

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 7, 2019**NEW ISSUE**

See “Ratings” herein.

In the opinion of Pierce Atwood LLP, Portland, Maine, Bond Counsel (“Bond Counsel”), and assuming compliance with certain tax covenants, under existing statutes, regulations and court decisions, interest on the Series 2019 Bonds (as defined below) is 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”) except for interest on any Series 2019 Bond during any period while it is held by a person who is a “substantial user” of the project financed by the Series 2019 Bonds or a “related person” within the meaning of Section 147(a) of the Code. In addition, such interest on the Series 2019 Bonds is not an item of tax preference for purposes of calculating the alternative minimum tax under the Code. Bond Counsel is also of the opinion that pursuant to Title 30-A, Section 5413 of the Maine Revised Statutes, as amended, the Series 2019 Bonds, and their transfer and the income from the Series 2019 Bonds, including the interest paid on the Series 2019 Bonds and any profit made on the sale of the Series 2019 Bonds, is free from taxation within the State of Maine (the “State”) under existing statutes, regulations and judicial decisions. The City will not designate the Series 2019 Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

\$56,370,000***CITY OF PORTLAND, MAINE****General Airport Refunding Revenue Bonds, Series 2019 (Non-AMT)
(Green Bonds)*****Dated:** Date of Delivery**Due:** January 1, as shown on inside cover page

The City of Portland, Maine, General Airport Refunding Revenue Bonds, Series 2019 (Non-AMT) (Green Bonds) (the “Series 2019 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 City, New York (“DTC”). DTC will act as securities depository for the Series 2019 Bonds. Purchases of the Series 2019 Bonds will be made initially in book-entry form (without certificates) on the records of DTC and its participants. So long as DTC or its nominee is the registered owner of the Series 2019 Bonds, payments of the principal of and interest on the Series 2019 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 Mellon 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 2019 BONDS”. Interest on the Series 2019 Bonds will accrue from their initial date of delivery and will be payable on each January 1 and July 1, commencing on July 1, 2020, until maturity or redemption prior to maturity.

Proceeds from the sale of the Series 2019 Bonds, along with other available funds, will be used (i) to refund, on a current basis, all of the outstanding City of Portland, Maine, General Airport Revenue Bonds, Series 2010, (ii) to fund the Series 2019 Account of the Debt Service Reserve Fund in the amount of (together with other available funds) the Series 2019 Debt Service Reserve Fund Requirement, and (iii) to pay certain expenses incurred in connection with the issuance of the Series 2019 Bonds.

The Series 2019 Bonds are subject to optional redemption prior to maturity, as described herein. See “DESCRIPTION OF THE SERIES 2019 BONDS — Redemption.”

The Series 2019 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 2019 Bonds do not constitute a general obligation 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 2019 Bonds except from Revenues.

Based upon the use of proceeds of the Series 2010 Refunded Bonds (as described herein) that financed environmentally beneficial projects thereon, the City has designated the Series 2019 Bonds as “Green Bonds”. See “DESCRIPTION OF THE SERIES 2019 BONDS — Designation as Green Bonds” herein.

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 2019 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 Municipal Advisor to the City. The Bank of New York Mellon Trust Company, N.A. will serve as Escrow Agent. It is expected that the Series 2019 Bonds will be available for delivery to DTC in New York City, New York, on or about December __, 2019.



NOTE: * Preliminary, subject to change.

See “DESCRIPTION OF THE SERIES 2019 BONDS - Designated as Green Bonds” herein.

**MATURITY DATES, PRINCIPAL AMOUNTS,
INTEREST RATES AND PRICES OR YIELDS***

\$56,370,000
General Airport Refunding Revenue Bonds, Series 2019 (Non-AMT)
(Green Bonds)

<u>Maturity</u> <u>(January 1,)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>Yield</u>	<u>CUSIP†</u> <u>736564</u>
2021	\$205,000	%			
2022	230,000				
2023	245,000				
2024	255,000				
2025	265,000				
2026	1,790,000				
2027	1,915,000				
2028	2,030,000				
2029	2,170,000				
2030	2,295,000				
2031	2,955,000				
2032	3,130,000				
2033	3,310,000				
2034	3,510,000				
2035	3,715,000				
2036	3,935,000				
2037	4,155,000				
2038	4,390,000				
2039	4,615,000				
2040	11,255,000				

* Preliminary, subject to change.

Yields and Prices shown are based on a _____ call date @100%.

† Copyright, American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the holders of the Series 2019 Bonds. The City is not responsible for the selection or uses of the CUSIP numbers and no representation is made as to their correctness on the Series 2019 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to change after the issuance of the Series 2019 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 Series 2019 Bonds.

CITY OF PORTLAND, MAINE

MAYOR

and Councilor at Large
Ethan K. Strimling*

CITY COUNCIL

District 1	Belinda S. Ray	District 5	Kimberly Cook
District 2	Spencer Thibodeau	At Large	Jill C. Duson
District 3	Brian E. Batson*	At Large	Pious Ali
District 4	Justin Costa	At Large	Nicholas M. Mavodones, Jr.

CITY ADMINISTRATION

Jon Jennings, City Manager
Brendan T. O'Connell, Director of Finance
Katherine L. Jones, City Clerk
Danielle P. West-Chuhta, Corporation Counsel

PORTLAND INTERNATIONAL JETPORT

Paul H. Bradbury, P.E., Airport Director
Zachary R. Sundquist, A.A.E, Assistant Airport Director
Barry L. Brown, CM, Deputy Director of Operations & Maintenance
Charles Norton, P.E., Deputy Director, Engineering & Facilities
Katharine Johnston, Deputy Director of Finance & Administration

BOND COUNSEL

Pierce Atwood LLP
Portland, Maine

MUNICIPAL ADVISOR

Moors & Cabot, Inc.
Boston, Massachusetts

NOTE: * As a result of the November 5, 2019 election, Kathleen M. Snyder is the Mayor-elect and Tae Y. Chong is the Councilor-elect for District 3. Both are expected to be sworn in on December 2, 2019.

The Underwriter has provided the following sentence for inclusion in this Official Statement.

The Underwriter have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the 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 Municipal 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 Municipal 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 2019 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, 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 and information which the City believes is reliable. 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 Municipal 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. So far as any statements in this Official Statement involve any matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

If and when included in this Official Statement, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” “believes,” “may,” and analogous expressions are intended to identify forward-looking statements, 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, force majeure events, and various other events, conditions and circumstances, many of which are beyond the control of the City. Because of the inability to predict all factors that may affect future decisions, actions, events or financial circumstances, what actually happens may be different from what is set forth in such forward-looking statements. As such, these forward-looking statements speak only as of the date of this Official Statement. The information, estimates, 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 or the City since the date of this Official Statement, except as expressly stated. 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.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2019 BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH SERIES 2019 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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 MAY BE A CRIMINAL OFFENSE.

The CUSIP numbers set forth in this Official Statement have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the holders of the Series 2019 Bonds. Neither the City nor the Underwriter makes any representation with respect to the accuracy of such CUSIP numbers set forth in this Official Statement or undertakes any responsibility for the selection of the CUSIP numbers or their accuracy now or at any time in the future. The City is not responsible for the selection or uses of the CUSIP numbers and no representation is made as to their correctness on the Series 2019 Bonds or as set forth in this Official Statement. The CUSIP number for a specific maturity of the Series 2019 Bonds is subject to change after the issuance of the Series 2019 Bonds and 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 Series 2019 Bonds.

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\$56,370,000*
CITY OF PORTLAND, MAINE
General Airport Refunding Revenue Bonds, Series 2019 (Non-AMT)
(Green Bonds)

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 \$56,370,000* aggregate principal amount of the City of Portland, Maine General Airport Refunding Revenue Bonds, Series 2019 (Non-AMT) (Green Bonds) (the “Series 2019 Bonds” or the “Bonds”). Certain capitalized terms used in this Official Statement are defined and have the meanings set forth in Appendix C hereto.

The Series 2019 Bonds will be issued pursuant to the City’s Charter, the Maine Revised Statutes, Title 30-A, Chapter 213, as amended (the “Act”), Order 55-19/20 adopted on October 21, 2019 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 Sixth Supplemental Certificate authorizing the Series 2019 Bonds and delivered on behalf of the City as of December __, 2019 (the “Supplemental Certificate” and, together with the General Certificate, the “Certificate”). The Bank of New York Mellon Trust Company, N.A., with an office in Pittsburgh, Pennsylvania (as successor to J.P. Morgan Trust Company, National Association, the “Trustee”), serves as Trustee pursuant to the Certificate.

The City has previously issued five series of General Airport Revenue Bonds under the General Certificate, three of which remain outstanding. As of the date hereof, \$108,995,000 of the City’s General Airport Revenue Bonds are issued and outstanding under the General Certificate (the “Prior Revenue Bonds”). Except for the Prior Revenue Bonds, there are no bonds or other evidences of indebtedness of the City outstanding with respect to the Jetport. See “OUTSTANDING OBLIGATIONS AND OTHER JETPORT RELATED DEBT.”

The Act, the City’s Charter and the General Certificate (as supplemented) do not limit the aggregate principal amount of Bonds that may be outstanding at any time.

The Series 2019 Bonds are limited obligations of the City, payable solely from Revenues (as defined herein, see “SECURITY FOR THE SERIES 2019 BONDS – Net Revenue Pledge”) 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 above) and any additional bonds (together with the Series 2019 Bonds, “Bonds”), which may hereafter be issued by the City for Jetport purposes pursuant to the General Certificate. *The Series 2019 Bonds do not constitute a general obligation 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 2019 Bonds except from Revenues.* See “SECURITY FOR THE SERIES 2019 BONDS.”

Brief descriptions of, among other things, the Series 2019 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 2019 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.

* Preliminary, subject to change.

PURPOSE OF FINANCING

The City issued its \$72,310,000 Series 2010 (Non-AMT) General Airport Revenue Bonds on April 28, 2010 (the “Series 2010 Bonds”). Proceeds from the sale of the Series 2019 Bonds, along with other available funds, will be used (i) to refund, on a current basis, all Series 2010 Bonds due on and after January 1, 2021 (the “Refunded Bonds” or “Series 2010 Refunded Bonds”), (ii) to fund the Series 2019 Account of the Debt Service Reserve Fund in the amount of (together with other available funds) the Series 2019 Debt Service Reserve Fund Requirement, and (iii) to pay certain expenses incurred in connection with the issuance of the Series 2019 Bonds. The Series 2010 Bonds were issued to provide a portion of the funds to finance the design, construction and equipping of an expansion and renovation of the Jetport terminal, together with certain other improvements to and equipping of other Jetport facilities related or ancillary thereto (the “Terminal Project”).

PLAN OF REFUNDING*

A portion of the proceeds of the Series 2019 Bonds will be applied, on January 2, 2020 (the “Redemption Date”) to refund and redeem the Series 2010 Refunded Bonds in the aggregate principal amount of \$67,650,000 as listed below at a redemption price of 100%.

<u>Maturity Date</u> <u>(January 1,)</u>	<u>Interest</u> <u>Rate</u>	<u>Amount to be</u> <u>Refunded</u>	<u>CUSIP</u>
<u>Serial Bonds</u>			
2021	5.00%	\$1,630,000	736564BQ7
2022	5.00	1,730,000	736564BR5
2023	5.00	1,845,000	736564BS3
2024	5.00	1,960,000	736564BT1
2025	5.00	2,085,000	736564BU8
2026	5.00	2,220,000	736564BV6
2027	5.00	2,360,000	736564BW4
2028	5.00	2,505,000	736564BX2
2029	5.00	2,665,000	736564BY0
2030	5.00	2,825,000	736564BZ7
<u>Term Bonds</u>			
2035	5.25%	\$16,930,000	736564CA1
2040	5.00%	28,895,000	736564CB9
Total		\$67,650,000	

* Preliminary, subject to change.

The refunding of the Refunded Bonds will achieve debt service savings for the City. Upon delivery of the Series 2019 Bonds, the City will enter into a Refunding Escrow Agreement with The Bank of New York Mellon Trust Company, N.A., as Escrow Agent (the “Escrow Agent”), to provide for the refunding of the Series 2010 Refunded Bonds. A portion of the proceeds of the Series 2019 Bonds will be deposited by the Escrow Agent into an irrevocable trust account created pursuant to the Escrow Agreement (the “Escrow Fund”).

The moneys so deposited in the Escrow Fund will be used to acquire direct general obligations of the United States of America to be held by the Escrow Agent in trust (the “Defeasance Obligations”), maturing in amounts and bearing interest at rates sufficient, without reinvestment, to pay, when due, interest on the Series 2010 Refunded Bonds to the Redemption Date, and the outstanding principal of and redemption premium (if any) on the Series 2010 Refunded Bonds on the Redemption Date. The Escrow Fund, including the interest earnings on the Defeasance Obligations, is pledged solely for the benefit of holders of the Series

2010 Refunded Bonds and is not available to pay the Series 2019 Bonds. Upon the acquisition of the Defeasance Obligations, Moors & Cabot, Inc., the City's municipal advisor (the "Municipal Advisor"), will deliver to the City and the Escrow Agent a certificate (the "Consultant Certificate") verifying that the principal installments of and/or the interest on the Defeasance Obligations deposited with the Escrow Agent, when due, without reinvestment, will provide moneys which, together with other moneys, if any, deposited with the Escrow Agent at the same time, will be sufficient, to pay when due the Principal Installments or Redemption Price, if applicable, and interest due and to become due on the Series 2010 Refunded Bonds on or prior to the redemption date or maturity date thereof, as the case may be.

In the opinion of Bond Counsel, upon the execution and delivery of the Escrow Agreement by the City and the Escrow Agent, and the delivery of certain instructions by the City to the Escrow Agent, the deposit of the Defeasance Obligations with the Escrow Agent pursuant to the Escrow Agreement, and in reliance on the foregoing Consultant Certificate of the Municipal Advisor or, pursuant to Section 1201(b) of the General Certificate, the Series 2010 Refunded Bonds will, under the terms of the General Certificate, be deemed to have been paid, and the covenants, agreements and other obligations of the City to the holders of the Series 2010 Refunded Bonds under the General Certificate will be discharged and satisfied.

DESCRIPTION OF THE SERIES 2019 BONDS

General

The Series 2019 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 City, New York ("DTC"). DTC will act as securities depository for the Series 2019 Bonds. Purchases of the Series 2019 Bonds will be made initially in book-entry form (without certificates) on the records of DTC and its participants. So long as DTC or its nominee is the registered owner of the Series 2019 Bonds, payments of the principal of and interest on the Series 2019 Bonds will be made to DTC or its nominee on behalf of the City by the "Trustee. Disbursement of such payments to the DTC Participants 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. See "DTC BOOK-ENTRY-ONLY SYSTEM". Interest on the Series 2019 Bonds will accrue from their initial date of delivery (on the basis of a 360 day year with twelve 30-day months) and will be payable on each January 1 and July 1, commencing on July 1, 2020, until maturity or redemption prior to maturity.

Designation as "Green Bonds"

The City has determined that the Series 2019 Bonds will refund, on a current basis, all Series 2010 Bonds due on and after January 1, 2021. The Series 2010 Bonds were used to provide a portion of the funds to finance the design, construction and equipping of an expansion and renovation of the Jetport terminal, together with certain other improvements to and equipping of other Jetport facilities related or ancillary thereto. The Terminal Project renovation and expansion achieved U.S. Green Building Council Leadership in Energy and Environmental Design ("LEED") Gold Certification which is an eligible green project category listed by the International Capital Market Association. Based upon this certification by the U.S. Green Building Council the City Council has designated the Series 2019 Bonds as "Green Bonds".

The purpose of labeling the Series 2019 Bonds as Green Bonds is to allow purchasers of the Series 2019 Bonds to invest directly in bonds that finance such environmentally beneficial purposes. The holders of the Series 2019 do not assume any specific project risk or economic benefit related to any of the funded projects as a result of the Green Bonds designation.

On November 6, 2019, S&P Global Ratings (“S&P”) assigned its Green Evaluation score of E2/66 (the “Green Evaluation Score”) to the Series 2019 Bonds, which Green Evaluation Score is an asset-level environmental credential based on the use of proceeds and governance and transparency associated with the Series 2019 Bonds and not a credit rating. E1 is the strongest Green Evaluation Score on a scale of E1 (the highest) to E4 (the lowest) and reflects a point-in-time assessment by S&P reflecting the information available to S&P at the time the Green Evaluation Score was assigned and published. The Green Evaluation Score is based solely on S&P’s evaluation criteria described in its Green Evaluation Report (the “Green Evaluation Report”), and does not and is not intended to, make any representation or give any assurance with respect to any other matter relating to the Series 2019 Bonds. S&P’s assignment of the Green Evaluation Score to the Series 2019 Bonds is not a recommendation to purchase, hold or sell the Series 2019 Bonds, and such evaluation does not address the market price or suitability of the 2019 Bonds to a particular investor.

The City undertakes no responsibility for the accuracy or completeness of the information in the Green Evaluation Report or the Green Evaluation Score or to report changes to or withdrawals thereof. There is no assurance that the Green Evaluation Score will remain unchanged for any given period of time or that it will not be revised or withdrawn entirely by S&P. Furthermore, the City has not agreed to provide any future information relating to the Series 2019 Bonds’ status as Green Bonds, including information that would reasonably expected to materially adversely affect the Green Evaluation Score or the matters described in the Green Evaluation Report.

The Green Evaluation Score reflects only the views of S&P and an explanation of the significance of such score may only be obtained from S&P.

Redemption

Optional Redemption

The Series 2019 Bonds maturing on or before _____ are not subject to optional redemption prior to maturity. The Series 2019 Bonds maturing on and after _____ are subject to redemption from any source, at the option of the City, in whole or in part, at any time on or after _____, 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.

Notice of Redemption

General

The Trustee is required to give notice of any redemption of the Series 2019 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 the Series 2019 Bonds and the Municipal Securities Rulemaking Board, 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 2019 Bonds to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Series 2019 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 2019 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 failure to give any notice by mailing to any holder of a Series 2019 Bond, or any defect in such notice, shall not affect the validity of any proceedings for the redemption of any of the other Series 2019 Bonds.

So long as the Series 2019 Bonds are registered in the name of Cede & Co. as the registered owner of the Series 2019 Bonds and less than all of the Series 2019 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 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 "DTC BOOK-ENTRY-ONLY SYSTEM". Notice of such redemption shall be mailed by the Trustee, postage prepaid, not less than thirty (30) days, and not more than sixty (60) days before the Redemption Date, to Cede & Co. as the registered owner of any such Series 2019 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 2019 Bonds.* (See "DTC BOOK-ENTRY-ONLY SYSTEM" for the definition of "Participants," "Indirect Participants," and "Beneficial Owners")

Notice of Optional Redemption to be Conditional

Each notice of optional redemption shall state that the redemption is conditional upon receipt by the Trustee or escrow agent named by the City of sufficient moneys, including interest earnings thereon to redeem the Series 2019 Bonds, or portions thereof to be redeemed, and satisfaction of such other conditions set forth therein, and such notice and optional redemption shall be of no effect if by no later than the scheduled redemption date, (i) the conditions set forth therein have not been satisfied, or (ii) the City or the Trustee, at the written direction of the City, rescinds such notice on or prior to the scheduled redemption date.

Rescission and Cancellation of Optional Redemption

Any scheduled optional redemption shall be deemed canceled once the City or the Trustee, at the written direction of the City, has given notice of rescission. The City or the Trustee, at the written direction of the City, shall give notice of rescission of optional redemption by the same means as is provided for the giving of notice of redemption. Any Series 2019 Bonds subject to a conditional redemption that has been canceled shall remain Outstanding, and neither the City's rescission of the conditional redemption nor its failure to make funds available to effect such proposed redemption in part or in whole on or before the proposed redemption date shall constitute an Event of Default.

SECURITY FOR THE SERIES 2019 BONDS

General

The Series 2019 Bonds are limited obligations of the City, payable solely from Revenues (defined below) 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 2019 Bonds do not constitute a general obligation 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 2019 Bonds except from Revenues.*

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 Bonds. In the Certificate, the City pledges as security for 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 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 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, 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;

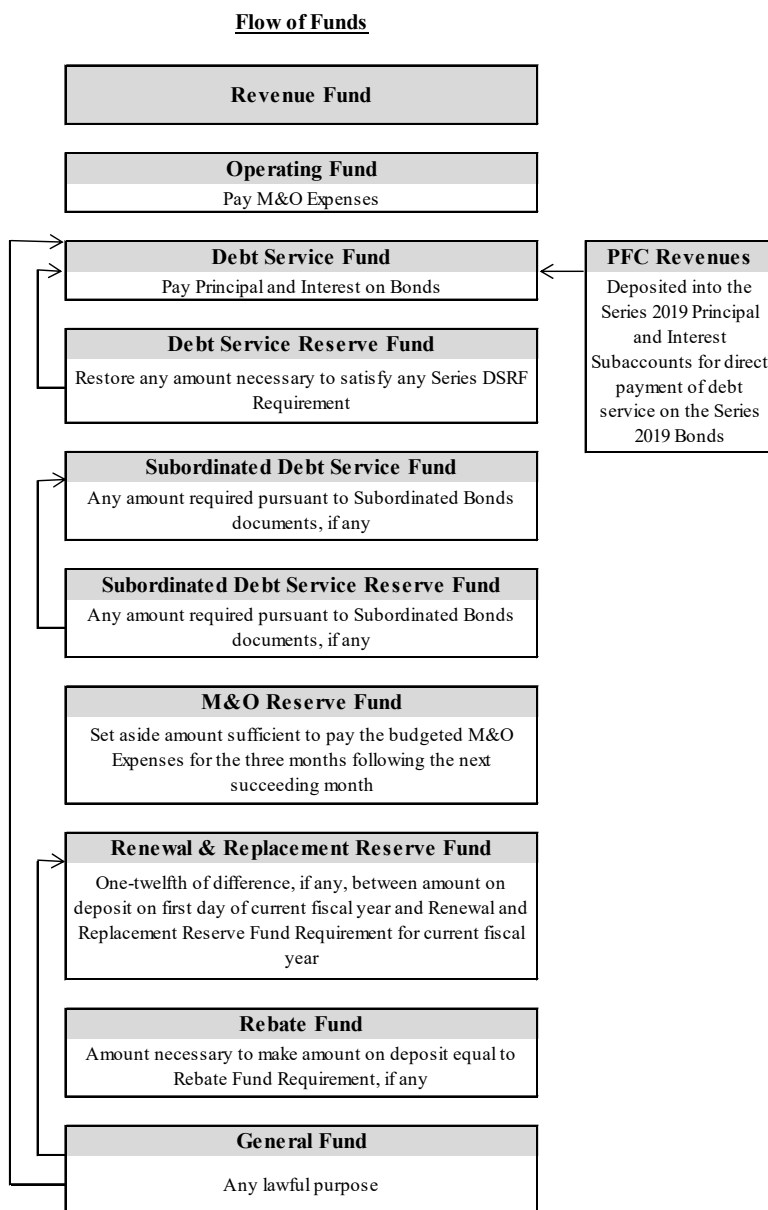
Fifth, to the M&O Reserve Fund, the amount necessary to make the amount on deposit therein equal to M&O Expenses for the three consecutive months following the next succeeding month, as shown in the Operating Budget of the City on file with the Trustee;

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. The chart to the right diagrams the flow of funds.

Covenants Pertaining to Rates and Charges

Subsections 5405(1) and (4) of the Act and Chapter 18, Article IV, Sections 18-81 through 18-83 of the 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 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 (defined below) 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.

A substantial portion of the cost of the Terminal Project financed with the Series 2010 Bonds is, and remains, eligible to be paid from PFC Revenues. For purposes of the Certificate, the term “PFC Revenues” means any passenger facility charges (“PFCs”) 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. Pursuant to the Supplemental Certificate for the Series 2019 Bonds, while the Series 2019 Bonds remain outstanding, the City will continue to monthly

deposit PFC Revenues into the Series 2019 Subaccounts of the Principal Account and the Interest Account established in the Debt Service Fund to pay debt service on the Series 2019 Bonds. Thus, in determining compliance with the Rate Covenant and the Debt Service Coverage Ratio, and for purposes of applying the Additional Bonds test established in the General Certificate, the Required Debt Service Fund Deposits are reduced by the amount of PFC Revenues deposited or expected to be so deposited in such Series 2019 Subaccounts. See “SECURITY FOR THE SERIES 2019 BONDS – Additional Bonds.”

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 an 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 equally and ratably the payment of principal and redemption price of and interest on Bonds of the Series to which such Series Account relates, but not Subordinated Bonds and not the Prior General Obligation Bonds. 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. Upon issuance of the Series 2019 Bonds, the City will deposit \$ _____, equal to 50% of the maximum annual debt service requirements of the Series 2019 Bonds, into the Series 2019 Account of the Debt Service Reserve Fund to meet the Series 2019 Debt Service Reserve Fund Requirement.

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. As of the date hereof, the amount required to be deposited in the M&O Reserve Fund is \$4,602,287. As of the date hereof, the amount in the M&O Reserve Fund was \$4,802,704 which is \$200,417 more than the amount required.

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. The Operating Budget for fiscal year 2020 does not require any balance in the Renewal and Replacement Reserve Fund. As such, the Renewal and Replacement Reserve Fund currently has a \$0.00 balance.

Additional Bonds

The Certificate contains certain conditions precedent to the issuance of Bonds, including requirements 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 and 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 an 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 Revenue Bonds or Bonds to be refunded from the proceeds thereof), such estimations to be based on estimates by an 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 an 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 Revenue 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 hereto.

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 Series 2019 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 Series 2019 Bonds outstanding. See “Summary of Certain Provisions of the Certificate – Supplemental Certificates Effective Upon Filing With the Trustee” and following in Appendix C.

OUTSTANDING OBLIGATIONS AND OTHER JETPORT RELATED DEBT

Except for the Prior Revenue Bonds, and certain debt described below, there are no outstanding bonds or other evidences of indebtedness of the City with respect to the Jetport. There are no Prior General Obligation Bonds or Subordinated Bonds outstanding as of the date hereof. There is no authorized but unissued general obligation debt with respect to the Jetport as of the date hereof.

<u>Series</u>	<u>Issued</u>	<u>Final Maturity</u>	<u>Balance as of June 30,</u>		
			<u>2018</u>	<u>2019</u>	<u>2020</u>
2010	January 28, 2010	January 1, 2040	\$70,620,000	\$69,175,000	\$0
2013	April 4, 2013	January 1, 2032	21,315,000	20,300,000	19,250,000
2016	October 6, 2016	January 1, 2038	20,125,000	19,520,000	18,885,000
2019	December __, 2019	January 1, 2040	0	0	56,370,000*
			<u>\$112,060,000</u>	<u>\$108,995,000</u>	<u>\$94,505,000*</u>

NOTE: * Preliminary, subject to change..

DEBT SERVICE REQUIREMENTS

Fiscal Year Ended June 30,	Debt Service on Prior Revenue Bonds	(less Debt Service on Refunded Bonds)	Series 2019 Bonds			Consolidated Debt Service
			<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>	
2020	\$8,649,125	(\$1,712,413)				
2021	8,678,225	(5,054,825)	\$205,000			
2022	8,693,075	(5,073,325)	230,000			
2023	8,723,075	(5,101,825)	245,000			
2024	8,742,575	(5,124,575)	255,000			
2025	8,771,575	(5,151,575)	265,000			
2026	8,798,950	(5,182,325)	1,790,000			
2027	8,834,075	(5,211,325)	1,915,000			
2028	8,851,450	(5,238,325)	2,030,000			
2029	8,890,700	(5,273,075)	2,170,000			
2030	8,915,575	(5,299,825)	2,295,000			
2031	8,946,075	(5,328,575)	2,955,000			
2032	8,973,588	(5,356,338)	3,130,000			
2033	8,999,138	(5,384,388)	3,310,000			
2034	7,027,950	(5,412,200)	3,510,000			
2035	7,061,750	(5,444,250)	3,715,000			
2036	7,095,750	(5,474,750)	3,935,000			
2037	7,129,250	(5,503,250)	4,155,000			
2038	7,152,500	(5,530,250)	4,390,000			
2039	5,535,250	(5,535,250)	4,615,000			
2040	11,943,750	(11,943,750)	11,255,000			
TOTAL	\$176,413,401	(\$114,336,414)	\$56,370,000			

ESTIMATED SOURCES AND USES OF FUNDS

Sources:

Principal Amount of Series 2019 Bonds
Net Premium
Other Available Moneys⁽¹⁾
Total Sources

Uses:

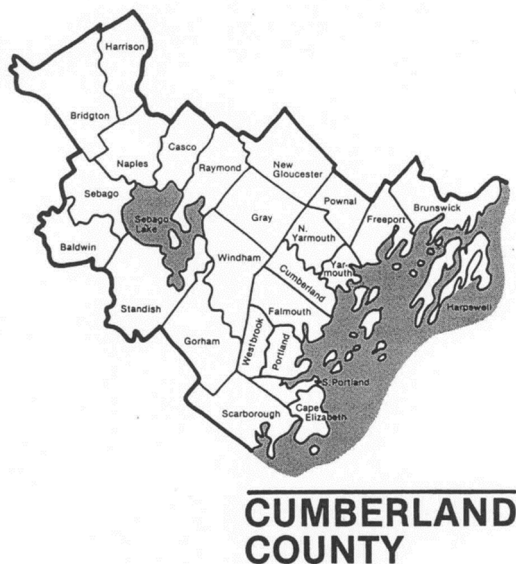
Deposit to the Escrow Fund to refund Refunded Bonds
Deposit to the Series 2019 Account of the Debt Service Reserve Fund
Underwriter's Discount
Other Costs of Issuance
Total Uses

NOTE: ⁽¹⁾ Represents moneys in the Series 2010 Debt Service Reserve Fund as a result of the refunding.

THE CITY

PORTLAND, MAINE

The City of Portland is located on the southern coast of the State of Maine in the southeastern section of the County of Cumberland, the State's most populous county. The City is approximately 108 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 Portland campus of the University of Southern Maine, the Portland campus of the University of New England, the Portland Museum of Art, the Maine College of Art and the Cross Insurance Arena. Major medical centers, the Maine Medical Center and Mercy Hospital, are also located in the City.



Being the hub of Maine's southern region, convenient access to Portland is provided by Exits 44 through 48 of U.S. Interstate Route 95 (the Maine Turnpike) which intersects the City's western plain in a north-south direction and the U.S. Interstate Route 295 spur which bisects the City through its interior. U.S. Route 1 follows the coastal plain of the City, also in a north-south direction. The Portland International Jetport, located in the City, provides air traffic for the region. The Casco Bay Island Transit District provides for commuter and tour boat service to the major islands in Casco Bay. Bus transit, by major carriers operating from two terminals in the City, provides regularly scheduled inter-state and intra-state transportation. The Maine Central Railroad, Boston & Maine Corporation and the St. Lawrence & Atlantic Railroad Company provide the greater Portland area with rail links to all of Maine, the continental United States and Canada.

The Port of Portland is a transportation hub connecting Portland to the world and supports a diverse mix of cargo and cruise activity through the International Marine Terminal and Ocean Gateway, respectively. The International Marine Cargo Terminal is owned by the City but operated by the Maine Port Authority. This facility continues to expand in size and is connected directly to rail service. Eimskip USA (the Icelandic Steamship Company) established its U.S. Port of Call in Portland in 2014, moving its base of operations from Norfolk Virginia. Eimskip USA offers direct transatlantic services between the U.S., Canada and Europe and is planning further expansion of their operations on Portland's waterfront. In addition, a large, multi-million dollar cold storage facility will be constructed at the International Marine Cargo Terminal to support Maine and Portland's growing food production industry. Ocean Gateway provides berthing for cruise ships. For the 2018 season, the Port of Portland hosted 118 cruise ships, with approximately 170,000 passengers and 66,600 crew. The largest of these vessels carried over 6,400 passengers and crew, docking at the City's mega-berth. All these numbers exceeded those of 2017.

The City was settled in 1632 and incorporated in 1786. The first charter of the City was granted on March 26, 1832 and amended most recently effective December 6, 2012 providing for a Council/Mayor/Manager form of government with a nine-member City Council, one member of which is the Mayor. Each of the City's five voting districts elect one Council member, with four members, including the Mayor, being

elected from the registered voters of the entire City at large. The Council members are elected for three-year staggered terms. The Mayor's term is four years with a two consecutive term limit. 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 appointed by majority vote of the City Council, is the administrative head of the City and is responsible to the City Council for the administration of all departments.

PORTLAND – SOUTH PORTLAND METROPOLITAN STATISTICAL AREA

The U.S. Department of Commerce, Bureau of the Census defines a metropolitan statistical area ("MSA") as an area that includes at least one city with 50,000 or more inhabitants, or a Census Bureau-defined urbanized area (of at least 50,000 inhabitants) and a total metropolitan population of at least 75,000 (in New England). Additional cities and towns are included in the MSA if they meet specified requirements of commuting to the central area and other selected requirements of metropolitan character (such as population density and percent urban). An MSA was also considered a labor market area. The map displays the three cities and 19 towns that comprised the Portland – South Portland MSA.



SOURCE: Maine Department of Labor, Labor Market Information Services

The City is the hub of the Portland MSA and is a regional destination for retail, wholesale, distribution, transportation, banking, legal, medical, recreational, and other major services for its market and its contiguous area. The following table displays certain sectors of the City's economy, as measured by retail sales:

Retail Sales by Product Group and Consumer Sales (\$/000)

	<u>Business/ Operating</u>	<u>Building Supply</u>	<u>Food Store</u>	<u>General Mdse.</u>	<u>Other Retail</u>	<u>Auto/ Transp.</u>	<u>Rest. & Lodging</u>	<u>Group Total</u>	<u>Consumer Sales</u>
2018	185,132	273,914	197,595	135,348	157,358	304,285	502,004	1,755,636	1,570,504
2017	177,707	262,583	187,219	130,846	160,160	285,755	484,091	1,688,362	1,510,655
2016	173,887	254,344	174,345	128,625	162,224	278,584	467,080	1,639,089	1,465,202
2015	187,994	233,189	133,721	123,322	147,950	258,706	426,409	1,511,292	1,323,297
2014	182,692	234,807	125,263	120,295	133,485	231,754	382,180	1,410,474	1,227,783
2013	152,932	227,109	118,318	106,723	126,285	229,283	339,978	1,300,628	1,147,696
2012	138,848	201,034	114,656	107,965	167,298	217,646	328,804	1,276,251	1,137,403
2011	134,046	188,966	108,345	106,843	218,037	205,697	314,045	1,275,981	1,141,934
2010	151,627	180,949	102,869	101,340	177,280	197,376	297,095	1,208,535	1,056,908
2009	138,290	179,186	99,997	97,365	171,207	200,955	277,665	1,164,665	1,026,376

SOURCE: State of Maine, Department of Taxation, Sales Tax Section.

LOCAL ECONOMY

Portland is a healthy, vibrant City with diverse sectors driving its economy. It is a major center in northern New England for commerce, finance, arts and entertainment, food and drink, health care, IT, the marine industry, post-secondary education, and tourism.

Among the 36.7 million people who visit Maine each year and generate close to \$6 billion in spending, about 25% of those visitors come through the Portland area and spend about \$682 million. In addition, the City is attracting new residents from all over the country and around the world, including an ever-growing creative sector of young entrepreneurs. While Maine is reported to be the state with the oldest people, median age of 43.5 years, Portland's median age is 35.8, even less than the national median age of 37.4.

Portland's food sector continues to bring the City regional, national and global recognition. In 2009, *Bon Appetit* and *Wine Enthusiast* magazines both recognized Portland as among the best foodie cities in America. Last year, *Bon Appetit* named Portland the 2018 Restaurant City of the Year. Recognized as hosting a culinary boom, the *Boston Globe* wrote that Portland, Maine is what it looks like when a small city becomes an innovative and nationally recognized hub of cuisine. The local farm-to-table movement is an integral part of the food sector's growth in Portland. In addition to its booming restaurant industry, there is also a growing craft beer industry. Portland has more microbreweries per capita than any other city in the nation. There are now about 22 breweries in the City and close to 100 in Maine. Two of the largest are in Portland and have won international awards – Shipyard Brewing Company and Allagash Brewing Company. Their beers are distributed throughout the United States and beyond.

Portland's downtown greatly contributes to the City's reputation as a vibrant center for innovation, arts and culture, dining, shopping, and entertainment. Young professionals, retirees and entrepreneurs of all ages are choosing to move to Portland for these reasons as well as its pedestrian orientation. The Old Port and the Arts District are the two districts that comprise the heart of the downtown. Among the recent downtown redevelopment projects is the completed \$9 million renovation of what was formerly the old Asylum nightclub on Center Street and is now Aura. This 24,000 square foot live music and restaurant facility will accommodate concert occupancy up to 1,000 people as well as business and entertainment event space.

The downtown continues to experience huge growth in hotel rooms. Three of the newest hotels are the AC Hotel Portland Downtown/Waterfront by Marriott with 169 rooms and nine suites and the Francis Hotel, a boutique venue with 15 rooms and a restaurant that opened in an historic mansion on Congress Street as well as the 110-room Press Hotel in the Arts District, located in the former Portland Press Herald building. It joined the Westin Harborview, formerly the Eastland Park Hotel, which reopened at the end of 2013 after undergoing a \$30 million renovation and, in the Old Port, is the 123-room Hyatt Place Hotel on Fore Street (\$15 million), the 131-room Courtyard by Marriot on the western section of Commercial Street (\$17 million), and the \$10 million Inn at Diamond Cove on Great Diamond Island which accommodates 22 hotel condo units. There continue to be more new hotels under development and proposed. Two new waterfront hotels on Commercial Street are in the planning stages at 383 Commercial Street and at 58 Fore Street (as part of the Portland Company complex) totaling 278 rooms.

Portland has two major hospitals: Maine Medical Center ("MMC") and Mercy Hospital. MMC is a teaching hospital and the largest medical facility in northern New England. Also being Portland's largest employer, MMC has undertaken an estimated \$525 million expansion to modernize and expand the hospital and related campus facilities. The expansion is expected to take place over several years and is conditional on market conditions and other project approvals and requirements. Bridging health care and academia, the University of New England ("UNE") opened the UNE College of Dental Medicine on its Portland campus in 2013. In 2009, UNE opened the State's first College of Pharmacy and graduated its first class of pharmacists in the spring of 2013.

ECONOMIC CHARACTERISTICS

<u>Population</u>	<u>City of Portland</u>	<u>% Change from Prior Census</u>		
		<u>City</u>	<u>State</u>	<u>USA</u>
1970	65,116	(10.3)	2.4	13.4
1980	61,572	(5.4)	13.4	11.4
1990	64,358	4.5	9.2	9.8
2000	64,249	(0.2)	3.8	13.2
2010	66,194	3.0	4.2	8.9

SOURCE: Respective census, U.S. Department of Commerce, Bureau of the Census.

<u>Population Characteristics</u>	<u>City of Portland</u>	<u>Cumberland County</u>	<u>State of Maine</u>	<u>USA</u>
Median age (years)	36.7	41.0	42.7	37.2
% school age	24.6%	26.1%	18.2%	20.4%
% working age	70.3%	64.8%	63.4%	62.9%
% 65 and over	12.6%	14.3%	15.9%	13.0%
Persons/household	2.07	2.32	2.32	2.58

<u>Income</u>	<u>City of Portland</u>	<u>Cumberland County</u>	<u>State of Maine</u>	<u>USA</u>
Median family income	\$63,239	\$71,335	\$58,185	\$62,982
% below poverty level	17.5%	10.5%	12.6%	13.8%
Per capita income	\$27,794	\$31,041	\$25,385	\$27,334

<u>Housing</u>	<u>City of Portland</u>	<u>Cumberland County</u>	<u>State of Maine</u>	<u>USA</u>
% owner occupied	45.9%	68.5%	73.1%	66.6%
% Built before 1939	53.4%	29.0%	28.1%	14.1%
% Built since 2000	4.9%	10.8%	8.9%	12.8%
Owner occupied med. value	\$248,100	\$248,400	\$176,200	\$188,400
Median gross rent	\$840	\$868	\$707	\$841
Occupied housing units	30,725	117,339	557,219	-

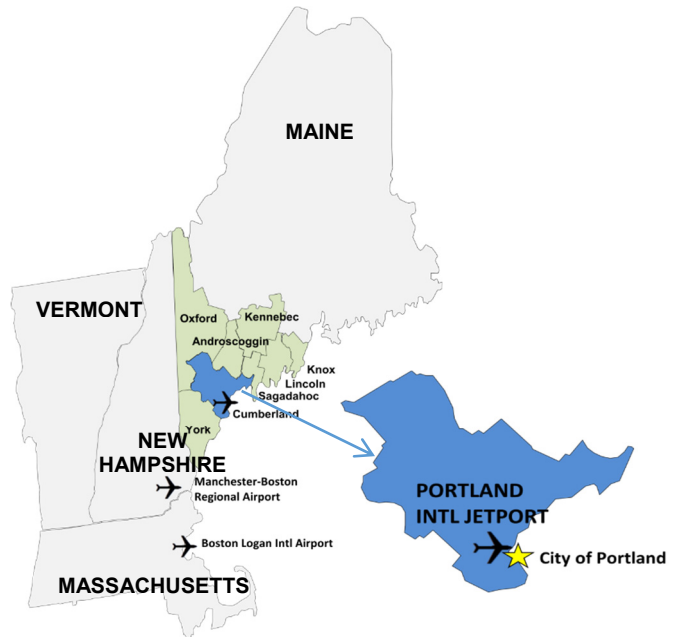
SOURCE: 2010 Census, U.S. Department of Commerce, Bureau of the Census.

<u>Unemployment</u>	<u>City of Portland</u>	<u>Cumberland County</u>	<u>State of Maine</u>	<u>USA</u>
2018	2.6%	2.7%	3.4%	3.9%
2017	2.5	2.5	3.3	4.4
2016	2.8	2.9	3.9	4.9
2015	3.3	3.4	4.4	5.3
2014	4.3	4.4	5.7	6.2
2013	4.3	5.3	6.7	7.4
2012	5.1	5.8	7.3	8.1
2011	5.9	6.0	4.5	8.9
2010	6.3	6.3	7.9	9.6
2009	6.4	6.4	8.0	9.3

SOURCE: State of Maine, Department of Labor, Division of Economic Analysis and Research.

THE JETPORT'S AIR TRADE AREA

The Jetport's primary 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 or 682,478 people.



SOURCE: 2010 Census, U.S. Department of Commerce, Bureau of the Census (2014).

THE JETPORT

General

The Jetport is classified as a primary commercial service airport by the Federal Aviation Administration (“FAA”) in its National Plan of Integrated Airport Systems; and is further classified as a small hub airport because it enplanes between 0.05 and 0.24 percent of the airline passengers in the United States. The Jetport (FAA designation “PWM”) occupies approximately 840 acres of land in the City and in the adjacent city of South Portland and is approximately three miles west of Portland’s downtown. The Jetport differentiates itself through its customer service and has been recognized for its efforts in this area. In 2019, the Jetport was awarded Airport Council International Airport Service Quality Awards for Best Airport by Size and Category (less than 2 Million Passengers in North America) and Best Customer Service by Size (less than 2 Million Passengers).

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 and south. The primary runway, 11/29, is 7,200 feet in length. The secondary runway, 18/36, is 6,100 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 access to the holding aprons as well as ingress access to the holding aprons as well as ingress access to the



Jetport Runways

holding aprons as well as ingress on the north side of Runway 11/29 and 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. Additionally, it connects to the south fixed base operator apron via Taxiways Y and Z. The six exit taxiways are: Taxiway B, Taxiway D, Taxiway E, Taxiway F, Taxiway G and Taxiway J.

Terminal

In 2012, the Jetport completed the Terminal Project financed with the Series 2010 Bonds, a significant renovation and expansion of its passenger terminal complex. The Terminal Project was only the second in the U.S. to achieve LEED gold certification by the U.S. Green Building Council (“USGBC”). The terminal is located near midfield in an east-west orientation on the north side of Runway 11/29 and consists of approximately 300,000 square feet of space, divided into three levels for passenger processing. The passenger terminal contains 14 passenger gates, nine of which contain passenger loading bridges and three of which contain regional boarding ramps. The passenger terminal apron is south of the terminal and provides aircraft parking, access and circulation for air carrier gate positions.



Jetport Campus

Parking Facilities

The 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. The parking facilities at the Jetport include a 2,181-space parking garage completed in phases in March 2003 and January 2009 and a 502-space surface lot with a total of 2,683 public parking spaces at the Jetport. In addition, the Jetport has a discount parking lot located approximately two miles west of the terminal that is accessed via Jetport parking shuttle and an overflow and waiting (cell phone) lot located just north of the long-term garage. These surface lots contain 548 spaces. Finally, the Jetport has a 275-space employee surface lot and a 238-space rental car ready/return lot in the sublevel of the parking garage.

Access Roads

International Parkway and Jetport Boulevard provide access to the Jetport terminal and parking facilities from public highways. Jetport Boulevard connects with Johnson Road (State Route 9) near Maine Turnpike Exit 46 and runs easterly along runway 11/29 to the point where it intersects with International Parkway which connects with Congress Street (State Routes 9 and 22) about ½ mile northeast of the Maine Turnpike exit. From the intersection, the terminal and parking facilities are accessed by a loop road.

Other Facilities

Other Jetport facilities include general aviation, cargo, snow removal equipment and maintenance building, airport rescue and firefighting (“ARFF”) station and the air traffic control tower (“ATC Tower”). There are two general aviation areas providing aprons, fueling facilities, hangars, and buildings. One general aviation area is located to the north of the terminal and west of Runway 18/36 and the other located to the south of Runway 11/29 and west of Runway 18/36. The cargo area and the maintenance facility are located to the east of Runway 18/36. The ARFF station and ATC Tower are located to the west of Runway 18/36 and the east of the terminal.

CAPITAL IMPROVEMENT PROGRAM

General

In 2014, the Jetport, in conjunction with Stantec, Coffman Associates, VHB, and DKMG Consulting LLC commenced the update of the current Airport Master Plan (the “Master Plan”). This Master Plan update was done under the Federal Aviation Administration’s sustainable master plan pilot program, which integrates sustainable principles into the plan development. The Master Plan update included the development of short, intermediate, and long term capital improvements. The Master Plan sets forth priorities for capital projects at the Jetport and each year, the City re-examines these priorities for project funding. While some projects are demand-based, others are dictated by design standards, safety, federal requirements, 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 Master Plan as compared to those scheduled to be undertaken within the short term years 1-6 of the program. The estimated cost of the Jetport’s Capital Improvement Program for fiscal year 2020 through fiscal year 2024 (the “CIP”) is approximately \$49.09 million of which is 54.2% funded by federal and State monies, 31.9% funded by PFCs and 13.9% funded by Jetport funds. The largest project in the CIP is expected to be a Federal Inspection Services facility to allow for international passenger processing at an estimated cost of \$9.7 million.

AVIATION ACTIVITY AT THE JETPORT

Airlines Providing Service at the Jetport

As of June 30, 2019, passenger and cargo service at the Jetport was provided by the airlines listed in the table below. Except as hereafter set forth under the heading “AIRLINE AND OTHER REVENUE PRODUCING AGREEMENTS – Airline Agreements,” the City has no expectation that the airlines listed in the table below will continue to provide service at the Jetport or which, if any, airlines may in the future provide service at the Jetport.

<u>Low-Cost Carriers</u>	<u>Mainline Carriers & Regional Affiliates</u>		<u>All-Cargo Carriers</u>
Elite Airways	American Airlines	United Airlines	FedEx
Frontier Airlines	Envoy	Air Wisconsin	Wiggins
JetBlue Airways	Piedmont	CommutAir	
Southwest Airlines	PSA Airlines	ExpressJet Airlines	
	Republic Airlines	Go Jet Airlines	
	Trans State Airlines	Mesa Airlines	
	Delta Air Lines	Republic Airlines	
	Endeavor Air	SkyWest Airlines	
	Go Jet Airlines	Trans State	
	SkyWest Airlines	Airlines	

NOTE: ⁽¹⁾ On October 17, 2015, US Airways ceased operations after merging with American Airlines.

Origin and Destination Information

Approximately 100% of passenger traffic at the Jetport is comprised of origin and destination (“O&D”) passengers. The largest 25 O&D markets, each of which provided at least 1.0% of total O&D traffic at the Jetport in calendar year 2018, represented 64.0% 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 5.4% of the total traffic base. Most of the largest markets correspond to large metropolitan areas in the United States located far enough from the air trade area to make air travel an efficient option in terms of total trip time.

The table below sets forth historical enplanements at the Jetport for fiscal years 2009 through 2019. Enplanements at the Jetport have grown at a compound annual growth rate of 2.5% from fiscal year 2009 to fiscal year 2019.

Historical Enplanements

<u>Fiscal Year</u>	<u>Major/ National</u>	<u>Regional/ Commuter</u>	<u>Total</u>	<u>Annual Growth</u>
2009	252,768	608,817	861,585	-
2010	300,488	558,199	858,687	(0.3)%
2011	333,444	515,632	849,076	(1.1)%
2012	350,728	473,437	824,165	(2.9)%
2013	360,561	457,980	818,541	(0.7)%
2014	376,028	467,040	843,148	3.0%
2015	371,034	471,750	842,784	(0.1)%
2016	381,825	494,425	876,250	4.0%
2017	439,455	473,458	912,913	4.2%
2018	472,825	496,858	969,683	6.2%
2019	601,342	506,142	1,107,484	14.2%

The table below sets forth the Jetport's historical enplanement market share for fiscal years 2015 through 2019. 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 has become significant as these airlines continue 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 with new capacity and lower fares.

Historical Enplanements Market Share⁽¹⁾

<u>AIRLINE</u>	<u>2019</u>	<u>% Share</u>	<u>2018</u>	<u>% Share</u>	<u>2017</u>	<u>% Share</u>	<u>2016</u>	<u>% Share</u>	<u>2015</u>	<u>% Share</u>
American / U.S. Airways ⁽²⁾	334,191	30.18%	276,711	28.54%	258,392	28.30%	250,710	28.61%	235,655	27.96%
Delta	272,980	24.65%	247,928	25.57%	222,766	24.40%	220,160	25.13%	217,776	25.84%
United	215,389	19.45%	199,013	20.52%	182,297	19.97%	173,551	19.81%	162,563	19.29%
Southwest	154,945	13.99%	150,167	15.49%	148,624	16.28%	130,567	14.90%	127,060	15.08%
Frontier	71,552	6.46%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
JetBlue	52,935	4.78%	88,193	9.10%	92,826	10.17%	98,298	11.22%	99,730	11.83%
Elite Airways	5,492	0.50%	7,671	0.79%	8,008	0.88%	2,964	0.34%	0	0.00%
Total	1,107,484	100.00%	969,683	100.00%	912,913	100.00%	876,250	100.00%	842,784	100.00%

SOURCE: Jetport Records

NOTE: ⁽¹⁾ Airline enplanements include operations by mainline carrier and its regional affiliates, where applicable.

⁽²⁾ On October 17, 2015, U.S. Airways ceased operations after merging with American Airlines.

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. Pursuant to substantially similar airline operating agreements and terminal building leases between the City and the airlines which sign such agreements, each airline pays

rentals, fees and other charges for such airline's 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 airlines with which the City is operating under airline agreements are: American Airlines, Delta Air Lines, FedEx, JetBlue Airways, Southwest Airlines, and United Airlines (the "Occupant Airlines"). The City has agreements with the and the Occupant Airlines that commenced on July 1, 2016 and terminate on June 30, 2021.

The Occupant Airlines and certain regional affiliate airlines which provided passenger service accounted for approximately 93.5% of fiscal year 2019 enplanements. Pursuant to the airline agreements, an affiliate airline may provide service at the Jetport pursuant to a separate agreement with an Occupant Airline subject to certain conditions. The City has no expectation which current such code share airlines, if any, may in the future provide service at the Jetport.

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 Director, has the authority, pursuant to the City Code of Ordinances, Chapter 18, Article IV, Sections 18-81 through 18-83 and 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.

Rates for rentals, charges, and fees for the Occupant Airlines are calculated on an annual basis using a compensatory rate-making methodology. The landing fee recovers 50% of certain costs attributable to the Jetport field divided by total airport landed weight. The terminal building rental rate for each of the (i) common use, (ii) exclusive use, (iii) preferential use and (iv) public and concession areas is based on requirements of the terminal divided by the total square footage of those four areas. The Occupant Airlines are charged for the common use, exclusive use and preferential use 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 Occupant Airlines. A meeting is also held between the Airport Director and the Occupant Airlines for the purpose of discussing the proposed rentals, charges, and fees. The Airport Director may also give consideration to Occupant 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 proposed airline agreements for the Jetport field and terminal building capital improvements. MII is defined as 50% in number of all Occupant 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 Occupant 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 cost centers. The rate-base items that determine the total requirement for the rate calculations include M&O Expenses, equipment and certain capital outlays, amortization and debt service. The rates and charges to the Occupant 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 Occupant Airlines are reconciled to the amounts actually required under the proposed airline agreement to be paid for such fiscal year, and the amount of any overpayment or underpayment is established. The Occupant Airlines are responsible for any underpayments and overpayments, which will be included in the next fiscal year's rates and charges.

In addition to all other rentals, fees and charges in the proposed airline agreements, the proposed airline agreements contain a provision for extraordinary coverage of debt service on bonds issued to finance improvements to any of the airfield and the common use, preferential use and exclusive use areas of the terminal. Such provision requires that if in any fiscal year, the Jetport projects that Net Revenues available in such fiscal year are projected to be less than 125% of Required Debt Service Fund Deposits, the Occupant Airlines shall make payment in the rates for rentals, fees and charges of the Jetport in an amount sufficient to meet the 125% of Required Debt Service Fund Deposits threshold (the "Extraordinary Coverage Protection"). Should Extraordinary Coverage Protection payments be made, the Jetport will refund such payments to the Occupant Airlines as soon as uncommitted funds become available in the General Fund.

The airline agreements reserve to the City the right to reassign one or more of an Occupant Airline's preferentially assigned gates to another Occupant 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 Occupant Airline.

The airline agreements also contain provisions which will obligate the airlines, at the direction of the City, to accommodate any airline, including an Occupant Airline, at the Occupant Airline's preferentially assigned gate according to specified procedures.

Jetport Parking

Parking and ground transportation management services are provided at the Jetport by SP Plus Corporation ("SP Plus Corporation"). SP Plus Corporation provides complete turnkey maintenance and operation management of all Jetport parking facilities and operates the shuttle bus service for the Jetport. Compensation under the contract is limited to an annual fixed management fee of approximately \$83,811 for parking management and \$6,365 for ground transportation management as of the date hereof. The management fees are subject to an annual increase as of December 1 as outlined in the contract, plus reimbursement of direct operating expenses to third parties incurred by SP Plus Corporation. The current agreement expires on November 30, 2021 with an automatic renewal for an additional five year term unless either party issues a written non-renewal 60 days prior.

Jetport Concession Agreements

Rental car services at the Jetport are provided by Avis Budget Car Rental, LLC, Hertz Corporation, and Enterprise Rent-A-Car Company of Boston, LLC ("Enterprise") doing business as Enterprise, National Car Rental, and Alamo Rent A Car. On July 1, 2019, the Jetport negotiated a new rental car concession agreement with these operators. Each agreement is for a five year term, expiring on June 30, 2024. According to these agreements, each rental car company is obligated to pay a concession fee of the greater of a specified minimum 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; and a customer facility charge of \$2.00 per day for up to five days on any rental.

Additional Revenues are received from concessions for food and beverage and news and gift sales and from advertising and other sources. Food and beverage concessions at the Jetport are operated pursuant to an agreement with Host International, Inc. ("Host") that terminates on September 30, 2021, with an option for Host to extend the agreement for one five-year renewal term, provided that Host is not in material default. The City has the right to terminate the agreement at any time on 60 days' notice after the occurrence of certain events. Host is required to pay to the City 15% of its annual gross revenues (excluding any sales taxes collected) from alcohol sales at the Jetport and 10% its annual gross revenues (excluding any sales taxes collected) from sales of all other products. In addition, Host provides a minimum annual guaranteed amount that will be paid to the Jetport each year, regardless of the amount of Host's gross revenue. The minimum annual guarantees are listed within the agreement through September 30, 2016, at which point the amount will be adjusted to an amount equal to 85% of the payments to the Jetport for the year ending September 30, 2016, and each year thereafter, provided that each such annual amount shall not be less than the minimum annual guarantee for the immediately preceding year. 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 pursuant to an agreement with The Paradies Shops, LLC ("Paradies") pursuant to an agreement that terminates on December 31, 2021, with an option for Paradies to extend the agreement for a five year renewal term if it is not in material default at the end of the initial term. Pursuant to the current agreement, Paradies is required to pay to the City 18% of monthly gross revenues up to \$3,000,000 and 20% of monthly gross revenues in excess of \$3,000,000. In addition, Paradies provides a minimum annual guaranteed amount that will be paid to the Jetport each year, regardless of the amount of Paradies' gross revenue. The minimum annual guarantees are listed within the agreement through December 31, 2016, at which point the amount will be adjusted to an amount equal to 85% of the payments to the Jetport for the year ending December 31, 2016, and each year thereafter, provided that each such annual amount shall not be less than the minimum annual guarantee for the immediately preceding year. In addition, Paradies must pay for janitorial services, repairs, utility services and taxes and assessments with respect to its premises.

MANAGEMENT AND ADMINISTRATION OF THE JETPORT

Administration

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

The Operating Budget for the Jetport is prepared by the Deputy Director of Finance & Administration, under the supervision of the Airport Director 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, Chapter 18, Article VI, Sections 18-81 through 18-83, the Airport Director (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 other than by lease or contract 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.

Management

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

Brendan T. O'Connell is the City's Director of Finance. Mr. O'Connell has been employed by the City of Portland since 2015, prior to which he was Director of Global Accounting Policy at Manulife Financial. He graduated from Wake Forest University in 2003 with a Bachelor of Science in Analytical Finance and

a Master of Science in Accountancy. 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.

Paul H. Bradbury, P.E., is the City's Airport Director. 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 Director 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 Bachelor of Science in Mechanical Engineering. He is a licensed professional engineer in the State.

Zachery R. Sundquist, A.A.E., is the City's Assistant Airport Director. Mr. Sundquist has been employed in his current role at the City since August 2014. In his role he is responsible for the day to day operation of the Jetport, as well as Air Service Development and Marketing. Mr. Sundquist is an Accredited Airport Executive. He graduated from St. Cloud State University in 2004 with a Bachelor of Science in Aviation Management. In 2011 he graduated from Embry-Riddle Aeronautical University with a Masters of Aeronautical Science with a dual specialization in Management and Safety.

Barry Brown, C.M. is the City's Deputy Director, Operations & Maintenance for the Jetport. Mr. Brown is responsible for the management of the Operations and Maintenance divisions and has been with the City since January 2018. He graduated from Auburn University with a Bachelor of Science in Business Administration with a focus in Aviation Management. He is an Airport Certified Employee ("ACE") in Operations and Certified Member through the American Association of Airport Executives ("AAAE"). Mr. Brown has previous experience at Norman Y. Mineta San Jose International Airport and Southwest Florida International Airport.

Katharine Johnston is the City's Deputy Director of Finance & Administration for the Jetport and is responsible for the departmental budgeting, accounting and payroll functions of the Jetport. Ms. Johnston has been at the Jetport since January 2019. Prior to her current position she has had held positions as a Town Administrator and Assistant Treasurer of the City of Portland. She has a Bachelor of Arts in Public Administration from the University of Maine.

Charles Norton, P.E. is the City's Deputy Director, Engineering & Facilities for the Jetport and is responsible for the management of Airside and Terminal Engineering projects as well as the management of the Terminal Facilities, Parking Garage, and Jetport Campus Infrastructure. Mr. Norton has been employed in his current role at the City since September 2016. In 2010 he graduated with a Bachelor of Science in Civil Engineering from the University of Maine. He is a licensed professional engineer in the State.

Employee Matters

The Airport Director has sole responsibility for hiring all personnel necessary to operate the Jetport. As of June 30, 2019, there were 54 full-time Jetport employees and one part-time contract employee. The American Federation of State, County, and Municipal Employees ("AFSCME") represents two bargaining units, Labor and Trades and Supervisors Unions, and is the bargaining unit for 18 of the full-time Jetport employees and for certain other City employees. The current contract between the City and AFSCME expired on June 30, 2019 for Labor and Trades and is currently being renegotiated. The AFSCME Supervisors unit was extended one year through June 30, 2020. The Professional and Technical City Employees Association ("Pro-Tech") is the bargaining unit for 20 full-time Jetport employees. The Pro-Tech contract expired on July 2, 2019 and is also being renegotiated. Additionally, the Jetport has 14 employees who are not represented by unions. The Jetport has had a good relationship with its employees.

RESULTS OF FINANCIAL OPERATIONS

The following table sets 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.

Statements of Revenues, Expenses and Changes in Net Assets For Fiscal Years Ended June 30,

	<u>2019⁽¹⁾</u>	<u>2018</u>	<u>2017⁽²⁾</u>	<u>2016</u>	<u>2015</u>
Operating revenues:					
Charges for services	\$26,111,066	\$22,896,385	\$21,934,310	\$21,363,450	\$20,766,077
Total operating revenues	26,111,066	22,896,385	21,934,310	21,363,450	20,766,077
Operating expenses:					
Personnel services	4,275,737	5,237,079	5,249,386	4,812,333	4,075,786
Contractual services	8,618,268	7,453,281	6,814,606	6,706,375	6,029,555
Supplies & materials	480,504	825,813	807,642	689,682	706,169
Rentals	19,105	18,759	14,686	40,838	39,555
Utilities	1,191,126	1,371,558	1,391,041	1,407,204	1,484,605
Maintenance	1,375,264	2,728,300	1,798,495	1,740,540	1,417,079
Depreciation	9,040,330	9,025,634	8,915,723	8,952,733	9,937,167
Insurance	105,123	100,229	104,169	104,245	128,528
Total operating expenses	25,105,456	26,760,654	25,095,747	24,453,950	23,818,444
Operating loss	1,005,610	(3,864,269)	(3,161,437)	(3,090,500)	(3,052,367)
Non-operating revenues (expenses):					
Passenger Facility Charges	4,803,586	4,081,370	3,742,493	3,504,626	3,475,122
Interest and other revenue	581,113	378,399	109,860	175,502	129,680
Interest and other expense	(4,931,937)	(5,211,399)	(5,152,390)	(5,567,912)	(6,069,915)
Total non-operating revenues (expenses)	452,761	(751,630)	(1,300,036)	(1,887,784)	(2,465,113)
Income (loss) before contributions	1,458,371	(4,615,899)	(4,461,473)	(4,978,284)	(5,517,480)
Capital contributions:	5,747,613	3,070,600	5,097,942	5,188,818	1,726,702
Change in net position	7,205,984	(1,545,299)	636,469	210,534	(3,790,778)
Net position, beginning of year:	99,420,378	100,965,677	100,329,208	100,118,670	103,909,448
Net position, end of year:	\$106,626,363	\$99,420,378	\$100,965,677	\$100,329,204	\$100,118,670

SOURCE: Financial Statements of the Jetport.

NOTE: ⁽¹⁾ Preliminary, unaudited.

⁽²⁾ Restated

The following table sets forth operating revenues of the Jetport, by category, for the last four audited fiscal years and the most recent fiscal year (preliminary, unaudited):

Schedule of Operating Revenues

	<u>2019⁽¹⁾</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Air & Cargo Rentals					
Terminal Rental	\$4,957,719	\$4,311,074	\$4,225,910	\$4,065,548	\$3,772,250
Landing Fees	3,897,360	3,178,164	3,128,272	2,936,436	2,675,449
Cargo Revenues	<u>389,927</u>	<u>362,920</u>	<u>326,254</u>	<u>318,945</u>	<u>325,682</u>
Total Air & Cargo Rentals	9,245,006	7,852,158	7,680,436	7,320,929	6,773,381
Non-Airline Revenues					
Parking	8,204,950	7,039,830	6,854,230	6,557,689	6,475,767
Rental Cars	5,069,809	4,602,266	4,035,134	4,167,497	4,029,735
Concessions	1,812,302	1,498,975	1,417,219	1,329,767	1,363,563
Other	<u>1,778,998</u>	<u>1,903,156</u>	<u>1,947,291</u>	<u>1,987,569</u>	<u>2,123,361</u>
Total Non-Airline Revenues	16,866,060	15,044,227	14,253,874	14,042,522	13,992,426
Total Operating Revenues	\$26,111,066	\$22,896,385	\$21,934,310	\$21,363,450	\$20,765,807

NOTE: ⁽¹⁾ Preliminary, unaudited.

Historical Debt Service Coverage

Fiscal Year ended	Net	Required Debt Service	Debt Service
<u>June 30,</u>	<u>Revenues</u>	<u>Fund Deposits</u>	<u>Coverage Ratio</u>
2019 ⁽¹⁾	\$10,627,053	\$4,142,963	2.57x
2018 ⁽²⁾	5,539,764	4,139,287	1.34x
2017	6,113,253	3,956,472	1.55x
2016	6,037,735	4,272,585	1.41x
2015	6,931,357	4,274,760	1.62x
2014	6,300,739	4,273,991	1.47x
2013	5,883,180	4,350,133	1.35x
2012	5,756,611	4,348,864	1.32x
2011	7,053,023	4,164,104	1.69x
2010	7,145,530	3,643,981	1.96x

NOTE: ⁽¹⁾ Preliminary, unaudited.

⁽²⁾ The City is reviewing a potential discrepancy between assigning certain expenditures posted to M&O Expenses rather than as capital expenditures.

MANAGEMENT'S DISCUSSION OF FINANCIAL INFORMATION

Operating Revenues

Operating revenues are derived from four primary sources: parking, airlines (terminal rentals, landing fees and ground rent), rental cars, and concessions. Parking is the largest source of Operating revenues, followed closely by revenues from airlines, which are realized through exclusive terminal space rentals, common use space rentals for baggage claim and terminal gate areas, and landing fees. Rental cars and concessions make up the balance of the primary sources of revenues. Additional revenues from operations are derived from ground rent of property and other income.

As shown in the “Statement of Revenues, Expenses, and Changes in Net Assets” and “Schedule of Operating Revenues” tables above, revenues from operations increased from \$22.90 million in fiscal year 2018 to a \$26.11 million in fiscal year 2019 (unaudited). The increase is attributed to the 14.2% enplanement growth combined with increases in general aviation and cargo landed weight. The key drivers that allowed for higher passenger growth are outlined below:

- American Airlines added twice daily non-stop LaGuardia service on April 3, 2018 and twice daily seasonal service to Chicago O’Hare on June 7, 2018.
- Frontier commenced service with the Jetport on July 10, 2018.
- All signatory carriers (excluding JetBlue who switched to seasonal operations at the Jetport in fiscal year ending 2019) have increased flights and capacity. The number of flights has increased by 5.65% and the number of seats increased 11.07% in the fiscal year ending 2019. The greatest increase of capacity in the fiscal year ending 2019 came from Frontier, which through its new service commencement, added 89,758 outbound seats to the Jetport. This was closely followed by American with 60,702 additional outbound seats in the fiscal year ending 2019.
- In June 2019, United Airlines is expected to begin seasonal Saturday/Sunday non-stop service to Denver; daily non-stop seasonal service begins in June 2020.
- In September 2019, Cape Air began year-round service between the Jetport and Boston.

Parking revenues, which account for the largest share of non-airline revenues, increased in fiscal year 2019 by 16.6%. This was due to strong passenger growth and a parking rate increase from \$12 to \$14/day that went into effect in October 2018.

Operating Expenses

M&O Expenses are divided administratively into nine cost centers: Jetport administration, Jetport field, general aviation, fringe benefits, security, terminal, marketing, parking and the airfield deicing facility.

Non-Operating Revenues and Expenses

Non-operating revenues are comprised mainly of PFC Revenues 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.

Capital Contributions

Capital contributions are the federal funds received by the Jetport for federal 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.

Annual Budget

On May 20, 2019, the City Council approved the Jetport’s fiscal year 2020 budget. This budget reflects approximately \$26.6 million in revenues and \$18.4 million in M&O Expenses.

PASSENGER FACILITY CHARGES

Under the Aviation Safety and Capacity Expansion 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 such public agencies to finance certain eligible airport-related projects

that (i) preserve or enhance capacity, safety or security of the national air transportation system, (ii) reduce noise resulting from an airport which is part of such system or (iii) furnish opportunities for enhanced competition between or 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.

The City began collecting a \$3.00 PFC in February 1994 and is currently authorized to impose and collect a \$4.50 PFC. Since the inception of the City’s PFC program, PFCs have been used to fund various projects at the Jetport including the Terminal Project; replacement, purchase and installation of terminal equipment, reconstruction of a terminal ramp, Jetport access road reconstruction and various planning projects.

In 2010, the Jetport received from the FAA approval of PFC Application #5 (“PFC #5”), with total PFC Revenues of \$132,206,104 authorized for collection and use, to fund the principal, interest, and financing costs associated with the PFC-eligible portion of the cost of the project financed with proceeds of the Series 2010 Bonds. According to PFC #5, approximately 89% of the terminal expansion and 100% of the roadway and passenger loading bridge projects were PFC eligible. Therefore, of the \$57.6 million in terminal expansion costs approximately \$51.2 million was PFC-eligible and approximately \$3.6 million of the roadway and approximately \$1.4 million of the passenger loading bridge projects were PFC-eligible for a total of \$56.1 million in PFC-eligible project costs. The balance of the \$132,206,104 is available to pay debt service on the Series 2010 Bonds. As of December 31, 2012, the City had collected approximately \$6,665,000 in revenues and expended approximately \$7,090,000 for PFC eligible projects. Project costs that have not yet been funded with PFC Revenues, in the amount of \$424,884, are due to differences in the timing of PFC collections and expenditures, and will be reimbursed once PFC Revenues 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.

In addition to PFC #5, the Jetport filed and was approved for four previous applications for which all funds, in the consolidated amount of \$35,579,763, have been expended and are no longer active.

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. The Jetport expects to file a PFC #6 application to fund PFC eligible projects in its 2020 – 2024 CIP (see “CAPITAL IMPROVEMENT PROGRAM” herein).

Pursuant to the General Certificate, 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 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. See “FACTORS AFFECTING JETPORT OPERATIONS AND REVENUES — Passenger Facility Charges.”

FEDERAL GRANTS-IN-AID

Federal legislation affects the grant funding that the Jetport receives from the FAA, the Jetport's PFC Revenues, and the operational requirements imposed on the Jetport. In October 2018, the most recent authorization and funding for the FAA was approved under the FAA Reauthorization Act, which reauthorized the FAA for five years through 2023, at a cost of \$97 billion and represents the longest funding authorization period for FAA programs since 1982.

The AIP, which provides grants to airports for airport safety, capacity, security and environmental projects, is funded at \$3.35 billion in mandatory funding for all five years, which continues AIP funding at the same level since 2012, when Congress last passed a FAA reauthorization. Although the passenger facility charge cap of \$4.50 per flight segment was not increased, the FAA Reauthorization Act included provisions to increase the flexibility of funds raised and reduce delays related to project approval. The AIP provides federal capital grants to support airport infrastructure through entitlement grants (determined by formulas based on passenger, cargo, and general aviation activity levels) and discretionary grants (allocated on the basis of specific set asides and the national priority ranking system). The City is unable to predict the level of AIP funding at this time. If there is a reduction in the amount of AIP grants awarded to the City for the Jetport, it could: (a) increase by a corresponding amount the capital expenditures that the City would need to fund from other sources, (b) extend the timing to complete certain projects, or (c) reduce the scope of individual proposed projects or the overall program, or a combination of the foregoing.

Over the years, the authorization and funding for the FAA and various components of its operations have not been consistently approved on a long-term basis. In the past, the United States Congress has enacted continuing resolutions which provided temporary funding for the FAA and its programs and the FAA endured a brief shutdown when a lapse in continuing authority terminated funding for non-essential operations. Failure of Congress to approve legislation reauthorizing the operating authority of the FAA, or adverse changes in the conditions placed on such authority, may have an adverse impact on the Jetport's operations. There can be no assurance that Congress will enact and the President will sign a new comprehensive, long-term FAA reauthorization act when the FAA Reauthorization Act expires. Failure to adopt such legislation could have a material, adverse impact on U.S. aeronautical operations and the Jetport, generally, as well as on the AIP grant program and other sources of federal 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% and .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 the \$4.50 PFC.

The Jetport anticipates that AIP grants will fund a portion of the CIP in the amount of approximately \$25.2 million through 2024, of which \$20.6 million are Entitlements and \$4.6 million are Discretionary. Since the beginning of federal fiscal year 2019, the amounts approved for the Jetport pursuant to the AIP have totaled \$6,785,505. AIP funds are anticipated for 51.3% of the total funds budgeted under the CIP for federal fiscal years 2019 through 2024. 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 Series 2019 Bonds is payable pursuant to the Certificate solely from the Revenues, Funds and Accounts pledged as security for the Series 2019 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 Series 2019 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 2019 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 2019 Bonds prior to purchasing any Series 2019 Bonds. The Series 2019 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 2019 Bonds and should confer with their own legal and financial advisors before considering a purchase of the Series 2019 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.

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.

Recent agreements between the major airlines and their unionized employees have resulted in increased labor costs. According to Airlines for America, a trade organization representing the industry, U.S. airlines increased wages and benefits per full-time employee by 28% between 2013 and 2018. Contributing to the increased costs is a shortage of qualified airline pilots resulting from retirements and changed FAA qualification standards and duty and rest rules. The pilot shortage has required the airlines to increase salaries and improve benefits to attract and retain qualified pilots.

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 Jetport's air trade area; general economic conditions in the United States; 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.

Financial Condition of Certain Airlines, Airline Consolidations, Mergers and Alliances

Sluggish recovery from the 2008-2009 recession and historically high fuel prices, among other things, resulted in airlines raising fares and adding new fees and surcharges while reducing capacity and the size of their fleets, as well as personnel. In response to these competitive pressures and other factors, the U.S. airline industry has continued to consolidate, significantly reducing the number of major airlines operating in the United States. Since 2008, various airlines have merged or consolidated, including Delta and Northwest; Republic Airways Holdings, Inc., Midwest Airlines, and Frontier Airlines; United and Continental; Southwest Airlines and AirTran Airways; and US Airways and American Airlines. It is possible the airlines serving the Jetport could further consolidate operations through acquisition, merger alliances and code share sales strategies. See “AVIATION ACTIVITY AT THE JETPORT – Historical Enplanements.” The effect of this concentration is that only six major passenger carriers are Occupant Airlines under the Airline Agreements. As a consequence, decisions concerning future utilization of the Jetport have become more concentrated over time. While such mergers have had an effect, the Jetport expects recent and future mergers will have little impact on revenues and landed weight at the Jetport. Future mergers or alliances among airlines operating at the Jetport, however, may result in fewer flights or decreases in gate utilization by one or more airlines.

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.

Cost, Availability and Price Volatility of Aviation Fuel

The price of aviation fuel is a critical and uncertain factor affecting airline operating economics. Fuel prices are particularly sensitive to worldwide political instability and economic uncertainty. Aviation fuel prices will continue to affect airfares, passenger numbers, airline profitability, and the ability of airlines to provide service. Airline operating economics will also be affected as regulatory costs are imposed on the airline industry as part of efforts to reduce aircraft emissions contributing to global climate change.

Airline industry analysts hold differing views on how oil and aviation fuel prices may change in the near term, although, absent unforeseen disruptions, prices are expected to remain relatively low for some time. However, there is widespread agreement that fuel prices are likely to increase over the long term as global energy demand increases in the face of finite oil supplies that are becoming more expensive to extract. Aviation fuel prices will continue to affect airfares, passenger numbers, airline profitability, and the ability of airlines to provide service. Airline operating economics will also be affected as regulatory costs are imposed on the airline industry as part of efforts to reduce aircraft emissions contributing to global climate change.

In recent years, fuel prices have been relatively stable, partly as a result of increased supply from U.S. domestic production, although political instability and conflicts in North Africa and the Middle East have contributed to volatility. The City makes no representation whether fuel prices will continue relative stability or if volatility will increase.

Airline Agreements

Revenues may be affected by the ability of the Occupant Airlines, individually and collectively, to meet their respective obligations under the proposed airline agreements. Pursuant to the proposed airline agreements between the City and each of the Occupant Airlines, each airline will pay rentals, fees and charges for such airline's use and occupancy of the Jetport terminal, aprons and other airfield areas. The

Jetport's airline agreements expired on May 19, 2016. The Occupant Airlines continue to operate under the holdover provisions of the expired airline agreements. No assurance can be given concerning the outcome of the ongoing negotiations with respect to the terms of the proposed airline agreements or the content of any new airline agreements with the Occupant Airlines. 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 2019 Bonds. See "AIRLINE AND OTHER REVENUE PRODUCING AGREEMENTS."

Air Travel Security, Public Health and Natural Disasters Concerns

Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of international hostilities and domestic and foreign terrorist attacks, may influence passenger travel behavior and air travel demand. Travel behavior may be affected by anxieties about the safety of flying, the inconveniences and delays associated with more stringent security screening procedures, the potential exposure to severe illnesses (such as avian flu, SARS, Ebola and the Zika virus) and natural disasters (such as volcano eruptions, earthquakes and tsunamis), all of which could lead to the avoidance of airline travel or the use of alternate modes of transportation.

Concerns about hostilities, terrorist attacks, other perceived security and public health risks, and associated travel restrictions also affect travel demand to and from particular international destinations. Beginning in March 2017, the Trump administration issued various orders seeking to restrict travel to the United States from certain countries, mainly in the Middle East and Africa. Following court challenges, in June 2018, the U.S. Supreme Court upheld the administration's most recent travel restrictions. As the restrictions are implemented, increased scrutiny by U.S. Customs and Border Protection may prevent or discourage some airline travel.

Following the fatal crashes of B-737 MAX aircraft that are suspected to have been caused by the malfunction of the aircraft's automated flight control system, all B-737 MAX aircraft were grounded in March 2019. Among North American airlines, Air Canada, American, Southwest, and United are being affected. At the time of the grounding, B-737 MAX aircraft accounted for approximately 1.5% of U.S. airline seat capacity. In fiscal year 2019, B-737 MAX aircraft are estimated to account for 1.03% of seat capacity at the Jetport. The grounding is expected to last several more months, however, the grounding has not caused significant numbers of flight cancellations at the Jetport. It is expected that the grounding will last several months while the flight control system software is updated and approved by the FAA and pilot training is completed.

Historically, airline travel demand has recovered after temporary decreases stemming from terrorist attacks or threats, hijackings, aircraft crashes, and other safety concerns. Provided that precautions by government agencies, airlines, and airport operators serve to maintain confidence in the safety of commercial aviation without imposing unacceptable inconveniences for airline travelers, future demand for airline travel at the Jetport will depend primarily on economic, not safety or security, factors.

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 Occupant 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.

There can be no prediction at this time of any material adverse effect which any such consolidation, merger, alliance, combination or other arrangement may have on air travel demand at the Jetport.

General Information Concerning the Airlines

The securities of many of the Occupant Airlines, or their respective parent corporations, are registered on a national securities exchange and 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 copied at the Public Reference Room of the SEC at 100 F Street, NE, Washington, DC 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, each airline is required to file periodic reports of financial and operation statistics with the U.S. Department of Transportation (the "DOT"). Information from such reports can be accessed at the DOT's Office of the Assistant Secretary for Research and Technology, Bureau of Transportation Statistics web site at <http://www.transtats.bts.gov>.

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.

Costs of Capital Improvement Program and Schedule

The purpose of the CIP is to provide for the orderly construction, expansion and improvement of Jetport facilities which enhance Jetport operations and revenues. The estimated costs of, and the projected schedule for completion of, the CIP are, however, subject to a number of uncertainties. The ability of the Jetport to complete the CIP may be adversely affected by various factors including, but not limited to: (1) estimating errors, (2) design and engineering errors, (3) changes to the scope of the capital improvements, (4) delays in contract awards, (5) material and/or labor shortages, (6) unforeseen site conditions, (7) adverse weather conditions, (8) contractor defaults, (9) labor disputes, (10) unanticipated levels of inflation, (11) litigation, (12) delays in permitting, and (13) environmental issues. No assurance can be given that the CIP will not cost more than is currently estimated. Any schedule delays or cost increases could result in the need to issue additional indebtedness and may result in increased costs per enplaned passenger to the airlines utilizing the Jetport.

Construction of large projects at airports also involves the risk of disruption of ongoing operations and a resultant reluctance on the part of passengers and airlines to use the Jetport. The Jetport has taken, and will continue to take, steps to minimize the impact of construction at the Jetport and does not believe that air traffic will be reduced because of implementation of the CIP.

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”) became 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.

Like many other airport operators, the Jetport experienced increased M&O Expenses 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 security measures. To the extent such security costs are not covered by federal monies or the airlines, the Jetport is responsible for any such costs. 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. See “CAPITAL IMPROVEMENT PROGRAM”.

Cybersecurity.

Similar to other large organizations, the City and the airlines rely on electronic systems and technologies to conduct operations. There have been numerous attempts to gain unauthorized access to electronic systems of large organizations for the purposes of misappropriating assets or personal, operational, financial or other sensitive information, or causing operational disruption. These attempts, which are increasing, include highly sophisticated efforts to electronically circumvent security measures or freeze assets as well as more traditional intelligence gathering aimed at obtaining information necessary to gain access. The City maintains a security posture designed to deter cyber-attacks, and is committed to deterring attacks on its electronic systems and responding to such attacks to minimize their impact on operations. However, no assurances can be given that the City's security measures will prevent cyberattacks, and no assurances can be given that any cyber-attacks, if successful, will not have a material adverse effect on the operations or financial condition of the City.

Growth of Transportation Network Companies

A significant source of non-airline revenues is generated from ground transportation activity, including use of Jetport parking facilities, rental car transactions, trip fees paid by taxi, limousine, and transportation network companies such as Uber and Lyft (“TNCs”) that connect paying passengers with drivers who provide the transportation using their own commercial and non-commercial vehicles. The relative market share of these sources of revenue is shifting. As an example, the popularity of TNCs has increased because of the increasing number of cities where TNCs operate, the other technological innovations in ground transportation, convenience of requesting a ride through a mobile application, the ty to pay for this service without providing cash or other payment to the hired driver and competitive pricing.

In 2019, the City introduced rule-making ordinances pertaining to TNCs, which augmented surface transportation revenues at the Jetport. Although it currently does not appear that TNCs have had a significant effect on revenues generated through ground transportation, it is possible that further growth in and use of TNCs may have a material adverse impact on the City’s parking revenues which may or may not be replaced by revenues from the City’s agreements with TNCs.

Technological Innovations in Ground Transportation

New technologies (such as autonomous vehicles and connected vehicles) and innovative business strategies in established markets such as commercial ground transportation and car rental may continue to occur and may result in further changes in Jetport passengers' choice of ground transportation mode. While the Jetport makes every effort to anticipate demand shifts, there may be times when the Jetport's expectations differ from actual outcomes. In such event, revenue from one or more ground transportation modes may be lower than expected. The Jetport cannot predict with certainty what impact such new technologies, innovations in ground transportation or new business strategies will have over time on revenues from non-airline sources such as parking, rental cars and other ground transportation services.

Passenger Facility Charges

Termination of PFCs. The Jetport's legal authority to impose and use PFCs is subject to certain terms and conditions provided in the PFC Act, AIR-21, regulations promulgated in connection with the PFC Act and AIR-21 (collectively, the "PFC Regulations"), and each PFC application. If the Jetport fails to comply with these requirements, the FAA may take action to terminate or to reduce the Jetport's legal authority to impose or to use PFCs. Some of the events that could cause the Jetport to violate these provisions are not within the Jetport's control. In addition, failure to comply with the provisions of certain federal noise pollution acts may lead to termination of the Jetport's authority to impose PFCs.

Amendments to PFC Act or PFC Regulations. There is no assurance that the PFC Act will not be repealed or amended or that the PFC Regulations or any PFC application will not be amended in a manner that would adversely affect the Jetport's ability to collect and use PFC Revenues in an amount sufficient to deposit available PFC Revenues for payment of principal and interest on the Series 2019 Bonds.

Collection of the PFCs. The ability of the Jetport to collect sufficient PFCs depends upon a number of factors including the operation of the Jetport by its administrative personnel, the use of the Jetport by the airlines which provide service at the Jetport (the "Collecting Carriers"), the efficiency and ability of the Collecting Carriers to collect and remit PFCs to the Jetport and the number of enplanements at the Jetport. The Jetport relies upon the Collecting Carriers' collection and remittance of PFCs, and both the Jetport and the FAA rely upon the airlines' reports of enplanements and collection statistics.

If the numbers of enplaned passengers at the Jetport are significantly below the numbers forecast in projecting annual PFC Revenues, if the collection fees retained by the Collecting Carriers are increased or if the PFC Act is amended, the amount of PFC Revenues actually collected by the Jetport each year will be less than the amount projected.

Accordingly, available PFC Revenues may be less than the amount sufficient to enable the Jetport to pay the principal of and interest on the Series 2010 Bonds. In such event other revenues would be required to pay debt service on the Series 2010 Bonds. On the other hand, if the number of annual enplanements is higher than initially projected or if the rate of PFCs is increased above the level described under the heading "PASSENGER FACILITY CHARGES", the Jetport will collect PFC Revenues faster than initially forecast. The Jetport will have to manage its PFC program carefully in such event and balance its expenditures with its collecting rates to ensure that sufficient PFC Revenues will be available in later years to pay debt service attributable to the Series 2010 Bonds.

Secondary Market

No assurance can be given concerning the existence of any secondary market in the Series 2019 Bonds or its creation or maintenance by the underwriter of the Series 2019 Bonds, UBS Financial Services, Inc.

Thus, purchasers of Series 2019 Bonds should be prepared, if necessary, to hold their Series 2019 Bonds until their respective maturity dates.

Limitations on Remedies

The Series 2019 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 2019 Bonds as they come due. In addition, the Series 2019 Bonds are payable solely from revenues. Under certain circumstances, holders of the Series 2019 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 2019 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 2019 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 2019 Bonds or in any way contests the validity of the Series 2019 Bonds or any proceedings of the City taken with respect to the authorization, sale, execution, issuance or delivery of the Series 2019 Bonds or the pledge or application of any moneys provided to pay, or to secure the payment of, debt service on the Series 2019 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 2019 Bonds.

TAX MATTERS

The Series 2019 Bonds

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Series 2019 Bonds in order that interest on the Series 2019 Bonds be and remain excludable from gross income for federal income tax purposes 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. Failure of the City to comply with such requirements may cause interest on the Series 2019 Bonds to be included in the gross income of the holders thereof for purposes of federal income taxation retroactive to the date of issuance of the Series 2019 Bonds, regardless of when such non-compliance occurs or is ascertained.

In its Tax Matters Certificate delivered concurrently with the delivery of the Series 2019 Bonds, the City will make certain representations with respect to the use, expenditure and investment of the proceeds of the Series 2019 Bonds and the use of the Projects and will (i) covenant to comply with requirements of the Code applicable to the Series 2019 Bonds to assure that the interest paid on the Series 2019 Bonds is and remains excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code, except for interest on any Series 2019 Bond during any period while it is held by a person who is a "substantial user" of the project financed by the Series 2019 Bonds or a "related person" within the meaning of Section 147(a) of the Code and (ii) covenant not to take any action or permit any action that would cause

the interest paid on the Series 2019 Bonds to be included in gross income for purposes of federal income taxation pursuant to Section 103 of the Code.

In the opinion of Bond Counsel and in reliance on the representations of the City and assuming compliance with the City's compliance with the Tax Matters Certificate and the Code, under existing statutes, regulations and court decisions interest on the Series 2019 Bonds is excludable from the gross income of the owners of the Series 2019 Bonds for federal income tax purposes pursuant to Section 103 of the Code except for interest on any Series 2019 Bond during any period while it is held by a person who is a "substantial user" of the project financed by the Series 2019 Bonds or a "related person" within the meaning of Section 147(a) of the Code.. In addition, such interest is not an item of tax preference under the Code

Exemption of Interest on the Series 2019 Bonds from Taxation Within the State of Maine

In the opinion of Bond Counsel, pursuant to 30-A MRSA §5413, the Series 2019 Bonds, and their transfer and the income from the Series 2019 Bonds, including the interest paid on the Series 2019 Bonds and any profit made on the sale of the Series 2019 Bonds, is free from taxation within the State of Maine.

Not Designated as Qualified Tax-Exempt Obligations

The City *will not designate* the Series 2019 Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Original Issue Discount

Certain maturities of the Series 2019 Bonds ("Discount Bonds") may be sold at an issue price that is less than the stated redemption price of Discount Bonds at maturity (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates). The difference between the issue price at which each of Discount Bonds is sold and the stated redemption price at maturity (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) of each of Discount Bonds constitutes original issue discount ("OID"). Pursuant to Section 1288 of the Code, OID on Discount Bonds accrues on the basis of economic accrual under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on Discount Bonds, as applicable. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of Discount Bond will be increased by the amount of such accrued OID for purposes of determining gain or loss on the sale, exchange, or other disposition of such Bond. Bond Counsel is of the opinion that the appropriate portion of the OID properly allocable to the original and each subsequent owner of Discount Bonds will be treated as interest excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code to the same extent as stated interest on Discount Bonds .

Prospective purchasers of Discount Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of the OID properly accruable with respect to Discount Bonds and the tax accounting treatment of accrued interest, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Original Issue Premium

Certain maturities of the Series 2019 Bonds may be sold at a purchase price in excess of the amount payable on such Bonds after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) ("Premium Bonds "). The excess, if any, of the tax basis of Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds as inventory, stock

in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner’s tax cost of Premium Bonds used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though Premium Bond is sold, or disposed of, for a price equal to the owner’s original cost of acquiring Premium Bond. Bond premium amortizes over the term of Premium Bonds under the “constant yield method” described in regulations interpreting Section 1272 of the Code.

Prospective purchasers of Premium Bonds should consult their tax advisors with respect to the calculation of the amount of bond premium which will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Additional Federal Income Tax Consequences

Prospective purchasers of the Series 2019 Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Series 2019 Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Series 2019 Bonds should consult their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

The Internal Revenue Service (the “IRS”) has an ongoing program of auditing state and local government obligations, which may include randomly selecting bond issues for audit, to determine whether interest paid to the holders is properly excludable from gross income for federal income tax purposes. It cannot be predicted whether the Series 2019 Bonds will be audited. If an audit is commenced, under current IRS procedures holders of the Series 2019 Bonds may not be permitted to participate in the audit process and the value and liquidity of the Series 2019 Bonds may be adversely affected.

Changes in Federal Tax Law

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series 2019 Bonds under federal or state law or otherwise prevent beneficial owners of the Series 2019 Bonds from realizing the full current benefit of the tax exempt status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Series 2019 Bonds. Prospective purchasers of the Series 2019 Bonds should consult their tax and financial advisors regarding such matters.

Opinion of Bond Counsel

The legal opinion of the firm of Pierce Atwood LLP, of Portland, Maine, Bond Counsel (see Appendix B) will be furnished to the original purchaser of the Series 2019 Bonds. The opinion will be dated and given on and will speak only as of the date of original delivery of the Series 2019 Bonds to the original purchaser of the Series 2019 Bonds.

Extent of Opinion

Bond Counsel expresses no opinion regarding any tax consequences of holding the Series 2019 Bonds other than its opinion with regard to (a) the exclusion of interest on the Series 2019 Bonds from gross income pursuant to Section 103 of the Code, except for interest on any Series 2019 Bond during any period while it is held by a person who is a “substantial user” of the project financed by the Series 2019 Bonds or a “related person” within the meaning of Section 147(a) of the Code, (b) interest on the Series 2019 Bonds not constituting an item of tax preference pursuant to Section 57 of the Code and (c) the exemption of interest on the Series 2019 Bonds from taxation within the State. The opinion of Bond Counsel represents Pierce Atwood’s judgment regarding the proper treatment of the interest paid on the Series 2019 Bonds for federal income tax purposes and is not binding on the Internal Revenue Service (the “IRS”) or the courts, and is not a guarantee of results. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the City or about the effect of changes to the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. Prospective purchasers of the Series 2019 Bonds should consult their tax advisors with respect to all other tax consequences (including but not limited to those described above) of holding the Series 2019 Bonds.

DTC BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York City, NY, will act as securities depository for the Series 2019 Bonds. The Series 2019 Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Series 2019 Bonds, each in the aggregate principal amount of such maturity, and each such certificate will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated securities. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a S&P Global Inc. rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC’s records. The ownership interest of each actual purchaser of each security deposited with DTC (“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 securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of a maturity is 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 such other DTC nominee) will consent or vote with respect to securities deposited with it unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC 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 issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners. The information in this section 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.

CONTINUING DISCLOSURE

In order to assist the underwriter of the Series 2019 Bonds in complying with the Securities Exchange Commission’s Rule 15c2-12 (the “Rule”), the City will covenant for the benefit of the owners of the Series 2019 Bonds to provide certain financial information and operating data relating to the Rule by not later than 270 days after the end of each fiscal year (the “Annual Report”) and, if not included in the Annual Report, the City’s annual audited financial statements promptly upon becoming available and to provide notices of the occurrence of certain enumerated events. The covenants will be contained in a “Continuing Disclosure Agreement” (the “Agreement”), the proposed form of which is provided in Appendix D. The Agreement will be executed by the signers of the Series 2019 Bonds, and incorporated by reference in the Series 2019 Bonds. Except as discussed below, the City has never failed to comply in all material respects with any previous undertakings to provide financial information and operating data or notices of material events in accordance with the Rule.

The following list displays recent financial and operating filings by the City:

Financial Statements	<u>Filed With EMMA</u>	Days After Fiscal
<u>FY ended June 30,</u>	<u>Filing Date</u>	<u>Period End</u>
2018	March 12, 2019	255
2017	February 20, 2018	235
2016	February 15, 2017	230
2015	December 28, 2015	181
2014	December 18, 2014	171

Until the fiscal year ended June 30, 2011, the Jetport’s financial and operating data were included as part of the City’s Comprehensive Annual Financial Report (“CAFR”). Since the fiscal year ended June 30, 2012, the Jetport published its financial statements as a department of, but separately from, the City.

The following list displays recent financial and operating filings by the Jetport:

Financial Statements	<u>Filed With EMMA</u>	Days After Fiscal
<u>FY ended June 30,</u>	<u>Filing Date</u>	<u>Period End</u>
2018	March 12, 2019	255
2017	March 2, 2018	245
2016	July 1, 2017	366 ⁽¹⁾
2015	December 28, 2015	181
2014	December 18, 2014	171

Notwithstanding the filing record above, in certain years the City’s audited financial statements were not linked in the MSRB’s EMMA system to specific outstanding issues of the City’s general obligation bonds. In addition, certain informational tables were not included in the City’s continuing disclosure filing for 2018. Corrective postings and event filings were made on October 22, 2019. The City has established procedures ensure the required filings will be made timely on a going forward basis.

NOTE: ⁽¹⁾ While not filed separately under the Jetport’s CUSIP (736564) complete financial and operating filings of the Jetport are included in the City’s 2016 fiscal year’s financial and operating filings by the City that was filed on February 15, 2017 (Base CUSIP 736560).

RATINGS

The Series 2019 Bonds have been rated “Baa1” with a “Stable Outlook” by Moody’s Investors Service (“Moody’s”) and “A-” with a “Stable Outlook” by S&P Global Ratings (“S&P” and, collectively, with Moody’s, the “Rating Agencies” and, individually, each a “Rating Agency”). The City has furnished the Rating Agencies certain information and materials, some of which may not have been included in this Official Statement. Generally, a Rating Agency bases any rating established by it on such information and materials and also on such investigations, studies and assumptions as it may undertake or establish independently. Each rating reflects only the view of the Rating Agency which published it at the time such rating is assigned and is subject to revision or withdrawal, which could affect the market price of the Series 2019 Bonds. A Rating Agency should be contacted directly for its rating on the Series 2019 Bonds and for its explanation of such rating. A rating is not a recommendation to buy, sell or hold the Series 2019 Bonds and such rating should be evaluated independently.

Due to the ongoing uncertainty regarding the debts of the United States of America, obligations issued by state and local governments in the United States, such as the Series 2019 Bonds, could be subject to a rating downgrade. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States of America or of any of its agencies or political subdivisions, then such event could also adversely affect the market for and ratings, liquidity, and market value of outstanding state and local government debt obligations, including the Series 2019 Bonds.

Except as set forth in the Continuing Disclosure Agreement set forth in Appendix D and referred to under “CONTINUING DISCLOSURE”, the City has not undertaken any responsibility either to bring to the attention of the owners of the Series 2019 Bonds any proposed change in or withdrawal of any rating of the Series 2019 Bonds or to oppose any such change or withdrawal.

FINANCIAL STATEMENTS

The audited financial statements of the Jetport for the years ended, June 30, 2018 and June 30, 2017, together with the report thereon dated February 25, 2019, as amended on March 11, 2019, of Runyon Kersteen Ouellette, Certified Public Accountants (“RKO”) are included herein as Appendix A. The City has not requested the consent of RKO for the inclusion of the financial statements in Appendix A, nor has it been received.

MUNICIPAL ADVISOR

Moors & Cabot, Inc. is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board and has acted as Municipal Advisor to the City in connection with the issuance of the Series 2019 Bonds pursuant to MSRB Rule G-23. Moors & Cabot, Inc. does not intend to participate in an underwriting syndicate for the public distribution of, the Series 2019 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.

UNDERWRITING

UBS Financial Services, Inc. (the “Underwriter”) has agreed to purchase the Series 2019 Bonds at a price of \$ _____, which purchase price reflects an underwriter’s discount of \$ _____ from the initial public offering price of the Series 2019 Bonds and a net premium of \$ _____. The purchase contract relating to the Series 2019 Bonds provides that the Underwriter will purchase all of the Series 2019 Bonds, if any Series 2019 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 2019 Bonds to certain dealers (including dealers depositing Series 2019 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.

The Underwriter has entered into a distribution and service agreement with its affiliate UBS Securities LLC (“UBS Securities”) for the distribution of certain municipal securities offerings, including the Series 2019 Bonds. Pursuant to such agreement, the Underwriter would share a portion of its underwriting compensation with respect to the Series 2019 Bonds with UBS Securities. The Underwriter and UBS Securities are each subsidiaries of UBS Group AG.

The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the City. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the City.

LEGAL MATTERS

Legal matters incident to the authorization, issuance, sale and delivery of the Series 2019 Bonds are subject to the approval of Pierce Atwood LLP, Portland, Maine, Bond Counsel to the City. Certain legal matters will be passed on for the Underwriter by its counsel, Preti, Flaherty, Beliveau & Pachios, LLP, Augusta, Maine. Certain legal matters will be passed on for the Trustee by its counsel, Paparone Law, PLLC, New York City, New York.

CUSIP IDENTIFICATION NUMBERS

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Series 2019 Bonds. All expenses in relation to the printing of CUSIP numbers on the Series 2019 Bonds will be paid for by the City provided, however, that the City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

STATUTORY REFERENCES

All quotations from and summaries and explanations of laws herein do not purport to be complete, and reference is made to said laws for full and complete statements of their provisions.

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 have been duly authorized by the City Council of the City.

CITY OF PORTLAND, MAINE

Dated: November __, 2019

By: _____
Brendan T. O'Connell
Director of Finance

APPENDIX A

**CITY OF PORTLAND, MAINE
GENERAL AIRPORT REFUNDING REVENUE BONDS, SERIES 2019 (Non-AMT)
(GREEN BONDS)
AUDITED FINANCIAL STATEMENTS OF THE JETPORT**

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Portland International Jetport

(An Enterprise Fund of the City of Portland, Maine)

Financial Statements

For the years ended June 30, 2018 and 2017



PORTLAND INTERNATIONAL JETPORT
(An Enterprise Fund of the City of Portland, Maine)

Financial Statements
For the years ended June 30, 2018 and 2017

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Certified Public Accountants and Business Consultants

Independent Auditor's Report

City Council
City of Portland, Maine

Report on the Financial Statements

We have audited the accompanying 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, 2018 and 2017 and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

City Council
City of Portland, Maine
Page 2

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Portland International Jetport as of June 30, 2018 and 2017 and respective changes in financial position and cash flows thereof and the budgetary comparison for the Portland International Jetport for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in the notes, the financial statements of the Portland International Jetport are intended to present the financial position, the changes in financial position, and cash flows of only that portion of, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Portland, Maine that is attributable to the transactions of the Jetport. They do not purport to, and do not present fairly the financial position of the City of Portland, Maine as of June 30, 2018 and 2017, the changes in its financial position, or where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the Jetport's financial statements. The schedules (schedules 1-16) are presented for purposes of additional analysis and are not a required part of the financial statements.

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



February 25, 2019, except for the note pertaining to debt service coverage ratio on page 12, as to which the date is March 11, 2019
South Portland, Maine

Statement 1

PORTLAND INTERNATIONAL JETPORT
(An Enterprise Fund of the City of Portland, Maine)
Statements of Net Position
June 30, 2018 and 2017

	2018	2017
		Restated
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 19,104,659	\$ 20,494,460
Accounts receivable	3,334,538	3,153,473
Allowance for uncollectible accounts	(28,000)	(69,600)
Due from other governments	5,316,371	6,205,738
Inventories	354,183	326,859
Prepaid expenses	1,329,681	1,392,217
Total current assets	<u>\$ 29,411,432</u>	<u>\$ 31,503,147</u>
Noncurrent assets:		
Restricted cash and cash equivalents	\$ 15,267,425	\$ 14,596,974
Capital assets:		
Land	13,313,235	13,313,235
Buildings and improvements	177,807,154	176,685,060
Improvements other than buildings	136,924,191	129,239,510
Machinery and equipment	16,751,537	18,544,479
Construction in progress	3,142,365	5,918,934
Less accumulated depreciation	(169,148,840)	(162,086,714)
Net capital assets	<u>\$ 178,789,642</u>	<u>\$ 181,614,505</u>
Total noncurrent assets	<u>\$ 194,057,067</u>	<u>\$ 196,211,479</u>
Total assets	<u>\$ 223,468,498</u>	<u>\$ 227,714,625</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of pension resources	\$ 464,469	\$ 1,148,911
Deferred outflows of other postemployment benefits	8,358	3,906
Deferred outflows of refunding bonds	1,312,035	1,423,413
Total deferred outflows of resources	<u>\$ 1,784,862</u>	<u>\$ 2,576,230</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 2,669,544	\$ 2,447,260
Accrued liabilities	3,200,712	3,208,145
Current portion of long-term debt	3,637,213	3,202,897
Compensated absences	260,762	274,673
Claims and judgments	233,030	91,355
Total current liabilities	<u>\$ 10,001,261</u>	<u>\$ 9,224,329</u>
Noncurrent liabilities:		
Long-term debt due in more than one year	115,594,834	119,939,684
Total noncurrent liabilities	<u>\$ 115,594,834</u>	<u>\$ 119,939,684</u>
Total liabilities	<u>\$ 125,596,095</u>	<u>\$ 129,164,013</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of pension resources	\$ 174,557	\$ 161,165
Deferred inflows of other postemployment benefits	62,330	-
Total deferred inflows of resources	<u>\$ 236,887</u>	<u>\$ 161,165</u>
NET POSITION		
Net investment in capital assets	\$ 80,751,952	\$ 76,066,253
Restricted for:		
Operating maintenance	4,504,408	4,245,032
Unrestricted	14,164,018	20,654,393
Total net position	<u>\$ 99,420,378</u>	<u>\$ 100,965,677</u>

See accompanying notes to financial statements.

Statement 2

PORTLAND INTERNATIONAL JETPORT
(An Enterprise Fund of the City of Portland, Maine)
Statements of Revenues, Expenses, and Changes in Net Position
For the years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u> Restated
Operating revenues:		
Charges for services	\$ 22,896,385	\$ 21,934,310
Total operating revenues	<u>\$ 22,896,385</u>	<u>\$ 21,934,310</u>
Operating expenses:		
Personnel services	\$ 5,237,079	\$ 5,249,386
Contractual services	7,453,281	6,814,606
Supplies and materials	825,813	807,642
Rentals	18,759	14,686
Utilities	1,371,558	1,391,041
Maintenance	2,728,300	1,798,495
Depreciation	9,025,634	8,915,723
Insurance	100,229	104,169
Total operating expenses	<u>\$ 26,760,654</u>	<u>\$ 25,095,747</u>
Operating income (loss)	<u>\$ (3,864,269)</u>	<u>\$ (3,161,437)</u>
Nonoperating revenues (expenses):		
Passenger facility charges	\$ 4,081,370	\$ 3,742,493
Loss on disposal of property	(66,975)	(1,057)
Interest and other revenue	378,399	109,860
Interest and other expenses	(5,144,424)	(5,151,332)
Total nonoperating revenues (expenses)	<u>\$ (751,630)</u>	<u>\$ (1,300,036)</u>
Income (loss) before contributions	\$ (4,615,899)	\$ (4,461,473)
Capital contributions	<u>3,070,600</u>	<u>5,097,942</u>
Change in net position	\$ (1,545,299)	\$ 636,469
Net position, beginning of year, as restated	<u>\$ 100,965,677</u>	<u>\$ 100,329,208</u>
Net position, end of year	<u>\$ 99,420,378</u>	<u>\$ 100,965,677</u>

See accompanying notes to financial statements.

Statement 3

PORTLAND INTERNATIONAL JETPORT
(An Enterprise Fund of the City of Portland, Maine)
Statements of Cash Flows
For the years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 22,882,943	\$ 21,848,595
Payments to suppliers	(12,301,754)	(9,202,376)
Payments to employees	(5,220,138)	(5,060,016)
Net cash provided by operating activities	<u>\$ 5,361,051</u>	<u>\$ 7,586,203</u>
Cash flows from capital and related financing activities:		
Contributed capital	\$ 4,026,696	\$ 279,881
Passenger facility charges	3,932,286	3,742,493
Proceeds from sale of refunding bonds	-	24,155,671
Acquisition and construction of capital assets	(6,012,992)	(5,841,675)
Principal paid on bond maturities	(2,700,000)	(1,095,000)
Refunded bonds defeased	-	(24,609,699)
Interest payments on long-term debt	(5,577,922)	(5,522,771)
Net cash used by capital and related financing activities	<u>\$ (6,331,932)</u>	<u>\$ (8,891,100)</u>
Cash flows from investing activities:		
Interest income	\$ 251,531	\$ 109,860
Net cash provided by investing activities	<u>\$ 251,531</u>	<u>\$ 109,860</u>
Net increase (decrease) in cash and cash equivalents	\$ (719,350)	\$ (1,195,034)
Cash and cash equivalents, beginning of year	<u>35,091,434</u>	<u>36,286,467</u>
Cash and equivalents, at end of year (including \$15,267,425 and \$14,596,974, respectively, reported in restricted accounts)	<u>\$ 34,372,084</u>	<u>\$ 35,091,434</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (3,864,269)	\$ (3,161,437)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	9,025,634	8,915,723
Change in deferred inflows and outflows-pension	52,318	158,308
Change in deferred inflows and outflows-OPEB	(4,243)	249,106
Change in operating assets and liabilities:		
Accounts receivable	(73,582)	(38,143)
Due from other governments	60,140	(47,573)
Prepaid expenses	62,536	62,535
Inventories	(27,324)	(18,724)
Accounts payable	(28,775)	1,536,781
Accrued liabilities	30,852	(53,622)
Compensated absences	(13,910)	(6,113)
Claims and judgments	141,675	(10,638)
Total adjustments	<u>\$ 9,225,321</u>	<u>\$ 10,747,640</u>
Net cash provided by operating activities	<u>\$ 5,361,051</u>	<u>\$ 7,586,203</u>
Noncash investing, capital, and financing activities:		
Disposal of capital assets	\$ 2,030,485	\$ 284,127
Accumulated depreciation on capital assets dispositions	1,963,509	283,066

See accompanying notes to financial statements.

Statement 4

PORTLAND INTERNATIONAL JETPORT
(An Enterprise Fund of the City of Portland, Maine)
Schedule of Revenues, Expenditures, and Encumbrances
Budget and Actual (Budget Basis)
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget
	Original	Final		
Revenues				
Charges for services	\$ 22,575,684	\$ 22,575,684	\$ 22,896,230	\$ 320,546
Intergovernmental revenue	116,800	116,800	126,868	10,068
Interest and other revenue	175,000	175,000	260,170	85,170
Total revenues	<u>\$ 22,867,484</u>	<u>\$ 22,867,484</u>	<u>\$ 23,283,268</u>	<u>\$ 415,783</u>
Expenditures and encumbrances				
Personnel services	\$ 5,345,069	\$ 5,357,360	\$ 4,995,203	\$ 362,157
Administrative services	1,539,303	1,551,208	671,648	879,560
Contractual services	4,816,376	4,859,620	4,931,720	(72,100)
Maintenance and repairs	1,098,530	1,102,457	1,260,828	(158,371)
Rentals	64,775	50,139	18,759	31,380
Insurance	174,100	174,100	128,944	45,156
Supplies and materials	833,118	895,035	825,813	69,222
Minor capital items	8,000	8,000	-	8,000
Utilities	1,417,126	1,408,574	1,371,558	37,016
Contributions	1,658,733	1,658,733	1,692,090	(33,357)
Capital outlay	1,773,066	1,662,970	1,783,792	(120,822)
Debt service	4,139,288	4,139,288	4,139,288	1
Total expenditures and encumbrances	<u>\$ 22,867,484</u>	<u>\$ 22,867,484</u>	<u>\$ 21,819,643</u>	<u>\$ 1,047,842</u>
Excess (deficiency) of revenues over (under) expenditures and encumbrances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,463,625</u>	<u>\$ 1,463,625</u>

Reconciliation from budgetary basis to GAAP basis:

	Revenues	Expenditures	Other Financing Sources (Uses)
Statement of Revenues, Expenses, and Changes in Net Position, Statement 2	\$ 27,356,154	\$ 31,972,053	\$ 3,070,600
Capital contributions and reimbursements	-	-	(3,070,600)
Passenger facility charges	(4,081,370)	-	-
Unbudgeted revenues	8,484	-	-
Losses on disposal of assets	-	(66,975)	-
Change in workers compensation liability	-	(165,086)	-
Change in allowance for doubtful accounts	-	41,600	-
Capital expenditures expensed over useful life	-	(38,664)	-
Bond issuance costs expensed with debt maturities	-	(173,913)	-
Depreciation charges not budgeted	-	(9,025,634)	-
Pension charges not budgeted	-	(52,318)	-
OPEB charges not budgeted	-	4,243	-
Debt service paid by passenger facility charges	-	(3,260,013)	-
Accrued interest on bonds	-	544,876	-
Bond principal payments	-	1,710,000	-
FY18 encumbrances	-	329,473	-
Statement of Revenues, Expenditures, and Encumbrances - Budget and Actual (Budget Basis), Statement 4	<u>\$ 23,283,268</u>	<u>\$ 21,819,643</u>	<u>\$ -</u>

PORTLAND INTERNATIONAL JETPORT
(An Enterprise Fund of the City of Portland, Maine)

Notes to Financial Statements

June 30, 2018 and 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Portland International Jetport (Jetport) is a quasi-municipal corporation purchased by the City of Portland (City) in 1936. Like many community airports, the Portland International Jetport had its beginnings as a flying fan's private field. The Jetport currently serves over 1.8 million passengers a year, served by five major airlines. These include: American, Delta, JetBlue, Southwest, and United. The Jetport primarily serves southern Maine and its revenue is produced mainly through contracts and leases.

The Jetport operates as a department of the City of Portland, Maine, the financial statements of which have been issued in a separate report dated February 25, 2019 for the year ended June 30, 2018.

These financial statements present only the Jetport's operations and are not intended to present fairly the financial position and results of operations of the City of Portland, Maine in conformity with accounting principles generally accepted in the United States of America. Certain disclosures relevant to both the City of Portland, Maine and the Jetport are omitted herein and have been disclosed in the City's basic financial statements.

Measurement Focus and Basis of Accounting - The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements. The Portland International Jetport's financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Jetport distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with ongoing operations. The principal operating revenues of the Jetport are charges to customers (airline carriers). Operating expenses include the cost of personnel, contractual services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

PORTLAND INTERNATIONAL JETPORT
Notes to Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 cash and cash equivalents consist of cash on hand, demand deposits, and cash equivalent investments (i.e., money market mutual funds). The Jetport's cash balance consists of \$19,104,659 and \$20,494,460 at June 30, 2018 and 2017, respectively, which is the Jetport's share of the City's pooled cash. This is in addition to \$15,267,425 and \$14,596,974 in funds reported in restricted accounts at June 30, 2018 and June 30, 2017. Classification as to credit risk, interest rate and custodial 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.

Inventories and Prepaid Expenses - Inventories are valued at cost, using the first-in first-out (FIFO) method and consist of expendable supplies. The cost of such inventories are recorded as expenses when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items are recorded as expenses when consumed rather than when purchased.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets, are defined by the Jetport as assets with an estimated minimum useful life in excess of two years with an initial, individual cost as follows:

Type of Asset	Cost
Land	ALL
Land improvements	\$ 20,000
Machinery and equipment	20,000
Buildings, building improvements, and leasehold improvements	50,000
Improvements other than buildings	100,000

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.

PORTLAND INTERNATIONAL JETPORT
Notes to Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Major outlays for capital assets and improvements are capitalized as projects are constructed. The City has implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, and interest incurred during the construction phase of capital assets is not included as part of the capitalized value of the assets constructed. The total interest expense incurred by the Jetport during the year ended June 30, 2018 and 2017 was \$5,144,424 and \$5,151,332, respectively, of which none was capitalized.

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 position. Bond premiums are deferred and amortized over the life of the bond using the straight-line method.

Pensions and Other Postemployment Benefits - For the purposes of measuring the net pension and net OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to pensions and other postemployment benefits have been determined on the same basis as they are reported by the Maine Public Employees Retirement System (MainePERS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. Further information regarding the net pension liability, the net liability for other postemployment benefits, related deferred outflows of resources, related deferred inflows of resources, and related expenses can be obtained from the City's basic financial statements.

PORTLAND INTERNATIONAL JETPORT
Notes to Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. This separate financial element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Jetport has several such items in the statement of net position. These items are related to the recognition of the net pension liability and net liability for other postemployment benefits, and can include: differences between expected and actual experience, change in assumptions, the net difference between projected and actual earnings on pension plan investments, and changes in proportion and differences between the Jetport's contributions and proportionate share of contributions, and also Jetport pension contributions subsequent to the measurement date. The statement of net position also reports a deferred outflow of resources related to refunding bonds. This amount represents the difference between the reacquisition price and the net carrying amount of the refunded debt. It is being amortized over the remaining life of the bond.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Jetport has several of these items. The statement of net position, reports items related to the recognition of the net pension liability and the net liability for other postemployment benefits, and can also include the items listed above, except for contributions subsequent to the measurement date.

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, actual results could differ from these estimates.

Income Taxes - The Jetport, as a fund of the City of Portland, qualifies as a tax exempt organization under the provisions of the Internal Revenue Code and, accordingly, its income is not subject to any state or federal income taxes.

Net Position Flow Assumptions - Sometimes the Jetport will fund outlays for a particular purpose from both restricted (bond or grant proceeds) and unrestricted resources. In order to calculate the amounts reported as restricted net position and unrestricted net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the entity's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

PORTLAND INTERNATIONAL JETPORT
Notes to Financial Statements

CAPITAL ASSETS

Summaries of changes in capital assets for the years ended June 30, 2018 and 2017 follow:

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 13,313,235	\$ -	\$ -	\$ 13,313,235
Construction in progress	5,918,934	3,309,943	(6,086,514)	3,142,364
Total capital assets, not being depreciated	<u>\$ 19,232,169</u>	<u>\$ 3,309,943</u>	<u>\$ (6,086,514)</u>	<u>\$ 16,455,599</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 176,685,060	\$ 1,122,094	\$ -	\$ 177,807,154
Improvements other than buildings	129,239,510	8,806,775	(1,122,094)	136,924,191
Machinery and equipment	18,544,479	237,542	(2,030,485)	16,751,537
Total capital assets, being depreciated	<u>\$ 324,469,050</u>	<u>\$ 10,166,412</u>	<u>\$ (3,152,579)</u>	<u>\$ 331,482,882</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (62,416,102)	\$ (4,908,914)	\$ -	\$ (67,325,016)
Improvements other than buildings	(89,077,178)	(3,269,496)	-	(92,346,674)
Machinery and equipment	(10,593,434)	(847,224)	1,963,509	(9,477,149)
Total accumulated depreciation	<u>\$ (162,086,714)</u>	<u>\$ (9,025,634)</u>	<u>\$ 1,963,509</u>	<u>\$ (169,148,839)</u>
Total capital assets being depreciated, net	<u>162,382,335</u>	<u>1,140,778</u>	<u>(1,189,070)</u>	<u>162,334,043</u>
Capital assets, net	<u><u>\$ 181,614,505</u></u>	<u><u>\$ 4,450,721</u></u>	<u><u>\$ (7,275,583)</u></u>	<u><u>\$ 178,789,643</u></u>

For the fiscal year ended June 30, 2018, the City reclassified \$1,122,094 of Jetport assets from improvements other than buildings to buildings and improvements.

PORTLAND INTERNATIONAL JETPORT
Notes to Financial Statements

CAPITAL ASSETS, CONTINUED

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
Capital assets, not being depreciated:				
Land	\$ 13,313,235	\$ -	\$ -	\$ 13,313,235
Construction in progress	683,247	5,818,229	(582,542)	5,918,934
Total capital assets, not being depreciated	\$ 13,996,482	\$ 5,818,229	\$ (582,542)	\$ 19,232,169
Capital assets, being depreciated:				
Buildings and improvements	\$ 176,526,424	\$ 158,636	\$ -	\$ 176,685,060
Improvements other than buildings	128,975,670	263,840	-	129,239,510
Machinery and equipment	18,484,901	343,705	(284,127)	18,544,479
Total capital assets, being depreciated	\$ 323,986,995	\$ 766,182	\$ (284,127)	\$ 324,469,050
Less accumulated depreciation for:				
Buildings and improvements	\$ (57,498,498)	\$ (4,917,604)	\$ -	\$ (62,416,102)
Improvements other than buildings	(85,927,847)	(3,149,331)	-	(89,077,178)
Machinery and equipment	(10,027,717)	(848,787)	283,070	(10,593,434)
Total accumulated depreciation	\$ (153,454,062)	\$ (8,915,723)	\$ 283,070	\$ (162,086,714)
Total capital assets being depreciated, net	170,532,933	(8,149,541)	(1,057)	162,382,335
Capital assets, net	\$ 184,529,415	\$ (2,331,312)	\$ (583,599)	\$ 181,614,505

Depreciation expense incurred at the Jetport totaled \$9,025,634 and \$8,915,723 for the fiscal years ended June 30, 2018 and 2017, respectively.

Construction commitments outstanding at June 30 include:

	2018	2017
Spent to date	\$ 4,702,941	\$ 3,831,970
Remaining Commitment	7,446,747	2,488,127

PORTLAND INTERNATIONAL JETPORT
Notes to Financial Statements

LONG-TERM DEBT

Changes in long-term liabilities for the years ended June 30, 2018 and 2017 are summarized as follows:

	<u>July 1, 2017</u> Restated	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2018</u>	<u>One Year</u>
Revenue bonds	\$ 114,760,000	\$ -	\$ 2,700,000	\$112,060,000	\$ 3,065,000
Premium on bonds	5,385,226	-	502,897	4,882,329	572,213
Net pension liability	2,744,344	-	645,517	2,098,827	-
Net OPEB liability	253,012	-	62,121	190,891	-
	<u>\$ 123,142,582</u>	<u>\$ -</u>	<u>\$ 3,910,535</u>	<u>\$119,232,047</u>	<u>\$ 3,637,213</u>

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>	<u>One Year</u>
Revenue bonds	\$ 118,320,000	\$ 20,695,000	\$ 24,255,000	\$114,760,000	\$ 2,700,000
Premium on bonds	2,237,245	3,460,671	312,690	5,385,226	502,897
Net pension liability	1,649,760	1,094,584	-	2,744,344	-
	<u>\$ 122,207,005</u>	<u>\$ 25,250,255</u>	<u>\$ 24,567,690</u>	<u>\$122,889,570</u>	<u>\$ 3,202,897</u>

Purpose of Debt

The Jetport issues revenue bonds for the purpose of enlarging and improving its operations. The Jetport has also issued refunding bonds when there has been an economic gain. The refundings are structured as legal defeasances of the old debt and such debt has been removed from the Jetport's books. Revenue bonds payable for the years ended June 30, 2018 and 2017:

	<u>Stated Interest Rate Range</u>	<u>Face Value Outstanding June 30, 2018</u>	<u>Face Value Outstanding June 30, 2017</u>
General Airport Revenue Refunding Bonds, Series 2016 \$20,695,000 original principal, matures January 1, 2038	4%-5%	\$ 20,125,000	\$ 20,695,000
General Airport Revenue Refunding Bonds, Series 2013 \$26,265,000 original principal, matures July 1, 2032	2%-5%	21,315,000	22,300,000
General Airport Revenue Bonds, Series 2010 \$72,310,000 original principal, matures January 1, 2040	4%-5%	<u>70,620,000</u>	<u>71,765,000</u>
		<u>\$112,060,000</u>	<u>\$114,760,000</u>

PORTLAND INTERNATIONAL JETPORT
Notes to Financial Statements

LONG-TERM DEBT, CONTINUED

Requirements for the repayment of the revenue bonds are as follows:

Year ended June 30,	Principal	Interest	Total
2019	\$ 3,065,000	\$ 5,568,475	\$ 8,633,475
2020	3,210,000	5,439,125	8,649,125
2021	3,390,000	5,288,225	8,678,225
2022	3,570,000	5,123,075	8,693,075
2023	3,780,000	4,943,075	8,723,075
2024-2028	22,365,000	21,633,625	43,998,625
2029-2033	29,390,000	15,335,075	44,725,075
2034-2038	27,185,000	8,282,200	35,467,200
2039-2040	16,105,000	1,374,000	17,479,000
Totals	<u>\$ 112,060,000</u>	<u>\$ 72,986,875</u>	<u>\$ 185,046,875</u>

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. During fiscal years 2018 and 2017, the Jetport has complied with the requirements of all bond covenants.

	2018	2017
Operating revenue	\$ 22,896,385	\$ 21,934,310
Interest on investments - revenue fund	378,399	109,860
Maintenance and operating expenses	<u>(17,735,020)</u>	<u>(15,930,917)</u>
Net Revenues	\$ 5,539,764	\$ 6,113,253

Debt Service Coverage Ratio Calculation:

Required Debt Service Fund Deposits	\$ 8,389,300	7,216,485
Less: Debt Service Supported by PFC's	<u>(4,250,013)</u>	<u>(3,260,013)</u>
	\$ 4,139,287	3,956,472

Debt service coverage ratio	134%	155%
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PORTLAND INTERNATIONAL JETPORT
Notes to Financial Statements

OPERATING LEASES

The City of Portland is lessor for space in the Portland International Jetport. The leases are non-cancelable operating leases and may contain fixed minimums and/or annually adjusted rates. Rental incomes for such leases were \$22,008,486 and \$20,986,926 for the years ended June 30, 2018 and 2017, respectively. The future minimum lease payments are as follows:

	<u>2018</u>
2019	\$ 4,753,737
2020	4,754,032
2021	4,743,902
2022	4,743,902
2023	<u>4,743,902</u>
Total future minimum lease payments	<u>\$ 23,739,475</u>

The cost and carrying value of property leased, or held for lease under operating leases at June 30, 2018 was \$97,684,399 and \$61,749,580, respectively; and at June 30, 2017 was \$97,684,399 and \$64,462,284, respectively.

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 \$18,989,699 and \$13,359,995 at June 30, 2018 and 2017, respectively. At June 30, 2018 and June 30, 2017, \$14,002,961 and \$10,932,361 had been expended against these grants. Amounts due from federal and state governments related to these grants at June 30, 2018 and June 30, 2017 was \$5,316,371 and \$6,145,598.

PORTLAND INTERNATIONAL JETPORT
Notes to Financial Statements

RESTATEMENT OF NET POSITION

The City has implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, beginning in the fiscal year ending June 30, 2018. The adoption of this new standard required the calculation of outstanding liabilities and related deferred inflows and outflows of resources as of June 30, 2017 and, consequently, a restatement of the net position of the jetport enterprise fund as summarized below:

Net position as previously reported, June 30, 2017	\$ 101,214,783
Implementation of GASB No. 75	<u>(249,106)</u>
Net position, June 30, 2017, as restated	<u>\$ 100,965,677</u>

NEW PRONOUNCEMENTS

For the fiscal year ended June 30, 2018, the City has implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*; and GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

PORTLAND INTERNATIONAL JETPORT
Net Position and Changes in Net Position
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Operating revenues										
Terminal rentals	\$ 4,717,376	\$ 4,613,526	\$ 4,451,852	\$ 4,168,623	\$ 3,873,641	\$ 3,710,636	\$ 3,370,303	\$ 3,188,582	\$ 3,338,923	\$ 3,330,290
Landing fees	3,419,318	3,337,376	3,140,527	2,885,813	2,748,081	2,520,617	2,384,503	2,347,763	2,563,994	2,581,143
Ground rent	459,294	477,855	473,561	478,180	464,718	462,197	466,324	487,441	465,412	594,929
Parking	7,039,830	6,854,230	6,557,689	6,475,767	6,572,699	6,104,937	6,042,569	6,249,019	6,258,350	5,593,218
Rental cars	4,602,266	4,035,134	4,167,497	4,029,735	3,495,981	3,617,047	3,197,107	2,760,515	3,507,583	2,929,917
Aircraft deicing fluid recycling (1)	757,268	770,143	751,924	715,123	794,472	777,253	872,898	912,538	-	-
Concessions	1,498,975	1,417,219	1,329,767	1,363,563	1,067,754	1,255,682	1,158,693	891,203	885,310	895,328
Other	402,057	428,827	490,632	649,273	451,033	616,060	447,391	506,132	249,498	229,852
Total operating revenues	\$ 22,896,385	\$ 21,934,310	\$ 21,363,450	\$ 20,766,077	\$ 19,468,379	\$ 19,064,429	\$ 17,939,788	\$ 17,343,193	\$ 17,269,070	\$ 16,154,677
Nonoperating revenues										
Passenger facility charges	\$ 4,081,370	\$ 3,742,493	\$ 3,504,626	\$ 3,475,122	\$ 3,424,890	\$ 3,423,073	\$ 3,359,256	\$ 3,789,768	\$ 3,429,330	\$ 2,590,439
Interest	378,399	109,860	175,502	129,680	66,764	24,133	26,220	157,599	71,847	494,618
Other	-	-	-	-	-	116,848	-	-	-	6,333
Total nonoperating revenues	\$ 4,459,769	\$ 3,852,353	\$ 3,680,128	\$ 3,604,802	\$ 3,491,654	\$ 3,564,054	\$ 3,365,476	\$ 3,947,367	\$ 3,501,177	\$ 3,091,390
Total revenues	\$ 27,356,154	\$ 25,786,664	\$ 25,043,578	\$ 24,370,879	\$ 22,960,033	\$ 22,628,483	\$ 21,305,264	\$ 21,290,560	\$ 20,770,247	\$ 19,246,067
Operating expenses										
Personnel services	\$ 5,237,079	\$ 5,249,386	\$ 4,812,333	\$ 4,075,786	\$ 3,966,148	\$ 3,854,494	\$ 3,643,244	\$ 3,498,179	\$ 3,110,782	\$ 3,129,467
Contractual services	7,453,281	6,814,606	6,706,375	6,029,555	5,836,992	6,300,692	5,148,490	3,971,043	4,182,364	4,530,097
Supplies and materials	825,813	807,642	689,682	706,169	748,935	746,064	538,502	605,795	532,808	608,939
Rentals	18,759	14,686	40,838	39,555	11,807	12,037	11,259	11,918	14,453	11,169
Utilities	1,371,558	1,391,041	1,407,204	1,484,605	1,411,237	1,257,122	1,105,730	798,436	714,732	843,497
Maintenance	2,728,300	1,798,495	1,740,540	1,417,079	1,109,862	909,037	639,482	795,186	1,010,983	776,723
Depreciation	9,025,634	8,915,723	8,952,733	9,937,167	10,715,429	10,893,228	10,018,427	8,677,856	8,343,575	8,118,477
Other	100,229	104,169	104,245	128,528	124,455	124,531	611,117	609,612	557,418	509,639
Total operating expenses	\$ 26,760,654	\$ 25,095,747	\$ 24,453,950	\$ 23,818,444	\$ 23,924,865	\$ 24,097,205	\$ 21,716,251	\$ 18,968,025	\$ 18,467,115	\$ 18,528,008
Nonoperating expenses										
Capital asset retirement	\$ 66,975	\$ 1,057	\$ 18,495	\$ -	\$ -	\$ -	\$ 485,353	\$ 5,117	\$ 917	\$ -
Interest expense	5,144,424	5,151,332	5,549,417	5,609,244	5,736,322	6,423,647	3,468,813	3,798,677	3,317,948	2,171,153
Other	-	-	-	460,671	-	-	-	-	-	-
Total nonoperating expenses	\$ 5,211,399	\$ 5,152,390	\$ 5,567,912	\$ 6,069,915	\$ 5,736,322	\$ 6,423,647	\$ 3,954,166	\$ 3,803,794	\$ 3,318,864	\$ 2,171,153
Total expenses	\$ 31,972,053	\$ 30,248,136	\$ 30,021,862	\$ 29,888,359	\$ 29,661,187	\$ 30,520,852	\$ 25,670,417	\$ 22,771,819	\$ 21,785,979	\$ 20,699,161
Transfers out (in)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (114,986)	\$ 114,986	\$ -
Capital contributions	\$ 3,070,600	\$ 5,097,942	\$ 5,188,818	\$ 1,726,702	\$ 2,100,350	\$ 6,861,123	\$ 10,121,038	\$ 19,896,219	\$ 12,443,239	\$ 2,989,064
Change in net position	\$ (1,545,299)	\$ 636,469	\$ 210,534	\$ (3,790,778)	\$ (4,600,804)	\$ (1,031,240)	\$ 5,755,885	\$ 18,529,946	\$ 11,312,521	\$ 1,535,970
Net position at year-end										
Net investment in capital assets	\$ 80,751,952	\$ 76,066,253	\$ 78,811,682	\$ 65,628,649	\$ 73,078,592	\$ 82,538,428	\$ 79,493,563	\$ 68,070,921	\$ 63,535,259	\$ 57,806,352
Restricted	4,504,408	4,245,032	3,686,163	17,729,460	18,200,326	18,019,786	14,440,299	22,360,883	74,331,659	12,179,865
Unrestricted (deficit)	14,164,018	20,654,393	17,831,359	16,760,561	14,071,736	9,393,245	17,048,843	16,337,434	(49,627,625)	6,940,554
Total net position	\$ 99,420,378	\$ 100,965,677	\$ 100,329,204	\$ 100,118,670	\$ 105,350,654	\$ 109,951,459	\$ 110,982,705	\$ 106,769,238	\$ 88,239,293	\$ 76,926,771

(1) FY2011 was the first year of deicing fluid recapture and recycling.

PORTLAND INTERNATIONAL JETPORT
Principal Revenue Sources and Revenues Per Enplaned Passenger
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Airline revenues										
Terminal rentals	\$ 4,311,074	\$ 4,225,910	\$ 4,065,548	\$ 3,772,520	\$ 3,534,855	\$ 3,449,588	\$ 3,107,859	\$ 2,832,787	\$ 3,111,289	\$ 3,133,664
Landing fees	3,178,164	3,128,272	2,936,436	2,675,449	2,562,568	2,361,034	2,219,774	2,169,353	2,391,335	2,355,973
Total airline revenues	\$ 7,489,238	\$ 7,354,182	\$ 7,001,983	\$ 6,447,969	\$ 6,097,423	\$ 5,810,622	\$ 5,327,633	\$ 5,002,140	\$ 5,502,624	\$ 5,489,637
Percentage of total revenues	27.38%	28.52%	27.96%	26.46%	26.56%	25.68%	25.01%	23.49%	26.49%	28.52%
Cargo revenues										
Landing fees	\$ 241,155	\$ 209,104	\$ 204,092	\$ 210,364	\$ 185,512	\$ 159,583	\$ 164,729	\$ 178,410	\$ 133,215	\$ 225,170
Ramp rent	72,505	71,552	70,152	72,026	67,479	72,091	69,836	72,338	65,946	64,301
Ground rent	49,260	45,598	44,701	43,292	40,193	43,015	42,155	44,414	40,221	39,241
Total cargo revenues	\$ 362,920	\$ 326,254	\$ 318,945	\$ 325,682	\$ 293,184	\$ 274,689	\$ 276,720	\$ 295,162	\$ 239,382	\$ 328,712
Percentage of total revenues	1.33%	1.27%	1.27%	1.34%	1.28%	1.21%	1.30%	1.39%	1.15%	1.71%
Nonairline revenues										
Parking	\$ 7,039,830	\$ 6,854,230	\$ 6,557,689	\$ 6,475,767	\$ 6,572,699	\$ 6,104,937	\$ 6,042,569	\$ 6,249,019	\$ 6,258,350	\$ 5,593,218
Rental cars	4,602,266	4,035,134	4,167,497	4,029,735	3,495,981	3,617,047	3,197,107	2,859,355	3,478,966	2,929,917
Concessions	1,498,975	1,417,219	1,329,767	1,363,563	1,067,754	1,255,682	1,158,693	891,203	885,310	895,328
Aircraft deicing fluid recycling (1)	757,268	770,143	751,924	715,123	794,472	777,253	872,898	912,538	-	-
Ground rent	410,034	432,257	428,860	434,888	424,525	419,182	424,169	474,843	387,861	491,387
Terminal rent	406,302	387,616	386,305	396,103	338,785	261,048	262,444	195,898	192,710	196,626
Other	329,551	357,275	420,480	577,247	383,554	543,969	377,555	463,035	323,867	229,852
Total nonairline revenues	\$ 15,044,227	\$ 14,253,874	\$ 14,042,522	\$ 13,992,426	\$ 13,077,770	\$ 12,979,118	\$ 12,335,435	\$ 12,045,891	\$ 11,527,064	\$ 10,336,328
Percentage of total revenues	54.99%	55.28%	56.07%	57.41%	56.96%	57.36%	57.90%	56.58%	55.50%	53.71%
Nonoperating revenues										
Passenger facility charges	\$ 4,081,370	3,742,493	\$ 3,504,626	\$ 3,475,122	\$ 3,424,890	\$ 3,423,073	\$ 3,339,256	\$ 3,789,768	\$ 3,429,330	\$ 2,590,439
Interest	378,399	109,860	175,502	129,680	66,764	24,133	26,220	157,599	71,847	494,618
Other	-	-	-	-	-	116,848	-	-	-	6,333
Total nonoperating revenues	\$ 4,459,769	\$ 3,852,353	\$ 3,680,128	\$ 3,604,802	\$ 3,491,654	\$ 3,564,054	\$ 3,365,476	\$ 3,947,367	\$ 3,501,177	\$ 3,091,390
Percentage of total revenues	16.30%	14.94%	14.69%	14.79%	15.21%	15.75%	15.80%	18.54%	16.86%	16.06%
Total revenues	\$ 27,356,154	\$ 25,786,664	\$ 25,043,578	\$ 24,370,879	\$ 22,960,031	\$ 22,628,483	\$ 21,305,264	\$ 21,290,560	\$ 20,770,247	\$ 19,246,067
Enplaned passengers (excluding charters)	969,683	912,913	876,250	842,784	843,148	818,541	824,165	849,076	858,687	861,585
Total revenue per enplaned passenger	\$ 28.21	\$ 28.25	\$ 28.58	\$ 28.92	\$ 27.23	\$ 27.64	\$ 25.85	\$ 25.07	\$ 24.19	\$ 22.34
Airline revenue per enplaned passenger	\$ 7.72	\$ 8.06	\$ 7.99	\$ 7.65	\$ 7.23	\$ 7.10	\$ 6.46	\$ 5.89	\$ 6.41	\$ 6.37

(1) FY2011 was the first year of deicing fluid recapture and recycling.

Schedule 3

PORTLAND INTERNATIONAL JETPORT
Changes in Cash and Cash Equivalents
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Cash flows from operating activities										
Receipts from customers and users	\$ 22,882,943	\$ 21,848,595	\$ 21,545,614	\$ 20,804,816	\$ 19,494,240	\$ 19,045,317	\$ 17,570,830	\$ 17,297,017	\$ 17,131,693	\$ 16,912,025
Payments to suppliers	(12,301,754)	(9,202,376)	(9,980,113)	(10,629,035)	(8,233,341)	(10,063,783)	(9,726,904)	(9,536,796)	(6,832,878)	(7,673,183)
Payments to employees	(5,220,138)	(5,060,016)	(4,751,671)	(4,324,548)	(3,936,395)	(3,873,483)	(3,647,365)	(3,477,842)	(3,282,966)	(3,101,192)
Net cash provided (used) by operating activities	\$ 5,361,051	\$ 7,586,203	\$ 6,813,830	\$ 5,851,233	\$ 7,324,504	\$ 5,108,051	\$ 4,196,561	\$ 4,282,379	\$ 7,015,849	\$ 6,137,650
Cash flows from noncapital financing activities										
Transfers to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 114,986	\$ (114,986)	\$ -
Net cash provided (used) by noncapital financing activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 114,986	\$ (114,986)	\$ -
Cash flows from capital and related financing activities										
Contributed capital	\$ 4,026,696	\$ 279,881	\$ 6,956,237	\$ 4,724,657	\$ 2,625,220	\$ 16,506,617	\$ 10,782,816	\$ 11,751,997	\$ 4,204,540	\$ 2,989,064
Passenger facility charges	3,932,286	3,742,493	3,360,360	3,374,105	3,505,456	3,423,073	3,339,256	3,789,768	3,429,330	2,590,439
Proceeds from sale of revenue bonds	-	-	-	-	-	-	-	-	72,310,000	-
Proceeds from sale of refunding bonds	-	24,155,671	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	700,000	-
Acquisition and construction of capital assets	(6,012,992)	(5,841,675)	(5,189,872)	(1,572,999)	(3,919,096)	(7,941,008)	(30,145,788)	(62,596,684)	(18,181,705)	(24,584,443)
Nonoperating deposits:										
Beginning of year	-	-	-	-	-	-	(300,623)	(623)	-	-
End of year	-	-	-	-	-	-	623	300,623	-	-
Acquisition of other noncurrent assets	-	-	-	-	-	-	-	-	(1,889,314)	-
Principal paid on bond maturities	(2,700,000)	(1,095,000)	(1,665,000)	(1,615,000)	(1,865,000)	(3,430,000)	(1,380,000)	(1,402,738)	(962,332)	(932,323)
Principal paid on note payable, line-of-credit	-	-	-	-	-	-	-	(845,000)	(3,715,000)	(2,540,000)
Cash used in bond refinancing	-	-	-	-	-	(100,997)	-	-	-	-
Refunding bonds defeased	-	(24,609,699)	-	-	-	-	-	-	-	-
Interest paid on debt	(5,577,922)	(5,522,771)	(5,867,597)	(5,919,772)	(5,770,788)	(4,191,994)	(3,496,239)	(2,642,834)	(2,701,644)	(1,625,410)
Nonoperating, other	-	-	-	(460,671)	-	-	-	-	(916)	6,333
Net cash provided (used) by capital and related financing activities	\$ (6,331,932)	\$ (8,891,100)	\$ (2,405,872)	\$ (1,469,680)	\$ (5,424,208)	\$ 4,265,691	\$ (21,199,955)	\$ (51,645,491)	\$ 53,192,959	\$ (24,096,340)

Schedule 3, Continued

PORTLAND INTERNATIONAL JETPORT
Changes in Cash and Cash Equivalents
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Cash flows from investing activities										
Proceeds from sale and maturity of investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,250,017
Interest income	251,531	109,860	175,502	129,680	66,764	24,134	26,220	157,599	71,847	494,618
Net cash provided (used) by investing activities	\$ 251,531	\$ 109,860	\$ 175,502	\$ 129,680	\$ 66,764	\$ 24,134	\$ 26,220	\$ 157,599	\$ 71,847	\$ 13,744,635
Net increase (decrease) in cash and cash equivalents	\$ (719,350)	\$ (1,195,037)	\$ 4,583,460	\$ 4,511,233	\$ 1,967,060	\$ 9,397,876	\$ (16,977,174)	\$ (47,090,527)	\$ 60,165,669	\$ (4,214,055)
Cash and cash equivalents, beginning of year	35,091,434	36,286,467	31,703,007	27,191,774	25,224,714	15,826,838	32,804,012	79,894,539	19,728,870	23,942,925
Cash and cash equivalents, end of year	\$ 34,372,084	\$ 35,091,430	\$ 36,286,467	\$ 31,703,007	\$ 27,191,774	\$ 25,224,714	\$ 15,826,838	\$ 32,804,012	\$ 79,894,539	\$ 19,728,870
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:										
Operating income (loss)	\$ (3,864,269)	\$ (3,161,437)	\$ (3,090,500)	\$ (3,052,367)	\$ (4,456,487)	\$ (5,032,776)	\$ (4,261,816)	\$ (1,624,832)	\$ (1,198,044)	\$ (2,373,331)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:										
Depreciation and amortization	\$ 9,025,634	\$ 8,915,723	\$ 8,952,733	\$ 9,937,167	\$ 10,715,429	\$ 10,893,228	\$ 10,018,427	\$ 8,677,856	\$ 8,343,574	\$ 8,118,477
Loss on disposal of assets	-	-	-	4,112	-	-	1,497,800	5,116	6,516	-
Change in deferred inflows and outflows-pension	52,318	158,308	401,164	(244,081)	-	-	-	-	-	-
Change in deferred inflows and outflows-OPEB	(4,243)	249,106	-	-	-	-	-	-	-	-
Change in operating assets and liabilities:										
Accounts receivable	(73,582)	(38,143)	119,326	(36,666)	25,862	(19,112)	(368,958)	(20,722)	(136,461)	(262,430)
Prepaid expenses	62,536	62,535	62,535	62,536	85,036	(22,500)	-	-	-	-
Inventories	(27,324)	(18,724)	(9,020)	(75,245)	58,366	(26,822)	(1,014)	(106,815)	16,944	(162,296)
Due from other governments	60,140	(47,573)	62,838	-	-	-	-	-	-	1,019,778
Accounts payable	(28,775)	1,536,781	228,921	(762,991)	873,604	(687,219)	(2,867,792)	(2,880,749)	159,128	(102,681)
Deferred revenue	-	-	-	-	-	-	169,305	-	-	-
Accrued liabilities	30,852	(53,622)	36,163	(6,199)	29,753	(18,989)	(4,121)	228,850	(172,184)	28,275
Compensated absences	(13,910)	(6,113)	33,499	1,518	-	-	-	-	-	-
Claims and judgments	141,675	(10,638)	16,171	23,449	(7,059)	22,241	14,730	3,675	(3,624)	(128,142)
Total adjustments	\$ 9,225,321	\$ 10,747,640	\$ 9,904,330	\$ 8,903,600	\$ 11,780,991	\$ 10,140,827	\$ 8,458,377	\$ 5,907,211	\$ 8,213,893	\$ 8,510,981

Net cash provided (used) by operating activities	\$ 5,361,051	\$ 7,586,203	\$ 6,813,830	\$ 5,851,233	\$ 7,324,504	\$ 5,108,051	\$ 4,196,561	\$ 4,282,379	\$ 7,015,849	\$ 6,137,650
Noncash investing, capital, and financing activities:										
Disposal of capital assets	\$ 2,030,485	\$ 284,127	\$ 280,636	\$ 818,680	\$ 154,449	\$ 321,724	\$ 2,526,986	\$ 59,582	\$ 173,642	\$ 25,199
Accumulated depreciation on capital asset dispositions	1,963,509	283,066	262,141	814,568	154,449	321,724	1,029,186	54,466	167,127	25,199
Premium on refunding of revenue bonds	-	3,460,671	-	-	-	3,105,166	-	-	-	-
Refunding debt issued	-	-	20,695,000	-	-	25,265,000	-	-	-	-
Outstanding debt refunded	-	-	23,160,000	-	-	27,725,000	-	-	-	-

PORTLAND INTERNATIONAL JETPORT

Revenue Rates
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Landing fee (per 1,000 lbs MGLW)	\$3.05	\$2.74	\$2.83	\$2.89	\$2.81	\$2.47	\$2.33	\$2.15	\$2.35	\$2.13
Landing fee surcharge (per 1,000 lbs MGLW) for non-signatory airlines: 25% add-on to landing fee	\$0.76	\$0.69	\$0.71	\$0.72	\$0.70	\$0.62	\$0.58	\$0.54	\$0.59	\$0.53
Apron fees (per sq. foot)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Annual terminal rental rates (per sq. foot)										
- Exclusive use	\$30.83	\$30.44	\$29.17	\$27.77	\$25.36	\$26.20	\$23.32	\$34.85	\$35.82	\$36.48
- Common use	\$30.83	\$30.44	\$29.25	\$27.86	\$25.37	\$26.20	\$22.31	\$47.26	\$47.80	\$48.16
- Outbound baggage	(b) \$46.20	\$41.43	\$38.88	\$34.50	\$36.08	\$24.17	\$42.11	n/a	n/a	n/a
- Public / concessions use	\$30.83	\$30.44	\$29.12	\$27.91	\$25.38	\$26.21	\$21.78	\$47.25	\$47.80	\$48.17
Terminal renovations surcharge (per enplanement)										
- PFC (Passenger Facility Charge)	(a) \$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50
Annual loading bridge rental (per bridge)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

(a) \$4.50 PFC became effective March 1, 2009.

(b) Outbound baggage fees began October 2011.

Schedule 5

PORTLAND INTERNATIONAL JETPORT
Ratios of Outstanding Debt, Debt Service, and Debt Limits
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Outstanding Debt per Enplaned Passenger										
Outstanding debt by type:										
Revenue bonds	\$ 48,360,000	\$ 50,070,000	\$ 53,630,000	\$ 55,295,000	\$ 56,910,000	\$ 58,775,000	\$ 62,605,000	\$ 63,985,000	\$ 65,310,000	\$ 58,495,000
Revenue bonds (PFC funded)	63,700,000	64,690,000	64,690,000	64,690,000	64,690,000	64,690,000	64,690,000	64,690,000	64,690,000	-
General obligation bonds	-	-	-	-	-	-	-	-	77,738	235,070
Total outstanding debt	\$ 112,060,000	\$ 114,760,000	\$ 118,320,000	\$ 119,985,000	\$ 121,600,000	\$ 123,465,000	\$ 127,295,000	\$ 128,675,000	\$ 130,077,738	\$ 58,730,070
Outstanding debt per enplaned passenger	\$ 115.56	\$ 125.71	\$ 135.03	\$ 142.37	\$ 144.22	\$ 150.84	\$ 154.45	\$ 151.55	\$ 151.48	\$ 68.17
Debt Service										
Principal	\$ 2,700,000	\$ 1,720,000	\$ 1,665,000	\$ 1,615,000	\$ 1,865,000	\$ 1,435,000	\$ 1,380,000	\$ 1,402,738	\$ 962,332	\$ 932,323
Interest	5,689,300	5,496,485	5,867,597	5,919,773	5,669,004	6,175,145	6,201,344	5,100,563	2,674,714	2,753,110
Total debt service	\$ 8,389,300	\$ 7,216,485	\$ 7,532,597	\$ 7,534,773	\$ 7,534,004	\$ 7,610,145	\$ 7,581,344	\$ 6,503,301	\$ 3,637,046	\$ 3,685,433
Ratio of debt service to total expenses	26.24%	24.06%	25.09%	25.21%	25.40%	24.93%	29.53%	28.56%	16.69%	17.80%
Net debt service per enplaned passenger	\$ 8.65	\$ 7.90	\$ 8.60	\$ 8.94	\$ 8.94	\$ 9.30	\$ 9.20	\$ 7.66	\$ 4.24	\$ 4.28
Debt Limit Information (in thousands)										
Assessed value per State (in thousands)	\$ 9,049,500	\$ 8,501,550	\$ 7,996,350	\$ 7,707,200	\$ 7,551,450	\$ 7,552,150	\$ 7,659,250	\$ 7,909,900	\$ 8,196,900	\$ 8,283,450
Debt limit - 3% of assessed value (in thousands)	\$ 271,485	\$ 255,047	\$ 239,891	\$ 231,216	\$ 226,544	\$ 226,565	\$ 229,778	\$ 237,297	\$ 245,907	\$ 248,504
Debt applicable to the limit (in thousands)	-	-	-	-	-	-	-	-	78	235
Debt margin (in thousands)	\$ 271,485	\$ 255,047	\$ 239,891	\$ 231,216	\$ 226,544	\$ 226,565	\$ 229,778	\$ 237,297	\$ 245,829	\$ 248,268
Debt margin as a percentage of debt limit	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	99.97%	99.91%
Debt margin per enplaned passenger	\$ 279.97	\$ 279.38	\$ 273.77	\$ 274.35	\$ 268.69	\$ 276.79	\$ 278.80	\$ 279.48	\$ 286.29	\$ 288.15

PORTLAND INTERNATIONAL AIRPORT
Pledged Revenue Coverage
Last Ten Fiscal Years
Budget Basis

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net Revenues										
Total Revenues	\$ 23,274,784	\$ 22,044,170	\$ 21,538,952	\$ 20,812,634	\$ 19,510,175	\$ 19,087,157	\$ 17,939,788	\$ 17,343,193	\$ 17,269,070	\$ 16,479,552
Maintenance and operating expenses (1)	17,735,020	15,930,917	15,501,217	13,881,277	13,209,436	13,203,977	12,183,177	10,290,170	10,123,540	10,258,721
Net revenues	5,539,764	6,113,253	6,037,735	6,931,357	6,300,739	5,883,180	5,756,611	7,053,023	7,145,530	6,220,831
Less: Debt service	4,139,287	3,956,472	4,272,584	4,274,760	4,273,991	4,350,133	4,348,864	4,164,104	3,643,981	3,536,836
Capital outlay	1,365,482	526,926	708,016	630,361	1,102,372	730,450	1,595,441	749,336	951,017	249,202
Net remaining revenues	\$ 34,994	\$ 1,629,855	\$ 1,057,135	\$ 2,026,236	\$ 924,376	\$ 802,597	\$ (187,694)	\$ 2,139,583	\$ 2,550,532	\$ 2,434,793
Debt Service - Revenue Bonds										
Principal	\$ 2,700,000	\$ 1,720,000	\$ 1,665,000	1,615,000	\$ 1,865,000	\$ 1,435,000	\$ 1,380,000	\$ 1,325,000	\$ 835,000	\$ 805,000
Interest	5,689,300	5,496,485	5,867,597	\$ 5,919,773	5,669,004	6,175,146	6,228,877	4,469,110	2,808,981	2,731,836
Less: Debt service supported by Passenger Facility Charges (2)	(4,250,013)	(3,260,013)	(3,260,013)	(3,260,013)	(3,260,013)	(3,260,013)	(3,260,013)	(1,630,006)	-	-
Debt Service Supported by Net Revenues	\$ 4,139,287	\$ 3,956,472	\$ 4,272,584	\$ 4,274,760	\$ 4,273,991	\$ 4,350,133	\$ 4,348,864	\$ 4,164,104	\$ 3,643,981	\$ 3,536,836
Debt Service Coverage Ratio Calculation										
Net revenues	\$ 5,539,764	\$ 6,113,253	\$ 6,037,735	\$ 6,931,357	\$ 6,300,739	\$ 5,883,180	\$ 5,756,611	\$ 7,053,023	\$ 7,145,530	\$ 6,220,831
Debt service	\$ 4,139,287	\$ 3,956,472	\$ 4,272,584	\$ 4,274,760	\$ 4,273,991	\$ 4,350,133	\$ 4,348,864	\$ 4,164,104	\$ 3,643,981	\$ 3,536,836
Debt service coverage ratio	1.34	1.55	1.41	1.62	1.47	1.35	1.32	1.69	1.96	1.76

(1) Excludes debt service expenditures and current years' budget basis encumbrances, includes prior years' payments of prior years' encumbrances

(2) To measure compliance with revenue bond requirements, passenger facility charges are pledged to the payment of debt service and are not included in total revenues.

PORTLAND INTERNATIONAL JETPORT
Population in the Air Trade Area
Last Ten Calendar Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Percentage Change 2015-2016	2016-2017
PRIMARY TRADE AREA												
State of Maine												
Androscoggin County	106,877	106,539	107,702	107,398	107,609	107,604	107,440	107,233	107,319	107,651	0.08%	0.31%
Cumberland County	276,047	278,559	281,674	282,401	283,921	285,456	287,797	289,977	292,041	292,500	0.71%	0.16%
Kennebec County	120,959	121,090	122,151	121,935	121,853	121,164	121,112	119,980	120,569	121,821	0.49%	1.04%
Knox County	40,686	40,801	39,736	39,708	39,668	39,550	39,676	39,855	39,744	39,790	-0.28%	0.12%
Lincoln County	34,628	34,576	34,573	34,224	34,180	34,088	34,170	33,969	34,216	34,204	0.73%	-0.04%
Oxford County	56,741	56,244	57,833	57,695	57,481	57,277	57,238	57,202	57,217	57,439	0.03%	0.39%
Sagadahoc County	36,332	36,391	35,293	35,207	35,191	35,013	35,045	35,149	35,273	35,392	0.35%	0.34%
PRIMARY TRADE AREA	672,270	674,200	678,846	678,568	679,903	680,152	682,478	683,365	686,379	688,797	0.44%	0.35%
SECONDARY TRADE AREA												
State of Maine												
Aroostook County	71,676	71,488	70,981	71,482	70,868	70,055	69,447	68,628	67,959	67,653	-0.97%	-0.45%
Franklin County	29,857	29,735	29,650	30,746	30,630	30,495	30,296	29,991	30,001	29,988	0.03%	-0.04%
Hancock County	53,137	53,447	53,269	54,578	54,558	54,845	54,696	54,659	54,419	54,497	-0.44%	0.14%
Penobscot County	148,651	149,419	148,761	153,786	153,746	153,364	153,414	152,692	151,806	151,957	-0.58%	0.10%
Piscataquis County	16,961	16,795	16,874	17,419	17,290	17,124	17,026	16,931	16,843	16,773	-0.52%	-0.42%
Somerset County	51,377	50,947	50,900	52,028	51,910	51,706	51,163	51,113	50,915	50,626	-0.39%	-0.57%
Waldo County	38,342	38,287	38,359	38,745	38,820	38,940	39,051	39,155	39,364	39,832	0.53%	1.19%
Washington County	32,499	32,107	31,932	32,637	32,462	32,190	31,808	31,625	31,450	31,593	-0.55%	0.45%
York County	201,686	201,876	201,564	198,199	199,005	199,431	200,710	201,169	202,343	204,191	0.58%	0.91%
SECONDARY TRADE AREA	644,186	644,101	642,290	649,620	649,289	648,150	647,611	645,963	645,100	647,110	-0.13%	0.31%
TOTAL PRIMARY AND SECONDARY TRADE AREA												
	1,316,456	1,318,301	1,321,136	1,328,188	1,329,192	1,328,302	1,330,089	1,329,328	1,331,479	1,335,907	0.16%	0.33%
State of Maine	1,316,456	1,318,301	1,321,136	1,328,188	1,329,192	1,328,302	1,330,089	1,329,328	1,331,479	1,335,907	0.16%	0.33%
United States	304,059,724	307,006,550	309,050,816	311,591,917	313,914,040	316,128,839	318,857,056	321,069,839	323,405,935	325,719,178	0.73%	0.72%

Source: U.S. Census Bureau

PORTLAND INTERNATIONAL JETPORT
Top 50 Private Employers in the Primary & Secondary Trade Areas
As of December 2017

<u>Employer</u>	<u>Location</u>	<u>Employment</u> <u>Range</u>	<u>Product or Service</u>
MaineHealth	Statewide	9,001 to 9,500	General medical and surgical hospitals
Hannaford Bros Co.	Statewide	7,501 to 8,000	Supermarkets and other grocery stores
Wal Mart / Sam's Club	Statewide	6,501 to 7,000	Warehouse Clubs and Supercenters
L.L. Bean, Inc.	Statewide	6,501 to 7,000	Electronic Shopping and Mail-Order Houses
Bath Iron Works Corporation	Bath	5,501 to 6,000	Ship building and repairing
Eastern Maine Medical Center	Statewide	4,001 to 4,500	General medical and surgical hospitals
Maine General Medical Center	Statewide	3,001 to 3,500	General medical and surgical hospitals
Central Maine Healthcare Corp.	Lewiston	3,001 to 3,500	General medical and surgical hospitals
T D Bank N A	Statewide	3,001 to 3,500	Commercial banking
UNUM Provident	Portland	2,501 to 3,000	Direct life insurance carriers
Shaw's Supermarkets, Inc.	Statewide	2,501 to 3,000	Supermarkets and other grocery stores
Southern Maine Health Care	Statewide	2,001 to 2,500	General medical and surgical hospitals
Pratt & Whitney Aircraft Group	North Berwick	1,501 to 2,000	Aircraft engine and engine parts mfg.
St. Mary's Regional Medical Ctr	Statewide	1,501 to 2,000	General medical and surgical hospitals
University of New England	Statewide	1,001 to 1,500	Colleges and universities
Mercy Hospital	Portland	1,001 to 1,500	General medical and surgical hospitals
Home Depot USA Inc.	Statewide	1,001 to 1,500	Home centers
Mid Coast Hospital	Brunswick	1,001 to 1,500	General medical and surgical hospitals
The Jackson Laboratory	Bar Harbor	1,001 to 1,500	Research and Development in Biotechnology
Circle K	Statewide	1,001 to 1,500	Gasoline stations with convenience stores
Lowe's Home Centers LLC	Statewide	1,001 to 1,500	Home centers
Goodwill Industries of Northern N E	Statewide	1,001 to 1,500	Vocational rehabilitation services
UPS Solutions	Statewide	1,001 to 1,500	Couriers and express delivery services
S D Warren	Statewide	1,001 to 1,500	Paper, except newsprint, mills
Bowdoin College	Brunswick	1,001 to 1,500	Colleges and universities
Idexx Laboratories Inc.	Westbrook	1,001 to 1,500	Pharmaceutical preparation manufacturing
Rite Aid of Maine Inc.	Statewide	1,001 to 1,500	Pharmacies and drug stores
Maine Behavioral Healthcare	Statewide	1,001 to 1,500	Psychiatric and substance abuse hospitals
St Joseph Hospital Inc.	Bangor	1,001 to 1,500	General medical and surgical hospitals
Bonney Staffing Center Inc.	Statewide	1,001 to 1,500	Temporary help services
York Hospital	Statewide	1,001 to 1,500	General medical and surgical hospitals
Aroostook Medical Center	Statewide	1,001 to 1,500	General medical and surgical hospitals
Penobscot Bay Medical Center	Statewide	1,001 to 1,500	General medical and surgical hospitals
Athena Health Inc.	Belfast	501 to 1,000	Office administrative services
Bank of America NA	Statewide	501 to 1,000	Commercial banking
EMHS	Brewer	501 to 1,000	Office administrative services
Bates College	Lewiston	501 to 1,000	Colleges and universities
Colby College	Waterville	501 to 1,000	Colleges and universities
Wex LLC	South Portland	501 to 1,000	Financial transaction processing and clearing
Central Maine Power Co	Statewide	501 to 1,000	Electric power distribution
Perrier Group-Poland Spring	Waterville	501 to 1,000	Bottled water manufacturing
Target Corporation	Statewide	501 to 1,000	Department Stores
New Balance Athletic Shoe Inc.	Statewide	501 to 1,000	Footwear manufacturing
Mardens Inc.	Statewide	501 to 1,000	Residential mental and substance abuse care
Bangor Savings Bank	Statewide	501 to 1,000	Savings institutions
T Mobile USA Inc	Oakland	501 to 1,000	Telemarketing and other contact centers
Cianbro Corporation	Pittsfield	501 to 1,000	Highway, street, and bridge construction
Martins Point Health Care Inc	Statewide	501 to 1,000	Offices of physicians, except mental health
Dead River Company	Statewide	501 to 1,000	Fuel dealers
Idexx Distribution Inc	Westbrook	501 to 1,000	Other professional equip. merchant wholesaler

Source: Maine Department of Labor Center for Workforce Research and Information

Schedule 9

PORTLAND INTERNATIONAL JETPORT
Registered Students at Colleges and
Universities in the Primary Trade Area
As of December 2017

<u>Name</u>	<u>County</u>	<u>Total Students</u>	<u>Status</u>
Bates College	Androscoggin	1,787	Private
Bowdoin College	Cumberland	1,816	Private
Central Maine Community College	Androscoggin	2,945	Public
Colby College	Kennebec	1,917	Private
Kaplan University	Cumberland, Androscoggin	1,096	Private
Maine College of Art	Cumberland	517	Private
Maine College of Health Professions	Androscoggin	188	Private
Saint Joseph's College	Cumberland	2,291	Private
Southern Maine Community College	Cumberland	5,972	Public
Thomas College	Kennebec	1,802	Private
University of Maine Augusta	Kennebec	4,014	Public
University of New England	Cumberland, York	8,281	Private
University of Southern Maine	Cumberland	7,794	Public
York County Community College	Cumberland	1,708	Public

Source: National Center for Education Statistics

PORTLAND INTERNATIONAL JETPORT
Jetport Employees
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Full-time-Equivalent Employees as of Fiscal Year-End										
Administration	10	10	10	8	8	8	9	9	9	9
Airfield	17	17	15	16	17	17	17	17	17	17
Security / Comm. Center	14.5	7.5	12	11	11	10	10	10	10	9
Terminal	11	16	12	13	13	12	11	10	10	10
Total Employees	52.5	50.5	49	48	49	47	47	46	46	45

NOTES:

1. Control tower not staffed by Jetport personnel.
2. Loading bridges not staffed by Jetport personnel.
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.

Schedule 11

PORTLAND INTERNATIONAL JETPORT
Schedule of Enplanement Data
Last Ten Fiscal Years

AIRLINE	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Air Canada / Air Alliance	-	-	-	-	-	4,095	5,838	6,463	1,004	-
AirTran	-	-	-	-	-	67,349	94,721	99,466	110,154	96,618
Continental Airlines										
Colgan / Continental Connection	-	-	-	-	-	6,147	44,389	73,130	74,304	68,881
Continental Express / ExpressJet	-	-	-	-	-	55,418	33,056	8,676	12,813	14,512
Trans State Airlines	-	-	-	-	-	95	1,412	-	-	-
Delta	95,270	106,069	102,962	100,639	110,974	125,867	101,601	75,435	27,881	12,850
Atlantic Southeast Airlines	-	-	-	-	-	-	-	3,672	15,799	40,638
Chautauqua	-	-	-	9,167	24,446	3,176	17,151	14,925	563	-
Comair	-	-	-	-	-	344	6,209	19,044	13,965	26,354
Compass	-	-	74	-	4,815	9,048	-	2,713	2,538	-
Endeavor Air	103,954	62,479	56,689	55,025	17,115	-	-	-	-	-
ExpressJet	15,087	34,646	31,670	20,325	7,064	9,367	-	-	-	-
Freedom Air	-	-	-	-	-	-	-	-	-	38,732
Go Jet	26,378	17,416	6,702	14,332	29,409	20,515	8,125	-	-	-
Mesaba	-	-	-	-	-	-	-	94	59	-
Pinnacle	-	-	-	-	20,620	43,615	60,356	35,920	26,563	2,468
Shuttle America	172	610	22,063	18,288	8,675	21,307	6,905	721	-	-
Skywest Airlines	7,067	1,546	-	-	-	-	-	-	-	-
Elite Airways	7,671	8,008	2,964	-	-	-	-	-	-	-
JetBlue	88,193	92,826	98,298	99,730	102,522	99,925	104,272	116,839	135,571	143,235
Northwest	-	-	-	-	-	-	-	-	-	65
Comair	-	-	-	-	-	-	-	805	4,608	-
Mesaba	-	-	-	-	-	-	-	-	3,090	49,089
Pinnacle	-	-	-	-	-	-	-	23,955	47,435	6,034
Southwest	150,167	148,624	130,567	127,060	116,939	25,411	-	-	-	-
Starlink Aviation	-	-	-	-	-	-	-	-	945	551
Twin Cities Air Service	-	-	-	-	-	433	779	717	246	-
U.S. Airways / American Airlines	96,194	75,954	47,034	43,605	45,593	42,009	50,134	41,704	26,882	-
Air Wisconsin	19,742	40,538	54,615	59,737	49,131	54,497	65,584	70,642	82,891	105,579
Chautauqua	-	-	-	-	80	-	-	-	48	11,024
Envoy	7,302	-	-	-	-	-	-	-	-	-
Mesa	-	-	-	2,456	330	-	-	1,210	-	9,409
Piedmont	25,016	17,714	2,215	-	-	363	12,717	10,126	1,848	1,975
PSA Express	73,384	54,257	55,428	379	1,187	43	-	904	2,253	1,776
Republic Airlines	45,334	66,883	91,418	129,478	131,801	123,752	112,659	126,088	146,453	110,536
Trans State Airlines	9,739	3,046	-	-	-	-	-	-	-	-
United Airlines	35,330	7,974	-	-	-	-	-	-	-	-
Air Wisconsin	17,148	-	-	-	-	34,555	-	-	-	291
Atlantic Southeast Airlines	-	-	-	-	-	-	-	22,107	2,304	-
Commute Air	32,424	11,597	-	-	-	-	-	-	-	-
ExpressJet	36,820	79,365	65,903	34,175	59,303	-	32,895	822	-	-
Go Jet	4,221	9,456	26,657	30,519	20,472	26,803	18,619	38,253	79,389	73,916
Mesa	13,746	28,954	25,827	23,522	28,834	7,724	30,487	54,645	36,955	47,052
Republic Airlines	35,793	28,584	26,600	62,989	54,431	11,464	-	-	-	-
Shuttle America	-	3,368	25,441	8,473	-	-	-	-	-	-
Skywest	10,083	-	-	-	-	-	-	-	-	-
Trans State Airlines	13,448	12,999	3,123	2,885	9,407	25,219	16,256	-	2,126	-
Subtotal	969,683	912,913	876,250	842,784	843,148	818,541	824,165	849,076	858,687	861,585
Charters and Unscheduled Flights	966	1,424	148	730	1,156	963	1,045	911	971	905
Local Total	970,649	914,337	876,398	843,514	844,304	819,504	825,210	849,987	859,658	862,490
Total for United States (000)'s	(a)	856,287	830,079	800,087	760,847	738,616	731,130	725,262	711,264	695,912
Local Market Share of US Total	(b)	0.107%	0.106%	0.105%	0.111%	0.111%	0.113%	0.117%	0.121%	0.124%

(a) Source - Jetport's fiscal year enplanement data

(b) Source - Federal Aviation Administration calendar year enplanement data

PORTLAND INTERNATIONAL JETPORT

Takeoff and Landing Operations Summary

Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	Average Annual Change
Majors / Nationals	4,612	4,071	3,636	3,471	3,572	4,989	4,456	3,517	3,311	3,152	4.80%
Regionals / Commuters	9,534	9,316	9,217	8,472	8,817	8,466	10,483	11,345	11,861	13,155	-3.33%
Cargo	1,559	1,540	1,581	1,523	1,505	1,637	1,725	1,850	1,733	1,946	-4.17%
Total	15,705	14,927	14,434	13,466	13,894	15,092	16,664	16,712	16,905	18,253	-2.07%

Note: General Aviation operations not documented by Jetport.

Schedule 13

PORTLAND INTERNATIONAL JETPORT
Takeoff and Landing Operations by Airline or Cargo Carrier
Last Ten Fiscal Years

Passenger Airlines	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Air Canada / Air Alliance	-	-	-	-	-	403	681	670	87	-
AirTran	-	-	-	-	-	769	1,095	1,082	1,200	1,057
Continental Airlines	-	-	-	-	-	1,257	-	-	-	-
Colgan / Continental Connection	-	-	-	-	-	111	823	1,333	1,335	-
Continental Express / ExpressJet	-	-	-	-	-	-	800	194	297	532
Trans State Airlines	-	-	-	-	-	2	39	-	-	-
Delta	731	803	756	752	849	1,052	803	635	221	107
Atlantic Southeast Airlines	-	-	-	-	-	-	-	58	231	640
Chautauqua	-	-	-	200	529	70	376	362	13	-
Comair	-	-	-	-	-	7	140	406	970	627
Compass	-	-	1	-	72	159	-	50	38	-
Endeavor	1,906	1,185	939	893	340	-	-	-	-	-
ExpressJet	260	589	537	366	143	162	-	-	-	-
Freedom Air	-	-	-	-	-	-	-	-	-	1,042
Go Jet	391	283	131	252	546	403	154	-	-	-
Mesaba	-	-	-	-	-	-	-	2	1	-
Pinnacle	-	-	-	-	466	1,008	1,394	857	402	46
Shuttle America	4	10	493	397	152	348	140	15	-	-
Sky West	106	23	-	-	-	-	-	-	-	-
Elite Air	252	95	95	-	-	-	-	-	-	-
jetBlue	1,219	1,272	1,272	1,257	1,287	1,314	1,347	1,415	1,598	1,822
Northwest	-	-	-	-	-	-	-	-	-	1
Comair	-	-	-	-	-	-	-	17	74	-
Mesaba	-	-	-	-	-	-	-	-	42	810
Pinnacle	-	-	-	-	-	-	-	520	1,071	139
Starlink	-	-	-	-	-	-	-	-	158	165
Southwest	1,205	1,232	1,104	1,075	1,013	223	-	-	-	-
Twin Cities Air Service	-	-	-	-	-	100	191	192	61	-
U.S. Airways	891	669	409	387	423	374	530	385	292	-
Air Wisconsin	453	966	1,305	1,366	1,164	1,360	1,728	1,887	2,352	2,935
Chautauqua	-	-	-	-	-	-	-	-	-	394
Colgan	-	-	-	-	-	-	-	-	-	1,313
Envoy	179	-	-	-	-	-	-	-	-	-
Mesa	-	-	-	38	6	-	-	17	-	123
Piedmont	605	450	67	-	-	15	574	452	80	98
PSA Express	1,405	1,018	1,037	6	20	1	4	16	98	459
Republic Airlines	733	1,135	1,441	1,983	1,982	2,088	1,987	2,051	2,304	1,786
Trans State Airlines	247	-	-	-	-	-	-	-	-	-
United Airlines	314	82	-	-	-	-	-	-	-	-
Air Wisconsin	384	-	-	-	-	-	-	-	-	-
Atlantic Southeast Airlines	-	-	-	-	-	-	99	556	63	-
Chautauqua	-	-	-	-	2	-	-	-	-	-
Commut Air	738	270	-	-	-	-	-	-	-	-
ExpressJet	771	1,898	1,501	791	1,418	833	766	17	-	-
Go-Jet	64	148	423	499	341	466	318	706	1,429	1,303
Mesa	222	473	407	420	504	139	538	948	676	892
Republic Airlines	583	407	448	1,022	893	194	-	-	-	-
Sky West	149	-	-	-	-	-	-	-	-	-
Shuttle America	-	59	414	145	-	-	-	-	-	-
Trans State Airlines	317	291	69	70	215	575	388	-	69	6
Charters & Unscheduled Flights	17	29	4	24	26	22	24	19	10	10
Subtotal	14,146	13,387	12,853	11,943	12,391	13,455	14,939	14,862	15,172	16,307
Cargo Carriers										
AIRNOW	-	-	-	-	-	-	-	-	-	2
DHL/Airborne Express	-	-	-	-	-	-	-	-	-	112
Federal Express	350	308	307	323	318	310	316	308	309	462
Wiggins	1,209	1,232	1,274	1,200	1,187	1,327	1,409	1,542	1,424	1,370
Subtotal	1,559	1,540	1,581	1,523	1,505	1,637	1,725	1,850	1,733	1,946
Total	15,705	14,927	14,434	13,466	13,896	15,092	16,664	16,712	16,905	18,253

PORTLAND INTERNATIONAL JETPORT
Airline Landed Weights (in thousands of pounds)
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Scheduled Air Carriers										
Air Canada / Air Alliance	-	-	-	-	-	6,696	11,305	11,140	1,451	-
AirTran	-	-	-	-	-	80,288	115,008	116,464	119,392	110,624
Continental										
Colgan / Continental Connection	-	-	-	-	-	6,882	51,026	82,616	82,708	-
Commutair	-	-	-	-	-	-	-	-	-	-
Continental Express / ExpressJet	-	-	-	-	-	55,142	34,787	8,098	12,437	16,244
Trans State Airlines	-	-	-	-	-	85	1,659	-	-	-
Delta	97,698	103,699	102,689	104,051	118,692	148,247	113,100	82,539	28,730	13,910
Atlantic Southeast Airlines	-	-	-	-	-	-	-	3,959	16,925	42,856
Chautauqua	-	-	-	8,510	23,700	2,978	15,998	15,701	4,778	-
Comair	-	-	-	-	-	369	8,228	21,419	46,515	29,602
Compass	-	-	75	-	5,373	11,830	-	3,748	2,850	-
Endeavor	128,785	73,515	65,916	64,308	18,668	-	-	-	-	-
ExpressJet	17,790	39,347	35,747	23,549	7,367	9,283	-	-	-	-
Freedom Air	-	-	-	-	-	-	-	-	-	45,556
Go Jet	27,544	19,366	8,809	16,884	36,582	27,001	10,318	-	-	-
Mesaba	-	-	-	-	-	-	-	94	75	-
Pinnacle	-	-	-	-	21,902	47,376	65,518	41,010	30,190	3,456
Shuttle America	291	729	21,557	18,795	11,130	25,509	10,110	1,104	-	-
Sky West	7,515	1,671	-	-	-	-	-	-	-	-
Elite Airways	13,564	12,733	5,425	-	-	-	-	-	-	-
jetBlue	118,831	116,762	123,700	122,381	125,343	128,272	132,467	149,789	174,668	188,370
Northwest	-	-	-	-	-	-	-	-	-	99
Comair	-	-	-	-	-	-	-	799	-	-
Mesaba	-	-	-	-	-	-	-	-	3,154	58,302
Pinnacle	-	-	-	-	-	-	-	24,440	50,337	6,533
Southwest	157,219	156,506	140,288	131,722	123,956	28,068	-	-	-	-
Starlink	-	-	-	-	-	-	-	-	1,599	1,781
Twin Cities Air Service	-	-	-	-	-	685	1,308	1,306	329	-
U.S. Airways	116,425	91,992	56,335	52,034	58,872	51,127	65,340	53,062	11,024	-
Air Wisconsin	21,291	45,402	61,335	64,202	54,708	63,920	81,216	88,689	110,544	137,945
Chautauqua	-	-	-	-	-	-	-	-	42,549	16,763
Colgan	-	-	-	-	-	-	-	-	-	81,406
Envoy	8,530	-	-	-	-	-	-	-	-	-
Mesa	-	-	-	2,793	441	-	-	1,250	-	9,041
Piedmont	26,408	19,643	2,925	-	-	509	19,502	15,330	2,678	3,363
PSA Express	93,777	71,298	69,012	282	1,269	47	188	912	4,062	2,135
Republic	54,936	85,070	107,060	146,907	136,621	154,880	142,791	152,188	171,621	132,486
Trans State Airlines	10,782	3,579	-	-	-	-	-	-	-	-
United	52,631	10,722	-	-	-	-	-	-	-	-
Air Wisconsin	18,048	-	-	-	-	-	-	2,810	-	-
Atlantic Southeast Airlines	-	-	-	-	-	-	4,653	26,132	2,961	-
Chautauqua	-	-	-	-	85	-	-	-	-	-
Commut Air	31,122	81,998	-	-	-	-	-	-	-	-
ExpressJet	38,497	83,042	64,283	35,096	62,892	35,068	33,663	744	-	-
Go-Jet	4,288	9,916	28,341	33,433	22,847	31,222	21,306	47,302	95,743	87,301
Mesa	14,874	31,691	27,269	28,140	33,768	9,313	36,046	63,516	43,211	57,403
Republic	42,355	29,828	30,028	63,364	55,366	12,028	-	-	-	-
Shuttle America	-	4,266	29,937	10,485	-	-	-	-	-	-
Sky West	11,155	-	-	-	-	-	-	-	-	-
Trans State Airlines	13,897	12,775	2,979	2,981	9,107	24,466	16,509	-	2,936	255
Charters & Unscheduled Flights	2,262	3,663	388	2,328	2,522	2,262	2,589	1,891	1,133	1,030
Subtotal	1,130,514	1,109,213	984,098	932,245	931,211	963,553	994,635	1,018,052	1,064,600	1,046,461
Cargo Carriers										
AIRNOW	-	-	-	-	-	-	-	-	-	85
DHL/Airborne Express	-	-	-	-	-	-	-	-	59,352	11,423
Federal Express	72,653	61,436	60,786	64,065	63,468	59,257	59,331	57,162	14,285	77,552
Wiggins	11,350	11,393	13,735	11,036	10,945	12,001	12,761	14,156	-	12,516
Subtotal	84,003	72,829	74,521	75,101	74,413	71,258	72,092	71,318	73,637	101,576
Total	1,214,517	1,182,042	1,058,619	1,007,346	1,005,624	1,034,811	1,066,727	1,089,370	1,138,237	1,148,037

Schedule 15

PORTLAND INTERNATIONAL JETPORT
Primary Origin and Destination Passenger Markets
Calendar Years 2017 & 2016

CY 2017				CY 2016			
<u>Rank</u>	<u>Market</u>	<u>Trip Length (1)</u>	<u>Total O & D Passengers</u>	<u>Rank</u>	<u>Market</u>	<u>Trip Length (1)</u>	<u>Total O & D Passengers</u>
1	New York LGA/JFK/EWR	SH	206,807	1	New York LGA/JFK/EWR	SH	195,962
2	Washington DCA/IAD/BWI	SH	206,534	2	Washington DCA/IAD/BWI	SH	185,259
3	Atlanta	MH	78,645	3	Atlanta	MH	75,421
4	Orlando	MH	65,684	4	Orlando	MH	72,113
5	Fort Lauderdale MIA/FLL/PBI	MH	63,352	5	Fort Lauderdale MIA/FLL/PBI	MH	58,301
6	Philadelphia	SH	54,700	6	Philadelphia	SH	53,796
7	Tampa	MH	49,389	7	Tampa	MH	51,173
8	Chicago	MH	48,335	8	Chicago	MH	47,221
9	Charlotte	MH	47,430	9	Charlotte	MH	46,281
10	San Francisco SFO/OAK/SJC	LH	41,483	10	San Francisco SFO/OAK/SJC	LH	38,236
11	Denver	LH	36,987	11	Denver	LH	38,181
12	Los Angeles LAX/SNA/ONT/BUR/LGB	LH	36,075	12	Los Angeles LAX/SNA/ONT/BUR/LGB	LH	37,628
13	Fort Myers	MH	36,020	13	Fort Myers	MH	29,093
14	Detroit	MH	28,730	14	Detroit	MH	27,293
15	Raleigh/Durham	MH	27,794	15	Raleigh/Durham	MH	25,354
16	Phoenix	LH	27,100	16	Phoenix	LH	25,164
17	Minneapolis	MH	27,094	17	Minneapolis	MH	24,080
18	Jacksonville	MH	26,912	18	Jacksonville	MH	22,823
19	San Diego	LH	21,651	19	San Diego	LH	22,755
20	Las Vegas	LH	21,478	20	Las Vegas	LH	22,362
21	Nashville	MH	20,482	21	Nashville	MH	20,186
22	New Orleans	MH	20,153	22	New Orleans	MH	18,531
23	Dallas/Forth Worth	MH	20,010	23	Dallas/Forth Worth	MH	18,001
24	Seattle/Tacoma	LH	19,251	24	Seattle/Tacoma	LH	17,979
25	Austin	MH	17,719	25	Austin	MH	17,462

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, 2018

Location:	3 miles west of downtown Portland, Maine		
Area:	769 acres		
Elevation	74 ft.		
Airport Code:	PWM		
Runways:	11/29	7,200 ft. x 150 ft. CAT III ILS / GPS / LAHSO	
	18/36	6,100 ft. x 150 ft. GPS / LAHSO	
Terminal:	Exclusive Use	28,766	sq. ft.
	Common Use	134,887	sq. ft.
	Public / City	79,649	sq. ft.
	Vendor Space	21,594	sq. ft.
	Mechanical	15,957	sq. ft.
	Vacant	13,501	sq. ft.
	Total	294,354	sq. ft.
	Number of passenger gates:		14
	Number of loading bridges		10
	Number of Concessionaires in Terminal		2
	- HMS Host (Food & Beverage services)		
	- Paradies (Newstands / Gift Shops)		
	Number of Rental Car agencies on Airport		7
	- Alamo		
	- Avis		
	- Budget		
	- Dollar		
	- Enterprise		
	- Hertz		
	- National		
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	180
		Long-term	2,325
		North Lot & Discount Lot	548
		Employee Lot	576
		Car Rental Ready Spaces	238
		Total	3,867
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 MAC Jets		

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APPENDIX B

**CITY OF PORTLAND, MAINE
GENERAL AIRPORT REFUNDING REVENUE BONDS, SERIES 2019 (Non-AMT)
(GREEN BONDS)
FORM OF OPINION OF BOND COUNSEL**

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Merrill's Wharf
254 Commercial Street
Portland, ME 04101-1110

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Upon issuance and delivery of the Series 2019 Bonds described herein, Pierce Atwood LLP, Portland, Maine, Bond Counsel, proposes to issue its opinion in substantially the following form:

December __, 2019

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

RE: \$_____,000* City of Portland, Maine General Airport Refunding Revenue Bonds
Series 2019 (Non-AMT) (Green Bonds)

Ladies and Gentlemen:

We have acted as Bond Counsel to the City of Portland, as issuer (the "City") in connection with the issuance of the City's \$_____,000* General Airport Refunding Revenue Bonds, Series 2019 (Non-AMT) (Green Bonds) dated December __, 2019 (the "Series 2019 Bonds"). The Series 2019 Bonds are being issued pursuant to a General Certificate of Terms of Issuance of General Airport Revenue Bonds – Portland International Jetport dated as of July 1, 2003 (the "General Certificate") and a Sixth Supplemental Certificate thereto dated as of December 1, 2019 (the "Sixth Supplement").

The proceeds of the Series 2019 Bonds, along with other available funds, will be used (i) to refund all of the principal outstanding of the City's General Airport Revenue Bonds, Series 2010 dated April 28, 2010 (the "Prior Bonds"), (ii) [to fund the Series 2019 Account of the Debt Service Reserve Fund in the amount of (together with other available funds) the 2019 Debt Service Fund Requirement, and (iii)] to pay certain expenses incurred in connection with the issuance of the Series 2019 Bonds. The Prior Bonds were issued to finance the design and construction of new parking facilities and related improvements at the Portland International Jetport (the "Jetport") and the acquisition and installation of certain equipment and other improvements thereat (the "Original Project").

The Series 2019 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 the General Certificate (the "Revenues") on a parity with the City's \$20,695,000 General Airport Refunding Revenue Bonds, Series 2016 (Non-AMT) and its \$26,265,000 General Airport Revenue Refunding Bonds, Series 2013, together with any additional bonds that may hereafter be issued by the City for Jetport purposes pursuant to the General Certificate. The Series 2019 Bonds do not constitute a debt or liability of the City or a pledge of the faith and

* Preliminary, subject to change.

City of Portland, Maine
 December __, 2019
 Page 2

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 Series 2019 Bonds have been signed by the Director of Finance of the City and the Mayor, sealed with the seal of the City attested by its Clerk, and bear the signed certificate of the certifying agent identified thereon.

We understand the Series 2019 Bonds are dated as of December __, 2019, and have been issued as [serial] bonds in the denominations, bearing interest payable on each January 1 and July 1 until maturity or redemption prior to maturity, commencing July 1, 2020 and maturing on January 1 of each year as reflected below:

<u>Maturity (Jan. 1)</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>
2021	\$	%
2022	\$	%
2023	\$	%
2024	\$	%
2025	\$	%
2026	\$	%
2027	\$	%
2028	\$	%
2029	\$	%
2030	\$	%
2031	\$	%
2032	\$	%
2033	\$	%
2034	\$	%
2035	\$	%
2036	\$	%
2037	\$	%
2038	\$	%
2039	\$	%
2040	\$	%

The Series 2019 Bonds maturing on or before _____ are not subject to optional redemption prior to maturity. The Series 2019 Bonds maturing on or after _____ are subject to redemption from any source, at the option of the City, in whole or in part, at any time on or after _____, 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.

In our capacity as Bond Counsel, 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 of Portland, Maine (the "City") in connection with the execution and delivery of the Series 2019 Bonds, including among other documents, Orders No. 55-19/20 and 56-19/20 of the Portland City Council duly adopted at a regular meeting of the City Council on October 21, 2019 (the "Orders"), authorizing the execution, issuance and delivery of the Series 2019 Bonds. In such capacity, we have also

* Preliminary, subject to change.

City of Portland, Maine
 December __, 2019
 Page 3

examined such documents, records of the City and other instruments as we deemed necessary to enable us to express the opinions set forth below in connection with the issuance of the Series 2019 Bonds, including the original counterparts or certified copies of the following (the "Financing Documents"):

- a. the General Certificate;
- b. the Sixth Supplement;
- c. a Certificate Regarding Conditions Precedent to Issuing Series of Bonds dated as of December __, 2019;
- d. the Series 2019 Bonds;
- e. a Refunding Bonds Refunding Escrow Agreement dated as of December __, 2019 between the City and The Bank of New York Mellon Trust Company, N.A., as Escrow Agent; and
- f. a Tax Matters Certificate (the "Tax Certificate") dated as of December __, 2019;
- g. Such other agreements, documents and certificates as we deemed relevant and necessary in rendering this opinion as identified in the Closing Agenda dated December 1, 2019 prepared with respect to the issuance of the Series 2019 Bonds.

We note that the Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements regarding the use, expenditure and investment of the proceeds of the Series 2019 Bonds and timely payment of certain investment earnings to the U.S. Treasury that must be met on a continuing basis subsequent to the issuance and delivery of the Series 2019 Bonds in order to assure that interest thereon will be and remain excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code. Failure of the City to comply with such requirements may cause interest on the Series 2019 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.

In expressing the opinion set forth in paragraph 6 below, we have examined and relied upon the Tax Certificate, which contain certain covenants, representations and certifications regarding compliance with the requirements of the Code. The City, in executing such Tax Certificate, (i) has set forth facts, estimates, circumstances and reasonable expectations of the City as of the date hereof as to future events regarding the amount, use and investment of the proceeds of the Series 2019 Bonds and the use of the Original Project that are material for purposes of Section 141 and Section 148 of the Code, and (ii) has certified that the information therein is true, accurate and complete, and that the City will comply with the covenants, 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 Series 2019 Bonds is excludable from the gross income of the owners thereof for federal income tax purposes. In rendering the opinion set forth in paragraph 6 below, we have relied upon the representations and certifications of the City set forth in such Tax Certificate, and we have assumed that the City will comply with the requirements of the Code and with the provisions and procedures set forth therein.

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,

City of Portland, Maine
 December __, 2019
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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 Series 2019 Bonds should consult their tax advisors regarding the applicability of any such collateral tax consequences of owning the Series 2019 Bonds.

On the basis of the foregoing, we are of the opinion that:

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 Orders and to execute, issue and deliver the General Certificate, the Sixth Supplement and the Series 2019 Bonds.
2. The General Certificate and the Sixth Supplement have been duly authorized, are in full force and effect, and are valid and binding upon the City, enforceable in accordance with their respective terms.
3. The General Certificate and the Sixth Supplement create a valid pledge of the Revenues, the proceeds of the Series 2019 Bonds and the amounts on deposit in certain of the Funds established in the General Certificate, subject to the application thereof to the purposes and on the conditions permitted by the General Certificate and the Sixth Supplement.
4. All conditions required by the General Certificate and the Sixth Supplement authorizing the Series 2019 Bonds precedent to the issuance of the Series 2019 Bonds have been met.
5. The Series 2019 Bonds are in proper form, and have been duly authorized, executed and issued 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.
6. Under existing law, interest payable on the Series 2019 Bonds is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code except for interest on any Series 2019 Bond during any period in which it is held by a person who is a "substantial user" of the Original Project or a "related person" within the meaning of Section 147(a) of the Code. In addition, such interest is not an item of tax preference for purposes of calculating the alternative minimum tax under the Code.
7. Pursuant to 30-A MRSA §5413, the Series 2019 Bonds, and their transfer and the income from the Series 2019 Bonds, including any profit made on the sale of the Series 2019 Bonds, is free from taxation within the State.
8. Section 1201 of the Certificate provides that any Bonds Outstanding under the Certificate shall be deemed to have been paid, and the covenants, agreements and other obligations of the City to the holders of such Bonds shall be discharged and satisfied, if certain redemption instructions and notices are given as provided in Section 1201(b) and the City shall have deposited with the Trustee either moneys or Defeasance Obligations (after taking into account the principal installments of and/or

City of Portland, Maine
 December __, 2019
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the interest on such Defeasance Obligations when due, without reinvestment), sufficient to pay when due the Principal Installments or Redemption Price 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. Assuming that the redemption instructions and notices are given as provided in Section 1201(b) and subject to paragraph (a) below, we are of the opinion that the Prior Bonds have been paid within the meaning and with the effect expressed in Section 1201 of the General Certificate, and the covenants, agreements and other obligations of the City to the holders of the Prior Bonds have been discharged and satisfied.

a. In rendering the opinion set forth in this paragraph 8, we have relied without independent verification upon the report of Moors & Cabot, Inc., Boston, Massachusetts, a Municipal Advisor and the City's financial advisors, relating to the accuracy of the mathematical computations as to the adequacy of the maturing principal of and interest to be earned on the Defeasance Obligations purchased with the proceeds of the Series 2019 Bonds, together with the moneys on deposit with such Defeasance Obligations, to pay when due the principal or redemption price of and interest due and to become due on the Prior Bonds on the maturity or first optional redemption date thereof, as the case may be.

The foregoing opinions are qualified to the extent that the enforceability of the obligations of the City, including the Series 2019 Bonds, may be limited by bankruptcy, moratorium, or insolvency or other laws affecting the rights and remedies of creditors 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 or the Portland International Jetport and nothing set forth herein shall be construed as assurance as to the City's or the Portland International Jetport's financial condition or ability to make required debt service payments on the Series 2019 Bonds.

We are not passing upon and do not assume any responsibilities for the accuracy or adequacy of the statements made in any Preliminary Official Statement or Official Statement, other offering material or similar information prepared or provided by the City with respect to the Series 2019 Bonds and we express no opinion, advice or representation to any person with respect to any such Preliminary Official Statement or Official Statement, other offering material or similar information.

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 Series 2019 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

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APPENDIX C

**CITY OF PORTLAND, MAINE
GENERAL AIRPORT REFUNDING REVENUE BONDS, SERIES 2019 (Non-AMT)
(GREEN BONDS)
SUMMARY OF CERTAIN PROVISIONS OF THE
CERTIFICATE**

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CITY OF PORTLAND, MAINE
GENERAL AIRPORT REFUNDING REVENUE BONDS, SERIES 2019 (NON-AMT)
(GREEN BONDS)
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:

<u>Dated Date</u>	<u>Original Principal Amount</u>	<u>Outstanding Principal Amount</u>
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 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(c))

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 Section 1201 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 SIXTH SUPPLEMENTAL CERTIFICATE

The following is a brief summary of certain provisions of the Sixth Supplemental Certificate including certain terms used in the Sixth 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 Sixth Supplemental Certificate for full and complete statements of its terms and provisions.

Definitions

(a) Capitalized terms used in the Sixth 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:

“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.

“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 the average annual Debt Service for the Series 2019 Bonds, determined on and as of the issue date thereof.

“Bond Payment Date” shall mean each date on which interest or a Principal Installment or both shall be due and payable on any Series 2019 Bond according to its terms.

“Bond Year” shall have the meaning set forth in Section 201 hereof.

“Certificates” shall mean, collectively, the General Certificate and this Sixth Supplemental 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.

“holders” shall mean the holders or registered owners of the Series 2019 Bonds.

“Maximum Annual Debt Service” shall mean the maximum Debt Service for the Series 2019 Bonds in any year in which such Series 2019 Bonds will be outstanding, determined on and as of the issue date thereof.

“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, BNY Mellon Corporate Trust, AIM: 154-1270, 500 Ross Street, 12th Floor, Pittsburgh, PA 15262, or at such other address as Trustee shall designate from time to time.

“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) hereof, the first of which shall be no later than five years after the date of issue of the Series 2019 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 2019 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.

“Refunded 2010 Bonds” shall mean the \$67,650,000 of principal outstanding of the City’s General Airport Revenue Bonds, Series 2010 to be refunded with the Series 2019 Bonds.

“Regulations” shall mean the Treasury Regulations promulgated pursuant to section 141, section 148 and section 150 of the Code, as applicable to the Series 2019 Bonds.

“Series 2019 Bonds” shall mean the \$_____,000 City of Portland, Maine General Airport Refunding Revenue Bonds, Series 2019 (Non-AMT) (Green Bonds) authorized by the Bond Authorizations and issued pursuant to Section 201(a) of this Sixth Supplemental Certificate.

“Series 2019 Debt Service Reserve Fund Requirement” shall mean an amount equal to the final Debt Service payment on the Series 2019 Bonds, calculated net of the release of the amount deposited in the Series 2019 Account of the Debt Service Reserve Fund upon the final maturity of the Series 2019 Bonds, which amount is less than the lesser of (a) 10% of the stated principal amount of the Series 2019 Bonds, (b) the Maximum Annual Debt Service on the Series 2019 Bonds, or (c) 125% of the Average Annual Debt Service on the Series 2019 Bonds.

“Sixth Supplemental Certificate” shall mean this Sixth Supplemental Certificate delivered with respect to the Series 2019 Bonds.

“Third Supplemental Certificate” shall mean the Third Supplemental Certificate dated April 28, 2010 and delivered by the City with respect to the Series 2010 Bonds.

“Trustee” shall mean The Bank of New York Mellon Trust Company, N.A.

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 hereby authorized in the aggregate principal amount of \$_____,000. Such Bonds shall be designated as and shall be distinguished from the Bonds of all other Series by the title “General Airport Refunding Revenue Bonds, Series 2019 (Non-AMT) (Green Bonds)”.

Form, Denominations, Numbers and Letters.

The Series 2019 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 2019 Bond shall be lettered “R-” followed by the number of such Series 2019 Bond. The Series 2019 Bonds shall be numbered consecutively from one upward.

Dating of Series 2019 Bonds.

The Series 2019 Bonds shall be dated December __, 2019. Each Series 2019 Bond shall bear interest from the date of authentication thereof, unless (i) the date of authentication is an interest payment date, in which case such Series 2019 Bond shall bear interest from such interest payment date; (ii) such Series 2019 Bond is authenticated as of a date on or after December __, 2019 and on or prior to the Record Date next preceding January 1, 2020, in which event the bond shall bear interest from its date of delivery; (iii) such Series 2019 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 2019 Bonds shall be in default, in which case each Series 2019 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 2019 Bonds shall be payable at the Office of the Trustee. Interest on the Series 2019 Bonds will be payable by the Trustee to the registered owner hereof by check, wire or draft delivered to such registered owner at the address as the same appears 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 2019 Bonds, the Trustee shall make payments of interest on or principal of the Series 2019 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 2019 Bond separately by reference to the CUSIP number for such Series 2019 Bond. These provisions shall be subject to the “book entry” provisions set forth below.

Limitation on Exchange and Transfer of Bonds.

The City shall not be obligated to make any transfer or exchange of any Series 2019 Bond 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 Sixth Supplemental Certificate establishes within the Funds and Accounts established under the General Certificate, the following subaccounts:

In the Project Fund:

Series 2019 Account

In the Debt Service Fund:

Series 2019 Subaccount of the Principal Account

Series 2019 Subaccount of the Interest Account

Series 2019 Subaccount of the Redemption Account

In the Debt Service Reserve Fund:

Series 2019 Account

Rebate Fund.

For the purpose of compliance with section 148(f) of the Code, a Series 2019 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 2019 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 2019 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 Sixth 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 2019 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 2010 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 2019 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 2019 Bonds. Only upon (A) the retirement of the Series 2019 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 2019 Bonds shall any amounts remaining in the applicable Subaccount of the Rebate Fund be paid to the Revenue Fund.

Application of Proceeds of Series 2019 Bonds.

Pursuant to the General Certificate and the Sixth Supplemental Certificate, proceeds of sale of the Series 2019 Bonds, net of Underwriters’ discount, shall be deposited and applied as follows:

- (a) \$_____ (plus other available funds) to fund the Series 2010 Subaccount of the Redemption Account of the Debt Service Fund to redeem the City's General Airport Revenue Bonds, Series 2010.
- (b) \$_____ to fund the Series 2019 Account of the Debt Service Reserve Fund in an amount equal to the Series 2019 Debt Service Reserve Fund Requirement;
- (c) \$_____ to fund the Series 2019 Subaccount of the Project Fund held by the City, to be used to pay costs of issuance for the Series 2019 Bonds.

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 2019 Bonds.

Book-Entry Form.

In accordance with Section 303 of the General Certificate, the City determined that the Series 2019 Bonds shall be issued exclusively in “book-entry” form. The initial owner of the Series 2019 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 2019 Bonds. With respect to the Series 2019 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 2019 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 2019 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 2019 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 2019 Bonds. The City and the Trustee may treat as, and deem DTC to be, the absolute owner of the Series 2019 Bonds for the purposes of (i) payment of the principal and redemption price of, as applicable, and interest on the Series 2019 Bonds, (ii) giving notices of redemption and other matters with respect to such Series 2019 Bonds and (iii) registering transfers with respect to such Series 2019 Bonds, and for all other purposes whatsoever. The Trustee shall pay all principal or redemption price of, as applicable, and interest on the Series 2019 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 2019 Bond evidencing the obligation of the City to make payments of principal or redemption price, as applicable, and interest thereon pursuant to the Sixth 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 Sixth Supplemental Certificate shall refer to such new nominee of DTC. All transfers of Series 2019 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 2019 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 2019 Bonds in book-entry form.

For purposes of determining consents of the owners of any Series 2019 Bonds under the General Certificate, the Trustee shall establish a record date for determination of ownership of such Series 2019 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 2019 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 2019 Bonds if the City determines, and shall terminate the services of DTC with respect to the Series 2019 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 2019 Bonds, that: (A) DTC is unable to discharge its responsibilities with respect to such Series 2019 Bonds; or (B) a continuation of the requirement that all of the Outstanding Bonds of such Series 2019 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 2019 Bonds.

Upon the termination of the services of DTC with respect to the Series 2019 Bonds, or upon the discontinuance or termination of the services of DTC with respect to the Series 2019 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 2019 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 2019 Bonds shall designate, in accordance with the provisions of Article III of the General Certificate.

The City may amend the Sixth Supplemental Certificate without notice to or consent of the owners of any of the Series 2019 Bonds in order to (x) effect the certification of one or more Series of the Series 2019 Bonds or (y) substitute another securities depository for DTC.

Notwithstanding any other provision of the Sixth Supplemental Certificate or the General Certificate to the contrary, so long as any Series 2019 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 depository, is the registered owner of any Series of the Series 2019 Bonds, all notices of redemption with respect to the Series 2019 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 2019 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 2019 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 Third address shall not affect the validity of any proceedings for the redemption of any of the Series 2019 Bonds.

Continuing Disclosure.

The City in the Sixth Supplemental Certificate has authorized the execution and delivery by the Director of Finance of a continuing disclosure agreement (the "Continuing Disclosure Agreement") 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 2019 Bonds as beneficiaries of the Continuing Disclosure Certificate Agreement in accordance with and subject to the terms of the Continuing Disclosure Agreement.

APPENDIX D

**CITY OF PORTLAND, MAINE
GENERAL AIRPORT REFUNDING REVENUE BONDS, SERIES 2019 (Non-AMT)
(GREEN BONDS)
PROPOSED FORM
OF
CONTINUING DISCLOSURE AGREEMENT**

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**CITY OF PORTLAND, MAINE
PROPOSED FORM OF
CONTINUING DISCLOSURE AGREEMENT**

In connection with the issuance by the City of Portland, Maine (the “Issuer”) of its \$ __, __, __,000 2019 General Airport Refunding Revenue Bonds, Series 2019 (Non-AMT) (Green Bonds), dated December __, 2019 (the “Bonds”) and with reference to the continuing disclosure requirements of Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended, and officially interpreted from time to time (the “Rule”), the Issuer hereby covenants under this Continuing Disclosure Agreement (the “Agreement”) that it will engage in the undertakings described in Section 1, 2 and 3 herein for the benefit of the beneficial owners of the Bonds, subject to the conditions and limitations specified herein. Under the Agreement, the Issuer is obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the MSRB (defined below). This information will be available from the MSRB via the Electronic Municipal Market Access (“EMMA”) system at www.emma.msrb.org. The Issuer reserves the right to incorporate by reference its Official Statement dated November __, 2019 relating to the Bonds (the “Official Statement”), which will be submitted to the MSRB, as hereinafter defined, at the time of delivery of the Bonds, in any future disclosure provided hereunder.

In addition to the definitions set forth above in the undertaking, which apply to any capitalized term used in this Agreement unless otherwise defined, if used the following capitalized terms shall have the following meanings:

“Annual Jetport Report” means the audited financial statements of the Portland International Jetport (An Enterprise Fund of the City of Portland, Maine), including substantially the same type of financial and operating information and schedules as included in the Portland International Jetport Financial Statements (An Enterprise Fund of the City of Portland, Maine) for the years ended June 30, 2018 and 2017.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), (b) is treated as the owner of any Bonds for federal income tax purposes or (c) is a Holder.

“Business Day” shall mean a day other than a Saturday or a Sunday or a day on which banks in Maine are authorized or required by law to close.

“Dissemination Agent” shall mean the Issuer or any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Holders” shall mean the registered Holders of the Bonds, as recorded in the registration books of the Registrar.

“Municipal Securities Rulemaking Board” or “MSRB” shall mean the Municipal Securities Rulemaking Board, established under the Securities and Exchange Act of 1934, as amended, or any successor thereto, with an address of 1300 I Street NW, Suite 1000, Washington, DC 20005.

“Person” shall mean any natural person, corporation, limited liability company, partnership, limited partnership, association and is otherwise to be construed broadly.

“State” shall mean the State of Maine.

1. The Issuer will provide to the MSRB commencing with the fiscal year ending June 30, 2020 (a) not later than 270 days after the end of each fiscal year, the Annual Jetport Report; and (b) promptly upon

becoming available, the annual audited financial statements of the Issuer. Any such financial statements will be prepared in accordance with generally accepted accounting principles or such other accounting principles as the Issuer may be required to employ from time to time pursuant to State law or regulation.

The Issuer reserves the right to modify from time to time the specific types of information provided under this Section 1 or the format of the presentation of such information to reflect changed circumstances, provided that any such modification will be done in a manner consistent with the Rule.

2. The Issuer will provide in a timely manner, not in excess of ten (10) Business Days, after the occurrence of an event listed in this Section 2 to the MSRB through EMMA (in an electronic format as prescribed by the MSRB) unless otherwise required by the MSRB, notice of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to the rights of Holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Issuer (Note: For the purposes of the event identified in this subparagraph (12), the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.);
- (13) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, material;
- (15) Incurrence of a Financial Obligation of the Issuer or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or obligated person, any of which affect the Holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any Financial Obligation of the Issuer or obligated person, any of which reflect financial difficulties.

The Issuer from time to time may choose to provide notice of the occurrence of certain other events, in addition to those listed above, but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those listed above.

3. The Issuer will provide in a timely manner to the MSRB notice of a failure to satisfy the requirements of Section 1 hereof. The Issuer hereby agrees that all documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.
4. The intent of the Issuer's undertaking in this Agreement is to provide on a continuing basis the information described in the Rule. The provisions of the Agreement may be amended by the Issuer without the consent of, or notice to, any Beneficial 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 Securities and Exchange Commission ("SEC") or its staff (whether required or optional), (b) to add a Dissemination Agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Issuer for the benefit of the Beneficial Owners of the Bonds, (d) to modify the contents, presentation and format of the Annual Financial Information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with 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 Beneficial Owners of the Bonds, as determined either by a party unaffiliated with the Issuer (such as bond counsel), or by the vote or consent of Beneficial Owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment.

Furthermore, the Issuer's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment of in full of all of the Bonds or to the extent that the Rule, as in effect from time to time, no longer requires the issuers of municipal securities to provide all or any portion of the information the Issuer has agreed to provide pursuant to the Agreement, the obligation of the Issuer to provide such information also shall cease immediately.

5. The purpose of the Issuer's undertaking is to conform to the requirements of the Rule and, except for creating the right on the part of the Beneficial Owners of the Bonds, from time to time, to specifically enforce the Issuer's obligations hereunder, not to create new contractual or other rights for any Beneficial Owner of the Bonds, any municipal securities broker or dealer, any potential purchaser of the Bonds, the SEC or any other person. The sole remedy in the event of any actual or alleged failure by the Issuer to comply with any provision herein shall be an action for the specific performance of the Issuer's obligations hereunder and not for money damages in any amount. Any failure by the Issuer to comply with any provision of this undertaking shall not constitute an event of default with respect to the Bonds.
6. Except as disclosed in its Official Statement, the Issuer has never failed to comply in all material respects with any previous undertakings to provide information to MSRB or notices of events set forth in Section 2 in accordance with the Rule and as otherwise agreed pursuant to existing continuing disclosure certificates and agreements.
7. 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 Brendan T. O'Connell, Director of Finance, City of Portland, 389 Congress Street, Portland, ME 04101; Telephone: (207) 874-8642.

CITY OF PORTLAND, MAINE

Dated: _____, 20__

By: _____

Its: _____



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