mean the $20,000,000 Subordinated Revenue Bond Anticipation Note issued by the City to KeyBank National Association as of February 29, 2008 pursuant to the Act to finance a portion of the costs of the Parking Garage Expansion Project.

"Annual Installment Date" shall mean a date selected by the City within 60 days after each Bond Year which date is not a Rebate Installment Date.

"Average Annual Debt Service" shall mean with respect to the Series 2008 Bonds, the average annual Debt Service for such Series as of any year such Series remains outstanding.

"Bond Payment Date" shall mean each date on which interest or a Principal Installment or both shall be due and payable on any Series 2008 Bond according to its terms.

"Bond Year" shall mean the one-year period commencing each January 1, except the first Bond Year shall commence on the issue date of the Series 2008 Bonds and end on January 1, 2009.

"Defeasance Obligations" shall have the meaning given such term in the General Certificate, but shall not include the obligations described in clause (h) of the definition of Investment Securities therein.

"Insurer" means shall mean Assured Guaranty Corp., a Maryland-domiciled insurance company.

"Maximum Annual Debt Service" shall mean with respect to the Series 2008 Bonds, the maximum Debt Service for such Series in any year in which such Series will be outstanding.

"Nonpurpose Payments" shall have the meaning ascribed to such term in the Regulations.

"Office of the Trustee" means the designated corporate trust agency office of the Trustee, initially, 222 Berkeley Street, 2nd Floor, Boston, Massachusetts 02116, or at such other address as Trustee shall designate from time to time.

"Parking Garage Expansion Project" means (a) demolition and removal of certain existing parking facilities at the Jetport, (b) the construction of new parking facilities at the Jetport and (c) making related improvements to the Jetport.

"Rebate Installment Date" shall mean the dates selected by the City pursuant to the Regulations for the computation of rebate as provided in the Second Supplemental Certificate, the first of which shall be no later than five years after the date of issue of the Series 2008 Exempt Bonds. Each subsequent Rebate Installment Date shall be no more than five years following the next preceding Rebate Installment Date. Rebate Installment Date shall also include the date on which final payment of the Series 2008 Bonds is made.

"Rebate Payment Date" shall mean, with respect to any Rebate Installment Date, 60 days after the Rebate Installment Date.

"Record Date" shall mean the fifteenth day of the month immediately preceding any month in which there occurs a Bond Payment Date.

"Regulations" shall mean the Treasury Regulations applicable to section 148(f) of the Code and the Series 2008 Bonds.

"Second Supplemental Certificate" shall mean the Second Supplemental Certificate delivered with respect to $26,420,000 City of Portland, Maine General Airport Revenue Bonds, Series 2008 dated as of June 18, 2008.

"Series 2008 Bonds" shall mean the $26,420,000 City of Portland, Maine General Airport Revenue Bonds, Series 2008 authorized by the Bond Order and issued pursuant to Section 201(a) of the Second Supplemental Certificate.

"Series 2008 Debt Service Reserve Fund Requirement" shall mean an amount equal to, from time to time, the lesser of (a) 10% of the stated principal amount of the Series 2008 Bonds, (b) the Maximum Annual Debt Service on the Series 2008 Bonds, or (c) 125% of the Average Annual Debt Service on the Series 2008 Bonds, in the current or any future Fiscal Year.

Principal Amounts, Designations and Series.

Pursuant to the provisions of the General Certificate, a Series of Bonds entitled to the benefit, protection and security of such provisions is authorized in the aggregate principal amount of $26,420,000. Such Bonds shall be designated as and shall be distinguished from the Bonds of all other Series by the title "General Airport Revenue Bonds, Series 2008".

Form, Denominations, Numbers and Letters.

The Series 2008 Bonds shall be issued in the form of fully registered bonds in the minimum denomination of $5,000 and in integral multiples thereof. Unless the City shall otherwise direct, each Series 2008 Bond shall be lettered "08-" followed by the number of such Series 2008 Bond. The Series 2008 Term Bonds shall have an appropriate "Term Bond" designation. The Series 2008 Bonds shall be numbered consecutively from one upward.

Dating of Series 2008 Bonds.

The Series 2008 Bonds shall be dated June ___, 2008. Each Series 2008 Bond shall bear interest from the July 1 or January 1 next preceding the date of authentication thereof, unless (i) the date of authentication is an interest payment date, in which case such Series 2008 Bond shall bear interest from such interest payment date; (ii) such Series 2008 Bond is authenticated as of a date on or after June __, 2008 and on or prior to the Record Date next preceding January 1, 2009, in which event the bond shall bear interest from its date of delivery; (iii) such Series 2008 Bond is authenticated after a Record Date and before the next succeeding interest payment date, in which event the Bond shall bear interest from such interest payment date; or (iv) the payment of interest on the Series 2008 Bonds shall be in default, in which case each Series 2008 Bond shall bear interest from the last date to which interest thereon has been paid in full.

Place of Payment and Paying Agent.

The Principal and Redemption Price of the Series 2008 Bonds shall be payable at the Office of the Trustee. Interest on the Series 2008 Bonds will be payable by the Trustee by check mailed to the registered holders, at their addresses as the same appear on the Record Date on the books of the City kept at the Office of the Trustee. Upon the written request of any registered holder of at least $1,000,000 in principal amount of Series 2008 Bonds, the Trustee shall make payments of interest on or principal of the Series 2008 Bonds to such holder by wire transfer to the account of such holder as set forth on the registration books of the City maintained at the Office of the Trustee at the close of business on the Record Date prior to the payment date, or to any other account of which such holder shall give written notice to the Trustee not less than five Business Days prior to the date set for payment. Such check or wire shall identify each payment of interest on or principal of an individual Series 2008 Bond separately by reference to the CUSIP number for such Series 2008 Bond. These provisions shall be subject to the "book entry" provisions set forth below.

Optional Redemption of 2008 Series Bonds.

The Series 2008 Bonds maturing on or before January 1, 20__ are not subject to optional redemption prior to maturity. The Series 2008 Bonds maturing after January 1, 20__ shall be subject to redemption prior to maturity as provided in the Series 2008 Bonds, the Second Supplemental Certificate and the General Certificate.

Mandatory Sinking Fund Redemption of Term Bonds.

The Series 2008 Term Bonds shall be subject to mandatory sinking fund redemption prior to their respective stated dates of maturity, as provided in the Series 2008 Bonds, the Second Supplemental Certificate, and the General Certificate

Notice of Redemption of Series 2008 Bonds.

Notice of the call for any redemption of Series 2008 Bonds prior to maturity, specifically identifying by designation, letters, numbers, or other distinguishing marks (including CUSIP numbers), the Series and numbers of the bond certificates, or portions thereof to be redeemed, the redemption price to be paid, the date of general mailing of notices to holders of such Series of the Series 2008 Bonds and information services, the date fixed for redemption, the name and address of the place or places where the amounts due upon such redemption are payable, including the name of the redemption agent together with a contact person and telephone number, the issue date, interest rate and maturity date of the Series 2008 Bonds to be redeemed shall be given by the Trustee on behalf of the City by mailing a copy of the redemption notice by registered or certified mail, postage prepaid, at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption, to the registered holder of each such Series 2008 Bond to be redeemed at the address shown on the registration books kept by the Trustee, provided, however, that failure to give such notice to any holder of a Series 2008 Bond by mailing, or any defect in such notice, shall not affect the validity of any proceedings for the redemption of any of the other Series 2008 Bonds. The failure to give such notice to the national information services by mailing, or any defect in such notice, shall not affect the validity of any proceedings for the redemption of any of the Series 2008 Bonds. Such notice shall further state that on such date there shall become due and payable upon each Series 2008 Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Series 2008 Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. The Trustee shall send a second notice of redemption by certified mail return receipt requested to any registered holder who has not submitted Series 2008 Bonds called for redemption thirty (30) days after the redemption date, provided, however, that the failure to give any second notice by mailing, or any defect in such notice, shall not affect the validity of any proceedings for the redemption of any of the Series 2008 Bonds and the Trustee shall not be liable for any failure by the Trustee to send any second notice. In the case of any redemption of Series 2008 Bonds prior to maturity to be made at the direction of the City, the Trustee shall give the notices required by the Second Supplemental Certificate as soon as practicable after receipt of written notice from the City of such direction and shall not be required to give such notices until such time.

Limitation on Exchange and Transfer of Bonds.

The City shall not be obligated to make any transfer or exchange of any Series 2008 Bonds during the fifteen-day period preceding an interest or principal payment date.

Establishment of Accounts and Subaccounts.

Pursuant to Section 502 of the General Certificate, the Second Supplemental Certificate establishes within the Funds and Accounts established under the General Certificate, the following subaccounts:

In the Project Fund:
- Series 2008 Subaccount

In the Debt Service Fund:
- Series 2008 Subaccount of the Principal Account
- Series 2008 Subaccount of the Interest Account
- Series 2008 Subaccount of the Redemption Account
- Series 2008 Subaccount of the Capitalized Interest Account

In the Debt Service Reserve Fund:
- Series 2008 Account

Rebate Fund.

For the purpose of compliance with section 148(f) of the Code, a Series 2008 Subaccount is established in the Rebate Fund which shall be used solely for purposes of making the payments described below until the requirements of section 148(f) of the Code and the Regulations applicable thereto shall have been satisfied. The City agrees that the requirements described below are subject to, and shall be interpreted in accordance with, section 148(f) of the Code and the Regulations applicable thereto, including without limitation the provisions of section 148(f)(4)(C)(viii) if an election has been made thereunder.

Calculations of Rebate Deposits and Payments.

Promptly upon the close of each Bond Year and also upon the retirement of the Series 2008 Bonds, or at any other Rebate Installment Date selected by the City, the Trustee shall provide the City with a statement of earnings on all Funds, Accounts or Subaccounts with respect to the Series 2008 Bonds held in trust pursuant to the General Certificate which are subject to the rebate requirements during any period not covered by a prior statement delivered pursuant to the Second Supplemental Certificate. The statement shall include the purchase and sale prices of each investment (including any commission paid thereon which shall be separately stated if such information is available), the dates of each investment transaction, information as to whether such transactions were made at a discount or premium, and such other information known to the Trustee as the City shall reasonably require.

At least 15 days prior to each Rebate Payment Date, and additionally at least 15 days after each Annual Installment Date, the City shall, in accordance with the Regulations, determine the amount, if any, to be deposited into the Rebate Fund pursuant to the General Certificate based upon Nonpurpose Payments and Nonpurpose Receipts allocable to the Series 2008 Bonds. Such amount shall consist of: (1) the difference between the future values, as of the next succeeding Rebate Installment Date, or Annual Installment Date as determined by the City, of all Nonpurpose Payments (including, as authorized by the Regulations, any rebate previously paid) and Nonpurpose Receipts (whether held under the General Certificate or otherwise), reduced by (2) any amounts already on deposit in the applicable Subaccount of the Rebate Fund. For purposes of calculating the foregoing future values, the yield on each Series of the 2008 Bonds, determined in accordance with the Regulations, shall be used. Except as may otherwise be provided by law, the computation of the amounts to be deposited into such Subaccounts of the Rebate Fund need not take into account any earnings on any "tax exempt bond" under section 150(a)(6) of the Code and section 1.150-1 of the Regulations and which is not a specified private activity bond as defined in section 57(a)(5)(C) of the Code or any earnings as to which exceptions are provided under section 148(f)(4)(A), (B) or (C) of the Code or section 1.148-7 of the Regulations. The City shall also determine the amount of any applicable "yield restriction payments", as provided under section 1.148-5(c) of the Regulations.

The City shall deposit from the Revenue Fund, pursuant to the General Certificate, to the applicable Subaccount of the Rebate Fund the amounts determined as provided above. If, according to the calculations made as provided above, together with calculations made in prior years pursuant to such subsection, the amount on deposit in the Rebate Fund exceeds the amount required to be on deposit therein as of the Annual Installment Date, the City shall transfer such excess to the Revenue Fund.

Payment of Rebate.

No later than each Rebate Payment Date, the City shall pay to the United States from amounts on deposit in the applicable Subaccount of the Rebate Fund any "yield reduction payments" as aforesaid and/or a rebate amount that is at least 90% of the amount required to be paid pursuant to the provisions of section 148(f) of the Code as calculated by or on behalf of the City, taking into account any credit permitted by the Regulations. On a date selected by the City no later than 60 days after the date on which the Series 2008 Bonds has been paid in full, the City shall pay to the United States from amounts on deposit in the applicable Subaccount of the Rebate Fund any "yield reduction payments" as aforesaid and/or a rebate equal to 100% of the entire amount then payable pursuant to section 148(f) of the Code as calculated by or on behalf of the City, including actual or imputed earnings as provided by the Regulations. Any amounts in such Subaccount in excess of amounts due shall be deposited in the Revenue Fund.

Records.

The City shall keep such records as will enable it to fulfill its responsibilities under and Section 148(f) of the Code. For purposes of the rebate computation, the Trustee shall make available to the City during normal business hours all information in the control of the Trustee that is necessary to such computations.

Rebate Provisions to Survive Defeasance of the General Certificate.

The Rebate provisions described above, as amended from time to time, shall survive the defeasance of the General Certificate and of the Series 2008 Bonds. Only upon (A) the retirement of the Series 2008 Bonds or provision for the same pursuant to the General Certificate, and (B) the payment of all amounts due under section 148 of the Code with respect to the Series 2008 Bonds shall any amounts remaining in the applicable Subaccount of the Rebate Fund be paid to the Revenue Fund.

Application of Proceeds of Series 2008 Bonds.

Pursuant to the General Certificate and the Second Supplemental Certificate, proceeds of sale of the Series 2008 Bonds, net of Underwriters' discount and the insurance premium payable to the Insurer in respect of the Policy, shall be deposited and applied as follows:

(a) $____________, to fund the Series 2008 Account of the Debt Service Reserve Fund in an amount equal to the Series 2008 Debt Service Reserve Fund Requirement;

(b) $____________, to fund the Series 2008 Subaccount of the Interest Account of the Debt Service Fund in the amount of the accrued interest on the Series 2008 Bonds;

(c) $____________, to fund the Series 2008 Subaccount of the Capitalized Interest Account of the Debt Service Fund in the amount of the accrued interest on the Series 2008 Bonds;

(d) $____________, to fund the Series 2008 Subaccount of the Project Fund in the amount determined by the Authorized Representative.

The City may fund the Series Accounts of the Debt Service Reserve Fund through the deposit of a Financial Guaranty in lieu of cash deposits.

Upon the occurrence and continuance of an Event of Default where the occurrence and continuance of an event which with notice or lapse of time or both would constitute an Event of Default, amounts on deposit in the Project Fund shall not be disbursed but shall instead be applied to the payment of debt service or redemption price of the Series 2008 Bonds.

Book-Entry Form.

In accordance with Section 303 of the General Certificate, the City determined that the Series 2008 Bonds shall be issued exclusively in "book-entry" form. The initial owner of the Series 2008 Bonds shall be Cede & Co. ("Cede"), on behalf of The Depository Trust Company ("DTC"), which shall hold one or more immobilized certificates representing each maturity of each Series of the Series 2008 Bonds. With respect to the Series 2008 Bonds so registered in the name of Cede, the City and the Trustee shall have no obligation or responsibility to any DTC participant, indirect participant or beneficial owner of the Series 2008 Bonds. Without limiting the immediately preceding sentence, the City and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any DTC participant or indirect participant with respect to any beneficial ownership interest in the Series 2008 Bonds, (ii) the delivery to any DTC participant, indirect participant, beneficial owner or any other person, other than DTC, of any notice with respect to the Series 2008 Bonds, including any notice of redemption, or (iii) the payment to any DTC participant, beneficial owner or any other person other than DTC, of any amount with respect to the principal or redemption price of or interest on the Series 2008 Bonds. The City and the Trustee may treat as, and deem DTC to be, the absolute owner of the Series 2008 Bonds for the purposes of (i) payment of the principal and redemption price of, as applicable, and interest on the Series 2008 Bonds, (ii) giving notices of redemption and other matters with respect to such Series 2008 Bonds and (iii) registering transfers with respect to such Series 2008 Bonds, and for all other purposes whatsoever. The Trustee shall pay all principal or redemption price of, as applicable, and interest on the Series 2008 Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to such principal or redemption price and interest to the extent of the sum or sums so paid. No person other than DTC shall receive a Series 2008 Bond evidencing the obligation of the City to make payments of principal or redemption price, as applicable, and interest thereon pursuant to the Second Supplemental Certificate or the General Certificate. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the transfer provisions hereof, the word "Cede" in the Second Supplemental Certificate shall refer to such new nominee of DTC. All transfers of Series

2008 Bonds shall be effected as set forth in Section 306 of the General Certificate; provided that the City acknowledges and agrees that DTC shall establish procedures with its participants for recording and transferring the ownership of beneficial interests in the Series 2008 Bonds. The City and the Trustee may enter into a letter of representation and other documentation necessary or desirable to effectuate the issuance of the Series 2008 Bonds in book-entry form.

For purposes of determining consents of the owners of any Series 2008 Bonds under the General Certificate, the Trustee shall establish a record date for determination of ownership of such Series 2008 Bonds, and shall give to DTC at least fifteen (15) calendar days' notice of any record date so established.

DTC may determine to discontinue providing its services with respect to any Series of the Series 2008 Bonds at any time by giving written notice to the City and discharging its responsibilities with respect thereto under applicable law.

The City, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Series 2008 Bonds if the City determines, and shall terminate the services of DTC with respect to the Series 2008 Bonds upon receipt by the City and the Trustee of written notice from DTC to the effect that DTC has received written notice from DTC participants or indirect participants having interests, as shown in the records of DTC, in an aggregate amount of not less than fifty percent (50%) of the aggregate principal amount of the then Outstanding Bonds of the Series 2008 Bonds, that: (A) DTC is unable to discharge its responsibilities with respect to such Series 2008 Bonds; or (B) a continuation of the requirement that all of the Outstanding Bonds of such Series 2008 Bonds be registered in the registration books kept by the Trustee in the name of Cede, as nominee of DTC, is not in the best interest of the beneficial owners of such Series 2008 Bonds.

Upon the termination of the services of DTC with respect to the Series 2008 Bonds, or upon the discontinuance or termination of the services of DTC with respect to the Series 2008 Bonds after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the City, is willing and able to undertake such functions upon reasonable and customary terms, the Series 2008 Bonds shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede, as nominee of DTC, or in the name of any substitute securities depository or its nominee, but may be registered in whatever names the registered holder transferring or exchanging the Series 2008 Bonds shall designate, in accordance with the provisions of Article III of the General Certificate.

The City may amend the Second Supplemental Certificate without notice to or consent of the owners of any of the Series 2008 Bonds in order to (x) effect the certification of one or more Series of the Series 2008 Bonds or (y) substitute another securities depository for DTC.

Notwithstanding any other provision of the Second Supplemental Certificate or the General Certificate to the contrary, so long as any Series 2008 Bond is registered in the name of Cede, as nominee of DTC, all payments with respect to the principal or redemption price of, as applicable, and interest on, and all notices with respect to such Series shall be made and given, respectively, to DTC pursuant to the Blanket Issuer Letter of Representations dated as of May 18, 1995 between the City and DTC. Similar arrangements may be made with any substitute securities depository.

While DTC or its nominee, or any other securities depositary, is the registered owner of any Series of the Series 2008 Bonds, all notices of redemption with respect to the Series 2008 Bonds shall be sent for receipt by the registered owner at least two days prior to the date of general publication or release to the public.

In the event that the book-entry only system is discontinued, the Series 2008 Bonds shall be issued in certificated and fully registered form, and upon the written request of any holder of at least $1,000,000 in principal amount of Series 2008 Bonds, the Trustee shall enter two addresses for such holder upon its registration books, and any such notice of redemption shall be mailed as provided herein to both such addresses; provided, however, that failure to mail such notice to the second address shall not affect the validity of any proceedings for the redemption of any of the Series 2008 Bonds.

Continuing Disclosure.

The City hereby authorizes the execution and delivery by the Director of Finance of a continuing disclosure certificate (the "Continuing Disclosure Certificate") providing for continuing disclosure pursuant to Rule 15c2-12 adopted by the Securities and Exchange Commission; and the City hereby designates the registered owners and beneficial owners of the Series 2008 Bonds as beneficiaries of the Continuing Disclosure Certificate in accordance with and subject to the terms of the Continuing Disclosure Certificate.

<u>Bond Insurance</u>.

The City approved and authorized the purchase of a municipal bond insurance policy from the Insurer securing the Series 2008 Bonds (the "Policy"). The Director of Finance is authorized to execute and deliver a contract for bond insurance in form and substance satisfactory to such officer, his or her execution thereof to constitute conclusive evidence of his or her approval of such instrument and the approval of such instrument by the City; and the execution and delivery of such contract is ratified.

<u>Insurer Notice</u>. Any notice required to be given to holders of the Series 2008 Bonds, or pursuant to Rule 15c2-12(b) (5) adopted by the Securities and Exchange Commission or to the Trustee shall simultaneously be provided to the Insurer. The Trustee shall notify the Insurer of any failure of the City to provide notices, certificates and other information required to be provided under the General Certificate or the Second Supplemental Certificate.

<u>Defeasance</u>. In the event that the principal and/or interest due on the Series 2008 Bonds shall be paid by the Insurer pursuant to the Policy, the Series 2008 Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the City, and the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the City to the registered owners shall continue to exist and shall run to the benefit of the Insurer, and the Insurer shall be subrogated to the rights of such registered owners.

<u>Change in Trustee</u>. The Insurer shall receive prior written notice of any name change, resignation, removal or termination of the Trustee and no removal, resignation or termination of the Trustee shall take effect until a successor, acceptable to the Insurer, shall be appointed. The Trustee may be removed at any time, at the request of the Insurer, for any breach of its obligations under the General Certificate or the Second Supplemental Certificate.

<u>Amendments and Supplements</u>. The Insurer must be given prior written notice of any amendments or supplements to the General Certificate or the Second Supplemental Certificate that do not require the consent of the Bondholders. The Insurer's prior written consent is required with respect to any amendments or supplements to the General Certificate or the Second Supplemental Certificate that do require the consent of the Bondholders. In determining whether the rights of Bondholders will be adversely affected by any action taken pursuant to the terms and provisions thereof, the Trustee shall consider the effect on the Bondholders as if there were no Policy.

<u>The Insurer as Third Party Beneficiary</u>. To the extent that the General Certificate or the Second Supplemental Certificate give the Insurer any right, remedy or claim under the General Certificate or the Second Supplemental Certificate, the Insurer is a third party beneficiary thereunder and may enforce any such right, remedy or claim given thereunder.

<u>Control Rights</u>. The Insurer shall be deemed to be the holder of all of the Series 2008 Bonds for purposes of (a) exercising all remedies and directing the Trustee to take actions or for any other purposes following an Event of Default, and (b) granting any consent, direction or approval or taking any action permitted by or required under the the General Certificate or the Second Supplemental Certificate, as the case may be and as applied to the Series 2008 Bonds, to be granted or taken by the holders of such Series 2008 Bonds. Anything in the General Certificate or the Second Supplemental Certificate to the contrary notwithstanding, upon the occurrence and continuance of an event of default, the Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Bondholders or the Trustee for the benefit of the Bondholders under the General Certificate or the Second Supplemental Certificate.

<u>Consent Rights of the Insurer</u>.

a. *Consent of the Insurer.* Any provision of the General Certificate or the Second Supplemental Certificate expressly recognizing or granting rights in or to the Insurer may not be amended in any manner that affects the rights of the Insurer without the prior written consent of the Insurer.

b. *Consent of the Insurer in Addition to Bondholder Consent*. Wherever the General Certificate or the Second Supplemental Certificate require the consent of Bondholders, the Insurer's prior written consent shall also be required.

c. *Consent of the Insurer in the Event of Insolvency*. Any reorganization or liquidation plan with respect to the City must be acceptable to the Insurer. In the event of any such reorganization or liquidation, the Insurer shall have the right to vote on behalf of all Bondholders who hold Series 2008 Bonds guaranteed by the Insurer, absent a payment default by the Insurer under the Policy.

<u>Payment Procedure Under the Policy</u>.

a. At least two (2) Business Days prior to each payment date on the Series 2008 Bonds, the Trustee will determine whether there will be sufficient funds to pay all principal of and interest on the Series 2008 Bonds due on the related payment date and shall immediately notify the Insurer of any deficiency.

b. The Trustee shall provide the Insurer with a list of registered owners of Series 2008 Bonds entitled to receive principal or interest payments from the Insurer under the terms of the Policy, and shall make arrangements with the Insurer to (i) mail checks or drafts to the registered owners of Series 2008 Bonds entitled to receive full or partial interest payments from the Insurer and (ii) pay principal upon Series 2008 Bonds surrendered to the Insurer by the registered owners of Series 2008 Bonds entitled to receive full or partial principal payments from the Insurer.

c. The Trustee shall, at the time it provides notice to the Insurer of any deficiency pursuant to paragraph (a). above, notify registered owners of Series 2008 Bonds entitled to receive the payment of principal or interest thereon from the Insurer (i) as to such deficiency and its entitlement to receive principal or interest, as applicable, (ii) that the Insurer will remit to them all or a part of the interest payments due on the related payment date upon proof of its entitlement thereto and delivery to the Insurer, in form satisfactory to the Insurer, of an appropriate assignment of the registered owner's right to payment, (iii) that, if they are entitled to receive partial payment of principal from the Insurer, they must surrender the related Series 2008 Bonds for payment first to the Trustee, which will note on such Series 2008 Bonds the portion of the principal paid by the Trustee and second to the Insurer, together with an appropriate assignment, in form satisfactory to the Insurer, to permit ownership of such Series 2008 Bonds to be registered in the name of the Insurer, which will then pay the unpaid portion of principal, and (iv) that, if they are entitled to receive full payment of principal from the Insurer, they must surrender the related Series 2008 Bonds for payment to the Insurer, rather than the Trustee, together with the an appropriate assignment, in form satisfactory to the Insurer, to permit ownership of such Series 2008 Bonds to be registered in the name of the Insurer.

d. In addition, if the Trustee has notice that any holder of the Series 2008 Bonds has been required to disgorge payments of principal or interest on the Series 2008 Bonds because such payment constitutes an avoidable preference, then the Trustee shall notify the Insurer or its designee of such fact.

e. The Trustee is designated, appointed, directed and authorized to act as attorney-in-fact for holders of the Series 2008 Bonds as follows:

    i. If and to the extent there is a deficiency in amounts required to pay interest on the Series 2008 Bonds, the Trustee shall (a) execute and deliver to the Insurer an instrument appointing the Insurer as agent for such holders in any legal proceeding related to the payment of such interest and an assignment to the Insurer of the claims for interest to which such deficiency relates and which are paid by the Insurer, (b) receive as designee of the respective holders (and not as Trustee) in accordance with the tenor of the Policy payment from the Insurer with respect to the claims for interest so assigned, and (c) disburse the same to such holders; and

    ii. If and to the extent of a deficiency in amounts required to pay principal of the Series 2008 Bonds, the Trustee shall (a) execute and deliver to the Insurer an instrument appointing the Insurer as agent for such holder in any legal proceeding related to the payment of such principal and an assignment to the Insurer of the obligation surrendered to the Insurer in an amount equal to the principal amount thereof as has not previously been paid or for which moneys are not held by the Trustee and available for such payment (but such assignment shall be delivered only if payment from the Insurer is received), (b) receive as designee of the respective holders (and not as Trustee) in accordance with the tenor of the Policy payment therefore from the Insurer, and (c) disburse the same to such holders.

f. Payments with respect to claims for interest on and principal of Series 2008 Bonds disbursed by the Trustee from proceeds of the Policy shall not be considered to discharge the obligation of the City with respect to such Series 2008 Bonds, and the Insurer shall become the owner of such unpaid Obligation and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

g. Irrespective of whether any such assignment is executed and delivered, the City and the Trustee agree for the benefit of the Insurer that:

   i. they recognize that to the extent the Insurer makes payments directly or indirectly (*e.g.,* by paying through the Trustee), on account of principal of or interest on the Series 2008 Bonds, the Insurer will be subrogated to the rights of such holders to receive the amount of such principal and interest from the City, with interest thereon as provided and solely from the sources stated in the General Certificate or the Second Supplemental Certificate and the Series 2008 Bonds; and

   ii. they will accordingly pay to the Insurer the amount of such principal and interest, with interest thereon as provided in the General Certificate or the Second Supplemental Certificate and the Series 2008 Bonds, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Series 2008 Bonds to holders, and will otherwise treat the Insurer as the owner of such rights to the amount of such principal and interest.

h. The City shall pay or reimburse the Insurer to the extent permitted by law, (A) all amounts paid by the Insurer under the terms of the Policy, and (B) any and all charges, fees, costs and expenses which the Insurer may reasonably pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations. The City will pay interest on the amounts owed in this paragraph from the date of any payment due or paid. The provisions of this paragraph shall survive the redemption, defeasance or termination of the Series 2008 Bonds or the terminations of any financing document.

i. In addition to any and all rights of reimbursement, subrogation and any other rights pursuant hereto or under law or in equity, the City will pay or reimburse the Insurer, to the extent permitted by law, any and all charges, fees, costs, claims, losses, liabilities (including penalties), judgments, demands, damages, and expenses which the Insurer or its officers, directors, shareholders, employees, agents and each Person, if any, who controls the Insurer within the meaning of either Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended, may reasonably pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, of any nature in connection with, in respect of or relating to the transactions contemplated by this agreement or any other Financing Document by reason of:

   i. any omission or action (other than of or by the Insurer) in connection with the offering, issuance, sale, remarketing or delivery of the Series 2008 Bonds;

   ii. the negligence, bad faith, willful misconduct, misfeasance, malfeasance or theft committed by any director, officer, employee or agent of the City in connection with any transaction arising from or relating to this agreement or any other Financing Document;

   iii. the violation by the City of any law, rule or regulation, or any judgment, order or decree applicable to it;

   iv. the breach by the City of any representation, warranty or covenant under this agreement or any other Financing Document or the occurrence, in respect of the City, under this agreement or any other Financing Document of any "event of default" or any event which, with the giving of notice or lapse of time or both, would constitute any "event of default"; or

v. any untrue statement or alleged untrue statement of a material fact contained in any official statement relating to the Series 2008 Bonds, if any, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such claims arise out of or are based upon any untrue statement or omission in information included in an official statement, if any, and furnished by the Insurer in writing expressly for use therein.

j. The Insurer shall be entitled to pay principal of or interest on the Series 2008 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment (as such terms are defined in the Policy) and any amounts due on the Series 2008 Bonds as a result of acceleration of the maturity thereof, whether or not the Insurer has received a Notice (as defined in the Policy) of Nonpayment or a claim upon the Policy.

k. In addition, the Insurer shall, to the extent it makes any payment of principal or interest on the Series 2008 Bonds become subrogated to the rights of the recipients of such payments in accordance with the terms of the Policy, and to evidence such subrogation (i) in the case of claims for interest, the Trustee shall note the Insurer's rights as subrogee on the registration books of the City maintained by the Trustee, upon receipt of proof of payment of interest thereon to the registered holders of the Series 2008 Bonds, and (ii) in the case of claims for principal, the Trustee, if any, shall note the Insurer's rights as subrogee on the registration books of the City maintained by the Trustee, upon surrender of the Series 2008 Bonds together with receipt of proof of payment of principal thereof.

CITY OF PORTLAND, MAINE
GENERAL AIRPORT REVENUE BONDS, SERIES 2008
APPENDIX D - FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate dated as of June 18, 2008 (this "Disclosure Certificate") is executed and delivered by the City of Portland, Maine (the "Issuer") in connection with the issuance of $26,420,000 City of Portland, Maine General Airport Revenue Bonds, Series 2008 (the "Bonds"). The Bonds are being issued pursuant to the City Charter, Title 30-A, Part 2, Subpart 8, Chapter 213, sections 5401 – 5415, inclusive, of the Maine Revised Statutes, as amended (the "Act"), order 263-06/07 of the City Council of the Issuer adopted June 18, 2007 and a General Certificate of Terms of Issuance of General Airport Revenue Bonds executed on behalf of the Issuer as of July 1, 2003 as supplemented by a Second Supplemental Certificate Authorizing the Series 2008 Bonds executed on behalf of the Issuer as of June 1, 2008. The Issuer covenants and agrees as follows:

Section 1. Definitions. The following words and terms used in this Disclosure Certificate shall have the following respective meanings:

(a) "Annual Jetport Report" shall mean any Annual Jetport Report provided by the Issuer in accordance with the requirements of sections 3 and 4 of this Disclosure Certificate.

(b) "Bonds Certificate" shall mean the General Certificate of Terms of Issuance of General Airport Revenue Bonds executed on behalf of the Issuer as of July 1, 2003 as supplemented by a Second Supplemental Certificate Authorizing the Series 2008 Bonds executed on behalf of the Issuer as of June 1, 2008.

(c) "Fiscal Year" shall have the meaning ascribed to such term in the Bonds Certificate.

(d) "Insurer" shall mean Assured Guaranty Corp. The address of the Insurer as of the date of this Disclosure Certificate is listed in Exhibit A hereto.

(e) "MSRB" means the Municipal Securities Rulemaking Board.

(f) "NRMSIR" means, at any time, a then-existing, nationally recognized municipal securities information repository, as recognized from time to time by the SEC for the purposes referred to in the Rule. The names and addresses of the NRMSIRs as of the date of this Disclosure Certificate are listed in Exhibit A hereto.

(g) "Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

(h) "Rule" means Rule 15c2-12 promulgated by the SEC under the Securities and Exchange Act of 1934, as amended (17 CFR Part 240, §240.15c2-12), as in effect on the date of this Disclosure Certificate, including any official interpretation thereof.

(i) "SEC" means the United States Securities and Exchange Commission.

(j) "SID" means, at any time, a then-existing, state information depository, if any, as operated or designated as such by or on behalf of the State of Maine for the purposes referred to in the Rule. As of the date of this Disclosure Certificate, there is no SID.

All capitalized words and terms used in this Disclosure Certificate and not otherwise defined herein shall have the meaning ascribed to such words and terms in the Official Statement dated June 12, 2008 (the "Official Statement") pertaining to the Bonds.

Section 2. Purpose; Beneficiaries. This Disclosure Certificate is entered into solely to assist the Participating Underwriter in complying with subsection (b)(5) of the Rule. This Disclosure Certificate constitutes a written undertaking for the benefit of the beneficial owners (within the meaning of the Rule) of the Bonds (such beneficial owners being sometimes called herein "owners").

Section 3. Provision of Annual Jetport Reports. Not later than 270 days after the end of each Fiscal Year of the Issuer, commencing with its Fiscal Year ending June 30, 2007, the Issuer shall deliver to the Insurer and to each NRMSIR and the SID the Annual Jetport Report for such Fiscal Year, or notice of the Issuer's failure to provide the Annual Jetport Report (in the form set forth in Exhibit B hereto). If the Annual Jetport Report does not contain the Issuer's audited financial statements for the Fiscal Year of the Annual Jetport Report, then the Issuer shall, in any event, deliver to the Insurer and to each NRMSIR and the SID the Issuer's audited financial statements no later than 330 days after the end of its Fiscal Year, or notice of the Issuer's failure to provide said audited financial statements.

Within five (5) business days prior to the date of forwarding the Annual Jetport Report and the audited financial statements to the Insurer and to each NRMSIR and the SID, the Issuer shall confirm the name and address of the Insurer, each NRMSIR and the SID.

Section 4. Content of Annual Jetport Reports. The Annual Jetport Report shall contain (i) the audited financial statements of the Issuer for the applicable Fiscal Year if audited financial statements are then available, and (ii) financial information and operating data for the applicable Fiscal Year consisting of (A) information regarding compliance with the Debt Service Coverage Ratio and (B) enplanement information.

Any or all of the items listed above may be included by reference to other documents, including official statements pertaining to debt issued by the Issuer, which have been submitted to each NRMSIR. If the document incorporated by reference is a "final official statement" which satisfies the requirements of the Rule, it will also be available from the MSRB. The Issuer's annual financial statements for each Fiscal Year shall consist of the balance sheet, statement of revenues and expenses and statement of changes in financial position prepared in accordance with generally accepted accounting principles. Such financial statements shall be audited by a firm of certified public accountants appointed by the Issuer.

Section 5. Reporting of Significant Events. Whenever the Issuer obtains knowledge of the occurrence of any of the following listed events with respect to the Bonds, the Issuer shall file notice of such occurrence, if material, in a timely manner with the Insurer, the MSRB and the SID:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults;

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

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

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

(vi) adverse tax opinions or events affecting the tax-exempt status of the security;

(vii) modifications to rights of security holders;

(viii) bond calls;

(ix) defeasances;

(x) release, substitution or sale of property securing repayment of the securities; and

(xi) rating changes.

Section 6. Additional Information. This Disclosure Certificate shall not be construed to prevent the Issuer from providing any information in addition to that which is specifically required by sections 3, 4 and 5 of this Disclosure Certificate ("Additional Information"), using the means of dissemination set forth in this Disclosure Certificate or any means of communication in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to provide any Additional Information, the Issuer shall have no obligation in the future to update the Additional Information or to provide information similar to the Additional Information.

Section 7. Enforceability of This Disclosure Certificate; Termination. To the extent permitted by law, the provisions of this Disclosure Certificate are enforceable against the Issuer in accordance with the terms hereof by any of the owners of the Bonds, including any beneficial owner acting as a third party beneficiary (upon proof of its status as a beneficial owner reasonably satisfactory to the Director of Finance of the Issuer). To the extent permitted by law, any such owner shall have the right, for the equal benefit and protection of all owners of the Bonds, to enforce its rights against the Issuer and to compel the Issuer and any of their officers, agents or employees to perform and carry out their duties under the provisions of this Disclosure Certificate; provided, however, that the sole remedy for a violation of this Disclosure Certificate shall be an action to compel specific performance of the obligations of the Issuer under this Disclosure Certificate and shall not include any right to monetary damages. A breach or default under this Disclosure Certificate shall not constitute an Event of Default under the Bonds. This Disclosure Certificate shall terminate if no Bonds remain outstanding (without regard to an economic defeasance) or if the provisions of the Rule concerning continuing disclosure are no longer in effect, whichever occurs first.

Section 8. Amendments. This Disclosure Certificate may be amended, changed or modified by the parties hereto, without the consent of, or notice to, any of the owners of the Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the SEC or its staff (whether required or optional), (b) to add to the covenants of the Issuer for the benefit of the owners of the Bonds, (c) to modify the contents, presentation and format of the Annual Jetport Report from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (d) to otherwise modify the undertaking of the Issuer in this Disclosure Certificate in a manner consistent with the provisions of state legislation establishing the SID or otherwise responding to the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the owners of the Bonds, as determined either by a party unaffiliated with the Issuer (such as the firm serving at the time as bond counsel to the Issuer) or by the vote or consent of the registered owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment, which consent may be obtained in accordance with the Bonds. Any amendment, change or modification to this Disclosure Certificate shall be in writing.

If this Disclosure Certificate is amended with respect to the Annual Jetport Report to be submitted by the Issuer hereunder, the Annual Jetport Report containing the amended financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of financial information being provided. If this Disclosure Certificate is amended with respect to the accounting principles to be followed in preparing financial statements, the Annual Jetport Report for the year in which the change is made will present a comparison between the financial statements or information prepared on the basis of the new accounting principles and the financial statements or information prepared on the basis of the former accounting principles. Such comparison will include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison will also be quantitative. The Issuer shall give notice of any change in the accounting principles to the Insurer, each NRMSIR and the SID as promptly as practicable after such change has been determined.

Section 9. Governing Law. This Disclosure Certificate shall be governed by and construed in accordance with the laws of the State of Maine and applicable law of the United States of America.

Section 10. Titles of Sections. The titles of sections in this Disclosure Certificate shall have no effect in construing this Disclosure Certificate.

Section 11. Actions to be Performed on Non-Business Days. Any action required by this Disclosure Certificate to be taken on a Saturday, Sunday or holiday within the State of Maine may be taken on the next business day with the same force and effect as if taken on the day so required.

Section 12. Transmittal of Filings. Any filing under this Certificate may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "MAC") as provided at http://www.disclosureusa.org unless the SEC has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004.

Section 13. Contact for Information. The Issuer's Director of Finance, or such official's designee from time to time, shall be the contact person on behalf of the Issuer from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person is: Duane G. Kline, Director of Finance, City of Portland, 389 Congress Street, Portland, ME 04101; telephone: (207) 874-8645.

Signed as of the day and year first above written.

CITY OF PORTLAND, MAINE

By: ______________________________

Duane G. Kline
Director of Finance

EXHIBIT A

ASSURED GUARANTY CORP.

1325 Avenue of the Americas
New York, New York 10019

NRMSIR'S

Bloomberg Municipal Repository 100 Business Park Drive Skillman, NJ 08558 Phone: (609) 279-3225 Fax: (609) 279-5962 Email: Munis@Bloomberg.com	DPC Data Inc. One Executive Drive Fort Lee, NJ 07024 Phone: (201) 346-0701 Fax: (201) 947-0107 Email: nrmsir@dpcdata.com
Interactive Data Pricing and Reference Data, Inc. Attn: NRMSIR 100 William Street, 15th Floor New York, NY 10038 Phone: (212) 771-6999; 800-689-8466 Fax: (212) 771-7390 Email: NRMSIR@interactivedata.com	Standard & Poor's Securities Evaluations, Inc. 55 Water Street, 45th Floor New York, NY 10041 Phone: (212) 438-4595 Fax: (212) 438-3975 Email: nrmsir_repository@sandp.com

EXHIBIT B

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL JETPORT REPORT

Name of Issuer: City of Portland, Maine

Name of Bond Issue: General Airport Revenue Bonds, Series 2008

Date of Issuance: June 18, 2008

NOTICE IS HEREBY GIVEN that the City of Portland, Maine (the "Issuer") has not provided an Annual Jetport Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate of the Issuer dated as of June 18, 2008.

Dated: ____________________

City of Portland, Maine

____

Name:
Title:

cc: Bond Insurer

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CITY OF PORTLAND, MAINE
GENERAL AIRPORT REVENUE BONDS, SERIES 2008
APPENDIX E – AUDITED FINANCIAL STATEMENTS OF THE JETPORT

PORTLAND INTERNATIONAL JETPORT
(An Enterprise fund of the City of Portland, Maine)
For the years ended June 30, 2007 and 2006

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Runyon
Kersteen
Ouellette

Certified Public Accountants and Business Consultants

Independent Auditor's Report

City Council
City of Portland, Maine

We have audited the accompanying fund financial statements of the Portland International Jetport, an enterprise fund of the City of Portland, Maine, as of and for the years ended June 30, 2007 and 2006. These financial statements are the responsibility of the management of the City of Portland, Maine, and the Portland International Jetport. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in the notes, the financial statements present only the Portland International Jetport fund and are not intended to present fairly the financial position of the City of Portland, Maine, as of June 30, 2007, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. The fund financial statements do not include the Management's Discussion and Analysis as required by accounting principles generally accepted in the United States America. Certain disclosures relevant to both the City of Portland, Maine and the Portland International Jetport are omitted herein and have been disclosed in the City's basic financial statements.

In our opinion, except for the omission of certain disclosures discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Portland International Jetport fund as of June 30, 2007 and 2006, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements. The schedules that comprise the statistical section (schedules 1-16) have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Runyon Kersteen Ouellette

November 9, 2007
South Portland, Maine

PORTLAND INTERNATIONAL JETPORT
(An Enterprise Fund of the City of Portland, Maine)
Statements of Net Assets
June 30, 2007 and 2006

		2007	2006
ASSETS			
Current assets:			
Cash and cash equivalents	$	4,816,970	4,577,762
Investments		-	1,331,693
Accounts receivable		2,337,666	2,078,302
Allowance for uncollectible accounts		(643,000)	(643,000)
Due from other governments		3,486,569	2,995,469
Inventories		197,014	184,195
Total current assets		10,195,219	10,524,421
Noncurrent assets:			
Restricted cash, cash equivalents, and investments:			
Revenue bond covenant accounts		6,354,917	6,137,987
Total noncurrent assets		6,354,917	6,137,987
Other assets		613,023	656,032
Capital assets:			
Land		9,947,716	9,947,716
Buildings and improvements		78,224,037	77,482,836
Improvements other than buildings		78,821,134	71,002,670
Machinery and equipment		10,026,527	9,582,784
Construction in progress		2,172,351	6,272,122
Less accumulated depreciation		(75,736,133)	(68,137,245)
Net capital assets		103,455,632	106,150,883
Total noncurrent assets		110,423,572	112,944,902
Total assets	**$**	**120,618,791**	**123,469,323**
LIABILITIES			
Current liabilities:			
Accounts payable		573,781	1,041,959
Other liabilities and accrued expenses		867,648	1,092,473
General obligation bonds, current		157,323	157,323
Revenue bonds, current		745,000	715,000
Accrued self-insurance liabilities, current		84,145	82,476
Accrued compensated absences		205,224	332,821
Notes payable, line-of-credit		9,090,000	10,107,330
Total current liabilities		11,723,121	13,529,382
Noncurrent liabilities:			
General obligation bonds		392,393	549,716
Revenue bonds		32,850,000	33,595,000
Total noncurrent liabilities		33,242,393	34,144,716
Total liabilities	**$**	**44,965,514**	**47,674,098**
NET ASSETS			
Invested in capital assets, net of related debt		60,220,916	61,026,514
Restricted for:			
Capital projects		262,486	1,995,279
Operating maintenance		3,586,400	3,488,100
Renewal and replacement		250,000	250,000
Debt service		2,449,985	2,399,887
Unrestricted		8,883,490	6,635,445
Total net assets	**$**	**75,653,277**	**75,795,225**

See accompanying notes to financial statements.

PORTLAND INTERNATIONAL JETPORT
(An Enterprise Fund of the City of Portland, Maine)
Statements of Revenues, Expenses and Changes in Net Assets
Years ended June 30, 2007 and 2006

		2007	2006
Operating revenues:			
Charges for services	$	13,756,436	11,813,781
Total operating revenues		13,756,436	11,813,781
Operations expenses:			
Personal services		2,963,176	2,920,705
Contractual services		3,844,778	3,700,676
Supplies and materials		472,292	540,209
Rentals		220,311	153,541
Utilities		755,658	623,134
Maintenance		698,960	527,544
Depreciation and amortization		7,641,896	7,539,144
Other		764,515	1,422,887
Total operations expenses		17,361,586	17,427,840
Operating loss		(3,605,150)	(5,614,059)
Nonoperating revenues (expenses):			
Passenger facility charges		2,292,019	2,029,924
Interest and other revenue		559,039	445,768
Interest expense		(1,867,922)	(1,814,161)
Total nonoperating revenues (expenses)		983,136	661,531
Loss before contributions		(2,622,014)	(4,952,528)
Capital contributions		2,480,066	4,862,841
Change in net assets		(141,948)	(89,687)
Net assets, beginning of year		75,795,225	75,884,912
Net assets, end of year	**$**	**75,653,277**	**75,795,225**

See accompanying notes to financial statements.

Statement 3

PORTLAND INTERNATIONAL JETPORT
(An Enterprise Fund of the City of Portland, Maine)
Statements of Cash Flows
Years ended June 30, 2007 and 2006

		2007	2006
Cash flows from operating activities:			
Receipts from customers and users	$	13,005,969	12,530,380
Nonoperating revenue		18,325	16,356
Payments to suppliers		(6,644,569)	(6,883,344)
Payments to employees		(3,085,345)	(2,930,465)
Net cash provided by operating activities		3,294,380	2,732,927
Cash flows from capital and related financing activities:			
Contributed capital		2,480,066	4,862,841
Passenger facility charges		2,292,019	2,029,924
Proceeds from line of credit advances		-	1,419,521
Acquisition and construction of capital assets		(4,903,638)	(8,768,559)
Nonoperating accounts payable:			
Beginning of year		(951,223)	(2,413,629)
End of year		148,377	951,223
Principal paid on bond maturities		(872,323)	(847,323)
Principal paid on note payable, line of credit		(1,017,330)	(1,500,000)
Interest payments on long-term debt		(1,886,603)	(1,824,445)
Net cash used in capital and related financing activities		(4,710,655)	(6,090,447)
Cash flows from investing activities:			
Purchases of investments		(1,747,530)	(3,412,684)
Proceeds from sale and maturity of investments		5,327,434	4,745,013
Interest income		540,714	429,412
Net cash provided by investing activities		4,120,618	1,761,741
Net increase (decrease) in cash and cash equivalents		2,704,343	(1,595,779)
Cash and cash equivalents, beginning of year		8,418,519	10,014,298
Cash and equivalents, at end of year (including $6,305,892 and $3,840,757, respectively, reported in restricted accounts)	**$**	**11,122,862**	**8,418,519**
Reconciliation of operating income to net cash provided by operating activities:			
Operating loss	$	(3,605,150)	(5,614,059)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation and amortization		7,641,896	7,539,143
Nonoperating revenues		18,325	16,356
Remaining basis of asset disposals		-	6,155
Change in operating assets and liabilities:			
(Increase) decrease in accounts receivable		(259,364)	194,087
(Increase) decrease in inventories		(12,819)	(19,005)
(Increase) decrease in due from other governments		(491,100)	522,515
(Decrease) increase in accounts payable		123,092	100,965
(Decrease) increase in other liabilities and accrued expenses		(122,169)	(9,760)
(Decrease) increase in self-insurance		1,669	(3,470)
Total adjustments		6,899,530	8,346,986
Net cash provided by operating activities		3,294,380	2,732,927
Noncash investing, capital, and financing activities:			
Disposal of capital assets		-	193,227
Accumulated depreciation on capital assets dispositions		-	187,072

See accompanying notes to financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Portland International Jetport (Jetport) is a quasi-municipal corporation purchased by the City of Portland in 1936. Like many community airports, the Portland International Jetport had its beginnings as a flying fan's private field. Today, the facility serves nearly 1.4 million passengers a year, served by eight major airlines.

The Jetport primarily serves southern Maine and its revenue is produced mainly through contracts and leases. As an Enterprise Fund of the City of Portland, the Jetport is included in the City's basic financial statements as a proprietary fund and business-type activity.

Basis of Accounting - The accounting policies of the Portland International Jetport conform to accounting principles generally accepted in the United States of America as applicable to Governmental Proprietary Funds which utilize the accrual basis of accounting. Under this method revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. In accordance with Government Accounting Standards Board (GASB) Statement No. 20, the Jetport follows the pronouncements of the Financial Accounting Standards Board (FASB) issued before November 30, 1989 except where those pronouncements conflict with GASB pronouncements. The City also has the option of following the subsequent private sector guidance for its enterprise funds subject to the same limitation. The Jetport has elected not to follow subsequent private sector guidance.

Proprietary funds distinguish operating revenues and expenses from non-operating activity. Operating revenues arise from providing goods or services to outside parties for a fee. The intent of the governing body is that the operating costs, including administration and depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Revenues and expenses that are not derived directly from operations are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Jetport's policy to use restricted resources first, then unrestricted resources as they are needed, except in instances in which restricted amounts must be maintained to comply with existing bond covenants.

Cash and Cash Equivalents - The Jetport's share of a pooled cash account with the City of Portland had a carrying value of $11,122,862 including $6,305,892 in funds reported in restricted accounts at June 30, 2007. Additionally, the Jetport had $49,025 in investments reported in restricted accounts at June 30, 2007.

The Jetport's share of a pooled cash account with the City of Portland had a carrying value of $8,418,519 including $3,840,757 in funds reported in restricted accounts at June 30, 2006. Additionally, the Jetport had $3,628,923 in investments, including $2,297,230 in funds reported in restricted accounts at June 30, 2006.

Classification as to credit risk, interest rate and custodial credit risk is included in the City's basic financial statements.

Accounts Receivable - The Jetport provides credit to customers at the Jetport, such as airlines and vendors on-site. The Jetport uses the allowance method to account for uncollectible accounts receivable. The allowance for doubtful accounts is based on prior years' experience and management's analysis of possible bad debts. The Jetport accrues revenue for estimated services provided, but not yet billed as of the balance sheet dates.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets, are defined by the Jetport as assets with an initial, individual cost of more than $10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the Jetport during the current fiscal year was $2,140,109, of which $272,187 was included as part of the cost of its various runway and terminal improvement projects.

Property, plant, and equipment are depreciated using the straight-line method over the assets' useful lives, ranging from 3 to 50 years.

Compensated Absences - Employees earn vacation and sick leave as they provide services. Pursuant to collective bargaining agreements, employees may accumulate (subject to certain limitations) unused sick leave, and upon retirement, termination or death, may be compensated for amounts up to 180 days at current rates of pay.

Vacation time is earned based on anniversary date and length of service in amounts ranging between two and four weeks per year. City employees are allowed to carry over vacation time earned up to a maximum of 240 hours for employees hired prior to 1979 and 160 hours for all other employees. Employees are paid for allowable accruals upon termination of employment.

Accumulated leave is recorded as an expense and liability as the benefits accrue to employees. Liabilities for compensated absences are recorded as other liabilities and accrued expenses.

Long-term Obligations - Long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bond using the straight-line method. Bonds payable are reported as deferred charges and amortized over the term of the related debt. The difference between the reacquisition price and net carrying amount of debt refunded is deferred and amortized over the life of the new bond issue or the old debt, whichever is shorter.

Use of Estimates - Preparation of the Jetport's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly ... n these estimates.

Income Taxes - The Jetport, as a fund of the City of Portland ... nization under the provisions of the Internal Revenue Code and, accordingly, its ... te or federal income taxes.

CAPITAL ASSETS

The following is a summary of the changes in capital assets from June 30, 2007 and 2006:

	Balance 6/30/06	Increases	Decreases	Balance 6/30/07
Capital assets, not being depreciated:				
Land	$ 9,947,716	-	-	9,947,716
Construction in progress	6,272,122	679,598	4,779,369	2,172,351
Total capital assets not being depreciated	16,219,838	679,598	4,779,369	12,120,067
Capital assets being depreciated:				
Buildings	77,482,836	741,201	-	78,224,037
Improvements other than buildings	24,979,655	20,390	-	25,000,045
Runways and other pavements	46,023,015	7,798,074	-	53,821,089
Machinery and equipment	9,582,784	443,743	-	10,026,527
Total capital assets, being depreciated	158,068,290	4,224,041	-	167,071,698
Less accumulated depreciation for:				
Buildings	23,161,259	2,121,212	-	25,282,471
Improvements other than buildings	12,811,583	2,005,308	-	14,816,891
Runways and other pavements	26,923,050	2,812,838	-	29,735,888
Machinery and equipment	5,241,353	659,530	-	5,900,883
Total accumulated depreciation	68,137,245	7,598,888	-	75,736,133
Total capital assets being depreciated, net	89,931,045	1,404,520	-	91,335,565
Capital assets, net	**$ 106,150,883**	**2,084,118**	**4,779,369**	**103,455,632**

Depreciation expense incurred at the Jetport totaled $7,598,890 and $7,494,738 for the fiscal years ended June 30, 2007 and 2006, respectively.

Construction commitments outstanding include:

	Spent to-date	Remaining Commitment
Jetport construction projects	$ 37,292,244	557,392

LONG-TERM DEBT

The following is a summary of long-term liability transactions of the Jetport for the year ended June 30, 2006:

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
General obligation bonds	$ 707,039	-	157,323	549,716	157,323
Revenue bonds	34,310,000	-	715,000	33,595,000	745,000
Self-insurance	82,476	1,669	-	84,145	-
Compensated absences	332,821	-	127,597	205,224	-
Total long-term liabilities	**$ 35,432,336**	**1,669**	**999,920**	**34,434,085**	**902,323**

The following is a summary of the long-term debt payable at June 30, 2007 and 2006:

Issue	Amount issued	Maturity date	Interest rate	Balance 6/30/07	Balance 6/30/06
10/01/89 Bond	$ 1,600,000	2010	6.80%	238,764	318,349
10/01/90 Bond	1,600,000	2011	6.90%	310,952	388,690
Total general obligation bonds				**549,716**	**707,039**
Less current portion				157,323	157,323
Total long-term portion				**$ 392,323**	**549,716**

On July 10, 2003, the City of Portland issued general airport revenue bonds in the amount of $35,000,000 ($29,165,000 Series 2003A – Non AMT, and $5,385,000 Series 2003B – federally taxable) to convert the Jetport's temporary line-of-credit for its parking garage expansion project to permanent financing. The bonds have an average coupon rate of 4.659828% payable semi-annually and annual maturities ranging from $690,000 to $2,150,000 commencing July 1, 2005 and ending July 1, 2032.

Requirements for the repayment of the outstanding debt are as follows:

	Principal	Interest	Total debt service
2008	$ 157,323	32,087	189,410
2009	157,323	21,273	178,596
2010	157,323	10,462	167,785
2011	77,747	2,529	80,276
Totals	**$ 549,716**	**66,351**	**616,067**

LONG-TERM DEBT, CONTINUED

The Jetport had no additional borrowings under the existing line-of-credit agreement with a bank to provide interim financing for its approved Passenger Facility Charges (PFC) Program improvements. Borrowings under this line-of-credit are secured by Passenger Facility Charges revenue.

	PFC
Line-of-credit available	$ 14,214,483
Interest rate – International LIBOR rate	
Plus .55% at June 30, 2007	5.870%
Additional borrowings under line-of-credit	-
Balance of line-of-credit at June 30, 2007	**$ 9,090,000**

Section 705 of the *General Certificate of Terms and Issuance of General Airport Revenue Bonds Portland International* Jetport require a minimum debt service coverage ratio of 125 percent. The actual debt service coverage ratio for 2007 (193 percent) exceeded the requirements by 68 points.

	Budget basis
Total revenues	$ 14,311,388
Maintenance and operating expenses	9,962,611
Net revenues	4,347,777
Less:	
Capital outlay	2,455,535
Debt service	584,133
Net remaining revenues	**$ 1,308,109**

Debt service coverage ratio calculation:

Net revenues	$ 4,347,777
Debt service	2,255,311
Debt service coverage ratio	193%

OPERATING LEASES

The City of Portland is the lessor of several operating leases covering space in the Portland International Jetport. The total lease payments for such leases were $13,537,254 and $11,585,074 for the years ended June 30, 2007 and 2006, respectively. Minimum future rentals do not include contingent rentals, which may be received as stipulated in the lease contract. The future minimum lease payments are as follows:

For the years ended June 30:

2008	$ 395,501
2009	84,454
2010	77,954
2011	59,454
2012	47,454
2013-2016	190,407
Total future minimum lease payments	**$ 855,224**

The following is a schedule of the cost and carrying value of property leased, or held for lease under operating leases, by major classification:

	Cost	Carrying Value
Property, plant and equipment	$41,940,409	29,122,019

CAPITAL GRANTS

The City of Portland is the recipient of several airport development aid program capital grants for continuing projects at the Portland International Jetport. State, federal and local grants were authorized in the amount of $28,995,867. At June 30, 2007, $28,450,881 had been expended against these grants.

Amounts due from federal and state governments related to these grants are $2,437,487.

Schedule 1

PORTLAND INTERNATIONAL JETPORT
Net Assets and Changes in Net Assets
Last Seven Fiscal Years

	Fiscal Year 2007	2006	2005	2004	2003	2002	2001
Operating revenues							
Terminal rentals	$ 2,452,011	$ 2,475,091	$ 2,938,344	$ 2,836,094	$ 2,111,340	$ 1,911,151	$ 2,202,661
Landing fees	2,135,339	1,969,475	2,283,332	1,884,664	1,764,187	2,094,864	1,750,594
Ground rent	493,481	455,864	411,216	363,218	356,812	326,886	328,222
Parking	5,221,813	3,814,009	4,215,492	3,168,502	2,107,272	1,926,914	2,757,442
Rental cars	2,658,065	2,300,688	2,492,018	2,262,862	2,412,435	1,850,617	2,385,922
Concessions	714,040	688,469	611,633	536,969	465,023	669,145	592,539
Other	81,687	110,185	95,921	92,365	73,959	77,416	62,767
Total operating revenues	13,756,436	11,813,781	13,047,956	11,144,674	9,291,028	8,856,993	10,080,147
Nonoperating revenues							
Passenger facility charges	2,292,019	2,029,924	1,903,945	1,751,546	1,536,459	1,461,677	1,779,596
Interest	540,714	429,412	227,651	96,767	6,032	214,381	675,999
Other	18,325	16,356	17,703	16,957	269,154	43,757	-
Total nonoperating revenues	2,851,058	2,475,692	2,149,299	1,865,270	1,811,645	1,719,815	2,455,595
Total revenues	**$ 16,607,494**	**$ 14,289,473**	**$ 15,197,255**	**$ 13,009,944**	**$ 11,102,673**	**$ 10,576,808**	**$ 12,535,742**
Operating expenses							
Personal services	2,963,176	2,920,705	2,729,990	2,826,870	2,803,178	3,030,161	2,020,455
Contractual services	3,844,778	3,700,676	3,806,526	3,669,051	3,805,663	3,328,447	2,593,409
Supplies and materials	472,292	540,209	543,793	408,707	464,616	385,243	377,419
Rentals	220,311	153,541	225,903	156,226	166,912	177,544	258,838
Utilities	755,658	623,134	497,486	499,754	538,231	521,286	479,122
Maintenance	698,960	527,544	552,842	512,928	403,156	363,995	471,097
Depreciation	7,598,887	7,494,740	6,370,974	5,055,273	4,288,715	3,567,908	3,589,165
Other	764,515	1,416,732	764,479	686,913	622,502	544,067	817,805
Total operating expenses	17,318,577	17,377,281	15,491,993	13,815,722	13,092,973	11,918,651	10,607,310
Nonoperating expenses							
Capital asset retirement	-	6,155	15,830	127,133	-	-	-
Interest expense	1,867,922	1,814,161	1,647,470	1,600,140	84,700	153,333	317,731
Amortization of bond issue costs	43,009	44,404	46,173	45,488	844	844	-
Total nonoperating expenses	1,910,931	1,864,720	1,709,473	1,772,761	85,544	154,177	317,731
Total expenses	**$ 19,229,508**	**$ 19,242,001**	**$ 17,201,466**	**$ 15,588,483**	**$ 13,178,517**	**$ 12,072,828**	**$ 10,925,041**
Transfers out	-	-	-	63,744	2,002	-	-
Capital contributions	2,480,066	4,862,841	16,171,566	9,861,058	7,398,565	3,882,171	1,136,089
Change in net assets	**$ (141,948)**	**$ (89,687)**	**$ 14,167,355**	**$ 7,218,775**	**$ 5,320,719**	**$ 2,386,151**	**$ 2,746,790**
Net assets at year-end							
Invested in capital assets, net of related debt	60,220,916	61,026,514	58,831,050	46,920,867	43,818,067	51,638,598	35,808,199
Restricted	6,548,871	8,133,266	7,354,270	5,481,647	1,870,000	1,870,000	3,541,025
Unrestricted (deficit)	8,883,490	6,635,445	9,699,592	9,315,045	8,811,717	(4,329,533)	7,443,690
Total net assets	**$ 75,653,277**	**$ 75,795,225**	**$ 75,884,912**	**$ 61,717,559**	**$ 54,499,784**	**$ 49,179,065**	**$ 46,792,914**

Schedule 2

PORTLAND INTERNATIONAL JETPORT
Principal Revenue Sources and Revenues Per Enplaned Passenger
Last Seven Fiscal Years

	Fiscal Year						
	2007	2006	2005	2004	2003	2002	2001
Airline revenues							
Terminal rentals	$ 2,452,011	$ 2,475,091	$ 2,882,672	$ 2,777,131	$ 2,061,870	$ 1,858,718	$ 2,202,661
Landing fees	1,835,702	1,711,548	2,023,381	1,668,848	1,557,388	1,874,402	1,750,594
Ground rent	396,643	363,339	377,248	327,142	321,697	296,269	328,222
Total airline revenues	4,684,356	4,549,978	5,283,301	4,773,121	3,940,955	4,029,389	4,281,477
Percentage of total revenues	28.21%	31.84%	34.76%	36.69%	35.50%	38.10%	34.15%
Cargo revenues (1)							
Ramp Rent	60,081	75,681	55,672	58,963	49,470	52,433	
Landing fees	299,637	257,927	259,951	215,816	206,799	220,462	
Ground rent	36,758	16,844	33,968	36,076	35,115	30,617	
Total cargo revenues	396,476	350,452	349,591	310,855	291,384	303,512	
Percentage of total revenues	2.39%	2.45%	2.30%	2.39%	2.62%	2.87%	
Nonairline revenues							
Parking	5,223,613	3,814,009	4,215,492	3,168,502	2,107,272	1,926,914	2,757,442
Rental cars	2,658,064	2,300,688	2,492,018	2,262,862	2,412,435	1,850,617	2,385,922
Concessions	712,240	688,469	611,633	536,969	465,023	669,145	592,539
Other	100,012	110,184	95,921	92,365	73,959	77,416	62,767
Total nonairline revenues	8,693,929	6,913,351	7,415,064	6,060,698	5,058,689	4,524,092	5,798,670
Percentage of total revenues	52.36%	48.38%	48.79%	46.59%	45.56%	42.77%	46.26%
Nonoperating revenues							
Passenger facility charges	2,292,019	2,029,924	1,903,945	1,751,546	1,536,459	1,461,677	1,779,596
Interest	422,085	429,412	227,651	96,767	6,032	214,381	675,999
Other	114,542	16,356	17,703	16,957	269,154	43,757	-
Total nonoperating revenues	2,828,646	2,475,692	2,149,299	1,865,270	1,811,645	1,719,815	2,455,595
Percentage of total revenues	17.04%	17.33%	14.14%	14.34%	16.32%	16.26%	19.59%
Total revenues	**$ 16,603,407**	**$ 14,289,473**	**$ 15,197,255**	**$ 13,009,944**	**$ 11,102,673**	**$ 10,576,808**	**$ 12,535,742**
Enplaned passengers (excluding charters)	781,185	679,458	744,513	638,674	626,426	610,008	677,480
Total revenue per enplaned passenger	$21.25	$21.03	$20.41	$20.37	$17.72	$17.34	$18.50
Airline revenue per enplaned passenger	$6.00	$6.70	$7.10	$7.47	$6.29	$6.61	$6.32

(1) Note that individual statistics for passengers and cargo are not available prior to 2002

PORTLAND INTERNATIONAL JETPORT
Changes in Cash and Cash Equivalents
Last Seven Fiscal Years

	Fiscal Year						
	2007	2006	2005	2004	2003	2002	2001
Cash flows from operating activities							
Receipts from customers and users	$ 13,005,969	$ 12,530,380	$ 14,341,007	$ 8,582,807	$ 7,621,781	$ 7,690,410	$ 9,515,284
Nonoperating revenues	18,325	16,356	277,602	2,289,229	410,158	862,681	64,800
Payments to suppliers	(6,644,569)	(6,883,344)	(6,473,304)	(5,925,568)	(6,008,290)	(5,221,459)	(4,668,531)
Payments to employees	(3,085,345)	(2,930,465)	(2,736,915)	(2,597,897)	(3,006,291)	(2,930,980)	(2,226,240)
Net cash provided by (used) by operating activities	3,294,380	2,732,927	5,408,390	2,348,571	(982,642)	400,652	2,685,313
Cash flows from noncapital financing activities							
Transfers to other funds	-	-	-	(63,744)	(2,002)	-	-
Increases (decreases) in due to other funds	-	-	(1,491,483)	1,491,483	(400,000)	400,000	-
Net cash provided (used) by noncapital financing activities	-	-	(1,491,483)	1,427,739	(402,002)	400,000	-
Cash flows from capital and related financing activities							
Contributed capital	2,480,066	4,862,841	15,728,130	7,761,030	7,242,393	3,631,174	958,990
Passenger facility charges	2,292,019	2,029,924	2,095,144	1,579,302	1,539,250	1,670,202	1,753,070
Proceeds from line of credit advances	-	1,419,521	7,643,404	3,856,038	24,683,586	10,649,320	-
Proceeds from sale of revenue bonds	-	-	-	35,000,000	-	-	-
Acquisition of other noncurrent assets	-	-	-	(761,515)	(29,318)	-	-
Acquisition and construction of capital assets	(4,903,638)	(8,768,559)	(23,047,588)	(13,064,083)	(20,324,395)	(28,303,128)	(4,719,216)
Nonoperating accounts payable:							
Beginning of year	(951,223)	(2,413,629)	(3,492,359)	(602,675)	(3,728,270)	(192,961)	-
End of year	148,377	951,223	2,413,629	3,492,359	602,675	3,728,270	-
Principal paid on bond maturities	(872,323)	(847,323)	(159,803)	(169,257)	(169,347)	(169,435)	(178,107)
Principal paid on note payable, line-of-credit	(1,017,330)	(1,500,000)	(2,733,000)	(33,911,539)	(662,349)	(1,575,064)	(1,566,267)
Interest paid on debt	(1,886,603)	(1,824,445)	(1,632,265)	(1,425,702)	517,890	(156,288)	(350,239)
Net cash provided (used) by capital and related financing activities	(4,710,655)	(6,090,447)	(3,184,708)	1,753,958	9,672,115	(10,717,910)	(4,101,769)
Cash flows from investing activities							
Purchase of investments	(1,747,530)	(3,412,684)	(4,355,136)	(10,064,814)	(10,992,213)	(1,140,455)	(13,293,012)
Proceeds from sale and maturity of investments	5,327,434	4,745,013	90,215	12,976,748	7,438,893	7,235,868	13,856,688
Interest income	540,714	429,412	227,651	96,767	6,032	214,381	675,999
Net cash used by investing activities	4,120,618	1,761,741	(4,037,270)	3,008,701	(3,547,288)	6,309,794	1,239,675
Net increase (decrease) in cash and cash equivalents	2,704,343	(1,595,779)	(3,305,071)	8,538,969	4,740,183	(3,607,464)	(176,781)
Cash and cash equivalents, beginning of year	8,418,519	10,014,298	13,319,369	4,780,400	40,217	3,647,681	3,824,462
Cash and cash equivalents, end of year	**$ 11,122,862**	**$ 8,418,519**	**$ 10,014,298**	**$ 13,319,369**	**$ 4,780,400**	**$ 40,217**	**$ 3,647,681**
Reconciliation of operating income to net cash provided (used) by operating activities:							
Operating income (loss)	$ (3,605,150)	$ (5,614,056)	$ (2,513,702)	$ (2,844,669)	$ (3,790,412)	$ (3,838,954)	$ (358,859)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:							
Depreciation and amortization	7,641,896	7,539,143	6,417,147	5,101,761	4,289,559	3,568,752	3,589,165
Nonoperating revenues	18,325	16,356	277,602	2,289,229	410,158	862,681	64,800
Remaining basis of asset disposals	-	6,155	15,826	128,304	5,787	-	-
Change in operating assets and liabilities:							
Accounts receivable	(259,367)	194,084	(67,969)	172,038	(483,107)	552,029	(686,891)
Inventories	(12,819)	(19,005)	(40,642)	(15,135)	(24,629)	(6,526)	8,747
Due from other governments	(491,100)	522,515	1,361,019	(2,733,905)	(1,186,139)	(942,161)	(16,798)
Accounts payable	123,095	100,965	(27,525)	7,213	14,350	53,976	19,386
Other liabilities and accrued expenses	(122,169)	(9,760)	(6,924)	228,975	(215,491)	99,181	61,861
Self-insurance	1,669	(3,470)	(6,442)	14,760	(2,718)	51,674	3,902
Total adjustments	6,899,530	8,346,983	7,922,092	5,193,240	2,807,770	4,239,606	3,044,172
Net cash provided (used) by operating activities	**$ 3,294,380**	**$ 2,732,927**	**$ 5,408,390**	**$ 2,348,571**	**$ (982,642)**	**$ 400,652**	**$ 2,685,313**
Noncash investing, capital, and financing activities:	-	-	-	-	-	-	-
Disposal of capital assets	-	193,227	73,971	1,180,842	586,143	-	-
Accumulated depreciation on capital asset dispositions	-	187,072	58,147	1,052,538	580,356	-	-

Schedule 4

PORTLAND INTERNATIONAL JETPORT
Revenue Rates
Last Seven Fiscal Years

	Fiscal Year						
	2007	**2006**	**2005**	**2004**	**2003**	**2002**	**2001**
Landing fee (per 1,000 lbs MGLW)	$2.08	$1.95	$1.98	$1.89	$1.63	$1.95	$1.42
Landing fee surcharge (per 1,000 lbs MGLW) (for non-signatory carriers only)	$0.52	$0.487	$0.495	$0.472	$0.407	$0.487	$0.355
Apron fees (per sq. foot)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Annual terminal rental rates (per sq. foot)							
- Exclusive use	$28.83	$26.18	$32.86	$35.53	$34.58	$27.68	$25.97
- Common use	$38.74	$35.61	$42.89	$46.32	$44.93	$36.77	$34.28
- Public / concessions use	$38.74	$35.30	$42.86	$43.85	$44.93	$36.77	$35.26
Terminal renovations surcharge (per enplanement)							
- PFC (Passenger Facility Charge)	$3.00	$3.00	$3.00	$3.00	$3.00	$3.00	$3.00
Annual loading bridge rental (per bridge)	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PORTLAND INTERNATIONAL JETPORT
Ratios of Outstanding Debt, Debt Service, and Debt Limits
Last Seven Fiscal Years

	Fiscal Year						
	2007	2006	2005	2004	2003	2002	2001
Outstanding Debt per Enplaned Passenger							
Outstanding debt by type:							
Revenue bonds	$ 33,595,000	$ 34,310,000	$ 35,000,000	$ 35,000,000	$ -	$ -	$ -
General obligation bonds	549,716	707,039	839,362	1,024,165	1,193,422	1,362,769	1,532,204
Total outstanding debt	$ 34,144,716	$ 35,017,039	$ 35,839,362	$ 36,024,165	$ 1,193,422	$ 1,362,769	$ 1,532,204
Outstanding debt per enplaned passenger	$ 43.71	$ 51.54	$ 48.14	$ 56.40	$ 1.91	$ 2.23	$ 2.26
Debt Service							
Principal	$ 872,323	$ 822,323	$ 184,803	$ 169,257	$ 169,347	$ 169,435	$ 178,107
Interest	1,553,212	1,589,636	1,627,871	1,599,593	83,823	94,761	105,712
Total debt service	$ 2,425,535	$ 2,411,959	$ 1,812,674	$ 1,768,850	$ 253,170	$ 264,196	$ 283,819
Ratio of debt service to total expenses	12.61%	12.53%	10.54%	11.35%	1.92%	2.19%	2.60%
Net debt service per enplaned passenger	$ 3.10	$ 3.55	$ 2.43	$ 2.77	$ 0.40	$ 0.43	$ 0.42
Debt Limit Information (in thousands)							
Assessed value per State (in thousands)	**$ 7,653,400**	**$ 7,039,000**	**$ 6,289,900**	**$ 5,501,100**	**$ 4,944,650**	**$ 4,305,150**	**$ 3,873,900**
Debt limit - 3% of assessed value (in thousands)	$ 229,602	$ 211,170	$ 188,697	$ 165,033	$ 148,340	$ 129,155	$ 116,217
Debt applicable to the limit (in thousands)	550	707	839	1,024	1,193	1,363	1,532
Debt margin (in thousands)	$ 229,052	$ 210,463	$ 187,858	$ 164,009	$ 147,146	$ 127,792	$ 114,685
Debt margin as a percentage of debt limit	99.76%	99.67%	99.56%	99.38%	99.20%	98.94%	98.68%
Debt limit per enplaned passenger	$ 293.92	$ 310.79	$ 253.45	$ 258.40	$ 236.80	$ 211.73	$ 171.54

Note:
See Schedule 2 for enplanement data.

PORTLAND INTERNATIONAL JETPORT
Pledged Revenue Coverage
Last Four Fiscal Years

	Fiscal Year - Budget Basis			
	2007	2006	2005	2004
Net Revenues				
Total Revenues	$ 14,311,388	$ 12,173,354	$ 13,260,537	$ 11,306,382
Maintenance and operating expenses (1)	9,963,611	9,027,239	8,836,384	8,269,138
Net revenues	4,347,777	3,146,115	4,424,153	3,037,244
Less: Debt service	2,455,535	2,453,325	2,480,441	989,160
Capital outlay	584,133	237,492	372,767	383,196
Net remaining revenues	$ 1,308,109	$ 455,298	$ 1,570,945	$ 1,664,888
Debt Service - Revenue Bond				
Principal	745,000	715,000	690,000	-
Interest	1,510,311	1,538,625	1,565,949	1,526,800
Total Debt Service	**$ 2,255,311**	**$ 2,253,625**	**$ 2,255,949**	**$ 1,526,800**
Debt Service Coverage Ratio Calculation				
Net revenues	$ 4,347,777	$ 3,146,115	$ 4,424,153	$ 3,037,244
Debt service	$ 2,255,311	$ 2,253,625	$ 2,255,949	$ 1,526,800
Debt service coverage ratio	1.93	1.40	1.96	1.99

Notes:
(1) Excludes debt service expenditures and current years' budget basis encumbrances.
Includes current year's payments of prior years' encumbrances.

PORTLAND INTERNATIONAL JETPORT
Population in the Air Trade Area
As of July 1st, 2001 - 2006

	2001	2002	2003	2004	2005	2006	Percentage Change 2004 - 2005	Percentage Change 2005 - 2006
PRIMARY TRADE AREA								
State of Maine								
Androscoggin County	104,263	105,186	106,050	107,125	108,039	107,552	0.85%	-0.45%
Cumberland County	267,905	269,772	272,104	273,622	274,950	274,598	0.49%	-0.13%
Kennebec County	118,015	118,670	119,571	120,150	120,986	121,068	0.70%	0.07%
Knox County	39,979	40,505	40,779	41,050	41,219	41,096	0.41%	-0.30%
Lincoln County	34,136	34,466	34,803	35,124	35,240	35,234	0.33%	-0.02%
Oxford County	55,239	55,819	56,015	56,423	56,628	57,118	0.36%	0.87%
Sagadahoc County	35,632	35,977	36,961	36,901	36,962	36,837	0.17%	-0.34%
	655,169	660,395	666,283	670,395	674,024	673,503	0.54%	-0.08%
SECONDARY TRADE AREA								
State of Maine								
Aroostook County	73,117	73,125	73,176	73,214	73,240	73,008	0.04%	-0.32%
Franklin County	29,601	29,861	29,788	29,856	29,704	30,017	-0.51%	1.05%
Hancock County	52,001	52,223	52,936	53,436	53,660	53,797	0.42%	0.26%
Penobscot County	145,611	146,236	147,236	146,698	147,068	147,180	0.25%	0.08%
Piscataquis County	17,189	17,252	17,418	17,529	17,674	17,585	0.83%	-0.50%
Somerset County	50,937	51,024	51,339	51,470	51,667	52,249	0.38%	1.13%
Waldo County	37,097	37,709	38,164	38,378	38,705	38,715	0.85%	0.03%
Washington County	33,535	33,412	33,505	33,496	33,448	33,288	-0.14%	-0.48%
York County	192,093	195,741	198,400	200,513	202,315	202,232	0.90%	-0.04%
	631,181	636,583	641,962	644,590	647,481	648,071	0.45%	0.09%
TOTAL PRIMARY AND SECONDARY TRADE AREA POPULATION	**1,286,350**	**1,296,978**	**1,308,245**	**1,314,985**	**1,321,505**	**1,321,574**	0.50%	0.01%
State of Maine	1,286,350	1,296,978	1,308,245	1,314,985	1,321,505	1,321,574	0.50%	0.01%
United States	25,226,284	288,125,973	290,796,023	293,638,158	296,507,061	299,398,484	0.98%	0.98%

Source: U.S. Department of Commerce, Bureau of the Census
http://www.census.gov/popest/estimates.php

PORTLAND INTERNATIONAL JETPORT
Principal Employers in the Primary Trade Area
As of December, 2006

Employer	County	Amount (1)	Percentage of Total Employment	Product or Service
Maine, State of	Kennebec, etc.	10,000 +	n/a	State Government
Unum Provident Corp.	Cumberland	10,000 +	n/a	Insurance
Maine Medical Center	Cumberland	5,000 - 9,999	n/a	Hospital
Anthem Blue Cross Blue Shield	Cumberland	1,000 - 4,999	n/a	Insurance
Bath Iron Works	Sagadahoc	1,000 - 4,999	n/a	Ship Building & Repair
Central Maine Medical Center	Androscoggin	1,000 - 4,999	n/a	Hospital
Children's Miracle Network	Cumberland	1,000 - 4,999	n/a	Charitable Institution
Faithworks	Androscoggin	1,000 - 4,999	n/a	Packaging Service
Hannaford	Cumberland	1,000 - 4,999	n/a	Retail Food & Drugs
Idexx Distribution, Inc.	Cumberland	1,000 - 4,999	n/a	Wholesale Veterinary Supplies
L.L. Bean, Inc.	Cumberland	1,000 - 4,999	n/a	Retail Camping & Sporting Goods
Maine General Medical Center	Kennebec	1,000 - 4,999	n/a	Hospital
Mercy Hospital	Cumberland	1,000 - 4,999	n/a	Hospital
New Page Corp.	Oxford	1,000 - 4,999	n/a	Paper Manufacturers
Portland, City of	Cumberland	1,000 - 4,999	n/a	Municipal Government
Pratt & Whitney Aircraft Club	York	1,000 - 4,999	n/a	Aircraft Engine & Engine Parts Manufacturer
S & D Coffee, Inc.	Cumberland	1,000 - 4,999	n/a	Wholesale Coffee & Tea
Southern Maine Medical Center	York	1,000 - 4,999	n/a	Hospital
St. Mary's Regional Medical Ctr.	Androscoggin	1,000 - 4,999	n/a	Hospital
Sunday River Ski Resort	Oxford	1,000 - 4,999	n/a	Skiing Centers & Resorts
Sweetser	Cumberland	1,000 - 4,999	n/a	Individual & Family Social Services
T.D. Banknorth	Cumberland	1,000 - 4,999	n/a	Commercial Banking
U.S. Post Office	Cumberland	1,000 - 4,999	n/a	Post Office
Barber Foods	Cumberland	500 - 999	n/a	Food Service
Blethen Maine Newspapers	Cumberland	500 - 999	n/a	Newspaper Publishers
Bowdoin College	Cumberland	500 - 999	n/a	College
Colby College	Kennebec	500 - 999	n/a	College
Dingley Press	Androscoggin	500 - 999	n/a	Printers
ECS	Androscoggin	500 - 999	n/a	Telemarketing Services
Fairchild Semiconductor	Cumberland	500 - 999	n/a	Semiconductor Manufacturers
Family Medicine Institute	Kennebec	500 - 999	n/a	Physicians & Surgeons
Fryeburg Fair Assoc.	Oxford	500 - 999	n/a	Exposition Trade Shows & Fairs
Goodall Hospital	York	500 - 999	n/a	Hospital
Goodwill Industries	Cumberland	500 - 999	n/a	Individual & Family Social Services
Huhtamaki Packaging	Kennebec	500 - 999	n/a	Paper Manufacturers
Interstate Brands Corp.	York	500 - 999	n/a	Bakers - Wholesale
Lepage Bakeries Inc.	Androscoggin	500 - 999	n/a	Bakers - Wholesale

(1) Note: Exact numbers not available. Employment statistic numbers given in group figures.

Source: Maine Department of Labor, Labor Market Analysis - State of Maine website
State of Maine employee number taken from State of Maine, Bureau of the Budget website.

PORTLAND INTERNATIONAL JETPORT
Registered Students at Colleges and Universities
In the Primary Trade Area
As of December 2006

Name	County	Registered Students	Status
Andover College	Cumberland	900	Private
Bates College	Androscoggin	1,684	Private
Bowdoin College	Cumberland	1,661	Private
Central Maine Community College	Androscoggin	890	Public
Central Maine Medical Center School of Nursing	Androscoggin	22	Private
Colby College	Kennebec	1,871	Private
Maine College of Art	Cumberland	460	Private
Southern Maine Community College	Cumberland, Sagadahoc	2,297	Public
St. Joseph's College	Cumberland	925	Private
Thomas College	Kennebec	598	Private
University of Maine Augusta	Kennebec	1,544	Public
University of New England	Cumberland, York	1,477	Public
University of Southern Maine	Cumberland	5,987	Public
York County Community College	Wells	990	Public

Source: Infoplease/Maine Colleges & Universities
http://www.infoplease.com/edu/colleges/ME.html

PORTLAND INTERNATIONAL JETPORT
Jetport Employees
Last Seven Fiscal Years

	Full-time-Equivalent Employees as of Fiscal Year-End						
	2007	2006	2005	2004	2003	2002	2001
Administration	11	12	12	13	13	37	34
Airfield	17	17	17	17	17	0	0
Security / Comm. Center	8	6	6	0	0	0	0
Terminal	9	9	9	9	8	0	0
Total Employees	**45**	**44**	**44**	**39**	**38**	**37**	**34**

NOTES:

1. Control Tower not staffed by Jetport
2. Loading bridges not staffed by Jetport
3. Janitorial services are contracted out to a private operator.
4. Parking management services are contracted out to a private operator.
5. Police Officers and ARFF employees are provided by City of Portland's Police and Fire Departments, and costs are reimbursed by the Jetport
6. Vehicles and equipment are the responsibility of Airfield employees; some work is contracted out to a private operator.

PORTLAND INTERNATIONAL JETPORT
Enplaned Passengers
Last Ten Fiscal Years

Airline	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Air Nova	0	0	0	0	0	959	2,026	1,544	33	0
AirTran	6,453	0	0	0	0	0	0	0	0	0
American Eagle	0	0	26,005	40,951	58,465	66,430	67,487	38,551	0	0
Business Express	0	0	0	0	0	0	0	59,956	97,751	107,886
Continental Airlines	0	0	0	3,598	992	0	0	0	13,329	30,007
Commutair	0	1,182	7,349	9,341	8,378	6,543	14,282	22,547	35,342	41,825
Express Jet	65,101	58,385	52,701	48,800	51,340	54,381	59,894	51,371	58,847	52,672
Delta	5,031	29,550	150,515	147,834	146,516	128,055	164,147	167,848	160,517	110,415
Atlantic Coast Airlines	0	0	0	10,643	21,518	28,660	3,239	0	0	0
Atlantic Southeast Airlines	56,717	62,608	7,394	0	0	0	0	0	0	0
Chautauqua	28,747	0	0	0	0	0	0	0	0	0
Comair	58,324	76,968	65,100	46,266	27,644	3,858	0	0	0	0
Freedom Air	21,814	0	0	0	0	0	0	0	0	0
DownEast Aviation	0	0	0	0	0	0	0	0	0	0
Independence Air	0	39,917	65,640	1,169	0	0	0	0	0	0
jetBlue	135,836	14,294	0	0	0	0	0	0	0	0
Northeast	0	0	0	0	0	0	0	0	0	399
Northwest	33,602	36,610	60,923	66,887	49,931	43,748	44,180	45,657	4,123	0
Mesaba	0	14,631	6,471	0	0	0	0	0	0	0
Pinnacle	19,336	19,627	18,054	0	0	0	0	0	0	0
Pine State	0	0	0	0	0	0	0	0	77	651
TWA	0	0	0	0	0	0	4,811	10,152	1,380	0
U.S. Airways	0	36,448	68,682	70,530	123,925	154,541	177,901	150,943	157,864	162,499
Air Wisconsin	76,042	51,964	0	0	0	0	0	0	0	0
Allegheny	0	0	0	0	0	9,118	21,226	6,388	0	0
Chautauqua	49,174	45,973	19,645	23,341	0	0	0	0	0	0
Colgan	0	0	16,731	22,932	21,344	19,158	8,613	0	0	0
Mesa	27,602	4,962	25,039	21,935	9,209	6,785	2,569	0	0	0
Midway	0	0	0	11,315	1,962	0	0	0	0	0
Piedmont	6,502	2,820	2,050	0	0	0	0	0	0	0
PSA Express	1,539	41,629	45,340	7,657	15,257	5,347	18,292	23,096	23,957	16,430
Republic Airlines	69,763	15,832	0	0	0	0	0	0	0	0
Trans State Airlines	0	5,662	901	7,546	0	0	0	0	0	0
United Airlines	0	0	0	0	0	0	0	0	0	0
Air Wisconsin	0	0	42,537	2,068	0	0	0	0	0	0
Atlantic Coast	0	0	5,922	95,861	89,945	60,151	10,876	0	0	0
Go Jet	87,611	19,407	0	0	0	0	0	0	0	0
Mesa	31,991	88,921	8,013	0	0	22,274	61,340	66,490	83,090	84,418
Skywest Airlines	0	3,084	0	0	0	0	0	0	0	0
Trans State Airlines	0	8,984	49,501	0	0	0	0	0	0	0
United Express	0	0	0	0	0	0	16,597	30,064	30,836	18,134
Subtotal	781,185	679,458	744,513	638,674	626,426	610,008	677,480	674,607	667,146	625,336
Charters & Unscheduled Flights	985	992	1,543	2,006	1,409	2,321	1,576	2,709	2,328	1,428
Total	**782,170**	**680,450**	**746,056**	**640,680**	**627,835**	**612,329**	**679,056**	**677,316**	**669,474**	**626,764**

PORTLAND INTERNATIONAL JETPORT
Takeoff and Landing Operations Summary
Last Seven Fiscal Years

	2007	2006	2005	2004	2003	2002	2001	Average Annual Change
Majors / Nationals	2,056	1,481	3,052	2,799	3,560	4,868	6,452	-10.53%
Regionals / Commuters	13,924	13,861	15,556	14,043	13,206	13,855	13,128	0.80%
Cargo	2,576	2,522	2,213	2,187	2,231	2,125	1,891	4.15%
Total	**18,556**	**17,864**	**20,821**	**19,029**	**18,997**	**20,848**	**21,471**	**-1.89%**

Note: General Aviation operations not documented by Jetport.

PORTLAND INTERNATIONAL JETPORT
Takeoff and Landing Operations by Airline or Cargo Carrier
Last Seven Fiscal Years

	Fiscal Year						
	2007	**2006**	**2005**	**2004**	**2003**	**2002**	**2001**
Passenger Airlines							
Air Nova	0	0	0	0	0	151	316
AirTran	76	0	0	0	0	0	0
American Eagle	0	1	721	1,526	2,499	3,546	4,121
Continental Airlines	0	0	0	45	15	0	0
Commutair	0	134	903	1,162	1,086	1,223	2,159
Express Jet	1,531	1,518	1,420	1,427	1,443	1,760	1,978
Delta	63	253	1,409	1,455	1,433	1,505	2,058
Atlantic Coast Airlines	0	0	0	379	1,139	2,228	170
Atlantic Southeast Airlines	939	1,121	142	0	0	0	0
Chautauqua	787	0	0	0	0	0	0
Comair	1,368	2,338	2,640	2,085	1,348	160	0
Freedom Air	913	0	0	0	0	0	0
Independence Air	0	785	1,937	41	0	0	0
jetBlue	1,465	37	0	0	0	0	0
Northwest	452	510	404	351	368	775	753
Mesaba	0	270	396	357	25	0	0
Pinnacle	470	491	1,078	807	511	2	0
TWA	0	0	0	0	0	0	120
U.S. Airways	0	681	1,239	948	1,744	2,297	2,461
Air Wisconsin	2,077	1,505	0	0	0	0	0
Allegheny	0	0	0	0	0	666	1,594
Chautauqua	1,492	1,478	571	679	0	0	0
Colgan	0	0	765	1,696	1,597	1,761	939
Mesa	357	122	782	653	314	199	86
Midway	0	0	0	317	61	0	0
Piedmont	294	143	112	0	0	0	0
PSA Express	35	982	1,245	268	795	292	862
Republic Airlines	1,236	275	0	0	0	0	0
Trans State Airlines	0	182	27	240	0	0	0
United Airlines	0	0	0	0	0	291	1,060
Air Wisconsin	0	0	1,027	53	0	0	0
Atlantic Coast Airlines	0	0	352	1,078	0	0	0
Go-Jet	1,668	483	0	0	0	0	0
Mesa	745	1,728	155	0	0	0	0
Skywest Airlines	0	65	0	0	0	0	0
Trans State Airlines	0	241	1,283	0	0	0	0
United Express	0	0	0	1,275	2,388	1,867	894
Charters & Unscheduled Flights	12	17	21	17	354	254	12
Subtotal	**15,980**	**15,360**	**18,629**	**16,859**	**17,120**	**18,977**	**19,583**
Cargo Carriers							
AIRNOW	334	287	70	328	55	0	0
DHL	0	0	0	0	0	0	0
Airborne Express	258	258	258	257	255	252	254
Federal Express	525	520	513	521	517	509	464
Mountain Air Cargo	0	0	2	0	0	0	0
Reliant	0	0	0	0	0	80	73
Wiggins	1,459	1,439	1,370	1,064	1,050	1,030	1,097
Subtotal	**2,576**	**2,504**	**2,213**	**2,170**	**1,877**	**1,871**	**1,888**
Total	**18,556**	**17,864**	**20,842**	**19,029**	**18,997**	**20,848**	**21,471**

PORTLAND INTERNATIONAL JETPORT
Airline Landed Weights (in thousands of pounds)
Last Ten Fiscal Years

	Fiscal Year									
	2007	**2006**	**2005**	**2004**	**2003**	**2002**	**2001**	**2000**	**1999**	**1998**
Scheduled Air Carriers										
Air Nova						1,216	2,543	2,504	72	
AirTran	3,952									
American Eagle		44	29,406	62,238	101,860	125,337	73,504	77,089		
ATA Airlines			1,024	1,317	439	1,771				
Business Express								95,162	195,332	189,343
Continental				4,214	1,470				26,211	44,228
Commutair		2,224	14,990	19,289	18,028	20,302	36,142	41,550	69,737	73,354
Express Jet	65,303	64,180	59,026	58,820	59,478	71,841	73,024	59,794	65,448	69,032
Delta	6,489	30,595	179,120	189,150	186,290	195,650	225,958	244,680	345,477	353,449
Atlantic Coast Airlines				12,014	36,106	70,534	5,389			
Atlantic Southeast Airlines	62,913	73,367	5,864							
Chautauqua	32,883									
Comair	69,876	114,986	133,492	97,995	63,356	7,700				
Freedom Air	33,083									
DownEast Aviation										2,922
Independence Air		58,865	95,868	1,927						
jetBlue	94,561	11,234								
Midway				14,899	2,867					
Northwest	45,029	50,893	40,613	34,729	36,337	72,994	73,595	87,306	7,627	
Mesaba		22,950	33,490	25,670	2,125					
Pinnacle	22,090	23,077	50,666	45,337	24,017	94				
Pine State									400	3,180
TWA							15,600	46,930	7,670	
U.S. Airways		56,287	101,140	106,459	200,347	263,975	265,035	229,259	221,732	223,524
Air Wisconsin	99,478	70,735								
Allegheny						22,578	49,122	6,713		
Chautauqua	63,481	63,325	24,296	28,891						
Colgan			22,137	44,770	39,678	41,141	17,349			
Mesa	26,239	6,366	34,608	29,544	13,345	8,458	3,660			
Piedmont	10,042	4,792	3,805							
PSA Express	1,645	49,954	61,164	10,474	23,187	8,517	26,630	29,984	25,342	19,046
Republic	89,278	19,886								
Trans State Airlines		7,744	1,149	9,992						
United						36,926	142,001	140,166	161,505	135,677
Air Wisconsin			48,422	2,491						
Atlantic Coast			6,674	119,377	112,236	87,677	18,883			
Go-Jet	106,059	32,361								
Mesa	43,306	110,648	10,285							
Skywest		4,335								
Trans State Airlines		10,254	54,590							
United Express							23,147	46,022	48,132	32,103
Charters & Unscheduled Flights	1,283	2,085	1,917	824	4,265	3,635	903	3,115	2,525	1,660
Subtotal	**876,990**	**891,187**	**1,013,746**	**920,421**	**925,431**	**1,040,346**	**1,052,485**	**1,110,274**	**1,177,210**	**1,147,518**
Cargo Carriers										
AIRNOW	4,115	3,365	668	2,890	468					
DHL										
Airborne Express	25,997	25,873	25,729	25,703	25,560	25,128	25,358	25,864	26,015	25,492
Federal Express	102,810	100,193	92,780	83,808	83,513	82,323	78,038	79,620	80,257	81,129
Mountain Air Cargo			17					168		84
Reliant						2,186	1,994			
Wiggins	13,274	12,992	12,305	9,044	8,932	8,765	9,328	10,043	9,473	9,939
Subtotal	**146,196**	**142,423**	**131,499**	**121,445**	**118,473**	**118,402**	**114,718**	**115,695**	**115,745**	**116,644**
Total	**1,023,186**	**1,033,610**	**1,145,245**	**1,041,866**	**1,043,904**	**1,158,748**	**1,167,203**	**1,225,969**	**1,292,955**	**1,264,162**

PORTLAND INTERNATIONAL JETPORT
Primary Origin and Destination Passenger Markets
Calendar Years 2005 & 2006

2006				2005			
Rank	**Market**	**Trip Length (1)**	**Total O & D Passengers**	**Rank**	**Market**	**Trip Length (1)**	**Total O & D Passengers**
1	New York	SH	121,580	1	Washington	SH	177,760
2	Washington	SH	101,750	2	New York	SH	121,580
3	Orlando	MH	63,450	3	Orlando	MH	64,800
4	Chicago	MH	53,610	4	Atlanta	MH	60,160
5	Atlanta	MH	48,420	5	Tampa	MH	55,190
6	Tampa	MH	45,410	6	Chicago	MH	43,210
7	Philadelphia	SH	30,110	7	Philadelphia	SH	27,610
8	Fort Myers	MH	27,550	8	Fort Myers	MH	27,130
9	Detroit	MH	26,990	9	Detroit	MH	26,990
10	Charlotte	MH	26,900	10	San Francisco	LH	25,530
11	Fort Lauderdale	MH	26,720	11	Las Vegas	LH	24,240
12	Las Vegas	LH	24,240	12	Los Angeles	LH	23,730
13	West Palm Beach	MH	22,250	13	West Palm Beach	MH	22,250
14	Minneapolis	MH	21,990	14	Minneapolis	MH	21,990
15	Seattle / Tacoma	LH	21,920	15	Seattle / Tacoma	LH	21,920
16	Jacksonville	MH	21,550	16	Jacksonville	MH	21,530
17	Cincinnati	MH	21,360	17	Fort Lauderdale	MH	21,390
18	Raleigh / Durham	MH	19,510	18	Cincinnati	MH	21,360
19	Denver	LH	18,480	19	Raleigh / Durham	MH	19,470
20	Los Angeles	LH	16,870	20	Denver	LH	18,480

Notes:
(1) SH = Short Haul = 0 to 600 miles MH = Medium Haul = 601 to 1,800 miles LH = Long Haul = over 1,800 miles

PORTLAND INTERNATIONAL JETPORT
Capital Asset Information
As of June 30, 2007

Location:	2 miles west of downtown Portland, Maine			
Area:	840 acres			
Elevation	76 ft.			
Airport Code:	PWM			
Runways:	11/29	7,200 ft. x 150 ft. CAT III ILS / GPS / LAHSO		
	18/36	5,001 ft. x 150 ft. GPS / LAHSO		
Terminal:	Airlines	73,149.60	sq. ft.	
	Tenants	11,209.10	sq. ft.	
	Public / Common	57,938.80	sq. ft.	
	Mechanical	2,867.71	sq. ft.	
	Total	145,165.21	sq. ft.	
	Number of passenger gates:			12
	Number of loading bridges			9
	Number of Concessionaires in Terminal			2
	- HMS Host (Food & Beverage services)			
	- Paradies (Newsstands / Gift Shops)			
	Number of Rental Car agencies on Airport			4
	- Avis			
	- Budget			
	- Hertz			
	- National / Alamo			
Other Buildings:	Maintenance Building	34,046	sq. ft.	
	Lighting Vault	3,026	sq. ft.	
	Salt & Sand Shed	5,625	sq. ft.	
Apron:	Commercial Airlines	175,906	sq. ft.	
	Cargo Airlines	81,000	sq. ft.	
	FBO	541,500	sq. ft.	
Parking:	Spaces Assigned:	Short Term		140
		Long Term		2,074
		Discount Lot		451
		Employee		275
		Car Rental Ready Lot		238
			Total	3,178
Cargo:	N/A - all buildings are owned by 3rd party developers, who pay ground leases only.			
Tower:	ASR-9 5:45 am - 12:00 am, 7 days/week			
International:	Customs / Immigration services available upon request			
Full-Service FBOs:	Northeast Airmotive			

CITY OF PORTLAND, MAINE
GENERAL AIRPORT REVENUE BONDS, SERIES 2008
APPENDIX F - THE DEPOSITORY TRUST COMPANY

The Depository Trust Company ("DTC"), New York, New York will act as securities depository for the Series 2008 Bonds. The Series 2008 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2008 Bond certificate will be issued for each maturity of the Series 2008 Bonds, each in the respective aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, 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 Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Series 2008 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2008 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2008 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 purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2008 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2008 Bonds, except in the event that use of the book-entry system for the Series 2008 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2008 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2008 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 2008 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2008 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2008 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2008 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2008 Bond documents. For example, Beneficial Owners of Series 2008 Bonds may wish to ascertain that the nominee holding the Series 2008 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2008 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2008 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an omnibus proxy to Issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2008 Bonds are credited on the record date (identified in a listing attached to the omnibus proxy).

Payments of principal of and interest and redemption premium, if any, on the Series 2008 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 City or the Trustee, on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2008 Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2008 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2008 Bond certificates will be printed and delivered.

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

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CITY OF PORTLAND, MAINE
GENERAL AIRPORT REVENUE BONDS, SERIES 2008
APPENDIX G - SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY

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ASSURED GUARANTY®

ENDURING FINANCIAL STRENGTH℠
AAA S&P • Aaa Moody's • AAA Fitch

Financial Guaranty Insurance Policy

Issuer:

Obligations:

Policy No.:

Premium:

Effective Date:

Assured Guaranty Corp., a Maryland corporation ("**Assured Guaranty**"), in consideration of the payment of the Premium and on the terms and subject to the conditions of this Policy (which includes each endorsement hereto), hereby unconditionally and irrevocably agrees to pay to the trustee (the "**Trustee**") or the paying agent (the "**Paying Agent**") for the Obligations (as set forth in the documentation providing for the issuance of and securing the Obligations) for the benefit of the Holders, that portion of the Insured Payments which shall become Due for Payment but shall be unpaid by reason of Nonpayment.

Assured Guaranty will make such Insured Payments to the Trustee or the Paying Agent on the later to occur of (i) the date applicable principal or interest becomes Due for Payment, or (ii) the Business Day next following the day on which Assured Guaranty shall have Received a completed Notice of Nonpayment. If a Notice of Nonpayment by Assured Guaranty is incomplete or does not in any instance conform to the terms and conditions of this Policy, it shall be deemed not Received, and Assured Guaranty shall promptly give notice to the Trustee or the Paying Agent. Upon receipt of such notice, the Trustee or the Paying Agent may submit an amended Notice of Nonpayment. The Trustee or the Paying Agent will disburse the Insured Payments to the Holders only upon receipt by the Trustee or the Paying Agent, in form reasonably satisfactory to it of (i) evidence of the Holder's right to receive such payments, and (ii) evidence, including without limitation any appropriate instruments of assignment, that all of the Holder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Assured Guaranty. Upon and to the extent of such disbursement, Assured Guaranty shall become the Holder of the Obligations, any appurtenant coupon thereto and right to receipt of payment of principal thereof or interest thereon, and shall be fully subrogated to all of the Holder's right, title and interest thereunder, including without limitation the right to receive payments in respect of the Obligations. Payment by Assured Guaranty to the Trustee or the Paying Agent for the benefit of the Holders shall discharge the obligation of Assured Guaranty under this Policy to the extent of such payment.

This Policy is non-cancelable by Assured Guaranty for any reason. The Premium on this Policy is not refundable for any reason. This Policy does not insure against loss of any prepayment premium or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Assured Guaranty, nor against any risk other than Nonpayment.

Except to the extent expressly modified by any endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "**Avoided Payment**" means any amount previously distributed to a Holder in respect of any Insured Payment by or on behalf of the Issuer, which amount has been recovered from such Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction that such payment constitutes an avoidable preference with respect to such Holder. "**Business Day**" means any day other than (i) a Saturday or Sunday, (ii) any day on which the offices of the Trustee, the Paying Agent or Assured Guaranty are closed, or (iii) any day on which banking institutions are authorized or required by law, executive order or governmental decree to be closed in the City of New York or in the State of Maryland. "**Due for Payment**" means (i) when referring to the principal of an Obligation, the stated maturity date thereof, or the date on which such Obligation shall have been duly called for mandatory sinking fund redemption, and does not refer to any earlier date on which payment is due by reason of a call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless Assured Guaranty in its sole discretion elects to make any principal payment, in whole or in part, on such earlier date) and (ii) when referring to interest on an Obligation, the stated date for payment of such interest. "**Holder**" means, in respect of any Obligation, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Obligation to payment of principal or interest thereunder, except that Holder shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Obligations. "**Insured Payments**" means that portion of the principal of and interest on the Obligations that shall become Due for Payment but shall be unpaid by reason of Nonpayment. Insured Payments shall not include any additional amounts owing by the Issuer solely as a result of the failure by the Trustee or the Paying Agent to pay such amount when due and payable, including without limitation any such additional amounts as may be attributable to penalties or to interest accruing at a default rate, to amounts payable in respect of indemnification, or to any other additional amounts payable by the Trustee or the Paying Agent by reason of such failure. "**Nonpayment**" means, in respect of an Obligation, the failure of the Issuer to have provided sufficient funds to the Trustee or the Paying Agent for payment in full of all principal and interest Due for Payment on such Obligation. It is further understood that the term "Nonpayment" in respect of an Obligation includes any Avoided Payment. "**Receipt**" or "**Received**" means actual receipt or notice of or, if notice is given by overnight or other delivery service, or by certified or registered United States mail, by a delivery receipt signed by a person authorized to accept delivery on behalf of the person to whom the notice was given. Notices to Assured Guaranty may be mailed by registered mail or personally delivered or telecopied to it at 1325 Avenue of the Americas, New York, New York 10019, Telephone Number: (212) 974-0100, Facsimile Number: (212) 581-3268, Attention: Risk Management Department – Public Finance Surveillance, with a copy to the General Counsel, or to such other address as shall be specified by Assured Guaranty to the Trustee or the Paying Agent in writing. A Notice of Nonpayment will be deemed to be Received by Assured Guaranty on a given Business Day if it is Received prior to 12:00 noon (New York City time) on such Business Day; otherwise it will be deemed Received on the next Business Day. "**Term**" means the period from and including the Effective Date until the earlier of (i) the maturity date for the Obligations, or (ii) the date on which the Issuer has made all payments required to be made on the Obligations.

At any time during the Term of this Policy, Assured Guaranty may appoint a fiscal agent (the "**Fiscal Agent**") for purposes of this Policy by written notice to the Trustee or the Paying Agent, specifying the name and notice address of such Fiscal Agent. From and after the date of Receipt of such notice by the Trustee or the Paying Agent, copies of all notices and documents required to be delivered to Assured Guaranty pursuant to this Policy shall be delivered simultaneously to the Fiscal Agent and to Assured Guaranty. All payments required to be made by Assured Guaranty under this Policy may be made directly by Assured Guaranty or by the Fiscal Agent on behalf of Assured Guaranty. The Fiscal Agent is the agent of Assured Guaranty only, and the Fiscal Agent shall in no event be liable to the Trustee or the Paying Agent for any acts of the Fiscal Agent or any failure of Assured Guaranty to deposit, or cause to be deposited, sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Assured Guaranty hereby waives, in each case for the benefit of the Holders only, all rights and defenses of any kind (including, without limitation, the defense of fraud in the inducement or in fact or any other circumstance that would have the effect of discharging a surety, guarantor or any other person in law or in equity) that may be available to Assured Guaranty to deny or avoid payment of its obligations under this Policy in accordance with the express provisions hereof. Nothing in this paragraph will be construed (i) to waive, limit or otherwise impair, and Assured Guaranty expressly reserves, Assured Guaranty's rights and remedies, including, without limitation, its right to assert any claim or to pursue recoveries (based on contractual rights, securities law violations, fraud or other causes of action) against any person or entity, in each case, whether directly or acquired as a subrogee, assignee or otherwise, subsequent to making any payment to the Trustee or the Paying Agent, in accordance with the express provisions hereof, and/or (ii) to require payment by Assured Guaranty of any amounts that have been previously paid or that are not otherwise due in accordance with the express provisions of this Policy.

This Policy (which includes each endorsement hereto) sets forth in full the undertaking of Assured Guaranty with respect to the subject matter hereof, and may not be modified, altered or affected by any other agreement or instrument, including, without limitation, any modification thereto or amendment thereof. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. This Policy will be governed by, and shall be construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, Assured Guaranty has caused this Policy to be affixed with its corporate seal, to be signed by its duly authorized officer, and to become effective and binding upon Assured Guaranty by virtue of such signature.

ASSURED GUARANTY CORP.

(SEAL)

By:________________________________
[Insert Authorized Signatory Name]
[Insert Authorized Signatory Title]

Signature attested to by:

____
Counsel

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CITY OF PORTLAND, MAINE • GENERAL AIRPORT REVENUE BONDS, SERIES 2008 (NON-AMT)