San Diego County Regional Airport Authority

Examined Forecast Relating to the Proposed Consolidated Rental Car Center

From May 1, 2009 Through June 30, 2013 (Historical Schedule) and From July 1, 2013 Through December 31, 2015 and January 1, 2016 Through June 30, 2018 (Forecasted Schedules)

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Independent Accountant's Report

To the Board of Directors
San Diego County Regional Airport Authority
San Diego, CA

We have examined the San Diego County Regional Airport Authority's (the Airport Authority) Schedules of Forecasted Revenues and Expenses and Sources and Uses of Funds of the Consolidated Rental Car Center for the periods July 1, 2013 through December 31, 2015 and January 1, 2016 through June 30, 2018, which collectively comprise the Forecasted Schedules. The Airport Authority's management is responsible for the Forecasted Schedules. Our responsibility is to express an opinion on the Forecasted Schedules based on our examination.

Our examination was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included such procedures that we considered necessary to evaluate both the assumptions used by management and the preparation and presentation of the Forecasted Schedules. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the accompanying Forecasted Schedules are presented in conformity with guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants, and the underlying assumptions provide a reasonable basis for management's forecast. However, there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

We have previously audited the Airport Authority's 2010, 2011, 2012 and 2013 financial statements and we expressed an unmodified/unqualified audit opinion on those financial statements in our reports dated October 15, 2010, October 14, 2011, October 16, 2012 and October 18, 2013, respectively. In our opinion, the Historical Schedule presented herein for the period from inception on May 1, 2009 through June 30, 2013 is consistent, in all material respects, with the audited financial statements from which the data has been derived.

As discussed in Note 1 to the historical and forecasted schedules of the consolidated rental car center, the accompanying Schedules present only the historical and forecasted financial data and activities of the proposed Consolidated Rental Car Facility and do not purport to, and do not, present the historical and forecasted financial data and the activities of the Airport Authority as a whole.

The accompanying Schedules and our report are intended solely for the information and use of the Airport Authority Board of Directors, Airport Authority management and the State of California, and are not intended to be, and should not be, used by anyone other than these specified parties.

McGladrey LLP

San Diego, CA
December 19, 2013

San Diego County Regional Airport Authority

Schedules of Historical and Forecasted Revenues and Expenses and Sources and Uses of Funds of the Consolidated Rental Car Center For the Periods From Inception on May 1, 2009 Through June 30, 2013 (Historical Schedule) and From July 1, 2013 Through December 31, 2015 and January 1, 2016 Through June 30, 2018 (Forecasted Schedules)

	Historical Schedule	Forecasted Schedules		
	From Inception May 1, 2009 Through June 30, 2013	Construction and Financing Period July 1, 2013 Through December 31, 2015	Rental Car Center Operating Period January 1, 2016 Through June 30, 2018	Total (Memorandum Only)
Operating revenues:				
Revenue from CFC charges	$ 54,068,428	$ 71,502,000	$ 86,577,000	$ 212,147,428
Total operating revenues	54,068,428	71,502,000	86,577,000	212,147,428
Operating expenses:				
Operating	-	1,786,942	16,648,484	18,435,426
Depreciation	-	-	35,357,127	35,357,127
Other	-	3,362,445	125,000	3,487,445
Total operating expenses	-	5,149,387	52,130,611	57,279,998
Net operating revenue in excess of net operating expenses	54,068,428	66,352,613	34,446,389	154,867,430
Nonoperating revenues (expenses):				
Interest expense	-	(23,666,513)	(51,596,416)	(75,262,929)
Investment income	352,298	598,362	1,484,885	2,435,545
Net nonoperating revenues (expenses)	352,298	(23,068,151)	(50,111,531)	(72,827,384)
Increase (decrease) in net position	$ 54,420,726	$ 43,284,462	$ (15,665,142)	$ 82,040,046
Sources of funds:				
Increase (decrease) in net position	$ 54,420,726	$ 43,284,462	$ (15,665,142)	$ 82,040,046
Add back:				
Depreciation expense	-	-	35,357,127	35,357,127
Interest expense	-	23,666,513	51,596,416	75,262,929
Capital lease	-	2,400,000	-	2,400,000
Loan proceeds	-	4,686,711	-	4,686,711
Bond proceeds	-	320,132,379	-	320,132,379
Total sources of funds	54,420,726	394,170,065	71,288,401	519,879,192
Uses of funds (debt service payments):				
Capital lease payments	-	-	(479,018)	(479,018)
Loan principal	-	-	(4,686,711)	(4,686,711)
Loan interest	-	-	(354,685)	(354,685)
Bond principal	-	-	(5,320,000)	(5,320,000)
Bond interest	-	(23,666,513)	(50,825,630)	(74,492,143)
Total debt service payments	-	(23,666,513)	(61,666,044)	(85,332,557)
Constructed assets	(11,110,366)	(361,289,438)	-	(372,399,804)
Funds (restricted cash) created in accordance with indentures:				
Reserve fund	-	(25,654,508)	-	(25,654,508)
Rolling coverage fund	-	(7,696,352)	-	(7,696,352)
Renewal and replacement reserve fund	-	-	(3,792,000)	(3,792,000)
Total uses of funds	(11,110,366)	(418,306,811)	(65,458,044)	(494,875,221)
Increase (decrease) in restricted cash, investments and receivables	43,310,360	(24,136,746)	5,830,357	25,003,971
Beginning restricted cash, investments and receivables	-	43,310,360	19,173,614	-
Ending restricted cash, investments and receivables	$ 43,310,360	$ 19,173,614	$ 25,003,971	$ 25,003,971

See Notes to Historical and Forecasted Schedules of the Consolidated Rental Car Center.

Note 1. Nature of Consolidated Rental Car Center and Summary of Significant Accounting Policies

Pursuant to California Civil Code 1936 (the Code), the San Diego County Regional Airport Authority (the Airport Authority) that operates the San Diego International Airport (SDIA) located in San Diego, California, has prepared this financial forecast that provides for the financing, design and construction of a consolidated rental car facility; and for the operation of a common use transportation system and acquisition of vehicles for use in that system (collectively, the Consolidated Rental Car Center) at the SDIA. This report is intended for the use by the Airport Authority and the California State Controller's Office in evaluating the revenue forecast and plan of financing, including the need to collect the alternative Customer Facility Charge (CFC) in accordance with the Code, in connection with the proposed construction and operation of the Consolidated Rental Car Center, and should not be used for any other purpose.

The Airport Authority has determined the need for a Consolidated Rental Car Center to provide for the safe, secure and efficient processing of rental car transactions for the traveling public, to enhance the choice afforded to rental car customers, and to mitigate the environmental impacts of the current rental car operations on SDIA's neighbors.

A consolidated rental car facility is a stand-alone facility at airports for car rental operations, which includes administrative, customer service, quick-turn-around (QTA) and ready/return facilities for on-airport rental car companies. Administrative facilities include rental car back office operations and QTA facilities management. Customer service areas include counters and premium customer kiosks. QTA facilities include vehicle wash bays, fueling systems and dispensers, vacuum hoses and miscellaneous equipment necessary to prepare rental cars for the next customer. Ready/return facilities include parking spaces for rental car inventory. In the specific case of the Airport Authority, the proposed facility is referred to as a "Consolidated Rental Car Center."

The proposed Consolidated Rental Car Center at SDIA consists of constructing and equipping an on-site facility to accommodate car rental operations at a single location (the Project). See Note 2 for additional information on the Project.

The accompanying financial schedule presents the schedules of historical and forecasted revenues and expenses and sources and uses of funds for the period from inception of the Project on May 1, 2009 through June 30, 2013 (Historical Schedule) and from July 1, 2013 through December 31, 2015 and January 1, 2016 through June 30, 2018 (Forecasted Schedules) for the proposed Consolidated Rental Car Center.

The accompanying financial forecast presents, to the best of management's knowledge and belief, the Airport Authority's expected sources of funds and revenues generated for, and the reasonable costs of the design, construction and financing of, the Consolidated Rental Car Center, and common use rental car shuttle bus operations and leasing expense, for the Forecast Period. Accordingly, the financial forecast reflects management's judgment as of December 19, 2013 of the expected conditions and expected course of action. The Consolidated Rental Car Center financial information for the period from Inception through June 30, 2013 is derived from the historical financial statements of the Airport Authority. The historical financial information and the forecasted financial information relate solely to the activities of the Consolidated Rental Car Center and do not purport to, and do not, present the financial position of the Airport Authority, or its operations or sources and uses of funds.

Note 1. Nature of Consolidated Rental Car Center and Summary of Significant Accounting Policies (Continued)

The assumptions disclosed herein are those that the Airport Authority believes are significant to the Consolidated Rental Car Center forecast. Even if the assumptions were to be realized, however, there will be differences between forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Reporting entity: The Airport Authority, an autonomous public agency, was established as a result of legislation, Assembly Bill 93 (2001), as modified by Senate Bill 1896 (2002), which together comprise the San Diego County Regional Airport Authority Act (the Act). The Act required, among other things, the transfer of the assets and operations of SDIA from the San Diego Unified Port District (the District) to the Airport Authority. Effective January 1, 2003 (inception), the District transferred all airport operations and certain related assets and liabilities to the Airport Authority, pursuant to the Act and the Memorandum of Understanding (MOU) dated as of December 31, 2002, between the Airport Authority and the District, which implemented the Act.

Senate Bill 10, the San Diego County Regional Airport Authority Reform Act, was effective January 1, 2008. Responsibilities of the Airport Authority include, among other things, the operation, maintenance, development, management and regulation of SDIA and its facilities. In addition, the Airport Authority has the responsibility to plan or to expand the existing SDIA.

The Airport Authority is governed by an appointed Board of Directors of nine members representing all areas of San Diego County and three additional members serving as non-voting, ex-officio Board members. Three Board members are appointed by the Mayor of the City of San Diego. Two Board members are appointed by the San Diego County Board of Supervisors. The remaining four Board members are each appointed by the mayors of the following defined jurisdictions: the east county cities, south county cities, north coastal area cities and north county inland cities. The Board members serve three-year terms in accordance with California Senate Bill 10.

A summary of significant accounting policies is as follows:

Measurement focus and basis of accounting: The accounting policies of the Airport Authority, which are also used for the Consolidated Rental Car Center, conform to accounting principles generally accepted in the United States of America applicable to state and local government agencies, and as such, the Airport Authority is accounted for as a proprietary fund. The basic financial statements presented are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. It is anticipated that the CFC revenues will be received by the Consolidated Rental Car Center in the month after their collection by the rental car companies. The Forecasted Schedules include these accounts receivable with the ending cash and investments. It is also forecast that any amounts due for expenses incurred and not paid at the end of a period are not significant.

Cash and cash equivalents: Cash and cash equivalents include unrestricted and designated cash on hand, demand deposits, commercial paper and repurchase agreements collateralized by the U.S. government or agency obligations with original maturities of three months or less from the date of acquisition. It is forecast that the Consolidated Rental Car Center will maintain cash and cash equivalents in accordance with the requirements of the bond indenture.

Note 1. Nature of Consolidated Rental Car Center and Summary of Significant Accounting Policies (Continued)

Investments: The Airport Authority has an investment policy that addresses types of investments allowed (primarily debt securities), duration and credit quality. In addition, bond indentures limit what a trustee can invest bond funds in. In general, the Airport Authority's investments are limited to state and county investment pools, U.S. government and its agencies securities and high quality corporate debt. Investments are stated at fair value primarily based on quoted market prices. Investment income, which includes realized and unrealized gains and losses, is recognized when earned. It is forecast that the Consolidated Rental Car Center will maintain investments in accordance with the investment policy and the requirements of the bond indenture.

Capital assets: Capital assets are recorded at cost, except for property contributed by third parties, which is recorded at fair market value at the date of contribution, less an allowance for accumulated depreciation. The Airport Authority capitalizes incremental ancillary costs and interest cost associated with the construction of capital assets.

Capital assets are defined by the Airport Authority as assets with an initial, individual cost of more than $5,000 and an initial useful life of one year or greater. Depreciation is computed by use of the straight-line method over the following estimated useful lives:

	Years
Land improvements	30-40
Runways, taxiways, roads and parking areas	3-50
Buildings, structures, rental car center, bus storage and improvements	3-50
Machinery, shuttle buses and equipment	3-30
Works of art	15-30

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Financing costs: Financing costs associated with the issuance of long-term debt are expensed in the period the debt is issued.

Revenue classifications: Revenue is recognized when earned. The Airport Authority classifies forecasted revenues as operating or nonoperating based on the following criteria:

Operating revenues are forecasted from the revenue sources that constitute the principal ongoing activities of the proposed Consolidated Rental Car Center. CFC revenues are classified as operating revenues in the accompanying Consolidated Rental Car Center forecast because CFCs are the primary source of revenue for the proposed Project.

Nonoperating revenues are forecasted from revenue sources related to financing activities and other activities, which do not constitute the principal ongoing activities of the Airport Authority's Consolidated Rental Car Center operations. The major component of the nonoperating revenue source is interest and investment income from cash and investments.

Note 1. Nature of Consolidated Rental Car Center and Summary of Significant Accounting Policies (Continued)

Expense classifications: The Airport Authority classifies expenses as operating or nonoperating in the forecast based on the following criteria:

Operating expenses relate to the principal ongoing activities of the Airport Authority's proposed Consolidated Rental Car Center operations. The major components of operating expense sources consist primarily of busing operations and depreciation expense. In addition, per the terms of each rental car agency's agreement with the Airport Authority, each respective rental car company is responsible for paying the regular operating costs of the Consolidated Rental Car Center, including utilities, janitorial, normal maintenance, applicable taxes and ground rent.

Nonoperating expenses relate to financing, investing and other activities that do not constitute the principal ongoing activities of the Airport Authority's operations. The major component of nonoperating expense is interest expense.

Risk management: The Airport Authority has a comprehensive Risk Management Program comprising commercial insurance, self-insurance, loss prevention, loss control and claims administration. The Airport Authority's coverage includes a variety of retentions or deductibles.

Commercially issued insurance:

- The Airport Authority maintains $500 million in limits for owners' and operators' general liability insurance with a War, Hijacking and Other Perils endorsement in the amount of $150 million.
- The Airport Authority maintains a property insurance policy with limits of $500 million providing all risk and flood coverage on physical assets.
- The Airport Authority also maintains policies for Workers' Compensation, Commercial Auto, Fiduciary Liability and Public Official Liability.

Self-insurance: Due to the exorbitant cost of earthquake insurance, the Airport Authority self-insures for losses due to earthquake damage. Effective July 1, 2007, the Airport Authority removed the purchase of commercial earthquake insurance from the Risk Management Program and increased reliance on the laws designed to assist public entities through the Federal Emergency Management Agency and the California Disaster Assistance Act. As of June 30, 2013 and 2012, the Airport Authority has designated $6,659,982 and $5,941,986, respectively, from its net position, which is included in its designated unrestricted net position.

Loss prevention: The Airport Authority has an active loss prevention program, staffed by a full-time risk manager, two risk analysts, a safety manager and a safety analyst. In addition, insurer property and casualty loss control engineers conduct safety surveys on a periodic basis. Employees receive regular safety training and claims are monitored using a Web-based claims information system.

Note 2. Project Description

The Project: On May 1, 2008, the Board adopted the Airport Master Plan, which included the Consolidated Rental Car Center at a program level. This Master Plan provided a financially and environmentally responsible guideline for future development. The Master Plan established a set of goals for future development of SDIA and identified the key overall objectives, including improved levels of service and safety for SDIA customers, efficient use of the property and facilities, and enhanced SDIA access as part of the region's transportation system.

Destination Lindbergh, which began in 2009, was a subsequent year-long planning process to: (1) determine the ultimate build-out configuration of the Airport, (2) evaluate and plan to minimize Airport-related traffic impacts to adjacent communities, and (3) improve intermodal access to SDIA. An alliance of the Airport Authority, the City of San Diego and the San Diego Association of Governments (SANDAG) assisted by the Unified Port of San Diego, the County, Metropolitan Transit System, North County Transit District and the U.S. Department of Defense engaged in the planning process. This process initiated the overall development effort and comprehensive analysis of the north airport parcel of land, of which the Consolidated Rental Car Center is one component.

The Destination Lindbergh recommended development plan included, among other facilities, an Intermodal Transit Center (ITC), which would ultimately contain trolley, rail and bus options in conjunction with a means to transport passengers within SDIA. One of the facilities contemplated within the concept of the ITC was the Consolidated Rental Car Center.

The refinement of the Consolidated Rental Car Center concept was incorporated in a supplement to the Master Plan in 2011, which identified improvements for the north side area of SDIA, including the Consolidated Rental Car Center. An environmental review determined that no violations would occur with the construction of the Consolidated Rental Car Center. Accordingly, the Environmental Impact Report was certified by the Airport Authority on September 1, 2011.

The key components of the Consolidated Rental Car Center are as follows:

- 33,729 square-foot customer service building with rental car counters and office space
- Four-level parking garage containing 2,795 rental car ready/return parking stalls
- 2,108 staging/storage parking spaces on the top level of the parking garage
- Quick Turnaround—vehicle storage area adjoining the ready/return garage with 444 parking spaces, 36 fueling stations, 18 car wash bays and 15 light maintenance bays
- Fuel distribution and storage system with 75,000 gallons of storage capacity
- Limited access roadway to and from the airport passenger terminals for use by the common-use rental car customer shuttle bus

The forecasted cost of $354.7 million includes $223 million of construction costs; $93 million in design, program management, construction management, and program oversight costs; and $13.8 million of shuttle bus costs and related storage facility. Additionally, the Consolidated Rental Car Center development requires certain enabling projects, including Terminal Access Road, North Side Utilities and the interior North Side Service Road. The forecasted cost of these enabling projects allocable to the Consolidated Rental Car Center is expected to be $24.9 million. The Airport Authority is responsible for the remaining share of these projects.

Note 2. Project Description (Continued)

Constructed asset totals also include $15.3 million for capitalized interest to this project. Capitalized interest represents interest incurred during the construction process. Also included in constructed asset totals is $2.4 million of bus storage data collection equipment.

A constructed asset summary is as follows (in millions):

Construction (hard costs)	$	223.0
Design, construction management, program management (soft costs)		93.0
Enabling projects		24.9
Shuttle buses and shuttle bus storage facility		13.8
Bus storage data collection equipment		2.4
Capitalized interest		15.3
	$	372.4

Formal construction is forecast to commence in January 2014 and is expected to be completed by December 31, 2015. This equates into a construction period of approximately 24 months.

The Airport Authority has entered into a construction contract with Austin-Sundt Joint Venture the Construction Contractor for the construction of the Rental Car Center/Project. The Airport Authority and the Contractor have agreed to a guaranteed maximum construction price on the Rental Car Center of $223 million, which includes contingencies.

Note 3. Forecasted Revenue Assumptions

Historical CFC: In March 2009, the Airport Authority's Board authorized the implementation and collection of a ten dollar ($10.00) per transaction (rental contract) CFC from airport rental car customers for purposes of designing, financing and constructing a Consolidated Rental Car Center and common use transportation system at SDIA. Implementation of this CFC allowed the Airport Authority to perform the analyses necessary to determine the general feasibility of developing the facility and establishing a project scope for a rental car center. The CFC took effect and the rental car agencies began collection May 1, 2009. This fee remained in effect through October 30, 2012.

Forecasted alternative CFC: In lieu of the $10.00 CFC per rental car contract, collection of the $6.00 per day alternative CFC began effective November 1, 2012, and is forecasted to increase to $7.50 per day on January 1, 2014, and increase to $9.00 per day on January 1, 2017, the maximum amounts permitted under the Code. The Code requires that the alternative CFCs can only be collected for a maximum of five days per rental car contract.

Note 3. Forecasted Revenue Assumptions (Continued)

Per the Financial Feasibility Report, annual forecasted rental car transaction days subject to the CFC daily charge, meaning a per-transaction day CFC, limited to a maximum of five days per transaction, are as follows:

Years Ending June 30:	Days
2014	3,919,000
2015	3,974,000
2016	4,065,000
2017	4,118,000
2018	4,151,000

CFC revenue will be utilized to pay facility capital purchases and busing costs. In the event CFC revenue is insufficient to pay these costs, each rental car company will be required to pay the Airport Authority its share of any shortfall through the Rental Car Center Lease Agreement.

Under the Code, the alternative CFCs collected cannot exceed the cost to finance and construct the Consolidated Rental Car Center and finance, construct and operate the centralized busing system.

Note 4. Forecasted Operating Expense Assumptions

Operating expenses: Upon the facility opening, the common use bus fleet is expected to consist of 14 to 16 vehicles generating 70,000 to 75,000 annual hours of operation. The annual operating expense of the Consolidated Rental Car Center's common use bus system is forecasted to be approximately $6.6 million in the year ending June 30, 2016, when the Project is scheduled to open (this does not include annual depreciation of the buses, bus storage facility or equipment for the buses). The rental car companies will be responsible for paying the regular operating costs of the Consolidated Rental Car Center such as utilities, janitorial, normal maintenance, applicable taxes and ground rent on the footprint of the Consolidated Rental Car Center. These costs are not included in this forecast as they are not CFC-eligible costs.

Depreciation: Forecasted land improvements, buildings and equipment represent the assets forecasted to be acquired or constructed in the Project (see Note 2) and the Airport Authority's anticipated capital expenditures (renewal and replacements) during the forecast period. However, no renewals or replacements are included in this forecast as the end of the forecast period is just 2.5 years from new assets being placed into service. An estimated useful life is assigned to each category of asset and depreciated on a straight-line basis over the useful life of the asset.

Debt issuance costs: The issuance costs related to the issuance of the bonds are forecasted to be $3.2 million and are expensed as other operating costs when the bonds are issued. These costs include registration, underwriting, legal and accounting fees.

Note 5. Forecasted Debt Financing Assumptions

Under the preliminary draft of the CFC Trust Indenture associated with the proposed bond financing, the following funds are expected to be established and maintained:

CFC Revenue Fund: The CFC Revenue Fund is to be established by the Trustee to deposit all project revenues received upon receipt. On or before the draw-down date of each month, the Trustee shall transfer moneys then on deposit in the CFC Revenue Fund to the other funds.

Construction Fund: The Construction Fund is to be established by the Trustee and is to be funded with a portion of the proceeds of the Series 2014 Bonds in order to provide for the payment of constructing and equipping the Project. The Construction Fund includes a subaccount designated as the Costs of Issuance Account to pay the costs of issuance of the Series 2014 Bonds.

Debt Service Fund: The Debt Service Fund is to be established by the Trustee to meet the scheduled interest and principal payments on the bonds outstanding. The Debt Service Fund also includes designated funds for capitalized interest to pay the first 23 months of interest on the Series 2014 Bonds.

Reserve Fund: The Reserve Fund is to be established by the Trustee to initially secure the Series 2014 Bonds. The Reserve Fund Requirement is equal to Maximum Aggregate Annual Debt Service for all Outstanding Bonds. Amounts in the Reserve Fund are to be used to restore any deficiency in the Rolling Coverage Fund on any scheduled payment date for the bonds and, if not needed prior thereto, are to be used to reduce the loan repayments to be made by the Airport Authority with respect to the final maturity of the bonds.

Rolling Coverage Fund: The Rolling Coverage Fund is to be established by the Trustee to secure the Series 2014 Bonds. The Rolling Coverage Fund is required to be funded at all times in an amount equal to the Rolling Coverage Fund Requirement, which equal to 30 percent of the Maximum Aggregate Annual Debt Service for all Outstanding Bonds.

Rebate Fund: The Rebate Fund is to be established by the Trustee to pay any amounts calculated to be due to the United States Treasury as arbitrage rebate for the Series 2014A Tax-Exempt Bonds as applicable.

Renewal and Replacement Reserve Fund: The Renewal and Replacement Reserve Fund is to be established by the Trustee to pay the costs (eligible to be paid with CFCs in accordance with the CFC Law) of the maintenance, repair, expansion or replacement of, as the case may be, the Project and any Additional Special Facilities. Additionally, funds on deposit in the Renewal and Replacement Reserve Fund will be applied by the Trustee to pay the principal of and interest on the Series 2014 Bonds in the event that the amount on deposit in the Debt Service Fund and available amounts from the CFC Surplus Fund on any payment date are insufficient to pay the principal of or interest then due.

CFC Surplus Fund: The CFC Surplus Fund is to be established by the Airport Authority on the date of issuance of the Series 2014 Bonds, with a separate CFC Project Account and CFC Stabilization Account to hold a portion of unspent CFC revenues (approximated to be $21 million on this date) previously remitted by the Rental Car Companies to the Airport Authority. The Airport Authority expects to use these CFCs to pay a portion of the costs of the Project. On the Forecasted Schedules, any ending cash and investment balance is assumed to be in the CFC Revenue Fund.

Note 5. Forecasted Debt Financing Assumptions (Continued)

Upon receipt of notice from the Trustee (if any) that monies are required to be transferred to the Trustee from the CFC Surplus Fund (including the CFC Project Account and the CFC Stabilization Account (notwithstanding the Minimum Targeted CFC Stabilization Account Balance)), on each draw-down date per calculation of Minimum Targeted Fund requirements of funds held by the Trustee (or such other date as requested by the Trustee), the Airport Authority will transfer available monies then on deposit in the CFC Surplus Fund (including the CFC Project Account and the CFC Stabilization Account) to the Trustee, who will deposit such monies to the various Trustee funds and accounts in the priority established by the CFC Trust Indenture.

Funds held by Trustee: The funds held by Trustee include the CFC Revenue Fund, Construction Fund, Debt Service Fund, Reserve Fund, Rolling Coverage Fund, Rebate Fund and Renewal and Replacement Reserve Fund. The Funds held by the Trustee at the onset of the Project are forecasted to be funded as follows from the CFC Revenue Fund:

The Construction Fund at the onset of the Project is forecasted to be funded with bond proceeds in the amount of $244.6 million, plus bond issuance costs in the amount of $3.2 million. The Debt Service Fund at the onset of the Project is forecasted to be funded with bond proceeds in the amount of $15.3 million, representing capitalized interest and $23.6 million for interest expense incurred during the construction period. The Reserve Fund at the onset of the Project is forecasted to be funded with bond proceeds in the amount of $25.6 million, representing maximum aggregate annual debt service for the bonds. The Rolling Coverage Fund at the onset of the Project is forecasted to be funded with bond proceeds in the amount of $7.7 million, representing 30 percent of maximum aggregate annual debt service for the bonds.

In addition to the aforementioned funds, a Renewal and Replacement Reserve Fund is to be established and funded through CFC revenues. At the time of issuance of the Series 2014 Bonds, no amounts will be required to be deposited to the Renewal and Replacement Reserve Fund. Beginning during the first July to occur after the opening date of the Consolidated Rental Car Center, the Trustee will be required to deposit a portion of the Project Revenues to the Renewal and Replacement Reserve Fund in the amount of the Renewal and Replacement Reserve Fund Required Deposit as defined in Exhibit C-1 of the CFC Trust Indenture, which amounts to approximately $1,896,000 annually.

The CFC Trust Indenture also requires that the Airport Authority establish a CFC Surplus Fund (including the CFC Project Account and CFC Stabilization Account) on the date of issuance of the Series 2014 Bonds to hold a portion of unspent CFC revenues previously remitted by the Rental Car Companies to the Airport Authority. A minimum targeted balance of $25.0 million is required in the CFC Stabilization Account. If the balance falls below $25 million, the Airport Authority is required to make a loan of up to $5.0 million to pay for the common-use transportation costs. If the Airport Authority loan up to $5.0 million is not sufficient to meet the minimum targeted balance of $25.0 million, then the remaining balance would be paid for by the Rental Car Companies ratably through Bond Funding Supplemental Considerations to the Trustee. Because the balance is forecasted to be less than $25.0 million in the year ending June 30, 2016, the Forecasted Schedule assumes that the common-use transportation costs of approximately $4.7 million will be funded from the proceeds of an Airport Authority loan.

Note 5. Forecasted Debt Financing Assumptions (Continued)

In the event that an Airport Authority Loan is made and is outstanding, interest on the Airport Authority Loan shall be due semi-annually on each January 1 and July 1. Interest shall be calculated at a rate equal to the 10-year U.S. Treasury Rate (as of January 1 or July 1, as applicable, prior to the interest payment date) plus 250 basis points. To the extent that the balance in the Airport Authority CFC Stabilization Account exceeds the Minimum Targeted Stabilization Account Balance after all eligible payments from such fund on any January 1 or July 1, all accrued unpaid interest on the Airport Authority Loan shall be paid in an amount equal to the lesser of the outstanding balance of accrued unpaid interest and the amount in the Airport Authority CFC Stabilization Account in excess of the Minimum Targeted Stabilization Account Balance. In the event funds are not sufficient to pay all accrued interest due, the remaining balance shall be added to the principal amount of the outstanding Airport Authority Loans. To the extent all accrued interest on the Airport Authority Loans have been paid and the amount remaining in the Airport Authority CFC Stabilization Account still exceeds the Minimum Targeted Stabilization Account Balance, principal on the Airport Authority Loan shall be paid in an amount equal to the lesser of the outstanding balance of the Airport Authority Loan and the amount in the Airport Authority CFC Stabilization Account in excess of the Minimum Targeted Stabilization Account Balance. A summary of forecasted Airport Authority loan maturities for the five-year forecast period follows:

	Loan		
Years Ending June 30,	Principal	Interest	Total
2014	$ -	$ -	$ -
2015	-	-	-
2016	2,556,653	296,108	2,852,761
2017	2,130,058	58,577	2,188,635
2018	-	-	-
	$ 4,686,711	$ 354,685	$ 5,041,396

Long-term debt and interest expense: Long-term debt consists of the bonds that are expected to be issued. The bonds are forecasted to be issued and proceeds delivered on February 1, 2014. The $320.1 million in Special Facility Bonds (Series 2014 Bonds) are expected to be issued in two series: (1) Series 2014B Taxable Bonds in the amount of $288.8 million, interest rate of 7.0 percent; and (2) Series 2014A Tax-Exempt (Non-AMT) Bonds in the amount of $31.3 million, interest rate of 6.0 percent. Interest is payable on each January 1 and July 1, commencing July 1, 2014. For forecast purposes, July 1 interest payments are forecasted to be paid on June 30. Actual interest rates and other financing requirements may be different than forecasted. Bonds are anticipated to mature over 30 years. A summary of forecasted long-term debt maturities for the five-year forecast period follows:

	Bonds		
Years Ending June 30,	Principal	Interest	Total
2014	$ -	$ 8,470,939	$ 8,470,939
2015	-	20,330,252	20,330,252
2016	-	20,330,252	20,330,252
2017	-	20,330,252	20,330,252
2018	5,320,000	20,330,252	25,650,252
	$ 5,320,000	$ 89,791,947	$ 95,111,947

Note 5. Forecasted Debt Financing Assumptions (Continued)

The long-term debt also consists of a capital lease expected to be entered into in January 2016 for $2.4 million to acquire certain data collection systems equipment. The capital lease will have an expected interest rate of 7 percent and require monthly lease payments of approximately $16,000 for 84 months.

Bonds and interest thereon are payable solely and only from CFCs and monies and investments held by the Trustee in a fund or account appropriated to the payment of the bonds.

Under the preliminary draft of the CFC Trust Indenture, the Airport Authority will be subject to certain debt covenants that go into effect on the date of issuance, including two annual financial measures. The first is a Rate Covenant and the second is a Bonds Coverage Requirement. Both will be defined in the CFC Trust Indenture.